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AI Is Coming Soon for Governments' Information. What's It Worth?

States and localities may have hidden treasure in their data that can be profitably unearthed by commercial interests. Governments need to be able to realize the value of their data while still protecting the public.

Recent developments in artificial intelligence are likely to make it possible for data scientists to probe public-sector information sources for a variety of commercial interests. Just as hedge funds looking to exploit information advantages now pay for satellite imagery of parking lots, farmland crop progress and oil rigs, there will soon be new ways for private investors and marketing wizards to glean a competitive edge from information now stored in public-sector computers.

For an obvious example, governmental financial data now stored in various databases will hold keen interest for municipal bond investors. Such information is collected now by the Municipal Securities Rulemaking Board in its electronic database. Other organizations own complementary pieces of the puzzle, which could have commercial value when combined by an analytical engine to provide insights into potential bond ratings changes, default risks and subtle improvements in financial measures. Those could change the market valuation of billions of dollars of tax-exempt securities. And that is just one use case.

Other state and metropolitan public information sources are likely to offer similar treasure troves of raw data that can now be compiled into analytical warehouses by scraping information from public websites. There are likely to be dozens of other types of governmental data files routinely maintained for internal use, but not presently posted on the Internet, which could still be searchable under Freedom of Information (FOI) requests.

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