

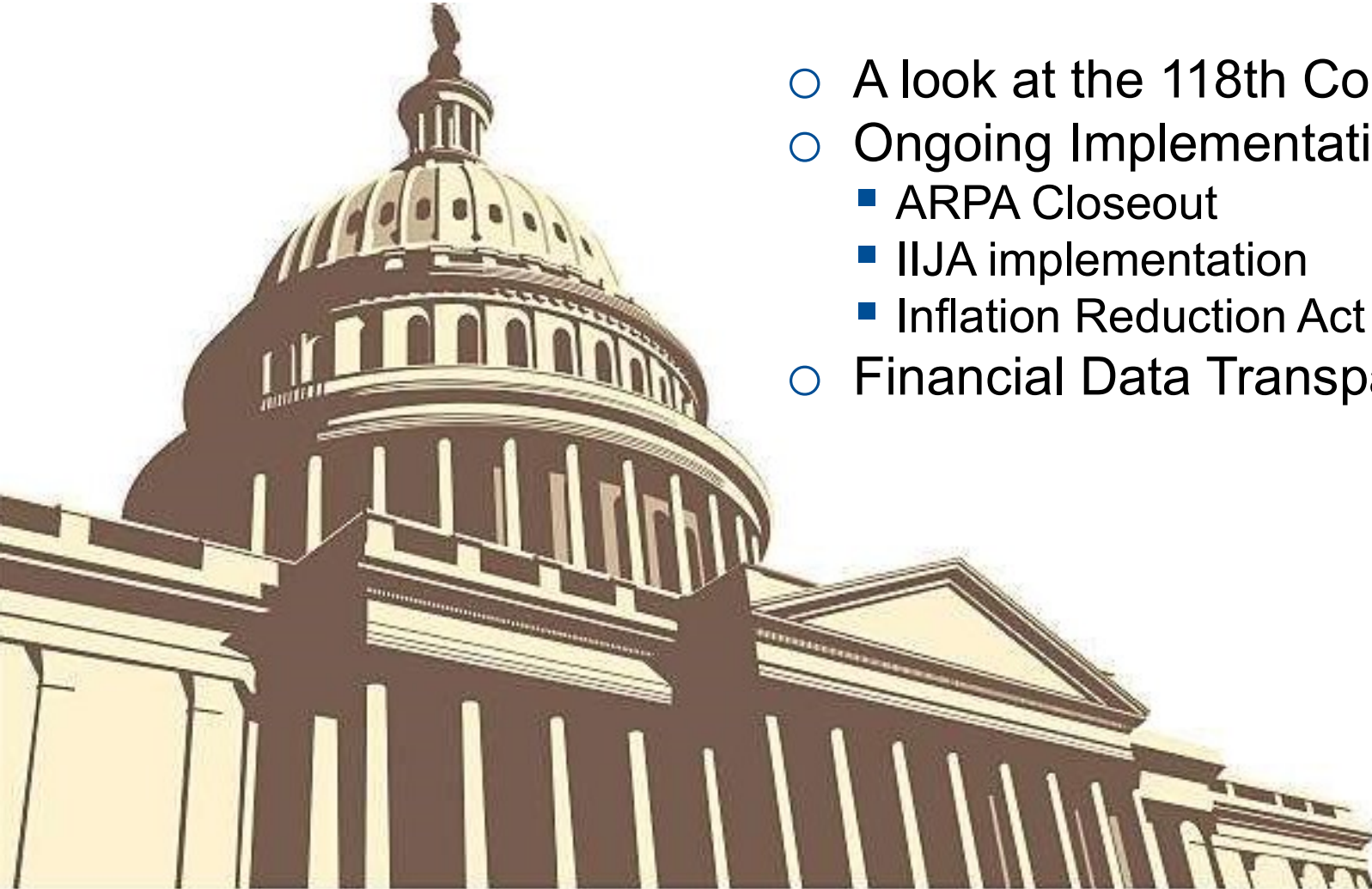
NEGFOA Looking Forward: DC Update 2023 and Beyond



Government Finance Officers Association

Roadmap

- A look at the 118th Congress
- Ongoing Implementation
 - ARPA Closeout
 - IIJA implementation
 - Inflation Reduction Act hopes and dreams
- Financial Data Transparency and You





Looking ahead at the 118th

New Ways and Means Members

Rep. Mike Carey (OH-15)	Rep. Blake Moore (UT-01)
Rep. Randy Feenstra (IA-04)	Rep. Michelle Steel (CA-45)
Rep. Michelle Fischbach (MN-07)	Rep. Greg Steube (FL-17)
Rep. Brian Fitzpatrick (PA-01)	Rep. Claudia Tenney (NY-24)
Rep. Nicole Malliotakis (NY-11)	Rep. Beth Van Duyne (TX-24)

