

RESOLUTION: NAST POSITIONS ON FINANCIAL DATA TRANSPARENCY ACT

Whereas, In 2022, the United States Congress enacted the Financial Data Transparency Act (FDTA), mandating the formulation and use of novel data reporting format standards for issuers of municipal bonds, including state and local governments;

Whereas, It is anticipated that the FDTA requirement will, directly or indirectly, require state and local issuers to furnish certain information, including certain audit and other financial reports, in a newly structured data format;

Whereas, This mandate imposes new financial and administrative burdens on state and local issuers without the provision of adequate funding, thus constituting an unfunded mandate;

Whereas, As technology advances, the FTDA data format standards may become outmoded by changes to digital information processing prior to or shortly after implementation;

Whereas, Although the financial and administrative costs of implementing the currently undefined FTDA standards is unknowable at this time, such costs appear likely to constitute a significant burden upon state and local issuers, especially smaller issuers, which may result in their increased reliance upon privately placed debt or a reduction of disclosure provided for public issues, resulting in a potential reduction in government transparency, as well as increased interest costs;

Now, Therefore, Be It Resolved, that the State Treasurers, in recognition of their fiduciary responsibility to the citizens they serve, express their collective opposition to the application of FDTA data format standards upon state and local issuers and its imposition of unfunded mandates on state and local issuers;

Be it Further Resolved that the State Treasurers oppose any proposal to directly or indirectly require additional municipal securities disclosure content or to require adoption by state and local issuers of any accounting or audit standards or practices as part of FTDA data format standards implementation;

Be it Further Resolved that the State Treasurers support the inclusion of exemptions from direct and indirect requirements for small local issuers, for all state and local issuers that issue infrequently or issue a small volume of municipal securities and for all state and local issuers whose municipal securities are infrequently traded in the secondary market as part of FTDA data format standard implementation;

Be It Further Resolved that the State Treasurers call upon the Securities and Exchange Commission, in the development of FDTA implementation regulations, to make every effort to minimize or eliminate the unfunded mandates on state and local issuers; and

Be It Further Resolved that the State Treasurers call upon Congress to reconsider and review the necessity and potential ramifications of imposing FDTA data format standards to municipal securities, and urge a thoughtful examination of its impact on government transparency and the financial burden it places on state and local issuers.

Approved this 10th Day of March 2024, by the
National Association of State Treasurers.

*This resolution shall remain in effect until amended or rescinded.