

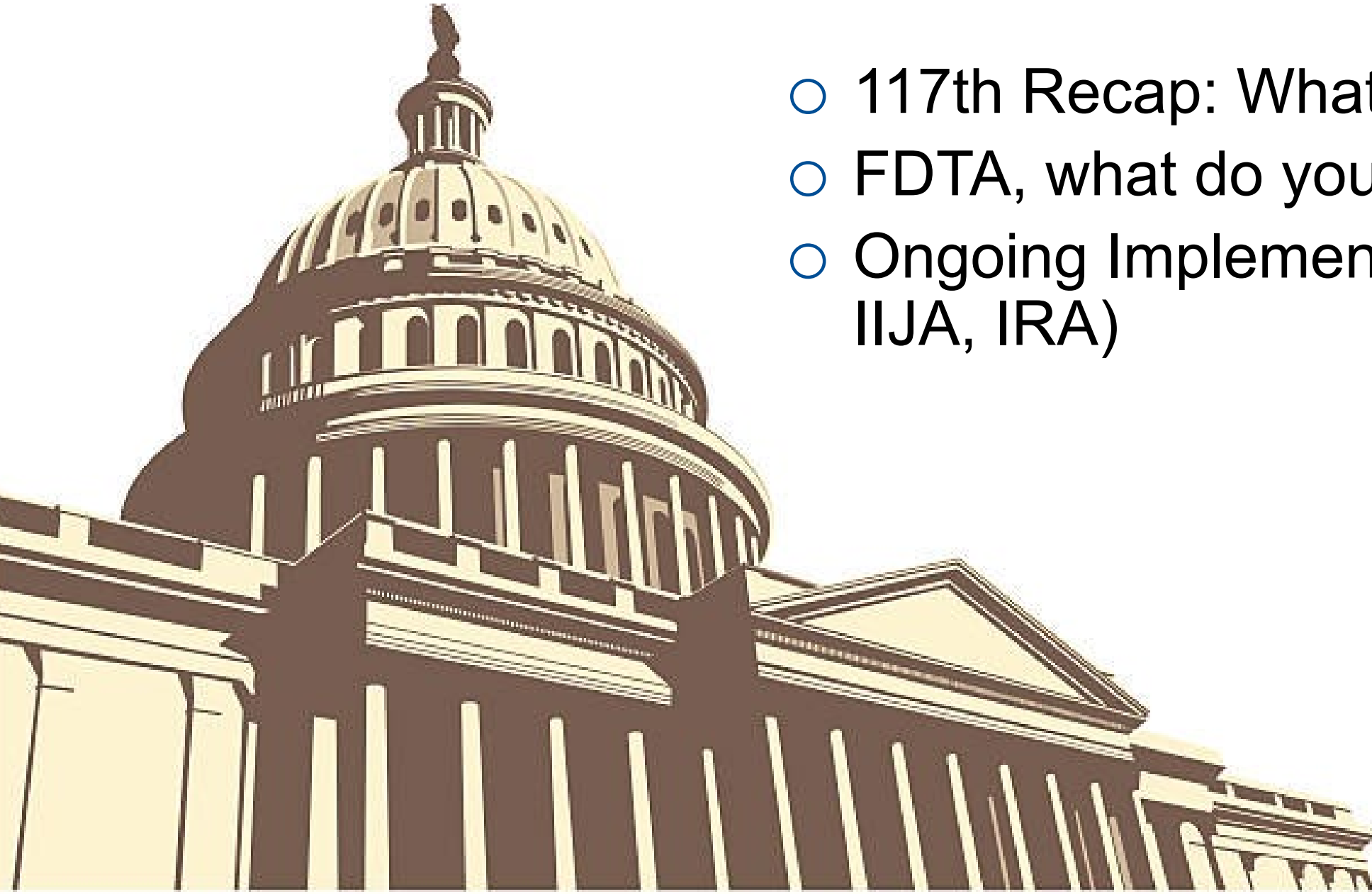
# **GFOAT Looking Forward: The Financial Data Transparency Act**



**Government Finance Officers Association**

# Roadmap

- 117th Recap: What happened
- FDTA, what do you need to know
- Ongoing Implementation (ARPA, IIJA, IRA)

