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Local Governments, Many on Wall Street Line Up Against Muni-Data Bill.

Effort to improve transparency by requiring machine-readable financial disclosures raises hackles

A pitched battle over data is under way in the $4 trillion market that finances roads and sewers. At issue is a little noticed measure in proposed federal legislation that would mandate how state and local governments across the country present their financial results to investors.

The municipal-bond market in some ways remains stuck in the last century. Municipalities file reports erratically according to different standards, and the files aren't machine-readable by investors attempting to study city or state finances before they buy or sell. That marks a contrast to corporate disclosures, where standardized data can be extracted by computers.

Lawmakers sponsoring the measure—and companies that sell financial reporting software—say it will aid investors and the public by improving transparency. But Congress's proposed fix hasn't gotten much of a welcome in the muni market. Bankers, investors and local officials all warn of problems from increased costs to accounting headaches if Congress passes the measure.

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By Heather Gillers

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