

Bond Case Briefs

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BDA Monitoring Legislation Mandating Specific Technologies for Issuer Financial Reporting.

The BDA, working in concert with our partners in the Public Finance Network led by the GFOA, have been monitoring the progress of the Financial Data Transparency Act of 2022. A similar bill recently passed the House of Representatives as part of the National Defense Authorization Act.

The legislation can be viewed [here](#).

Background

The Senate bill sponsored by Senator Warner (D-VA) and Senator Crapo (R-ID) requires the MSRB to “establish data standards.” It also needs to “scale” reporting requirements for “smaller regulated entities.”

The provisions in question are in Section 203 of the legislation. The Senate version requires joint rulemaking for regulated entities that will take place for two years after passage and then it provides two years for implementation.

The BDA has flagged concerns about a one-size fits all mandate to the Senate sponsors, as well concerns of the financial burdens this will have on issuers and on how this will be funded at the MSRB - recognizing that dealers pay the majority of the MSRB budget.

The legislation would require identical financial reporting taxonomies across all types of public entities. Given the wide variety of governments the market represents (e.g., states, cities, counties, water systems, public power, public gas, hospitals, etc.), combining all into a single standardized template has the potential to lose valuable information and to reduce transparency by eliminating detail specific to the unique functions or services that governments actually provide.

Full implementation and compliance would be required beginning 2027.

We will continue to provide updates as they become available.

Bond Dealers of America

by Brett Bolton

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