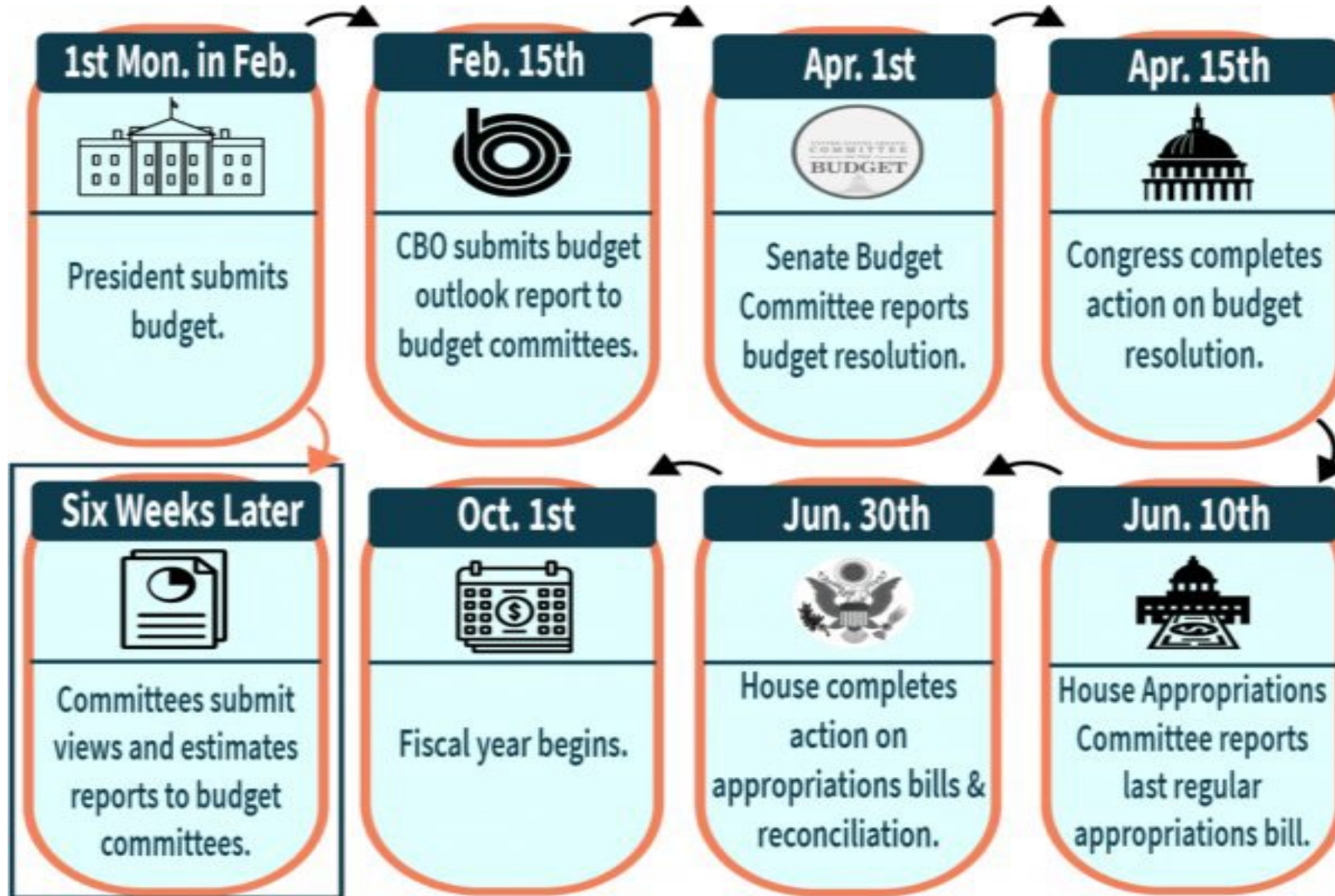






# 117th Congress Recap

# Budget Approps Guessing Game



# How did it all end?

- Omnibus Spending Deal and Public Finance Priorities
  - What made it in
  - What was left out
  - Future implications
- Financial Data Transparency Act
  - Timeline



# S. 3011 SLFRF Flexibility



THE UNITED STATES  
CONFERENCE OF MAYORS



November 8, 2021

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives (CA)  
(Sent Via Email)

The Honorable Kevin McCarthy  
Republican Leader  
United States House of Representatives (CA)  
(Sent Via Email)

Dear Speaker Pelosi and Leader McCarthy:

**RE: Support for the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act**

On behalf of the nation's state and local governments, we strongly endorse the bipartisan *State, Local Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act* (S. 3011) – co-sponsored by Senators Alex Padilla (CA) and John Cornyn (TX) – that would provide additional flexibility under the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) that was included in the American Rescue Plan Act (ARPA). This bill was approved by unanimous consent in the Senate on October 19, and we strongly urge House passage so that the bill can be sent to President Biden for his signature.

Since the enactment of ARPA, we have been working collaboratively with our respective memberships, the White House and the U.S. Department of the Treasury to implement the \$350 billion provided under the law. We believe that this new legislation would both streamline and strengthen this historic program in three key ways.

First, it would allow state and local governments to allocate up to \$10 million of ARPA funds for the provision of government services without using complicated budgetary analysis to calculate lost revenue, while at the same time retaining the original provision of the law that would allow for a higher amount to be used if justified under Treasury's revenue loss calculator.

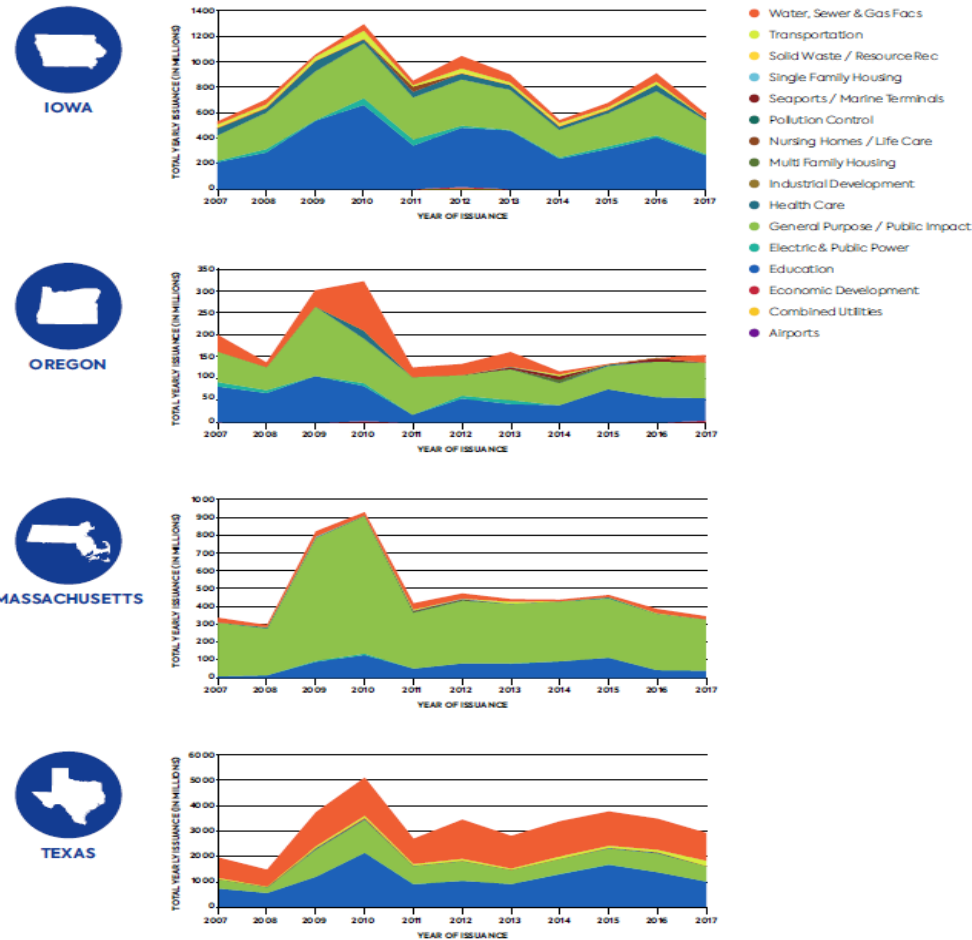
Second, it would allow the greater of \$10 million or 30 percent of the total ARPA allocation provided to a state or local government to be used under a new, separate provision that further allows infrastructure-related activities authorized



