

**June 20, 2002**

Council of the District of Columbia

PUBLIC HEARING ON BILL 14-686, "FISCAL YEAR 2003 TAX REVENUE ANTICIPATION NOTES ACT OF 2002"

**Testimony of Anthony Calhoun, Deputy Chief Financial Officer, Office of Finance and Treasury, before the Committee on Finance and Revenue**

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. My name is Anthony Calhoun, and I am treasurer and deputy chief financial officer for finance and treasury in the Office of the Chief Financial Officer (OCFO). I am here to testify on behalf of the OCFO regarding Bill 14-686, the "Fiscal Year 2003 Tax Revenue Anticipation Notes Act of 2002."

This bill would authorize the District to issue up to \$200 million of tax revenue anticipation notes (TRANS) to finance general government expenditures for fiscal year 2003. Revenue anticipation notes are typically issued to finance seasonal cash shortages that arise due to differences in the timing between the receipt of revenues and the disbursement of expenditures within a given fiscal year.

As you are aware, fiscal year 2001 marked the first time in recent history that the District had sufficient cash for operations throughout the entire fiscal year without the need for short-term borrowing. This was due to the dramatic improvement in the city's financial condition over the past several years. It is expected that the District will also not have to borrow short-term in FY 2002 to meet its operating cash needs. However, largely as a result of the approximately \$250 million that is required and expected to be placed in cash reserves by the end of FY 2002, it is likely that a short-term borrowing will be necessary during the first half of FY 2003 in order to meet the District's operating cash needs.

There is budget authority in the proposed FY 2003 Budget and Financial Plan for interest on short-term borrowing. The amount expected to be borrowed is in the range of \$100-\$200 million, depending on the FY 2002 results, including the level of property tax collections in September 2002.

I am prepared to answer any questions that you may have at this time.