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COUNCIL OF THE DISTRICT OF COLUMBIA

NOTICE

D.C. LAW 12-40

"Real Property Assessment Process and Tax Revenue Anticipation Notes Amendment Act of 1997".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P.L. 93-198 "the Act", the Council of the District of Columbia adopted Bill No. 12-110, on first, amended first, and second readings, June 3, 1997, June 17, 1997 and July 1, 1997, respectively. Following the signature of the Mayor on July 18, 1997, pursuant to Section 404(e) of "the Act", and was assigned Act No. 12-144, and published in the August 22, 1997, edition of the D.C. Register (Vol. 44 page 4859) and transmitted to Congress on September 3, 1997 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 12-40, effective October 23, 1997.



LINDA W. CROPP
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

Sept.	3,4,5,8,9,10,11,12,15,16,17,18,19,22,23,24,25,26, 29,30
Oct.	1,2,3,6,7,8,9,20,21,22

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AN ACT

D.C. ACT 12-144

*Codification
District of
Columbia
Code
1998 Supp.*

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

JULY 18, 1997

To amend Title 47 of the District of Columbia Code to provide for an administrative appeal process for supplemental assessments, provide that real property shall be assessed at least once every 3 years, establish an administrative appeal process for triennial assessments, establish a process for appeals filed outside of the triennial assessment period, establish an appeal process for new owners, provide that the assessment role shall be estimated instead of certified, and authorize the issuance of District of Columbia general obligation tax revenue anticipation notes of the District of Columbia to finance general governmental expenses for the fiscal year ending September 30, 1997.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Real Property Assessment Process and Tax Revenue Anticipation Notes Amendment Act of 1997".

Title I - Real Property Assessment Process

Sec. 101. Chapter 8 of Title 47 is amended as follows:

(a) Section 47-802 is amended by adding paragraphs (8), (9), and (10) to read as follows:

Section
47-802

"(8) The term "valuation date" means January 1 of the preceding real property tax year.

"(9) The term "phased-in assessed value" means the assessed value which is increased each year of a 3-year cycle in increments of one-third the assessed value.

"(10) The term "3-year cycle" means 3 continuous tax years for which the assessed value of real property shall be determined."

(b) Section 47-815 is amended as follows:

Section
47-815

(1) Subsection (a) is amended by striking the phrase "On or before the third Friday" and inserting the phrase "Except as provided in subsection (a-4) of this section, on or before the third Friday" in its place.

(2) A new subsection (a-4) is added to read as follows:

"(a-4) Beginning with real property assessments for Tax Year 1999, and for each tax year thereafter, the Mayor shall estimate the assessment roll on or before September 15th of each

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Section
47-820

year."

(c) Section 47-820 is amended as follows:

(1) Subsection (a) is amended to read as follows:

"(a)(1) Except as provided in paragraph (2) of this subsection, the assessed value of all real property shall be listed on the assessment roll for real property taxation purposes annually as provided in §§ 47-820 to 47-828.

"(2) Beginning with the real property assessments for Tax Year 1999, and for each year thereafter, the assessed value of all real property shall be listed at least once every 3 years on the assessment roll for property taxation purposes as provided in §§ 47-820 to 47-828.

"(3) The assessed value for all real property shall be the estimated market value of such property as of January 1st of the year preceding the tax year, as determined by the Mayor. In determining the estimated market value for various kinds of real property, the Mayor may do so manually or through the use of an automated system or systems such as the Computer-Assisted Mass Appraisal System. The Mayor shall take into account any factor that may have a bearing on the market value of the real property, including, but not limited to, sales information on similar types of real property, mortgage, or other financial considerations, reproduction cost less accrued depreciation because of age, condition, and other factors, income-earning potential (if any), zoning, and government-imposed restrictions. Assessments shall be based upon the sources of information available to the Mayor, which may include actual view."

(2) Subsection (b) is amended by striking the phrase "All real property" and inserting the phrase "Except as provided in subsection (b-1) of this section, all real property" in its place.

(3) A new subsection (b-1) is added to read as follows:

"(b-1)(1) Beginning with tax year 1999 and for each tax year thereafter, all real property shall be assessed at least once every 3 years and the resulting assessment shall be in effect for the next 3 consecutive tax years unless the assessment is otherwise revised as a result of any of the following:

"(A) An appeal filed pursuant to §47-825.1;

"(B) An administrative correction made in accordance with § 47-825.1;

"(C) A supplemental assessment conducted pursuant to §47-829;

"(D) A substantive change in the use of the property;

"(E) A change in the zoning for the area in which the property is located;

"(F) A change in the classification of the real property;

"(G) A substantial change occurs to the physical make up of the property;

or

"(H) A substantial error occurs in the assessment of the property.

"(2) When real property is assessed pursuant to this section, any increase in the overall assessed value shall be phased-in over the 3- year period of a 3-year cycle." .

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**Section
47-824**

(d) Section 47-824 is amended as follows:

(1) The existing text is designated as subsection (a).

(2) The newly designated subsection (a) is amended by striking the phrase "Beginning as soon as possible" and inserting the phrase "Except as provided in subsection (b), beginning as soon as possible" in its place.

(3) A new subsection (b) is added to read as follows:

"(b)(1) Beginning with real property assessments for Tax Year 1999 and for each real property tax year thereafter, each owner of real property shall be notified of a proposed change in the assessed value of the owner's real property on or before March 1.

"(2) A written notice of the proposed assessment shall be required if any of the following occurs:

"(A) The assessed value of the property increases or decreases;

"(B) The classification of the real property changes;

"(C) An initial assessed value is established; or

"(D) A revaluation or reclassification is made.