# Refresher - Bank Qualified Debt (aka Small Issuer Exception)

TAX-EXEMPT MUNICIPAL BONDS & INFRASTRUCTURE

BQ BOND ISSUANCE BY GENERAL USE OF PROCEEDS: 2007-2017 (in millions)



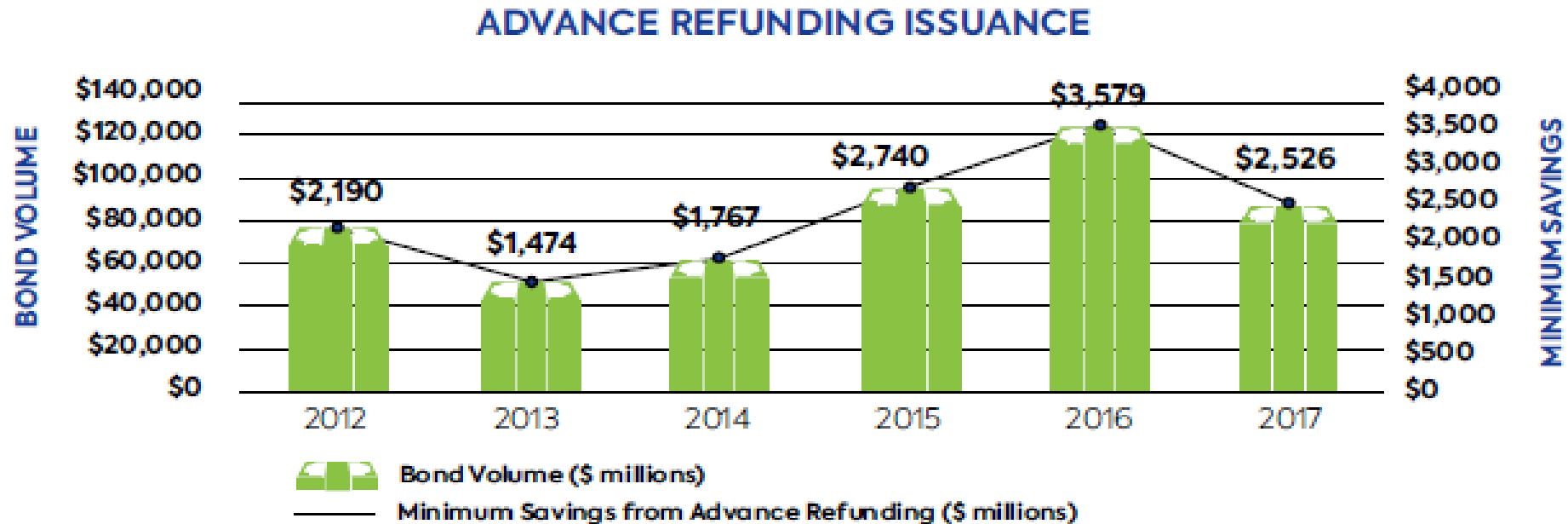
Source: GFOA analysis of Thomson Reuters data as of 11/28/18

- Small Issuer Exception allows smaller jurisdictions working with community banks to issue TE BQ debt
- Right now the cap is \$10m per issuer, we are asking to raise the cap to \$30m, pegged to inflation and based at the level of the borrower
  - Cost- NOMINAL!
- Reintroduce legislation similar to HR 2634 *LIFT Act (117<sup>th</sup>)*



# Refresher – Advance Refunding

- Savings of 3-8% of par foregone
- Reintroduce legislation similar to HR 2634 *LIFT Act* (AR, BQ, AIB)
- Reintroduce legislation similar to S479 *LOCAL Infrastructure Act* or HR 2288 *Investing in Our Communities Act* (bipartisan effort with 31 cosponsors from both parties)





# Financial Data Transparency Act

# MEMBER ALERT

## MEMBER ALERT

### FROM GFOA'S FEDERAL LIAISON

New Financial Reporting Requirements for Governments Proposed in U.S. Senate: A Costly and Burdensome Unfunded Mandate

GFOA members should be aware of proposed legislation in the U.S. Senate that would mandate governments to report financial information using uniform reporting categories, or "data standards," which may require costly updates to financial systems or extensive workarounds.

Currently, U.S. Senators are considering including the bill ([S. 4295](#)) as part of the federal defense authorization legislation that must be taken up before the end of the year.

GFOA has long advocated for governments to demonstrate transparency and accountability by making financial information readily accessible to the public, but hastily passing this bill may create data standards that opens the door to [directing the use of specific technologies for reporting governmental financial information](#).

This effort to create new universal reporting categories will have minimal value to transparency efforts and would be a significant cost to state and local governments. [This unfunded mandate would require extensive staff time along with the need for consulting resources and potentially risky updates to government financial systems.](#)

GFOA urges you to reach out to your Senators and ask them to oppose including S. 4295 in the defense authorization bill.

Why would the mandate pose a challenge?

