

**PUBLIC HEARING  
ON**

**BILL 20-910, “THE FISCAL YEAR 2015 TAX  
REVENUE ANTICIPATION NOTES ACT OF 2014”**

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

**The Honorable Jack Evans, Chairman**

**October 16, 2014, 10:00AM  
John A. Wilson Building, Room 412**



**Testimony of  
Jeffrey Barnette  
Deputy Chief Financial Officer and Treasurer  
Office of Finance and Treasury**

**Jeffrey S. DeWitt  
Chief Financial Officer  
Government of the District of Columbia**

Good morning, Chairman Evans and members of the Committee. I am Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer in the Office of the Chief Financial Officer. I am here to testify regarding Bill 20-910, the Fiscal Year 2015 Tax Revenue Anticipation Notes Act of 2014.

This bill would authorize the District to issue up to \$600 million of Tax Revenue Anticipation Notes (TRANs) to finance general government expenditures for FY 2015. Revenue anticipation notes are typically issued to finance seasonal cash shortages resulting from differences in the timing between the receipt of revenues and the disbursement of expenditures within a given fiscal year. The level of the District's available cash-on-hand and its normal cash peaks and valleys over the course of a fiscal year require short-term borrowing in order to maintain sufficient operating cash throughout the year.

As you know, a substantial portion of the District's tax revenues are received relatively late in the fiscal year. In particular, real property taxes, which are approximately 30% of the total General Fund Revenue, are received semi-annually in the sixth and twelfth months of the fiscal year. It is understandable, then, that short-term borrowing would be necessary to finance certain on-going operating expenses that occur more evenly throughout the fiscal year.

The District's strong fiscal management has increased our available cash balances which have allowed us to limit the amount of TRANS borrowing for

the prior two and current fiscal years. For perspective, the District issued \$820 million of TRANs to finance FY 2012 seasonal cash flow needs, its highest-ever cash flow borrowing amount. Just two years later, the size of the FY 2014 cash flow borrowing was \$405 million, less than half of the amount for FY2012. We anticipate that the borrowing for FY 2015 will be very close to the amount borrowed last fiscal year. As we approach the time of the borrowing, the exact amount will be determined. Although we anticipate less, it is prudent to authorize borrowing in the requested amount of up to \$600 million in order to ensure that the District has adequate operating cash balances throughout the fiscal year.

There are sufficient funds in the FY 2015 Budget and Financial Plan to cover the debt service expense required for the maximum borrowing that this proposed legislation would authorize.

Chairman Evans, this concludes my testimony. I am prepared to address any questions that the Committee may have.