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The End Is Near for Outdated Government Financial Reporting.

Changes to federal law will require state and local governments to do what they should have done years ago for the benefit of investors and other stakeholders.

By way of a few paragraphs inserted into the recently enacted 4,000-page 2023 National Defense Authorization Act, Congress mandated that state and local governments prepare their annual financial statements in a standardized format that is electronically searchable. The provision effectively drags state and local governments kicking and screaming into the 20th century, if not the 21st.

As worthy an accomplishment as this appears to be, it was resisted mightily by the state and local government financial community. Most prominently, they argue, the measure can potentially result in a major transfer of accounting and reporting regulatory authority from states to the federal government, thereby undercutting what many consider a fundamental principle of federalism. Moreover, state and local officials see it as one more costly unfunded mandate imposed upon their governments.

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Route Fifty

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