



What is the Financial Data Transparency Act?

The Financial Data Transparency Act (FDTA) became law as part (Sec. 5801) of the Fiscal Year 2023 National Defense Authorization Act (NDAA; P.L. 117-263 (2022)) and directs certain regulatory agencies (including the SEC) to jointly issue proposed rules that establish new data reporting standards governing the information reported by municipal issuers.

This bill imposes an unfunded mandate on state and local governments, who will need to take a various courses of action that come at a cost.

Where are we in the process?

On August 22, 2024, a consortium of seven federal agencies released the **first of two Proposed Rules related** to the FDTA. This first Proposed Rule seeks to establish general guidelines for additional regulations that each of the agencies will develop for their sectors

Why do government finance officers care?

State and local governments do not oppose transparency. State and local governments are already among the most transparent and accountable entities in public finance. We comply with layers of federal, state, and local laws and regulations.

This law creating data standards opens the door to federal regulators **directing the use of specific technologies for reporting state and local financial information.**

Given the wide variety of governments in the municipal market (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.**

Who does the FDTA benefit?

The FDTA is intended to benefit investors and consumers, but even these industries have expressed skepticism that structured data in the municipal market is worth the cost and disruption it will impose on issuers.

The FDTA risks funneling issuers directly into the arms of vendors eager to profit from regulatory change.

What are we asking for?

Congress should revisit the inclusion of the municipal market in FDTA requirements.