A mandate for utilizing a specific technology for governmental and nonprofit

- S4295
  - Establish (New) Data Standards
  - Reporting of Financial Information
- Why unfunded mandate?
  - Reconfiguration of financial systems
  - Implementation of new software
  - Authorizes "joint rulemaking" of entities with no jurisdiction
  - Identical taxonomies across all types of public entities

# A Tale of Two Bills...

## H.R. 2989 The Financial Transparency Act

- Sponsored by Maloney (NY) McHenry (NC)
- Passed under suspension October 2021, added by voice vote as an amendment to the House NDAA

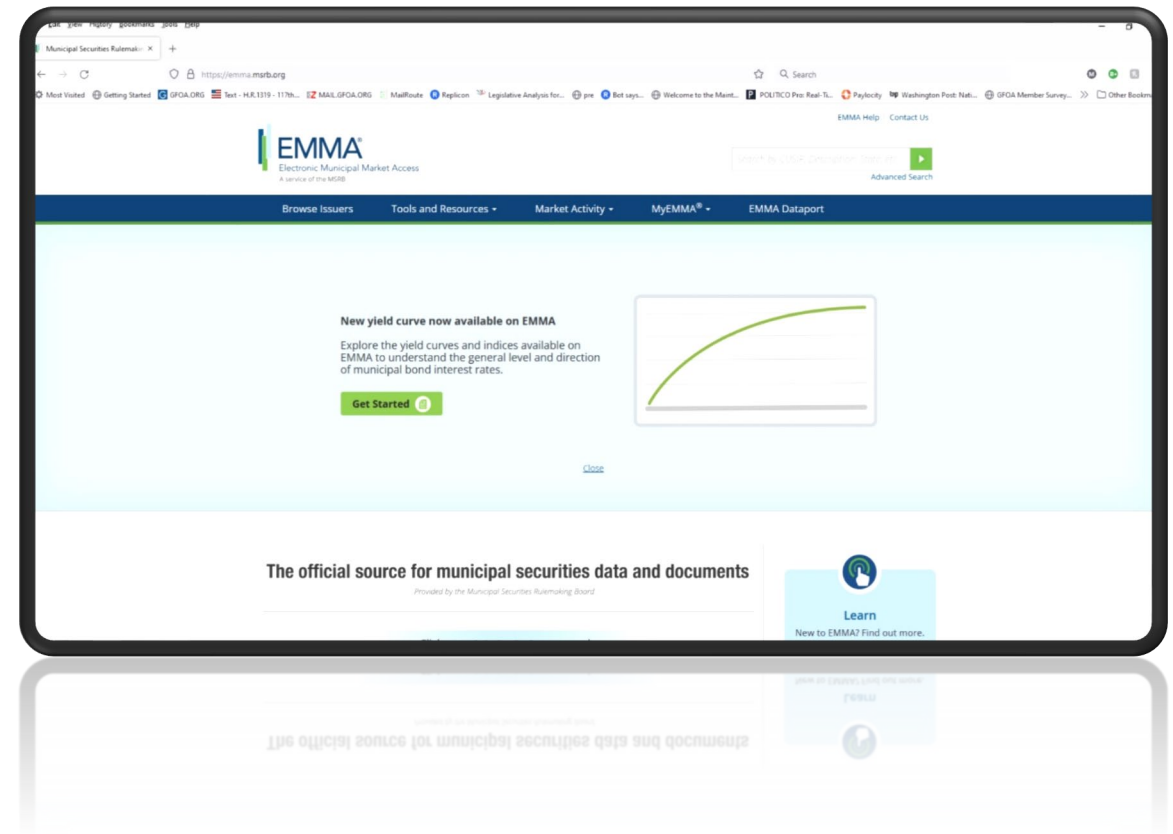
## S. 4295 The Financial Data Transparency Act

- Sponsored by Warner (VA); Crapo (ID); Grassley (IA); Scott (SC)

**Difference: One requires Treasury to determine the standards, the other requires “joint rulemaking” to determine the standards**

# Who Will This Affect?

- Any municipal entities required to submit financial information to the Municipal Securities Rulemaking Board
  - All primary issuers – Frequent or Infrequent
  - All component units of primary issuers
  - Roughly 38,000 issuers in Electronic Municipal Market Access (EMMA)



# FDTA – Data Standards Sec. 101

- “(1) COMMON IDENTIFIERS; QUALITY.—The data standards established in the final rules under subsection (b) shall—
- “(A) include common identifiers for collections of information reported to covered agencies or collected on behalf of the Council, which shall include a common nonproprietary **legal entity identifier** that is available under an open license for all entities required to report to covered agencies; and
- “(B) **to the extent practicable**—
  - “(i) render data **fully searchable and machine-readable**;
  - “(ii) enable **high quality data through schemas**, with accompanying metadata documented in machine-readable taxonomy or ontology models, which clearly define the semantic meaning of the data, as defined by the underlying regulatory information collection requirements;
  - “(iii) ensure that a data element or data asset that **exists to satisfy an underlying regulatory information collection requirement** be consistently identified as such in associated machine-readable metadata;
  - “(iv) be **nonproprietary** or made available under an **open license**;

5

1 “(c) DATA STANDARDS.—  
2 “(1) COMMON IDENTIFIERS; QUALITY.—The  
3 data standards established in the final rules promul-  
4 gated under subsection (b) shall—  
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24 lying regulatory information collection re-  
25 quirement be consistently identified as

# FDTA – Municipal Securities Sec. 203

- “(B) Any data standards adopted under subparagraph (A) shall incorporate, and **ensure compatibility with (to the extent feasible)**, all applicable data standards established in the rules promulgated under section 124 of the Financial Stability Act of 2010, including, to the extent practicable, by having the characteristics described in clauses (i) through (vi) of subsection (c)(1)(B) of such section 124.”
- (2) SCALING OF REGULATORY REQUIREMENTS; MINIMIZING DISRUPTION.— In issuing the rules described in paragraph (1), the Municipal Securities Rulemaking Board—
  - (A) may scale data reporting requirements in order to reduce any unjustified burden on smaller **regulated entities**; and
  - (B) shall seek to **minimize disruptive changes** to the persons affected by those regulations.