"(3) The notice required pursuant to this subsection shall include the following information:

"(A) The address, lot, square, use, and the classification of the real property;

"(B) The current assessed value of the land and improvements (shown separately and in total) of the property;

"(C) The proposed assessed value;

"(D) The phased-in assessed value if the proposed assessed value is higher than the prior tax year's assessed value;

"(E) An indication of the reason for any change in the assessment;

"(F) A statement explaining the right of appeal procedures pursuant to § 47-825.1(f-1);

"(G) Citation to the regulations or orders under which the property was assessed;

"(H) The location of the assessment roll and sales ratio studies referred to in §§ 47-823 and 47-825.1(h-1) and the hours during which the information is available to the public; and

"(I) An explanation of all special benefits, incentives, limitations, or credits which relate to real property taxes as a result of this chapter or any other law."

(e) Section 47-825.1 is amended as follows:

(1) Subsection (d)(4) is amended by striking the last sentence.

(2) New subsections (f-1) and (f-2) are added to read as follows:

"(f-1) Beginning with real property assessments for Tax Year 1999 and for each tax year thereafter:

**Section
47-825.1**

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"(1) A real property owner, may petition for an administrative review of the owner's proposed real property assessment, equalization, valuation, or classification on or before April 1 following the date of the notice of proposed assessment. The petition for an administrative review shall be filed, in writing, on a form and in a manner as the Mayor may prescribe.

"(A) The Mayor shall have the authority to change any assessment or classification in accordance with a final determination made on a petition for administrative review.

"(B) If the property is transferred to a new owner at a time that prevents the new owner from receiving a notice of proposed assessment on or before March 1, the new owner may petition for an administrative review of the assessment, equalization, valuation, or classification of the newly acquired property within 60 days from the date of transfer of the property. However, no petition for an administrative review may be filed after the July 1 that immediately precedes the tax year in which the assessment shall be in effect.

"(2) If a real property owner is aggrieved by a final determination made pursuant to paragraph (1) of this subsection, the real property owner may file an appeal from the assessment, equalization, valuation, or classification with the Board. The appeal shall be filed within 30 days from the date of a notice of final determination on the petition for an administrative review. If a notice of final determination is not provided to the owner on or before August 1, the property owner may appeal the assessment, equalization, valuation, or classification with the Board on or before September 30.

"(3)(A) A petition for an administrative review shall be a prerequisite for filing an appeal from an assessment, equalization, valuation, or classification with the Board.

"(B) However, no petition for an administrative review shall be required before a real property owner may appeal an assessment, equalization, valuation, or classification to the Board if the property is transferred at a time that prevents the new owner from petitioning for an administrative review of the assessment, equalization, valuation, or classification on or before July 1. In this case, the new owner may appeal the assessment, equalization, valuation, or classification to the Board on or before September 30.

"(4) An appeal shall be filed on a form prescribed by the Board. The form shall state clearly that all information and evidence in support of the appeal must be filed with the appeal form and that the owner is entitled to obtain, pursuant to paragraph (6) of this subsection, any response to the appeal filed by the Mayor. All information in support of the petition shall be submitted at the time the appeal is filed except that the petitioner shall have the right to rebut any evidence submitted by the Mayor in response to the appeal and the Board may request additional information it deems necessary.

"(5) The Board shall have the authority to establish the assessed value of residential real property without a hearing when the Mayor and the real property owner agree upon the assessed value of the residential real property.

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"(6) The real property owner is entitled to obtain any response made by the Mayor to an appeal filed by the owner with the Board. The Mayor shall make the response available at a reasonable time upon the request of the real property owner and no less than 5 business days prior to a scheduled hearing. At least 15 business days prior to the scheduled hearing, the Board shall provide the Mayor with a copy of the appeal .

"(7) Every decision filed by the Board shall be maintained by the Board for 3 years and shall be made available for examination and photocopying by any requestor. All costs associated with photocopying shall be paid for by the requestor. Nothing in this subsection shall affect the confidentiality of information as provided in § 47-821(d)(2).

"(8) The Board shall notify the Mayor of any decision on an appeal from an assessment, equalization, valuation, or classification at the same time it notifies the property owner.

"(f-2) Beginning with the real property assessments for Tax Year 1999 and for each tax year thereafter:

"(1)(A) A real property owner may petition for an administrative review of the property's assessment, equalization, valuation, or classification on or before April 1 of the calendar year which immediately precedes the tax year in which the assessment or classification shall be in effect during the calendar year in which the property is not scheduled for reassessment, or if a notice of proposed assessment is not provided to the owner on or before March 1.

"(B) A new owner may petition for an administrative review of the assessment, equalization, valuation, or classification of a newly acquired property within 60 days from the date of transfer of the property if the property is transferred to the new owner at a time that prevents the new owner from filing a request for an administrative review on or before April 1. However, no petition for an administrative review shall be filed after the July 1 immediately preceding the tax year in which the assessment or classification shall be in effect.

"(2) If a real property owner is aggrieved by a final determination made on an administrative review conducted pursuant to paragraph (1) of this subsection, or if the property is transferred at a time that prevents the new owner from meeting the filing deadline for the administrative review, the real property owner may appeal the assessment, equalization, valuation, or classification to the Board and to the Superior Court of the District of Columbia in the same manner as provided in subsections (f-1) and (j-1) of this section."

(3) Subsection (h) is repealed and amended to read as follows:

"(h) Repealed."