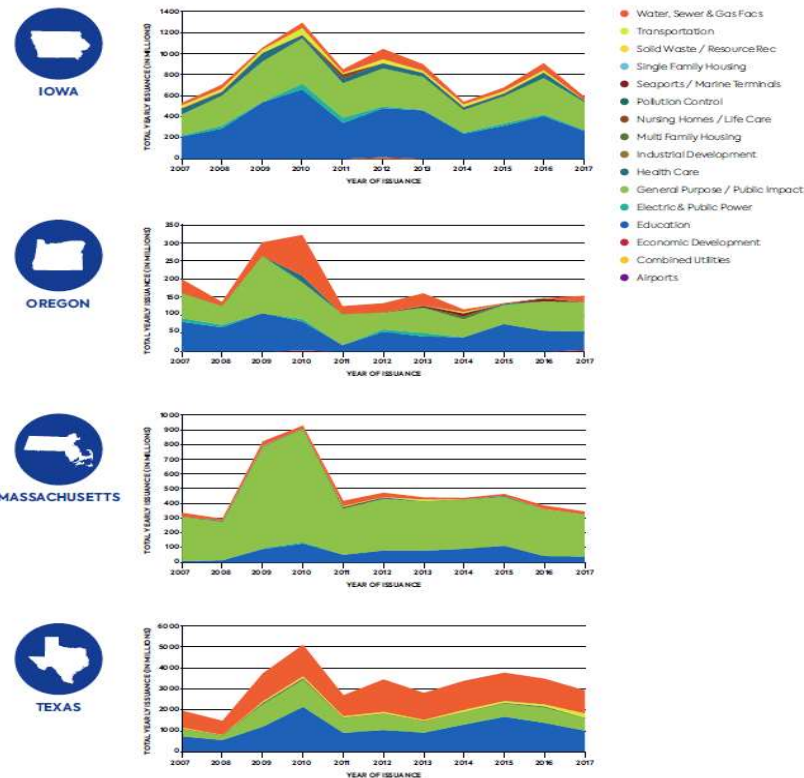
What's on Tap?

- **New Chairman - Jason Smith (MO-08)**
- **IRS Focus**
- **Child tax credit**
- **Public finance priorities??**

Refresher - Bank Qualified Debt (aka Small Issuer Exception)

TAX-EXEMPT MUNICIPAL BONDS & INFRASTRUCTURE

BQ BOND ISSUANCE BY GENERAL USE OF PROCEEDS: 2007-2017 (in millions)



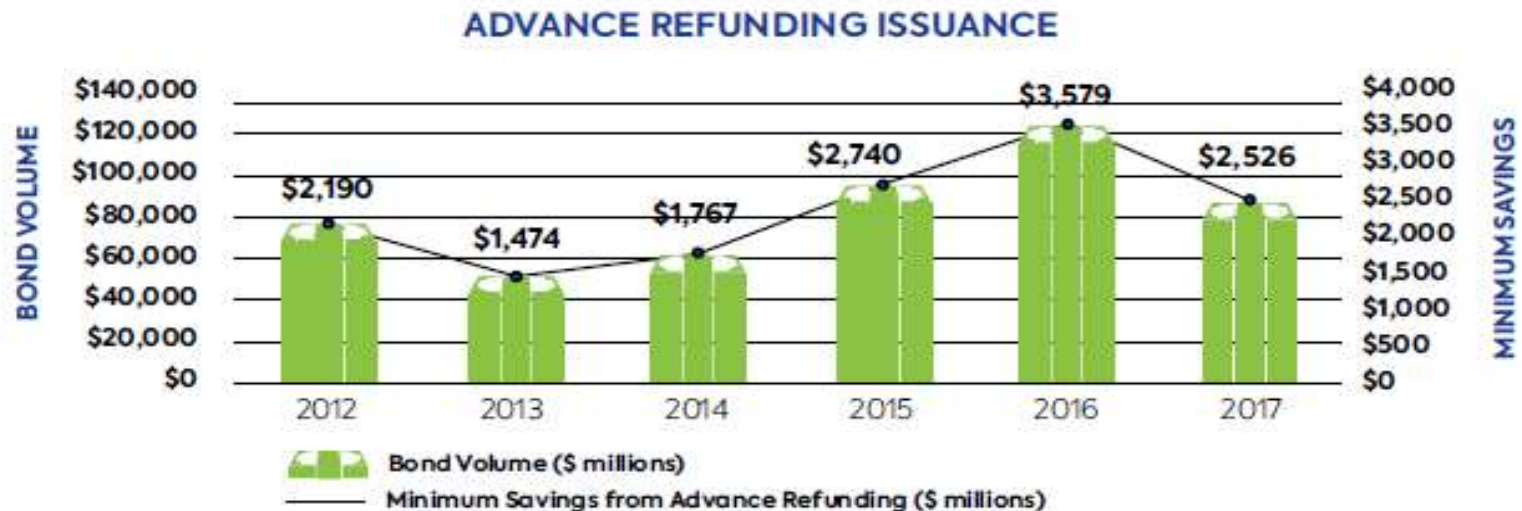
Source: GFOA analysis of Thomson Reuters data as of 11/28/18