3 SEC. 203. DATA TRANSPARENCY AT THE MUNICIPAL SECURITIES RULEMAKING BOARD.

4  
5 (a) IN GENERAL.—Section 15B(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o-4(b)) is amended  
6  
7 by adding at the end the following:

8 “(8)(A) If the Board establishes information systems  
9 under paragraph (3), the Board shall adopt data standards for information submitted through those systems.

11 “(B) Any data standards adopted under subparagraph (A) shall incorporate, and ensure compatibility with  
12 (to the extent feasible), all applicable data standards established in the rules promulgated under section 124 of  
13 the Financial Stability Act of 2010, including, to the extent practicable, by having the characteristics described in  
14 clauses (i) through (vi) of subsection (c)(1)(B) of such section 124.”.

15  
16  
17  
18  
19 (b) RULEMAKING.—

20 (1) IN GENERAL.—Not later than 2 years after  
21 the date on which final rules are promulgated under  
22 section 124(b) of the Financial Stability Act of  
23 2010, as added by section 101(a) of this Act, the  
24 Municipal Securities Rulemaking Board shall issue  
25 rules to adopt the standards required under para-



# Key Terms: Open Source (nonproprietary)

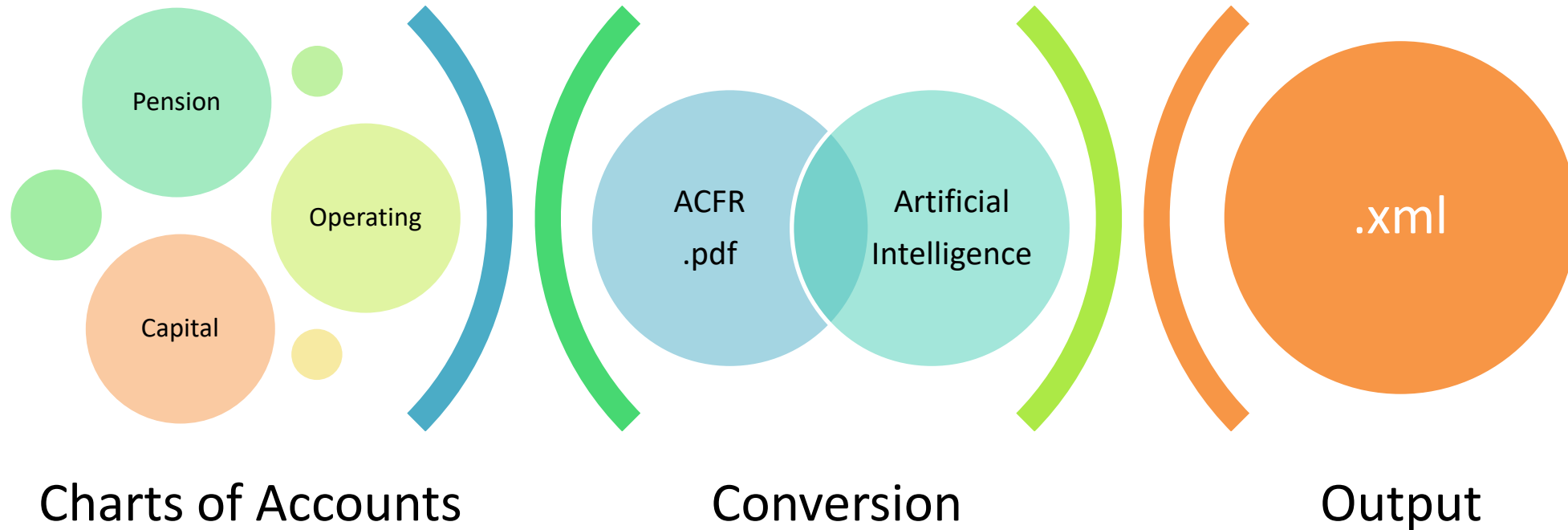
- Open Source
  - The term open source refers to something people can modify and share because its design is publicly accessible.
  - Some software has source code that only the person, team, or organization who created it—and maintains exclusive control over it—can modify. This is "proprietary" or "closed source" software.
  - Open source software is different. Its authors make its source code available to others who would like to view that code, copy it, learn from it, alter it, or share it.

# Key Terms: Machine Readable

- Machine Readable
  - Format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. (e.g.; xml).
  - Other formats such as extensible markup language (XML), (JSON), (XBRL) or spreadsheets with header columns that can be exported as comma separated values (CSV) are machine readable formats.
  - It is possible to make traditional word processing documents and other formats machine readable but the documents must include “enhanced structural elements”



# Process Might Look Like This



# Output Might Look Like This



# FDTA: When can we expect it to happen?

18           “(2) FINAL RULES.—Not later than 2 years  
19           after the date of enactment of this section, the heads  
20           of the covered agencies shall jointly promulgate final  
21           rules that establish the data standards described in  
22           paragraph (1).

7           (b) RULEMAKING.—  
8           (1) IN GENERAL.—Not later than 2 years after  
9           the date on which final rules are promulgated under  
10           section 124(b)(2) of the Financial Stability Act of  
11           2010, as added by section 5811(a) of this title, the  
12           Securities and Exchange Commission shall issue  
13           rules to adopt the data standards required under  
14           paragraph (8) of section 15B(b) of the Securities  
15           Exchange Act of 1934 (15 U.S.C. 78o-4(b)), as  
16           added by subsection (a) of this section.

**Two Years**



**Two Years**

# Financial Reporting Shakeup

F D I T A

?? ??



