

Policy Report

Ordinance O-27-11

The Issuance of Tax Anticipation Notes

The proposed ordinance authorizes the City to issue and sell, upon its full faith and credit, tax anticipation notes (TAN) in an amount not to exceed \$10,000,000. The TANs are to be issued and sold for the public purpose of funding the City's expenses, capital projects and any other purposes for which the City may use its general funds. The purpose of a TAN is to enable municipal corporations to address fluctuations in cash flow because they incur expenses all year but they receive property tax revenue only once or twice a year.

The authority for the issuance of TANs is contained in Sections 31 through 39, inclusive, of Article 23A of the Annotated Code of Maryland, as amended (2005 Replacement Volume and 2010 Supplement), and in Article VII, Section 11 of the Charter of the City of Annapolis, as amended (the "Charter"), such authority referred to collectively as the "Enabling Act."

The Enabling Act authorizes the City to borrow money in anticipation of the receipt of current taxes and to evidence such borrowing by the issuance and sale of tax anticipation notes, payable as to principal and interest from said taxes when received. The Charter provides that the City may borrow money for any proper public purpose and may evidence such borrowing by the issuance and sale of tax anticipation notes.

For questions, please contact Jessica Cowles, Legislative and Policy Analyst in the City of Annapolis Office of Law at 410.263.1184 or JCCowles@annapolis.gov.