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A Chance to Make Government Financial Data Transparent and User-Friendly.

Federal legislation requiring machine-readable reporting has its critics, but it would go a long way toward modernizing how data is collected, used and shared. It also could lower borrowing costs for states and localities.

Congress may soon pass the Financial Data Transparency Act (FDTA), which would require certain regulatory agencies to adopt data standards that would increase transparency and make financial information more easily accessible. In effect, the legislation would require data reported on behalf of municipal bond issuers to the Municipal Securities Rulemaking Board to be in a machine-readable format instead of the current PDF document format.

The FDTA is part of a larger trend already underway to modernize how governments at all levels collect, use and share data with the public. We believe the long-term upsides of streamlined reporting and increased transparency far outweigh any short-term transition costs.

Some groups associated with municipal governments and public finance are arguing that the FDTA would create an unfunded burden for them to change how they report financial data. They also object to standards being imposed from the top down without giving municipal stakeholders a seat at the table. We agree that local governments will need resources to implement the act and that they should be involved in designing the data standards. In fact, we've already gotten a significant head start in tackling these challenges.

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by Stephanie Leiser and Robert J.F. Widigan

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