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## **The Week in Public Finance: Governments Haven't Had Rules for Revealing Their Private Debt -- Until Now.**

***A new requirement forces states and municipalities to annually report the terms and amount of loans they have taken directly from banks. It's a growing source of financing for many public entities.***

A new rule is going into effect next month that many believe will shed light on a controversial spending area for state and local governments: how much they owe banks for private loans.

The rule, issued by the Governmental Accounting Standards Board (GASB), lays out standards for reporting these loans in government financial reports. Unlike public debt — which is issued through the municipal bond market and subject to regular disclosure requirements — disclosures about direct loans from banks are not regulated. So, up until now, governments revealed as much — or as little — as they wanted about their private debt.

The lack of continuity has been a source of growing frustration, particularly as governments' private debt rolls have ballooned. Since 2009, banks have more than doubled their municipal holdings to \$536 billion in securities and loans.

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BY LIZ FARMER | MAY 25, 2018

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