JANUARY 2019 5

- Small Issuer Exception allows smaller jurisdictions working with community banks to issue TE BQ debt
- Right now the cap is \$10m per issuer, we are asking to raise the cap to \$30m, pegged to inflation and based at the level of the borrower
 - Cost- NOMINAL!
- Reintroduce legislation similar to HR 2634 *LIFT Act (117th)*

Refresher – Advance Refunding

- Savings of 3-8% of par foregone
- Reintroduce legislation similar to HR 2634 *LIFT Act* (AR, BQ, AIB)
- Reintroduce legislation similar to S479 *LOCAL Infrastructure Act* or HR 2288 *Investing in Our Communities Act* (bipartisan effort with 31 cosponsors from both parties)



Source: GFOA analysis of Thomson Reuters data

Potential Distractions and Opportunities

Government Shutdown

Impeachment

Disaster Spending/Ukraine Aid

Health Care/Prescription Drugs

China Tariffs

Business Taxes and SALT

SAFE Banking

Executive Compensation Clawback



Ongoing Implementation

ARPA Update - Frequent Questions on Implementation



Registration woes at GAO (and SAM.gov)



Uniform Guidance and Government Services Spending



Definition of OBLIGATION for December 31, 2024



Chance to revise previously submitted reports?



Housing, Infrastructure and COVID-19 Eligible expenditures



Single Audit eligibility and Attestation



Distinction between vendors and subrecipients

By the Numbers

- 23,000 total CSLFRF prime recipients
- Approx 7,500 entities eligible for Single Audit
- Approx 5,000 have conducted a Single Audit
 - 500 have findings
- Approx 2,500 eligible for Attestation
- Approx 230 Attestation received

- Approximately 4,600 of 23,000 have not yet filed a P&E Report

ARPA Flex



November 8, 2021

The Honorable Nancy Pelosi
Speaker
United States House of Representatives (CA)
(Sent Via Email)

The Honorable Kevin McCarthy
Republican Leader
United States House of Representatives (CA)
(Sent Via Email)

Dear Speaker Pelosi and Leader McCarthy:

RE: Support for the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act

On behalf of the nation's state and local governments, we strongly endorse the bipartisan *State, Local Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act* (S. 3011) – co-sponsored by Senators Alex Padilla (CA) and John Cornyn (TX) – that would provide additional flexibility under the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) that was included in the American Rescue Plan Act (ARPA). This bill was approved by unanimous consent in the Senate on October 19, and we strongly urge House passage so that the bill can be sent to President Biden for his signature.

Since the enactment of ARPA, we have been working collaboratively with our respective memberships, the White House and the U.S. Department of the Treasury to implement the \$350 billion provided under the law. We believe that this new legislation would both streamline and strengthen this historic program in three key ways.

First, it would allow state and local governments to allocate up to \$10 million of ARPA funds for the provision of government services without using complicated budgetary analysis to calculate lost revenue, while at the same time retaining the original provision of the law that would allow for a higher amount to be used if justified under Treasury's revenue loss calculator.

Second, it would allow the greater of \$10 million or 30 percent of the total ARPA allocation provided to a state or local government to be used under a new, separate provision that further allows infrastructure-related activities authorized