Looking ahead at the 118th



# New Ways and Means Members

Rep. Mike Carey (OH-15)	Rep. Blake Moore (UT-01)
Rep. Randy Feenstra (IA-04)	Rep. Michelle Steel (CA-45)
Rep. Michelle Fischbach (MN-07)	Rep. Greg Steube (FL-17)
Rep. Brian Fitzpatrick (PA-01)	Rep. Claudia Tenney (NY-24)
Rep. Nicole Malliotakis (NY-11)	Rep. Beth Van Duyne (TX-24)

## What's on Tap?

- **New Chairman - Jason Smith (MO-08)**
- **IRS Focus**
- **Child tax credit**
- **Public finance priorities??**



# Ongoing Implementation

# ARPA Update - Frequent Questions on Implementation

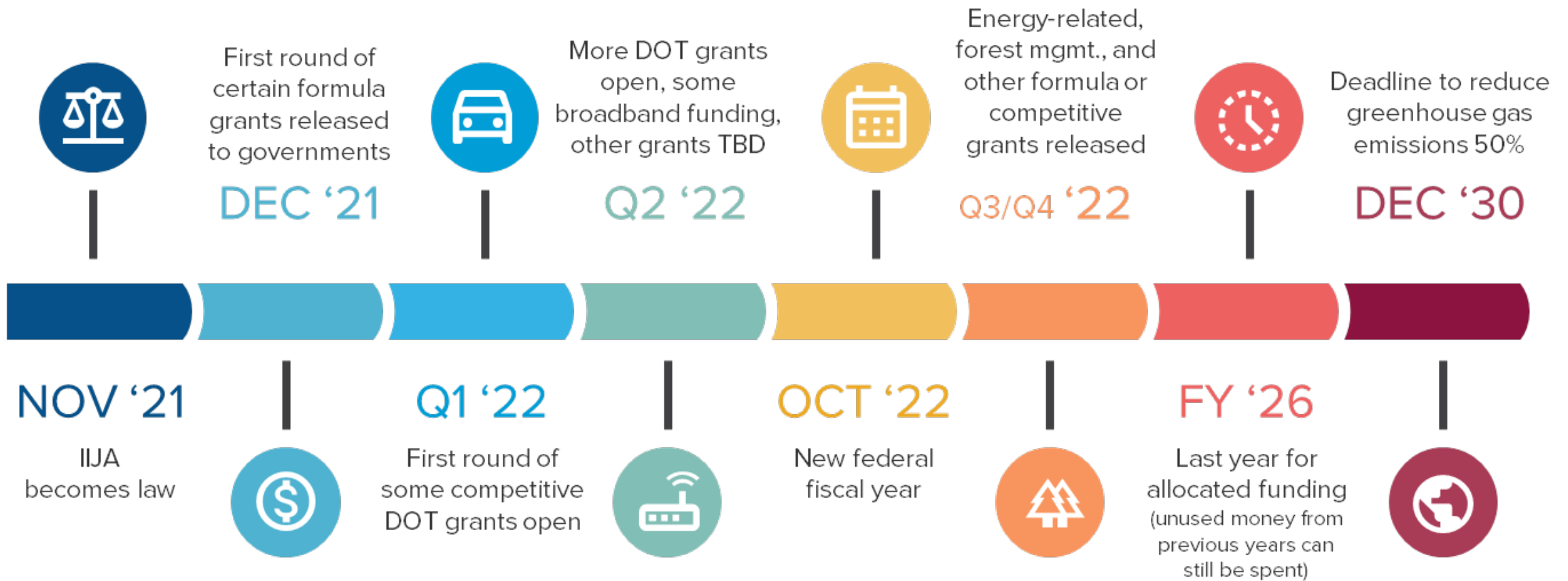
- Registration woes at GAO (and SAM.gov)
- Uniform Guidance and Government Services Spending
- Definition of OBLIGATION for December 31, 2024
- Chance to revise previously submitted reports?
- Housing, Infrastructure and COVID-19 Eligible expenditures
- Single Audit eligibility and Attestation
- Distinction between vendors and subrecipients

