

ENROLLED ORIGINAL

AN ACT

*Codification
District of
Columbia
Official Code*

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Chapter 3 of Title 47 of the District of Columbia Official Code to establish a 12% limitation on borrowing, and to establish an annual operating cash reserve; and to amend the Washington Metropolitan Area Transit Authority Fund Act of 2006 to increase the amount of sales tax revenue required to be deposited into the Washington Metropolitan Area Transit Authority Fund from 0.5% to 5.7%, and to repeal an applicability provision.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Limitation on Borrowing and Establishment of the Operating Cash Reserve Act of 2008".

Sec. 2. Chapter 3 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended as follows:

(1) Strike the phrase "47-321 to 47-334. [Reserved]" and insert the phrase "47-321 to 47-333. [Reserved]" in its place.

(2) A new section designation is added to read as follows:
"47-334. Definitions."

(3) A new section designation is added to read as follows:
"47-335.02. Borrowing limitation."

(b) A new section 47-334 is added to read as follows:

"§ 47-334. Definitions.

New
§ 47-334

"For the purposes of this subchapter, the term:

"(1) "Debt Service" means the amount of money necessary to pay interest on outstanding District Bonds, including interest payments deferred to future years, the principal on maturing bonds, and the required contributions to a sinking fund for District Bonds.

"(2) "District Bonds" means:

- "(A) General obligation bonds issued pursuant to the Home Rule Act;
- "(B) Treasury capital-project loans;
- "(C) Tax-supported revenue bonds or notes, including tax increment

financed bonds or notes and bonds or notes financed by payments-in-lieu of taxes, but excluding revenue bonds or notes issued for the purpose of funding water and sewer facilities, as described in section 490(a) of the Home Rule Act;

- “(D) Certificates of participation, and
- “(E) Lease-purchase financing bonds.

“(3) “District Bond Issuance” means the District’s authorizing, selling, and delivering of District Bonds, including District Bonds to refund outstanding District Bonds.

“(4) “General Fund Expenditures” means the total amount expended from the General Fund and Transfers line item in the enacted District Budget and Financial Plan for a fiscal year.

“(5) “Home Rule Act” means the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 774; D.C. Official Code § 1-201.01 *et seq.*).”.

(c) A new section 47-335.02 is added to read as follows:

“§ 47-335.02. Borrowing limitation.

New
§ 47-335.02

“(a) The Council shall not approve a District Bond Issuance if the applicable annual Debt Service on the District Bond Issuance would cause the Debt Service on all District Bonds in the fiscal year in which the District Bonds are issued, or in any of the 3 succeeding fiscal years, to exceed 12% of General Fund Expenditures in any applicable fiscal year, as certified by the Chief Financial Officer of the District of Columbia.

“(b) Obligations incurred pursuant to the authority contained in subchapter II of Chapter 3 of Title 3, obligations incurred by the agencies transferred or established by sections 201 or 202 of the Home Rule Act, whether incurred before or after such transfer or establishment, and obligations incurred pursuant to District Bonds issued prior to October 1, 1996, for the financing of Department of Public Works, Water and Sewer Utility Administration capital projects shall not be included in determining the aggregate amount of all outstanding obligations subject to the 12% limitation specified in subsection (a) of this section.

“(c) The 12% limitation specified in subsection (a) of this section shall be calculated by the Office of the Chief Financial Officer as follows:

“(1) Determine the dollar amount equivalent to 12% of the General Fund Expenditures, less any fees or revenues directed to servicing revenue bonds, any revenues, charges, or fees dedicated for the purposes of water and sewer facilities, as defined in section 490(a)(5) of the Home Rule Act, including fees or revenues directed to servicing or securing revenue bonds issued for such purposes, retirement contributions, revenues from retirement systems, and revenues derived from Treasury loans, and the sale of general obligation or revenue bonds, which the Mayor estimates, and the District of Columbia Auditor certifies, will be credited to the District during the fiscal year for which the bonds will be issued;

“(2) Determine the actual total amount of principal and interest to be paid in

each fiscal year for all outstanding District Bonds, less the allocable portion of principal and interest to be paid during the year on general obligation bonds of the District of Columbia issued prior to October 1, 1996, for the financing of Department of Public Works, Water and Sewer Utility Administration capital projects and Treasury loans;

"(3) Determine the amount of principal and interest to be paid during each fiscal year over the term of the proposed District Bond or Treasury loan to be issued; and

"(4) If in any fiscal year the sum of paragraphs (2) and (3) of this subsection exceeds the amount determined under paragraph (1) of this subsection, then the proposed District Bond or Treasury loan shall not be issued.".

(d) Section 47-392.02 is amended by adding a new subsection (j-1) to read as follows:

"(j-1) *Operating Cash Reserve.* –

"(1) The Chief Financial Officer shall create a segregated account within the General Fund to be designated as the Operating Cash Reserve.

"(2) The operating cash reserve shall be:

- "(A) The amount of \$46 million in fiscal year 2009;
- "(B) The amount of \$46 million in fiscal year 2010;
- "(C) The amount of \$48 million in fiscal year 2011; and
- "(D) The amount of \$50 million in fiscal year 2012.

"(3)(A) Beginning October 1, 2009, on or after October 1st of each fiscal year, the Chief Financial Officer shall certify that funds from the Operating Cash Reserve are available for expenditure for one-time spending needs, through the submission and approval of a supplemental budget; provided, that \$25 million remains in the Operating Cash Reserve and the Chief Financial Officer determines that it is unlikely that the Washington Metropolitan Area Transit Authority Fund Act of 2006, effective June 6, 2008 (D.C. Law 16-132; 53 DCR 4727) ("WMATA Fund Act"), shall become applicable prior to March 31st.

"(B) The amounts shall be obligated or expended in accordance with laws enacted by the Council in support of each such obligation or expenditure.

"(C) The amounts may not be used to fund the agencies of the District of Columbia government under court-ordered receivership.

"(D) The amounts may be obligated or expended only if the Mayor notifies the Committees on Appropriations of the House of Representatives and Senate in writing 30 days in advance of any obligation or expenditure.

"(4) On or after April 1st of each fiscal year, the Chief Financial Officer shall certify that all remaining funds in the Operating Cash Reserve are available for expenditure for one-time spending needs, through the submission and approval of a supplemental budget, if the Chief Financial Officer determines that it is unlikely that the WMATA Fund Act shall become applicable prior to September 30th.

"(5) When the Chief Financial Officer certifies that the applicability provision of

New
§ 47-392.02

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the WMATA Fund Act has been satisfied, the Mayor shall transfer from the Operating Cash Reserve all funds required by the WMATA Fund Act, by a reprogramming, to the budget of the Washington Metropolitan Area Transit Authority.

“(6) Upon the approval of the reprogramming required by paragraph (5) of this subsection, this subsection shall sunset.”.

Sec. 3. The Washington Metropolitan Area Transit Authority Fund Act of 2006, effective June 16, 2006 (D.C. Law 16-132; 53 DCR 4727), is amended as follows:

(a) Section 2(a) is amended by striking the phrase “0.5% of sales tax revenue” and inserting the phrase “5.7% of general sales tax revenue (net dedicated taxes)” in its place.

(b) Section 3(3) is repealed.

Sec. 4. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 5. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

Chairman
Council of the District of Columbia

Mayor
District of Columbia