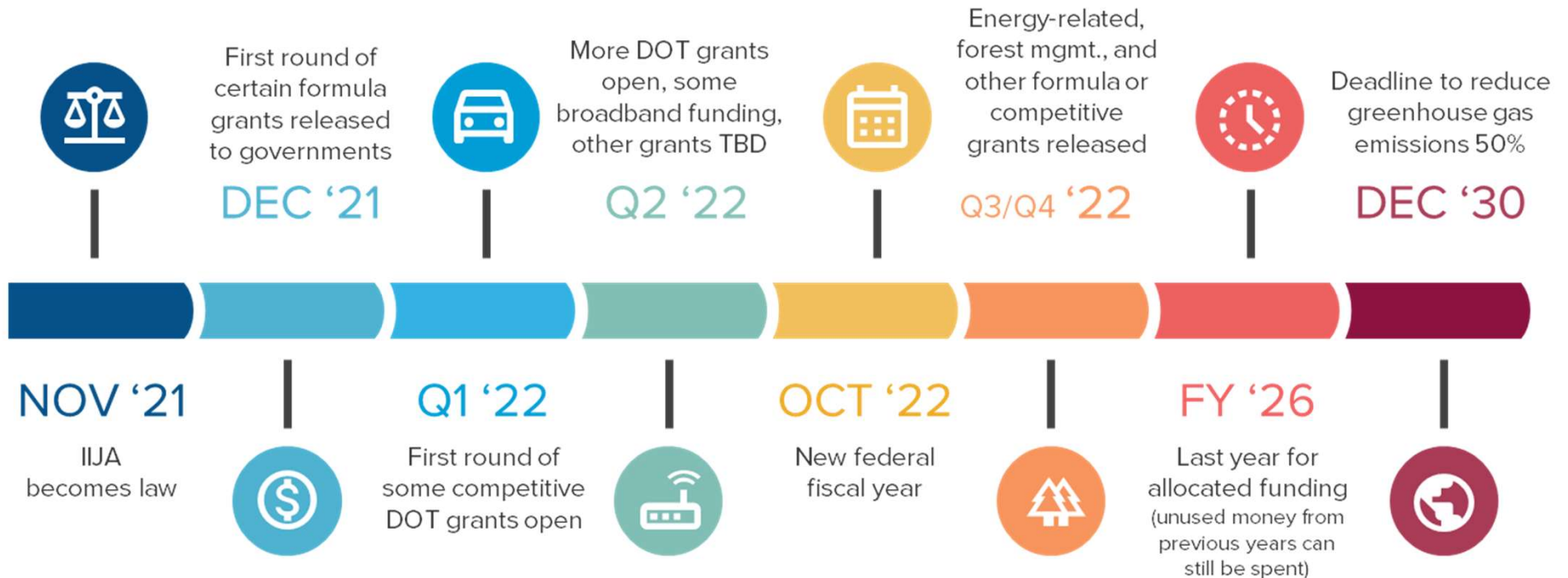
- Implementation Notice and Comment
- Official Comments Due by September 30

ARPA Update: One Thing is for Certain...



IIJA - Where are we now?

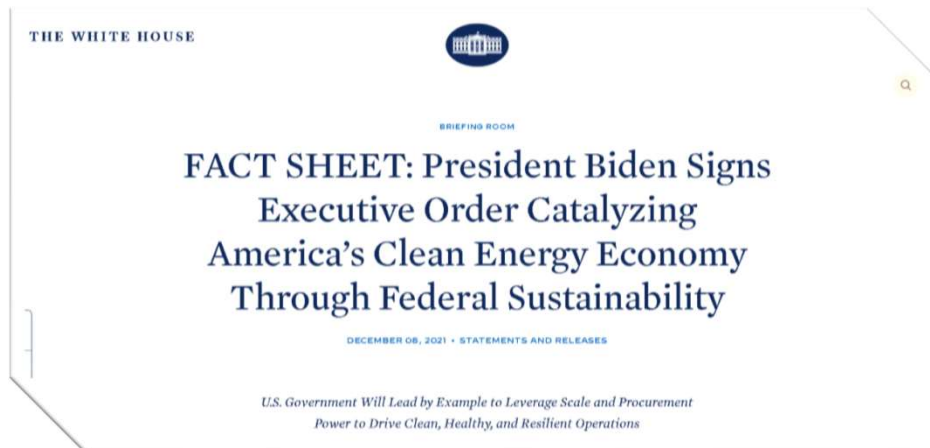
IIJA: Overview Timeline



Focus on Sustainability and Partnering

■ Sustainability

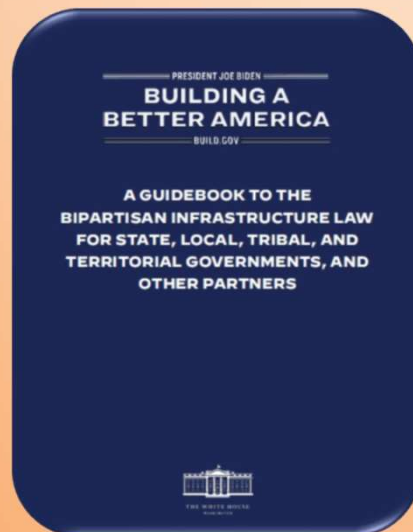
- ❖ “Build Back Better”
- ❖ Grant programs and audits will include sustainability metrics