# ARPA Update: One Thing is for Certain...



# IIJA - Where are we now?

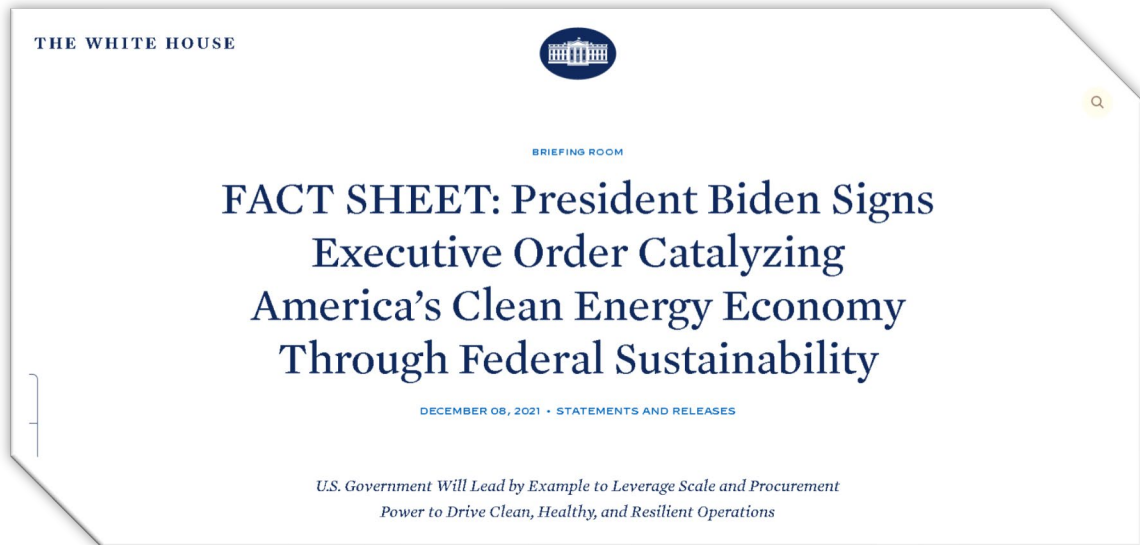
## IIJA: Overview Timeline



# Focus on Sustainability and Partnering

## ■ Sustainability

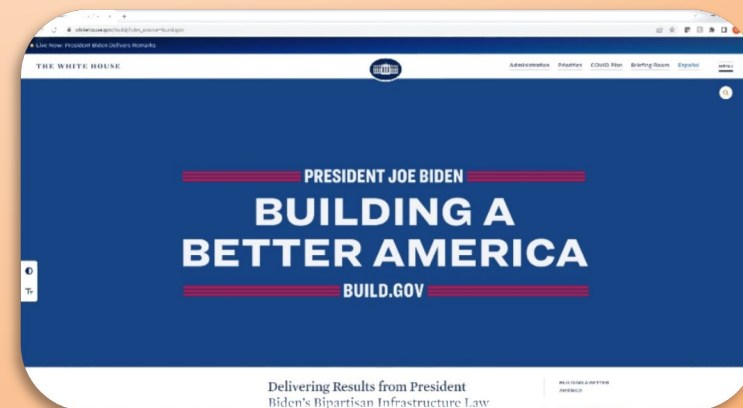
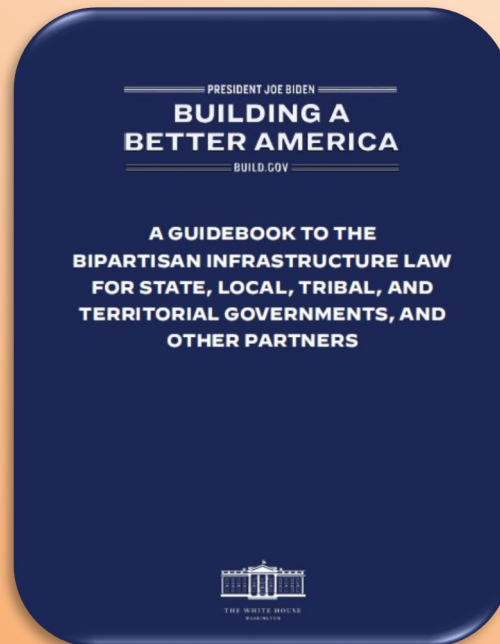
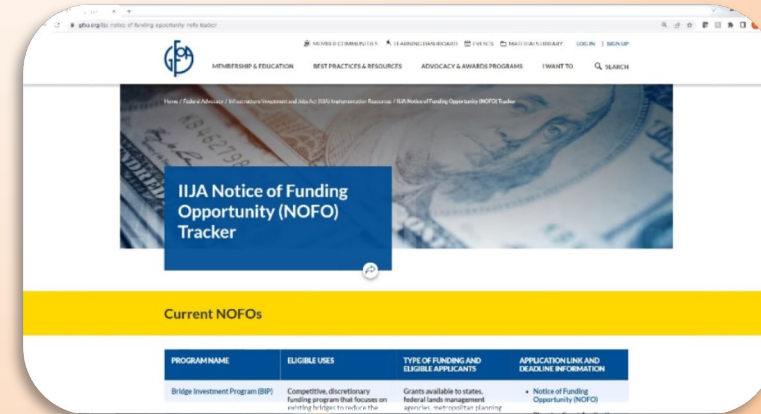
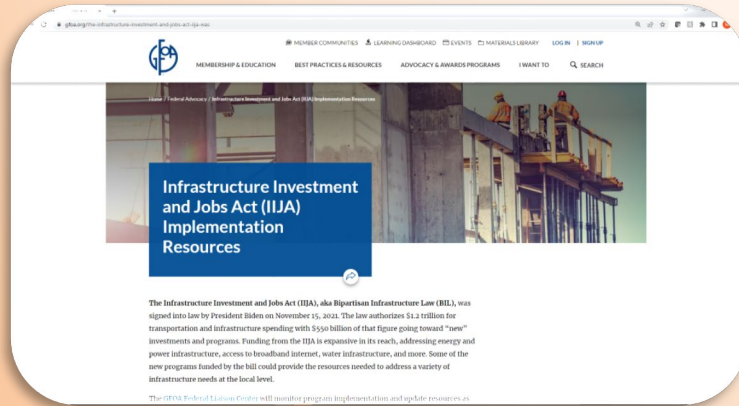
- ❖ “Build Back Better”
- ❖ Grant programs and audits will include sustainability metrics



