

LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

FEBRUARY 4, 2009 AGENDA

ITEM 17, FILE 081374

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #081374 is a resolution authorizing the sale and issuance of general obligation promissory notes for contingent borrowing for delinquent taxes.

Background

1. The amount of unpaid real estate taxes and personal property (City & County) taxes due in 2008 (2007 levy) is approximately \$24.7 million which is more than the \$21 million in borrowing authorized in 2009 Budget for delinquent taxes. The \$24.7 million is also approximately \$3.6 million more than the approximately \$21.1 million of unpaid real estate taxes and personal property (City & County) taxes due in 2007 (2006 levy).
2. Through the current and delinquent tax collection process the City Treasurer ultimately collects over 99% of all property taxes due the City (net tax levy) and over 90% of the delinquent property taxes owed to the City.
3. The 2009 Budget authorizes \$130 million of borrowing for contingent borrowing purposes.

Discussion

This authorizes 2009 contingent borrowing in an amount not to exceed \$3.7 million to finance property taxes due in 2008.

Fiscal Impact

According to the Comptroller's Office assuming \$3.7 million, issued at 5%, with same repayment schedule as typical delinquent tax financing, the 2010 debt service will be \$1.9 million, the 2011 debt service payment will be \$1.2 million and \$300,000 per year thereafter until repaid.

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