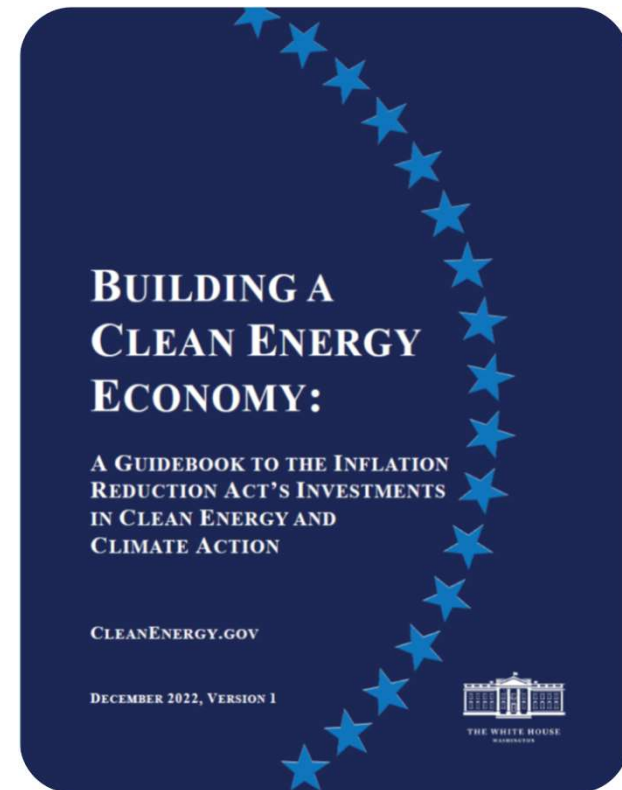
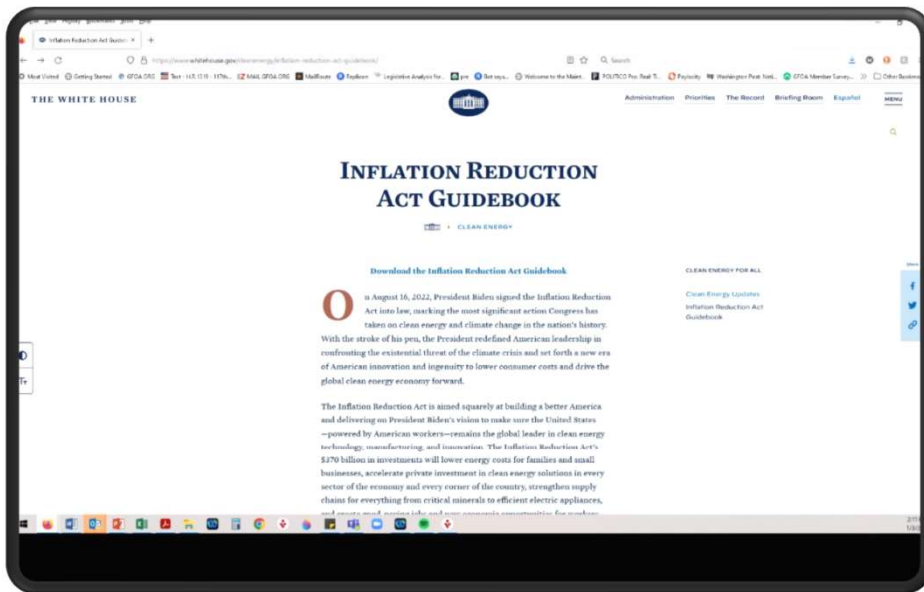
■ Partnering

- ❖ With your state
 - Local and regional “significance” in the projects
 - Nonfederal match will still be a requirement. 10 on water, 20 on roads
- ❖ With private partners
 - Documenting P3 successes
 - VFM Analysis associated with large projects (is privatizing cheaper/faster/better?)

Further Resources (Link in Images)



Inflation Reduction Act



IRA: Key Provisions

Tax Provisions

- Deficit Reduction
- Energy Security

Health Care Provisions

- Prescription Drug Pricing Reform
- Affordable Care Act Subsidies

Climate, Energy, and Infrastructure Provisions

- Funding agricultural, environmental and conservation programs

Transportation Related Tax Credits



Commercial Clean Vehicle

- Electrification of police fleet, school buses, garbage trucks, etc.
- Covers upfront purchase



Alternative Fuel Refueling Property

- Installing electric vehicle charging stations and related infrastructure
- Covers upfront installation
- Low-income or non-urban areas only



Alternative Fuel Excise Tax Credit

- Purchasing alternative fuel for vehicle fleet
- Covers ongoing purchase of fuel

Production & Investment Tax Credits

Production Tax Credit

Wind
Biomass
Municipal solid waste
Geothermal
Hydropower, marine,
hydrokinetic energy
Solar facilities
Geothermal facilities
BEGIN CONSTRUCTION BY
JANUARY 1, 2025

Investment Tax Credit

Solar
Fiber-optic
Fuel cell
Small wind
Offshore wind
Combined heat and power
Waste energy recovery
Energy storage technology
Linear generators
Microgrid controllers
Dynamic glass and biogas property
BEGIN CONSTRUCTION BY JANUARY
1, 2025

Direct Payment in Lieu of Tax Credits

- Direct payment in lieu of tax credits will allow tax-exempt entities to pursue renewable energy projects without relying on outside financing.
 - Tax credit claimed after project placed into service
- Projects may be 100% financed with tax-exempt bonds and receive a production tax credit (PTC) or investment tax credit (ITC).
 - If this combined financing is used, the tax credit will be reduced by up to 15%.
- Credits available for tax years beginning after December 31, 2022 and are effective through 2032
- The IRA is BOTH domestic energy and domestic labor (for construction that begins after January 29, 2023)



The Financial Data Transparency Act

Evolution of Federal Government Digitizing Data

FFATA

- The Federal Funding Accountability and Transparency Act (FFATA) signed into law on September 26, 2006
- Intent is to empower every American with the ability to hold the government accountable for each spending decision.
- The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a **single, searchable website**, which is www.USASpending.gov.

