

PUBLIC ROUNDTABLE
ON
BILL 16-870, THE FISCAL YEAR 2007 TAX
REVENUE ANTICIPATION NOTES ACT OF 2006

Before the
Committee on Finance and Revenue
Council of the District of Columbia

The Honorable Jack K. Evans, Chairman

September 20, 2006; 2:30 p.m.
Room 412, John A. Wilson Building



Testimony of
Lasana K. Mack
Deputy Chief Financial Officer and Treasurer
Office of Finance and Treasury

Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia

Good afternoon Chairman Evans and members of the committee. My name is Lasana Mack, and I am the District of Columbia Treasurer and Deputy Chief Financial Officer. I am here to testify on behalf of the Office of the Chief Financial Officer (OCFO) regarding Bill 16-870, the Fiscal Year 2007 Tax Revenue Anticipation Notes Act of 2006.

This bill would authorize the District to issue up to \$350 million of tax revenue anticipation notes (TRANs) to finance general government expenditures for fiscal year 2007. 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.

In fiscal year 2006, the District issued \$250 million of TRANs to finance its seasonal cash needs. These notes will be repaid on September 29, 2006, as required. The amount that we intend to borrow in FY 2007 is in the range of \$250-300 million, and the additional borrowing authority included in this bill is simply to provide a safeguard against unforeseen circumstances.

The District's positive operating results and corresponding increases in its fund balance since the mid-1990s have resulted in an improved cash position, including the establishment of the Emergency and Contingency Cash Reserves. However, as you are aware, this cash is not available to be used for normal operating expenditures. The level of the District's available cash-on-hand and its normal cash peaks and valleys during the course of a

fiscal year require short-term borrowing in order to maintain sufficient operating cash throughout the year.

This proposed short-term borrowing is included in the proposed FY 2007 Budget and Financial Plan, and the FY 2007 budget includes sufficient funds to cover the interest expense associated with this borrowing.

Mr. Chairman, this concludes my testimony. I am prepared to answer any questions that you may have at this time.