## ■ Partnering

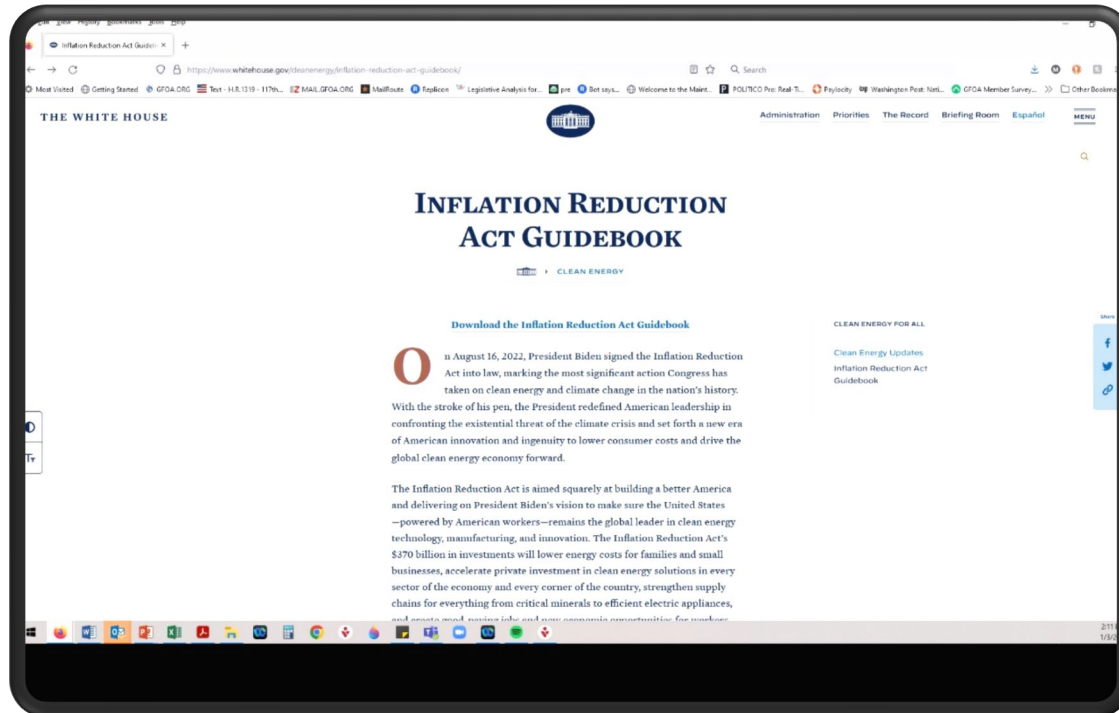
- ❖ With your state
  - Local and regional “significance” in the projects
  - Nonfederal match will still be a requirement. 10 on water, 20 on roads
- ❖ With private partners
  - Documenting P3 successes
  - VFM Analysis associated with large projects (is privatizing cheaper/faster/better?)

# Further Resources (Link in Images)





# Inflation Reduction Act



## BUILDING A CLEAN ENERGY ECONOMY:

A GUIDEBOOK TO THE INFLATION  
REDUCTION ACT'S INVESTMENTS  
IN CLEAN ENERGY AND  
CLIMATE ACTION

CLEANENERGY.GOV

DECEMBER 2022, VERSION 1



# IRA: Key Provisions

## Tax Provisions

- Deficit Reduction
- Energy Security

## Health Care Provisions

- Prescription Drug Pricing Reform
- Affordable Care Act Subsidies

## Climate, Energy, and Infrastructure Provisions

- Funding agricultural, environmental and conservation programs

# Transportation Related Tax Credits

## Commercial Clean Vehicle



- Electrification of police fleet, school buses, garbage trucks, etc.
- Covers upfront purchase

## Alternative Fuel Refueling Property



- Installing electric vehicle charging stations and related infrastructure
- Covers upfront installation
- Low-income or non-urban areas only

## Alternative Fuel Excise Tax Credit



- Purchasing alternative fuel for vehicle fleet
- Covers ongoing purchase of fuel

# Production & Investment Tax Credits

## Production Tax Credit

Wind  
Biomass  
Municipal solid waste  
Geothermal  
Hydropower, marine,  
hydrokinetic energy  
Solar facilities  
Geothermal facilities  
BEGIN CONSTRUCTION BY  
JANUARY 1, 2025

## Investment Tax Credit

Solar  
Fiber-optic  
Fuel cell  
Small wind  
Offshore wind  
Combined heat and power  
Waste energy recovery  
Energy storage technology  
Linear generators  
Microgrid controllers  
Dynamic glass and biogas property  
BEGIN CONSTRUCTION BY JANUARY  
1, 2025

# Direct Payment in Lieu of Tax Credits

- Direct payment in lieu of tax credits will allow tax-exempt entities to pursue renewable energy projects without relying on outside financing.
  - Tax credit claimed after project placed into service
- Projects may be 100% financed with tax-exempt bonds and receive a production tax credit (PTC) or investment tax credit (ITC).
  - If this combined financing is used, the tax credit will be reduced by up to 15%.
- Credits available for tax years beginning after December 31, 2022 and are effective through 2032
- The IRA is BOTH domestic energy and domestic labor (for construction that begins after January 29, 2023)

# We Are YOUR Advocate In DC



Government Finance Officers Association



## GFOA is YOUR Advocate in Washington, D.C.

### United States Congress

On Infrastructure—Preserving Access to Flexible and Reliable Financing and Funding

- Keeping the Municipal Bond Market Strong
- Protecting Grant Appropriations

On Tax and Taxation—Protecting State and Local Constitutional Authority

On Public Pensions and Benefits

- Maintaining Flexibility for State and Local Governments to Provide Benefits to Public Employees

### Federal Administration

On Disclosure of Municipal Securities—Ensuring Information is Available to Investors Without Overburdening Governments

Our Relationships with Federal Agencies Include:

- The Securities and Exchange Commission
- The United States Treasury/ Internal Revenue Service
- The Federal Reserve
- The Federal Emergency Management Agency
- The United States Census Bureau

### Supreme Court

Together with the State and Local Legal Center, the GFOA Files *Amicus Curae* Briefs in Support of States and Local Governments in the U.S. Supreme Court

The mission of the Federal Liaison Center is to inform GFOA members about federal legislation, regulations, judicial actions, and policies that affect public finance functions and to represent the interests of GFOA in Washington, D.C.

Who are we?



Emily Swenson Brock  
Director



Mike Belarmino  
Senior Policy Advisor





Jarron Brady  
Policy Analyst





Galen McDonald  
Policy Associate



GFOA Federal Liaison Center | 660 North Capitol Street NW, Suite 410 [gfoa.org/flc](http://gfoa.org/flc)



# AUSTIN was



# #BUILT *by* BONDS





See You in Portland!

The logo features a stylized mountain peak outline above the text. The word 'portland' is in a large, bold, lowercase sans-serif font. To its right, 'GFOA' is in a smaller, uppercase sans-serif font, and '2023' is in a larger, bold, uppercase sans-serif font. Below this, 'May 21 - 24' is written in a smaller, lowercase sans-serif font.

**portland** GFOA  
2023  
May 21 - 24







# THANK YOU!

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