DATA Act

- The Digital Accountability and Transparency (DATA) Act signed into law on May 9, 2014
- Mandates **structured data standards** for government with objectives to 1) establish government-wide financial data standards and increase the availability, accuracy, and usefulness of Federal spending information, 2) amend the Federal Funding Accountability and Transparency Act (FFATA), and 3) develop **Government-wide data standards to simplify financial reporting** and improve the quality of spending data.

GREAT Act

- The Grant Reporting Efficiency and Agreements Transparency (GREAT) Act signed into law December 30, 2019
- Requires **standardization of data reported by grants recipients**. The GREAT Act aims to modernize reporting by grants recipients, reduce burden and compliance costs, and strengthen oversight and management of Federal grants.
- Standards had to be established within two years of enactment (by December 2021). Standards for audit-related information reported as part of the Single Audit, within three years of enactment (December 2022).



S4295, Financial Data Transparency Act

MEMBER ALERT
FROM GFOA'S FEDERAL LIAISON

New Financial Reporting Requirements for Governments Proposed in U.S. Senate: A Costly and Burdensome Unfunded Mandate

GFOA members should be aware of proposed legislation in the U.S. Senate that would mandate governments to report financial information using uniform reporting categories, or "data standards," which may require costly updates to financial systems or extensive workarounds.

Currently, U.S. Senators are considering including the bill (S. 4295) as part of the federal defense authorization legislation that must be taken up before the end of the year.

GFOA has long advocated for governments to demonstrate transparency and accountability by making financial information readily accessible to the public. This effort to create new universal reporting categories will have transparency efforts and would be a significant cost to state and local governments. This unfunded mandate would require extensive workarounds with the need for consulting resources and potentially risky updates to government financial systems.

GFOA urges you to reach out to your Senators and ask them to include S. 4295 in the defense authorization bill.

Why would the mandate pose a challenge?

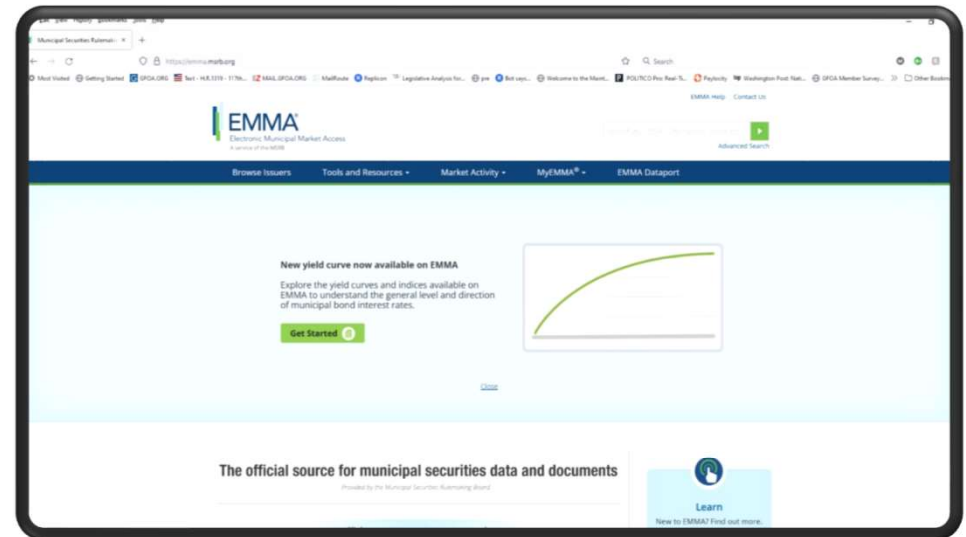
A costly, unfunded mandate for governments to report financial information using uniform reporting categories, or "data standards," which may require costly updates to financial systems or extensive workarounds.

- Where did it come from?
- Who supported the legislation? Why?
- Who is paying attention to state and local government reporting?
- How did it pass?



Who Will This Affect?

- Any municipal entities required to submit financial information to the Municipal Securities Rulemaking Board
 - All primary issuers – Frequent or Infrequent
 - All component units of primary issuers
 - Roughly 38,000 issuers in Electronic Municipal Market Access (EMMA)



FDTA: When can we expect it to happen?

18 “(2) FINAL RULES.—Not later than 2 years
19 after the date of enactment of this section, the heads
20 of the covered agencies shall jointly promulgate final
21 rules that establish the data standards described in
22 paragraph (1).