(4) A new subsection (h-1) is added to read as follows:

"(h-1)(1) Effective October 1, 1998, the Mayor shall estimate the assessment roll in the District of Columbia. The estimate of the assessment roll shall be submitted to the Council of the District of Columbia by the Mayor on the same date the proposed real property tax rates are published.

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"(2) The Mayor may make an administrative or clerical correction to any assessment or correct any real property classification only for the current or immediately forthcoming tax year."

(5) Subsection (j) is repealed and amended to read as follows:

"(j) Repealed."

(6) A new subsection (j-1) is added to read as follows:

"(j-1) Beginning with real property assessments for Tax Year 1999 and for each tax year thereafter, except as provided in § 47-3305, within 6 months after March 30th following the calendar year in which a real property assessment, equalization, valuation, or classification was made, any taxpayer aggrieved by a real property assessment, equalization, valuation, or classification may appeal the real property assessment, equalization, valuation, or classification in the same manner and to the same extent as provided in §§ 47-3303 and 47-3304, provided that, the taxpayer shall have first appealed the assessment, equalization, valuation, or classification to the Board as provided in subsections (f-1) and (f-2) of this section.

(7) Subsection (k) is repealed and amended to read as follows.

"(k) Repealed."

(f) Section 47-830 is amended by adding a new subsection (c-1) to read as follows:

**Section
47-830**

"(c-1) Beginning with the real property assessments for Tax Year 1999 and for each tax year thereafter:

"(1)(A) A real property owner may petition for an administrative review of a supplemental assessment conducted between January 1 and June 30 in accordance with § 47-829 on or before October 1 following the date of the notice of supplemental assessment.

"(B) A real property owner may petition for an administrative review of a supplemental assessment conducted between July 1 and December 31 in accordance with § 47-829, or on or before April 1 following the date of the notice of supplemental assessment.

"(C) The petition for an administrative review shall be made in writing on a form and in a manner as the Mayor may prescribe.

"(2)(A) Any real property owner aggrieved by a final determination made on an administrative review may appeal the supplemental assessment to the Board of Real Property Assessments and Appeals ("Board") within 30 days from the date of a notice of a final determination on an administrative review. The Board shall hear an appeal of the supplemental assessment only if a request for an administrative review was timely filed with the Mayor.

"(B) No administrative review shall be required before a real property owner may appeal to the Board a supplemental assessment conducted between January 1 and June 30 if:

"(i) The Mayor fails to notify the owner of the supplemental assessment on or before September 1; or

"(ii) The Mayor fails to notify the owner of a final determination on an administrative review of the supplemental assessment on or before December 30 following

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following the date of the notice of supplemental assessment.

"(C) Under the circumstance described in subparagraph (B) of this paragraph, the owner may appeal the supplemental assessment to the Board on or before February 1 without first petitioning for an administrative review of the supplemental assessment.

"(D) No administrative review shall be required before a real property owner may appeal to the Board a supplemental assessment conducted between July 1 and December 31 if:

"(i) The Mayor fails to provide notice of the supplemental assessment on or before March 1; or

"(ii) The Mayor fails to notify the owner of a final determination on an administrative review of the supplemental assessment on or before June 30.

"(E) Under the circumstances described in subparagraph (D) of this paragraph, the owner may appeal the supplemental assessment to the Board on or before August 1 without first petitioning for an administrative review of the supplemental assessment.

"(3)(A) A real property owner may appeal from a supplemental assessment conducted between January 1 and June 30 in accordance with subsection (b) of this section to the Superior Court of the District of Columbia within 6 months from October 15 following the year in which the assessment is made in the same manner and to the same extent as provided in §§ 47-3303 and 47-3304. An appeal from the supplemental assessment filed with the Board shall be a prerequisite to filing an appeal with the Superior Court of the District of Columbia.

"(B) A real property owner may appeal from the supplemental assessment conducted between July 1 and December 31 in accordance with subsection (b) of this section to the Superior Court of the District of Columbia within 6 months from April 15 following the year in which the assessment is made in the same manner and to the same extent as provided in §§ 47-3303 and 47-3304. An appeal from the supplemental assessment filed with the Board shall be a prerequisite to filing an appeal with the Superior Court of the District of Columbia."

Sec. 102. Sections 101(e)(4), 101(e)(5), and 101(e)(7) shall apply as of September 30, 1998.

Sec. 103. At the end of the first triennial assessment cycle, an audit of the assessment process shall be conducted by an outside firm, under the auspices of the International Association of Assessing Officers, for the purposes of examining the methodology, procedures, and accuracy of real property assessments under the triennial assessment process. The results of the audit shall be provided to the Council of the District of Columbia.

Sec. 104. The Mayor may promulgate rules necessary for the implementation of this title.

**Note, Section
47-825.1**

**Note, Sections
47-820,
47-824,
47-825.1,
47-830**

**Note, Sections
47-820,
47-824,
47-825.1,
47-830**

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Sec. 105. (a) After 3 years, the Committee on Finance and Revenue shall review the provisions of this title and make recommendations for their continuance, amendment, or termination.

Note, Sections
47-820,
47-824,
47-825.1,
47-830

(b) This title shall expire 4 years from its effective date.

Title II - Tax Revenue Anticipation Notes

Sec. 201. Definitions.

Note, Section
47-328

For the purposes of this title, the term:

(1) "Additional notes" means District general obligation revenue anticipation notes described in section 208 that may be issued pursuant to section 472 of the Home Rule Act and that will mature on September 30, 1997, on a parity with the Notes.

