RESOLUTION

OUTLINING CRITICAL ISSUES RELATED TO THE MUNICIPAL SECURITIES MARKET AND POSITIONS OF THE NATIONAL ASSOCIATION OF STATE TREASURERS

WHEREAS, State governments and other levels of government rely on the issuance of tax-exempt bonds or other tax-advantaged bonds to finance the construction of critically needed infrastructure; and

WHEREAS, Under a provision of the federal securities laws known as the "Tower Amendment," the United States Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB") are prohibited from requiring state and local government issuers of municipal securities, either directly or indirectly through their underwriters, to file any document prior to the sale of securities; and

WHEREAS, The Tower Amendment recognized the sovereign nature of state and local governments, and was crafted to balance those prerogatives with the perceived need for additional market regulation; and

WHEREAS, State and local government issuers of municipal securities are subject to the antifraud provisions of the federal securities laws; and

WHEREAS, The National Association of State Treasurers ("NAST") has supported and encouraged the development of Electronic Municipal Market Access ("EMMA") by the MSRB; and

WHEREAS, Transparency and timely disclosure of relevant information in the municipal securities market is in the best interest of all participants; and

NOW, THEREFORE BE IT RESOLVED, that the National Association of State Treasurers hereby reiterates and clarifies its positions regarding the following critical issues related to the municipal securities market:

1. NAST *opposes* preemption of state and local finance authority and state oversight of the debt issuance process through revision or repeal of the Tower Amendment.

2. NAST *opposes* legislation to subject state and local government issuers to federal disclosure laws and registration of municipal securities with the SEC.

3. NAST *opposes* legislative and regulatory measures to repeal the exemption of municipal bond interest from Federal and applicable state income taxation, to curtail the use and

attractiveness of tax-exempt bonds, and to discourage investment in tax-exempt bonds and opposes any federal legislation that diminishes the value or impairs the use of tax-exempt bonds.

4. NAST *supported* the creation of EMMA and *supports* expanding the usefulness of EMMA as a central repository.

5. NAST *encourages* and *promotes* the frequent and timely disclosure of information to the municipal securities market. To this end, NAST is prepared to work with other organizations and associations to better define what financial, operating and other information is relevant and useful to the market recognizing the significant differences of issuers by size, sector and frequency of issuance.

6. NAST *opposes* any requirements to provide audited financial statements in less than 180 days of the fiscal year-end.

7. NAST *supports* traditional tax-exempt financing, which should never be reduced or eliminated. To the extent tax credit debt financing programs are extended or created, credits and subsidies should not be reduced or eliminated.

8. NAST *supports* the regulation of all financial intermediaries in the municipal securities market.

9. NAST *supports* an independent and equitably funded Governmental Accounting Standards Board ("GASB"). NAST maintains that funding for GASB should come primarily from state and local governments. NAST *opposes* federal government funding or oversight of the Governmental Accounting Standards Board as well as any direct federal mandates on issuers of municipal securities to comply with GASB accounting standards.

10. NAST *supports* rating agencies that carry out their commitment to utilize a single rating scale for all debt instruments such that a rating applied to a municipal bond indicates the same credit risk as that same rating applied to corporate bonds, while also recognizing the need for relative ratings amongst municipal issuers. Ratings should measure the ability of an issuer to meet its obligation to investors as promised in the bond documents, such obligation primarily being to pay debt service on time and in full.

Approved in 2007. Amended and renewed in 2010, 2013, 2016 and 2019.