7 (b) RULEMAKING.—
8 (1) IN GENERAL.—Not later than 2 years after
9 the date on which final rules are promulgated under
10 section 124(b)(2) of the Financial Stability Act of
11 2010, as added by section 5811(a) of this title, the
12 Securities and Exchange Commission shall issue
13 rules to adopt the data standards required under
14 paragraph (8) of section 15B(b) of the Securities
15 Exchange Act of 1934 (15 U.S.C. 78o-4(b)), as
16 added by subsection (a) of this section

Two Years



Two Years



What is the Law?

FDTA – Data Standards Sec. 101

- “(1) COMMON IDENTIFIERS; QUALITY.—The data standards established in the final rules under subsection (b) shall—
- “(A) include common identifiers for collections of information reported to covered agencies or collected on behalf of the Council, which shall include a common nonproprietary **legal entity identifier** that is available under an open license for all entities required to report to covered agencies; and
- “(B) **to the extent practicable**—
 - “(i) render data **fully searchable and machine-readable**;
 - “(ii) enable **high quality data through schemas**, with accompanying metadata documented in machine-readable taxonomy or ontology models, which clearly define the semantic meaning of the data, as defined by the underlying regulatory information collection requirements;
 - “(iii) ensure that a data element or data asset that **exists to satisfy an underlying regulatory information collection requirement** be consistently identified as such in associated machine-readable metadata;
 - “(iv) be **nonproprietary** or made available under an **open license**;

1 “(e) DATA STANDARDS.—
2 “(1) COMMON IDENTIFIERS; QUALITY.—The
3 data standards established in the final rules promul-
4 gated under subsection (b) shall—
5 “(A) include common identifiers for collec-
6 tions of information reported to covered agen-
7 cies or collected on behalf of the Council, which
8 shall include a common nonproprietary legal en-
9 tity identifier that is available under an open li-
10 cense for all entities required to report to cov-
11 ered agencies; and
12 “(B) to the extent practicable—
13 “(i) render data fully searchable and
14 machine-readable;
15 “(ii) enable high quality data through
16 schemas, with accompanying metadata
17 documented in machine-readable taxonomy
18 or ontology models, which clearly define
19 the semantic meaning of the data, as de-
20 fined by the underlying regulatory informa-
21 tion collection requirements;
22 “(iii) ensure that a data element or
23 data asset that exists to satisfy an under-
24 lying regulatory information collection re-
25 quirement be consistently identified as



FDTA – Municipal Securities Sec. 203

- '(8)(A) The Commission shall adopt data standards for information submitted to the Board.
- "(B) Any data standards adopted under subparagraph (A) shall incorporate, and **ensure compatibility with (to the extent feasible)**, all applicable data standards established in the rules promulgated under section 124 of the Financial Stability Act of 2010...
 - (C) The Commission **shall consult market participants** in establishing data standards under subparagraph (A)....
 - (b) RULEMAKING.—
 - (1) IN GENERAL.—Not later than **2 years after the date** on which final rules are promulgated ... as added by section 5811(a) of this title, the **Securities and Exchange Commission shall issue rules to adopt the data standards** required ...
 - (2) **SCALING OF REGULATORY REQUIREMENTS; MINIMIZING DISRUPTION.**—(the SEC shall...)
 - (A) may **scale those data standards** in order to reduce any unjustified burden on smaller regulated entities; and
 - (B) shall seek to **minimize disruptive changes** to the persons affected by those rules.

3 SEC. 203. DATA TRANSPARENCY AT THE MUNICIPAL SECURITIES RULEMAKING BOARD.

4

5 (a) IN GENERAL.—Section 15B(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–4(b)) is amended

6

7 by adding at the end the following:

8 “(8)(A) If the Board establishes information systems

9 under paragraph (3), the Board shall adopt data standards for information submitted through those systems.

10

11 “(B) Any data standards adopted under subparagraph (A) shall incorporate, and ensure compatibility with

12 (to the extent feasible), all applicable data standards established in the rules promulgated under section 124 of

13 the Financial Stability Act of 2010, including, to the extent practicable, by having the characteristics described in

14 clauses (i) through (vi) of subsection (c)(1)(B) of such section 124.”.

15

16

17

18

19 (b) RULEMAKING.—

20 (1) IN GENERAL.—Not later than 2 years after

21 the date on which final rules are promulgated under

22 section 124(b) of the Financial Stability Act of

23 2010, as added by section 101(a) of this Act, the

24 Municipal Securities Rulemaking Board shall issue

25 rules to adopt the standards required under para-

•S 4295 IS



“Data Standard”

- The term ‘data standard’ means a standard that specifies rules by which data is described and recorded.