(2) "Authorized delegate" means the City Administrator, the Chief Financial Officer, the District of Columbia Treasurer, or any officer or employee of the Executive Office of the Mayor to whom the Mayor has delegated any of the Mayor's functions under this title pursuant to section 422(6) of the Home Rule Act.

(3) "Available funds" means District funds required to be deposited with the escrow agent, receipts, and other District funds that are not otherwise legally committed.

(4) "Bond counsel" means a firm or firms of attorneys designated as bond counsel co-bond counsel from time to time by the Mayor.

(5) "Council" means the Council of the District of Columbia.

(6) "District" means the District of Columbia.

(7) "Escrow agent" means any bank, trust company, or national banking association with requisite trust powers and with an office in the District designated to serve in this capacity by the Mayor.

(8) "Escrow agreement" means the escrow agreement between the District and the escrow agent authorized in section 206.

(9) "Home Rule Act" means the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 774; D.C. Code § 1-201 *passim*).

(10) "Mayor" means the Mayor of the District of Columbia.

(11) "Notes" means District general obligation revenue anticipation notes authorized to be issued pursuant to this title.

(12) "Receipts" mean all funds received by the District from any source, including, but not limited to, taxes, fees, charges, miscellaneous receipts, and all annual federal payments to the District, less funds that are pledged to debt or other obligations according to section 208 or that are restricted by law to uses other than payment of principal of and interest on the Notes.

(13) "Secretary" means the Secretary of the District of Columbia.

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Sec. 202. Findings.

The Council finds that:

(1) Under section 472 of the Home Rule Act, the Council may authorize, by act, the issuance of general obligation revenue anticipation notes for a fiscal year in anticipation of the collection or receipt of revenues for that fiscal year. Section 472 of the Home Rule Act provides further that the total amount of general obligation revenue anticipation notes issued and outstanding at any time during a fiscal year shall not exceed 20% of the total anticipated revenue of the District for that fiscal year, as certified by the Mayor as of the date not more than 15 days before each original issuance of the Notes.

(2) Under section 482 of the Home Rule Act, the full faith and credit of the District is pledged for the payment of the principal and interest on any general obligation revenue anticipation note.

(3) Under section 483 of the Home Rule Act, the Council is required to provide in the annual budget sufficient funds to pay the principal and interest on all general obligation revenue anticipation notes becoming due and payable during that fiscal year, and the Mayor is required to ensure that the principal of and interest on all general obligation revenue anticipation notes is paid when due, including by paying the principal and interest from funds not otherwise legally committed.

(4) The Mayor has advised the Council that, based upon the Mayor's projections of anticipated receipts and disbursements during the fiscal year ending September 30, 1997, it is necessary for the District to borrow a sum not to exceed \$250 million, an amount that does not exceed 20% of the total anticipated revenue for that fiscal year, and to evidence the debt by issuing general obligation revenue anticipation notes.

(5) The issuance of general obligation revenue anticipation notes in a sum not to exceed \$250 million is in the public interest.

Sec. 203. Note authorization.

(a) The District is authorized to incur indebtedness by issuing the Notes pursuant to sections 472 and 482 of the Home Rule Act, in a sum not to exceed \$250 million, to finance its general governmental expenses in anticipation of the collection or receipt of revenues for the fiscal year ending September 30, 1997.

(b) The Mayor is authorized to pay from the proceeds of the Notes the costs and expenses of issuing and delivering the Notes, including, but not limited to, underwriting, legal accounting, financial advisory, note insurance or other credit enhancements, and printing costs and expenses.

Sec. 204. Note details.

(a) The Notes shall be known as "District of Columbia 1997 General Obligation Tax Revenue Anticipation Notes" and shall be due and payable, as to both principal and interest, on

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September 30, 1997, without option of prior redemption. The Notes shall be numbered as to each series from 1 upwards, shall be in denominations of \$100,000, and any integral multiple of \$100,000 and shall be negotiable registered notes.

(b) The Mayor is authorized to take any action necessary or appropriate in accordance with this title in connection with the preparation, execution, issuance, sale, delivery, security for, and payment of the Notes, including, but not limited to, determinations of:

- (1) The final form, content, designation, and terms of the Notes, including a determination that the Notes may be issued in book entry form;
- (2) Provisions for the transfer and exchange of the Notes;
- (3) The principal amount of the Notes to be issued;
- (4) The rate or rates of interest or the method of determining the rate or rates of interest on the Notes, provided that the interest rate or rates borne by the Notes of any series shall not exceed in the aggregate 10% per year calculated on the basis of a 365-day year (actual days elapsed); provided, however, that if the Notes are not paid at maturity, the Notes may provide for an interest rate or rates after maturity not to exceed in the aggregate 15% per year calculated on the basis of a 365-day year (actual days elapsed);
- (5) The date or dates of issuance, sale, and delivery of the Notes;
- (6) The place or places of payment of principal and interest on the Notes;
- (7) The designation of a registrar, if appropriate, for any series of the Notes, and the execution and delivery of any necessary agreements relating to the designation;
- (8) The designation of paying agent(s) or escrow agent(s) for any series of the Notes, and the execution and delivery of any necessary agreements relating to such designations; and
- (9) Provisions concerning the replacement of mutilated, lost, stolen, or destroyed Notes.

(c) The Notes shall be executed in the name of the District and on its behalf by the manual signature of the Mayor or an authorized delegate.

(d) The official seal of the District or a facsimile of it shall be impressed, printed, or otherwise reproduced on the Notes.

