

Government Finance Officers Association
National Association of Bond Lawyers
National Association of Health and Educational Financing Facilities Authorities
National Association of Municipal Advisors
State Debt Management Network
National Federation of Municipal Analysts
American Public Power Association
Bond Dealers of America

October 18, 2022

The Honorable Charles Schumer
Majority Leader, U.S. Senate
S-221 The Capitol
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader, U.S. Senate
S-230 The Capitol
Washington, D.C. 20510

The Honorable Jack Reed
Chairman, Senate Armed Services Committee
228 Russell Senate Office Building
Washington, DC 20515

The Honorable Jim Inhofe
Ranking Member, Senate Armed Services
Committee
228 Russell Senate Office Building
Washington, DC 20515

Dear Leader Schumer, Minority Leader McConnell, Chairman Reed, and Ranking Member Inhofe:

The organizations listed above, representing nearly all sectors of the municipal securities market (issuers, investors, underwriters, counsel and advisors) are writing to express our objections to the *Financial Data Transparency Act (FDTA)*. While all our organizations strongly support financial transparency and robust financial reporting in the municipal securities sector, as it is currently written, we oppose inclusion of Section 203 in S. 4295.

Section 203 of the FDFTA does not adequately address the numerous inherent financial complexities between the various types of governmental entities in the public sector. In contrast, the private sector parameters that are both already in place and also addressed in the FDFTA cannot easily, readily or similarly be applied in the public sector. The efforts to standardize financial data in the public sector not only would ironically create a lack of transparency, but also would likely create volatility and disruption in the municipal marketplace, which would burden and add greater costs to governments and governmental entities.

While there is merit in the development and acceptance of machine readable documents in our sector, to address the uniqueness of our market in total, and the over 40,000 governments, governmental entities and nonprofits that would individually be impacted by the mandate, additional time, study as well as greater attention and care is needed than is currently included in section 203.

It is imperative for the legislation to have longer time to identify appropriate structure, development and phase in periods. This is best accomplished by a concerted and committed effort to involve all municipal market participants – especially issuers of municipal securities and those who will ultimately use the data,

to be effective. We also recommend the adoption of a small voluntary pilot program as a first step to address the challenges that such a significant change in governmental financial reporting would encompass. This would allow the glitches of a new system to be ironed out so that the standards can be applied correctly, efficiently and transparently to all governments and governmental entities.

We call on congressional leaders to work with our industry to develop an appropriate timeline and plan for implementation, to address concerns related to the regulatory regime in our sector that is different than the corporate sector and to start the process with a pilot program before mandating new standards on the entire public sector.

We welcome the opportunity to discuss these concerns and work with you as the FDTA is considered this 117th Congress and we look forward to collaborating with you on any other matters of mutual concern of the municipal marketplace.

Sincerely,

Government Finance Officers Association, Emily Swenson Brock, 202-393-8467

National Association of Bond Lawyers, Brian Egan, 202-503-3290

National Assn of Health and Educational Financing Facilities Authorities, Chuck Samuels, 202-434-7311

National Association of Municipal Advisors, Susan Gaffney, 703-395-4896

State Debt Management Network, Dillon Gibbons, 916-290-3741

National Federation of Municipal Analysts, Lisa Good, 412-341-4898

American Public Power Association, John Godfrey, 202-467-2929

Bond Dealers of America, Michael Decker, 202-603-5663