Key Terms: Open Source (nonproprietary)

- Open Source
 - The term open source refers to something people can modify and share because its design is publicly accessible.
 - Some software has source code that only the person, team, or organization who created it—and maintains exclusive control over it—can modify. This is "proprietary" or "closed source" software.
 - Open source software is different. Its authors make its source code available to others who would like to view that code, copy it, learn from it, alter it, or share it.

Key Terms: Machine Readable

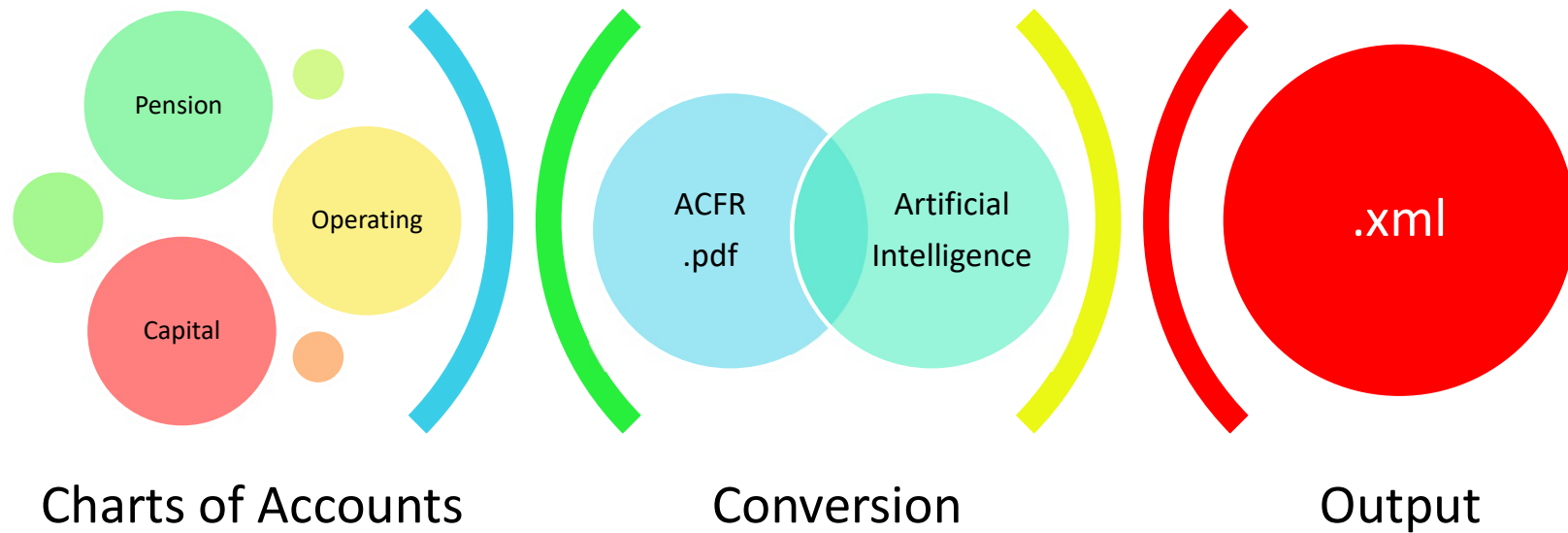
- Machine Readable
 - Format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. (e.g.; xml).
 - Other formats such as extensible markup language (XML), (JSON), (XBRL) or spreadsheets with header columns that can be exported as comma separated values (CSV) are machine readable formats.
 - It is possible to make traditional word processing documents and other formats machine readable but the documents must include “enhanced structural elements”





What Might it Look Like?

Best Case: Process Might Look Like This



Worst Case: Output Might Look Like This



Airports, Universities,
Counties, States, Water
Systems, Cities...



One Single
Financial
Report

Financial Reporting Shakeup

F D T A

????



We Are YOUR Advocate In DC



GFOA is YOUR Advocate in Washington, D.C.

United States Congress

On Infrastructure—Preserving Access to Flexible and Reliable Financing and Funding

- Keeping the Municipal Bond Market Strong
- Protecting Grant Appropriations

On Tax and Taxation—Protecting State and Local Constitutional Authority

On Public Pensions and Benefits

- Maintaining Flexibility for State and Local Governments to Provide Benefits to Public Employees

Federal Administration

On Disclosure of Municipal Securities—Ensuring Information is Available to Investors Without Overburdening Governments

Our Relationships with Federal Agencies Include

- The Securities and Exchange Commission
- The United States Treasury/ Internal Revenue Service
- The Federal Reserve
- The Federal Emergency Management Agency
- The United States Census Bureau

Supreme Court

Together with the State and Local Legal Center, the GFOA Files *Amicus Curiae* Briefs in Support of States and Local Governments in the U.S. Supreme Court

The mission of the Federal Liaison Center is to inform GFOA members about federal legislation, regulations, judicial actions, and policies that affect public finance functions and to represent the interests of GFOA in Washington, D.C.

Who are we?



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THANK YOU!

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