(e) If a registrar is designated, the registrar shall authenticate each Note by manual signature and maintain the books of registration for the payment of the principal and interest on the Notes and perform other ministerial responsibilities as specifically provided in its designation as registrar.

(f) The Notes may be issued at any time or from time to time in one or more issues and in one or more series.

Sec. 205. Sale of the Notes.

(a) The Notes of any series shall be sold at negotiated sale pursuant to a purchase contract or at competitive sale pursuant to a bid form. The Notes shall be sold at a price not less

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than par plus accrued interest from the dated date of the Notes to the date of delivery thereof. The purchase contract or bid form shall contain the terms that the Mayor considers necessary or appropriate to carry out the purposes of this title. The Mayor's execution and delivery of the purchase contract or bid form shall constitute conclusive evidence of the Mayor's approval, on behalf of the District, of the final form and content of the Notes. The Mayor shall deliver the Notes, on behalf of the District, to the purchasers upon receiving the purchase price provided in the purchase contract or bid form.

(b) The Mayor may prepare or cause to be prepared and may execute, in connection with each sale of the Notes, an offering document on behalf of the District and may authorize the document's distribution in relation to the Notes being sold.

(c) The Mayor shall take actions and execute and deliver agreements, documents, and instruments (including any amendment of or supplement to any such agreement, document or instrument) as required by or incidental to:

(1) The issuance of the Notes;

(2) The establishment or preservation of the exclusion from gross income for federal income tax purposes of interest on the Notes, the treatment of interest on the Notes as not an item of tax preference for purposes of the federal alternative maximum tax ("non-AMT"), if the Notes are originally issued as non-AMT notes, and the exemption from District income taxation of interest on the Notes;

(3) The performance of any covenants contained in this title or in any purchase contract for the Notes or any escrow or other agreement for the security thereof;

(A) The provision for securing the repayment of the Notes by a letter or line of credit or other form of credit enhancement, and the repayment of advances under any such credit enhancement, including the evidencing of such a repayment obligation with a negotiable instrument with such terms as the Mayor shall determine; or

(B) The execution, delivery, and performance of the escrow agreement, a purchase contract, a paying agent agreement, an agreement relating to credit enhancement, if any, or a bid form for the Notes, including any amendments of any of these agreements, documents, or instruments.

(d) The Notes shall not be issued until the Mayor receives an approving opinion of bond counsel as to the validity of the Notes and the establishment or preservation of the exclusion from gross income for federal income tax purposes of the interest on the Notes and, if the Notes are issued as non-AMT notes, the treatment of such interest as not an item of tax preference for purposes of the federal alternative minimum tax, and the exemption from District income taxation of the interest on the Notes.

(e) The Mayor shall execute a note issuance certificate evidencing the determinations and other actions taken by the Mayor for each issue or series of the Notes issued and shall designate in the note issuance certificate the date of the Notes, the series designation, the aggregate principal amount to be issued, the authorized denominations of the Notes, the sale

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price, and the interest rate or rates on the Notes. The Mayor shall certify in a separate certificate, not more than 15 days before each original issuance of a series, the total anticipated revenue of the District for the fiscal year ending September 30, 1997, and that the total amount of all general obligation revenue anticipation notes issued and outstanding at any time during the fiscal year will not exceed 20% of the total anticipated revenue of the District for the fiscal year. These certificates shall be delivered at the time of delivery of the Notes and shall be conclusive evidence of the actions taken as stated in the certificates. A copy of each of the certificates shall be filed with the Secretary to the Council not more than three days after the delivery of the Notes covered by the certificates.

(f) At the discretion of the Mayor, the issuance of the Notes of any series may be subject to the execution and delivery by the Mayor to the United States Treasury of a requisition for advances pursuant to title VI of the District of Columbia Revenue Act of 1939, approved July 26, 1939 (53 Stat. 1118; D.C. Code § 47-3401), as amended, the execution and delivery by the Secretary of the Treasury of a written approval of the requisition, and the execution and delivery by the United States Office of Management and Budget of an apportionment of funds for the advances. The requisition, the approval, and the apportionment shall be satisfactory to the Note purchasers and to the Mayor.

Sec. 206. Payment and security.

(a) The full faith and credit of the District is pledged for the payment of the principal and interest on the Notes when due.

(b) The funds for the payment of the Notes as described in this title shall be irrevocably deposited with the escrow agent pursuant to the escrow agreement. Such funds shall be used for the payment of the principal of and interest on the Notes when due, and shall not be used for other purposes so long as the Notes are outstanding and unpaid.

(c) The Notes shall be payable from available funds of the District, including any moneys advanced to the District pursuant to title VII of the District of Columbia Revenue Act of 1937, approved August 17, 1937 (50 Stat. 692; D.C. Code § 47-3401), as amended, and shall evidence continuing obligations of the District until paid in accordance with their terms.

(d) The Mayor may, without regard to any act or resolution of the Council now existing or adopted after the effective date of this title, designate an escrow agent under the escrow agreement. The Mayor may execute and deliver the escrow agreement, on behalf of the District and in the Mayor's official capacity, containing the terms that the Mayor considers necessary or appropriate to carry out the purposes of this title. A special account entitled "Special Escrow for Payment of District of Columbia 1997 General Obligation Tax Revenue Anticipation Notes" is created and shall be maintained by the escrow agent for the benefit of the owners of the Notes as stated in the escrow agreement. Funds on deposit, including investment income, under the escrow agreement may not be used for any purposes except for payment of the Notes and may be invested only as provided in the escrow agreement.

