



RESOLUTION

STATE BANKRUPTCY

- WHEREAS,** States are sovereign entities in which the public trust is granted to its elected leaders; and
- WHEREAS,** The reported bankruptcy proposals suggest that a bankruptcy court is better able to overcome political differences, restore fiscal stability, and manage the finances of a state; and
- WHEREAS,** State issued bonds and notes are among the safest fixed income investments available to investors and state leaders are fully aware of their responsibility to repay these obligations; and
- WHEREAS,** The potential of allowing a state to default on its municipal issuances through a bankruptcy proceeding has already negatively impacted the bond market; and
- WHEREAS,** Further discussion of this issue is likely to raise interest rates —increasing the cost of undertaking critical capital improvements — and create more volatility in the bond markets; and

NOW, THEREFORE BE IT RESOLVED, by the National Association of State Treasurers:

1. NAST does not support proposals to provide states with bankruptcy protection.
2. NAST encourages Congress and the Administration to work with our members to improve the fiscal stability of governments at all levels.

Approved this 15th Day of September 2020, by the
National Association of State Treasurers

Originally approved in 2011 and reapproved in
2014, 2017.

This resolution shall remain in effect until amended or rescinded.