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(e) Upon the sale and delivery of the Notes, the Mayor shall deposit with the escrow agent to be held and maintained as provided in the escrow agreement all accrued interest and premium, if any, received upon the sale of the Notes.

(f)(1) The Mayor shall set aside and deposit with the escrow agent funds in accordance with the escrow agreement at the time and in the amount as provided in the escrow agreement.

(2) If additional Notes are issued pursuant to section 208(b), and if on the date set forth in the escrow agreement, the aggregate amount of principal and interest payable at maturity on the outstanding Notes, including any additional notes, less all amounts on deposit, including investment income, under the escrow agreement exceeds 90% of the actual receipts of District taxes, other than special taxes or charges levied pursuant to section 481(a) of the Home Rule Act, for the period August 15, 1996, through September 30, 1996, then beginning on the date set forth in the escrow agreement, the Mayor shall promptly, upon receipt by the District, set aside and deposit with the escrow agent the receipts received by the District after the date set forth in the escrow agreement, until the excess described in this subsection no longer exists.

(3) The District covenants that it shall levy, maintain, or enact taxes due and payable during August 1, 1997, through September 30, 1997, to provide for payment in full of the principal and interest on the Notes when due. The taxes referred to in this paragraph shall be separate from special taxes or charges levied pursuant to section 481(a) of the Home Rule Act.

(4) The District covenants that so long as any of the Notes are outstanding, it shall not grant, create, or permit the existence of any lien, pledge, or security interest with respect to its taxes due and payable during the period August 1, 1997, through September 30, 1997, or commit or agree to set aside and apply those tax receipts to the payment of an obligation of the District other than the Notes. The taxes referred to in this paragraph shall not include special taxes or charges levied pursuant to section 481(a) of the Home Rule Act and any real property tax liens created or arising in any fiscal year preceding the issuance of the Notes.

(g) Before the 16th day of each month, beginning in August 1997, the Mayor shall review the current monthly cash flow projections of the District, and if the Mayor determines that the aggregate amount of principal and interest payable at maturity on the Notes then outstanding, less any amounts and investment income on deposit under the escrow agreement, equals or exceeds 85% of the receipts estimated by the Mayor to be received after such date by the District but before the maturity of the Notes, then the Mayor shall promptly, upon receipt by the District, set aside and deposit with the escrow agent the receipts received by the District on and after that date until the aggregate amount, including investment income, on deposit with the escrow agent equals or exceeds 100% of the aggregate amount of principal and interest on the Notes payable at their maturity.

(h) The Mayor, in the full exercise of the authority granted the Mayor under the Home Rule Act and under any other law, shall take actions as may be necessary or appropriate to ensure that the principal and interest on the Notes are paid when due. This action shall include, without limitation, the deposit of available funds with the escrow agent as may be required under

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section 483 of the Home Rule Act, this title, and the escrow agreement. Without limiting any obligations under this title or the escrow agreement, the Mayor reserves the right to deposit available funds with the escrow agent at his or her discretion.

(i) Notwithstanding any other provision of law, the Mayor shall take actions necessary to requisition and receive, not later than September 30, 1997, an advance of moneys pursuant to title VI of the District of Columbia Revenue Act of 1939, approved July 26, 1939 (53 Stat. 1118; D.C. Code § 47-3401), as amended, the advance to be an amount necessary and sufficient to enable the District to meet its general expenses through September 30, 1997, including payment when due of all principal and interest payable at maturity on the Notes.

(j) If the Mayor determines that funds not otherwise legally committed are not available to pay the principal and interest on the Notes due and payable for any reason during any fiscal year on the Notes, any annual or other federal payment appropriated for that fiscal year, to the extent available, shall first be used to pay principal and interest.

(k) There are provided and approved for expenditure sums as may be necessary for making payments of the principal of and interest on the Notes, and the provisions of the District of Columbia Appropriations Act of 1997, approved September 9, 1996 (P.L. 104-194), relating to short term borrowings are amended and supplemented accordingly by this section, as contemplated in section 483 of the Home Rule Act.

(l) The Notes shall be payable, as to both principal and interest, in lawful money of the United States of America in immediately available or same day funds at a bank or trust company acting as paying agent, located in the District, and at not more than two co-paying agents that may be located outside the District, one of which shall be located in New York City, New York. All of the paying agents shall be qualified to act as paying agents under the laws of the United States of America, of the District, or of the state in which they are located, and shall be designated by the Mayor without regard to any other act or resolution of the Council now existing or adopted after the effective date of this title.

(m) In addition to the security available for the holders of the Notes, the Mayor is hereby authorized to enter into agreements with a bank or other financial institution to provide a letter of credit, line of credit, or other form of credit enhancement to secure repayment of the Notes when due. The obligation of the District to reimburse said bank or financial institution for any advances made under any such credit enhancement shall be a general obligation of the District until repaid and shall accrue interest at the rate of interest established by the Mayor not in excess of 15% per year until paid.

(n) The District of Columbia Procurement Practices Act of 1985, effective February 21, 1986 (D.C. Law 6-85; D.C. Code § 1-1181.1 *et seq.*), or the District of Columbia Depository Act of 1977, effective October 26, 1977 (D.C. Law 2-32; D.C. Code § 47-341 *et seq.*), shall not apply to any contract which the Mayor may from time to time determine to be necessary or appropriate to place, in whole or in part:

(1) An investment or obligation of the District as represented by the Notes;

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(2) An investment or obligation of program of investment; or

(3) A contract or contracts based on the interest rate, currency, cash flow, or other basis as the Mayor may desire, including, without limitation interest rate swap agreements, currency swap agreements, insurance agreements, forward payment conversion agreements, futures, contracts providing for payments based on levels of, or changes in, interest rates, currency exchange rates or stock or other indices, contract to exchange cash flows or a series of payments and contracts to hedge payment, currency, rate, spread or similar exposure, including without limitation, interest rate floors or caps, options, puts and calls. The contracts or arrangement may also be entered into by the District in connection with, or incidental to, entering into or maintaining any agreement that secures the Notes. The contract or other arrangements shall contain whatever payment, security, term and conditions as the Mayor may deem appropriate and shall be entered into with whatever party or parties the Mayor may select, after giving due consideration where applicable, for the credit worthiness of the counterparty or counterparties, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate. In connection with, or incidental to, the issuance or holding of the Notes, or entering into any contract or arrangement referred to in this section, the District may enter into credit enhancement or liquidity agreements, with payment, interest rate, termination date, currency, security, default, remedy, any other terms and conditions as the Mayor determines. Proceeds of the Notes and any money set aside and pledge to secure payment of the Notes or any contract entered into pursuant to this section may be used to service any contract or agreement entered into pursuant to this section.

Sec. 207. Defeasance.

(a) The Notes shall no longer be considered outstanding and unpaid for the purpose of this title and the escrow agreement and the requirements of this title and the escrow agreement shall be discharged with respect to the Notes if the Mayor:

(1) Deposits with an escrow agent, herein referred to as the defeasance escrow agent, in a separate defeasance escrow account, established and maintained by the escrow agent solely at the expense of the District and held in trust for the Note owners, sufficient moneys or direct obligations of the United States, the principal and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal and interest payable at maturity on all the Notes; and

(2) Delivers to the defeasance escrow agent an irrevocable letter of instruction to apply the moneys or proceeds of the investments to the payment of the Notes at their maturity.

(b) The defeasance escrow agent shall not invest the defeasance escrow account in any investment callable at the option of its issuer if the call could result in less than sufficient moneys being available for the purposes required by this section.

(c) The moneys and direct obligations referred to in subsection (a) of this section may include moneys or direct obligations of the United States of America held under the escrow

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agreement and transferred, at the written direction of the Mayor, to the defeasance escrow account.

(d) The defeasance escrow account specified in subsection (a) of this section may be established and maintained without regard to any limitations placed on these accounts by any act or resolution of the Council now existing or adopted after this title becomes effective, except for this title.

Sec. 208. Additional debt and other obligations.

(a) The District reserves the right at any time to borrow money or enter into other obligations to the full extent permitted by law, to secure the borrowings or obligations by the pledge of its full faith and credit, to secure the borrowings or obligations by any other security and pledges of funds as may be authorized by law, and to issue bonds, notes, including additional notes, or other instruments to evidence the borrowings or obligations. The reserved right with regard to notes and additional notes issued pursuant to sections 471, 472, and 490 of the Home Rule Act shall be subject to this title. No borrowings or other obligations, including additional notes, shall be entered into that would require an immediate set aside and deposit under section 206(g) applied as of the date of the issuance.

(b)(1) The District may issue additional notes pursuant to section 472 of the Home Rule Act that shall mature on September 30, 1997, and the District shall covenant to set aside and deposit under the escrow agreement, Receipts and other available funds and to pledge the available funds for payment of the principal and the interest on the additional notes on a parity basis with the Notes.

(2) The receipts and available funds referred to in paragraph (1) of this subsection shall be separate from the special taxes or charges levied pursuant to section 481(a) of the Home Rule Act.

(3) Any covenants relating to any additional notes shall have equal standing and be on a parity with the covenants made for payment of the principal and the interest on the Notes.

(4) If additional notes are issued, then the provisions of section 206 shall apply to both the Notes and the additional notes and increase the amounts required to be set aside and deposited with the escrow agent.

(5) As a condition precedent to the issuance of any additional notes, the Mayor or the authorized delegate shall deliver a signed certificate certifying that the District is in full compliance with all covenants and obligations under this title and the escrow agreement, that no set aside and deposit of receipts pursuant to section 206(g) applied as of the date of issuance is required, and that no set aside and deposit will be required under section 206(g) applied immediately after the issuance.

(c) Any general obligation notes issued by the District pursuant to section 471 of the Home Rule Act shall not be scheduled to be due and payable until after the earlier of the

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following:

- (1) The stated maturity date of all outstanding Notes and additional notes; or
- (2) The date an amount sufficient to pay all principal and interest payable at maturity on the Notes and the additional notes is on deposit with the escrow agent.

(d) Revenue notes of the District, which are payable from specified District revenue that is pledged to the payment of the revenue notes and that is included in the amount of receipts estimated by the Mayor, pursuant to section 206(g), to be received after the proposed date of issue of the revenue notes and before the maturity of the Notes, shall not be issued if a set aside and deposit of receipts pursuant to section 206(g) applied as of the proposed date of the issuance of revenue notes would be required. In determining, for purposes of this subsection, whether a set aside and deposit would be required, there shall be excluded from receipts estimated by the Mayor to be received after the proposed date of issuance of revenue notes and before the maturity of the Notes an amount equal to the estimated revenues set aside for the payment of revenue notes.

Sec. 209. Tax matters.

The Mayor not (i) take any action or omit to take any action, or (ii) invest, reinvest, or accumulate any moneys in a manner, that will cause the interest on the Notes to be includable in gross income for federal income tax purposes or, if such Notes were issued as non-AMT notes, to be treated as an item of tax preference for purposes of the federal alternative minimum tax. The Mayor also shall take all actions necessary to be taken so that the interest on the Notes will not be includable in gross income for federal income tax purposes or, if the Notes were issued non-AMT notes, be treated as an item of tax preference for purposes of the federal alternative minimum tax.

Sec. 210. Contract.

This title shall constitute a contract between the District and the owners of the Notes authorized by this title. To the extent that any acts or resolutions of the Council may be in conflict with this title, this title shall be controlling.

Sec. 211. District officials.

(a) The elected or appointed officials, officers, employees, or agents of the District shall not be liable personally for the payment of the Notes or be subject to any personal liability by reason of the issuance of the Notes.

(b) The signature, countersignature, facsimile signature, or facsimile countersignature of any official appearing on the Notes shall be valid and sufficient for all purposes, notwithstanding the fact that the official ceases to be that official before delivery of the Notes.

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Sec. 212. Authorized delegation of authority.

To the extent permitted by District and federal laws, the Mayor may delegate to any authorized delegate the performance of any act authorized to be performed by the Mayor under this title.

Sec. 213. Maintenance of documents.

Copies of the Notes and related documents shall be filed in the Office of the Secretary.

Sec. 214 Information reporting.

(a) Within three days after the Mayor's receipt of the transcript of proceedings relating to the issuance of the notes, the Mayor shall transmit a copy of the transcript to the Secretary to the Council.

(b) The Mayor shall notify the Council, within 30 days of the any action taken under section 206(g)-(l).

Sec. 215. Severability.

As provided in the General Rule of Severability Adoption Act of 1983, effective March 14, 1984 (D.C. Law 5-56; D.C. Code § 49-601), if any provision of this title or the application of this title to any person or circumstance is held to be unconstitutional or beyond the statutory authority of the Council, or otherwise invalid, the invalidity shall not affect other provisions or applications of the title that can be given effect without the invalid provision or application, and to this end the provisions of this title are declared to be severable.

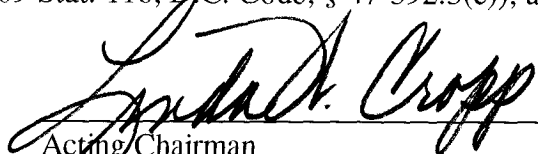
Title III - Effective date clause

Sec. 301. Title I of this act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in § 203(a) of the District of Columbia Financial Responsibility and Management Assistance Authority Act of 1995, approved April 17, 1995 (109 Stat. 116; D.C. Code § 47-392.3(a)), a 30-day period of Congressional Review as provided in § 602(c)(1) of the District of Columbia Self-Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in the District of Columbia Register.

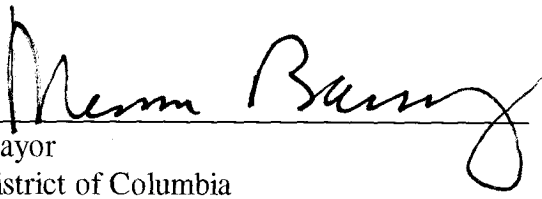
Sec. 302. Title II of this act shall take effect following enactment as provided in section 472(d)(1) of the Home Rule Act, and approval by the District of Columbia Financial Responsibility and Management Assistance Authority as provided in section 203(a) of the District

ENROLLED ORIGINAL

of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 116; D.C. Code; § 47-392.3(c)), as amended.



Acting Chairman
Council of the District of Columbia



Mayor
District of Columbia

APPROVED: July 18, 1997



COUNCIL OF THE DISTRICT OF COLUMBIA

COUNCIL PERIOD TWELVE

RECORD OF OFFICIAL COUNCIL VOTE

Docket No.

B12-110

ITEM ON CONSENT CALENDAR

ACTION & DATE

ADOPTED FIRST READING, 06-03-97

VOICE VOTE

APPROVED

RECORDED VOTE ON REQUEST

ABSENT

CHAVOUS

ROLL CALL VOTE - Result

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Cropp					Evans					Smith, Jr.				
Allen					Jarvis					Thomas, Sr.				
Ambrose					Mason									
Brazil					Patterson									
Chavous					Schwartz									

X - Indicates Vote

AB - Absent

NV - Present not Voting

CERTIFICATION RECORD

Secretary to the Council

July 10, 1997 Date

ITEM ON CONSENT CALENDAR

ACTION & DATE

ADOPTED AMENDED FIRST READING, 06-17-97

VOICE VOTE

APPROVED

RECORDED VOTE ON REQUEST

ABSENT

ALL PRESENT

ROLL CALL VOTE - Result

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Cropp					Evans					Smith, Jr.				
Allen					Jarvis					Thomas, Sr.				
Ambrose					Mason									
Brazil					Patterson									
Chavous					Schwartz									

X-indicates no

AB-Absent

NV-Present not voting

CERTIFICATION RECORD

Secretary to the Council

July 10, 1997 Date

ITEM ON CONSENT CALENDAR

ACTION & DATE

ADOPTED FINAL READING, 07-01-97

VOICE VOTE

APPROVED

RECORDED VOTE ON REQUEST

ABSENT

JARVIS

ROLL CALL VOTE - Result

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Cropp					Evans					Smith, Jr.				
Allen					Jarvis					Thomas, Sr.				
Ambrose					Mason									
Brazil					Patterson									
Chavous					Schwartz									

X - Indicates Vote

AB - Absent

NV - Present not Voting

CERTIFICATION RECORD

Secretary to the Council

July 10, 1997 Date