NASACT National Association of State Auditors, Comptrollers and Treasurers

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Washington Update

BILL INTRODUCED TO TREAT MUNICIPAL BONDS AS HQLAs

Reps. Luke Messer (R-IN) and Carolyn Maloney (D-NY) introduced bipartisan legislation last week that would require federal banking regulators to treat municipal securities held by large banks and other financial institutions as high-quality liquid assets (HQLA). HQLAs are defined as assets that can be easily and quickly converted to cash with little or no loss of value during a period of liquidity stress, but recent decisions by banking regulators excluded municipal securities from the HQLA list. The bill, H.R. 2209, would require the appropriate federal banking agencies to treat certain municipal obligations as level 2A liquid assets. In announcing his legislation, Rep. Messer stated:

> "A lot of times it seems like bank regulations have very little impact on our day-to-day lives, but that's just not the case here. This arbitrary decision by federal regulators could have a real-world impact on cash-strapped school districts and local governments by raising the cost of critical infrastructure projects. We shouldn't allow federal bureaucrats to promote policies that disincentivize investment in our local communities. I'm glad to have worked with Congresswoman Maloney on this common-sense legislation that will encourage growth in our local communities."

Rep. Maloney went on to say:

> "States and cities rely on municipal bonds to finance critical infrastructure, build schools, and pave roads. This important legislation ensures that municipal bonds—which are among the safest investments available—are treated fairly by the regulators. We should not be discouraging financial institutions from investing in our communities and this bill will level the playing field for our states and cities."

MOVE AMERICA BONDS BILL INTRODUCED

Sens. Ron Wyden (D-OR) and John Hoeven (R-ND) have introduced legislation that would create Move America Bonds, which would expand tax exempt financing for public-private partnerships (P3s), and create Move America Credits, to leverage additional private equity investment at a lower cost for states. This legislation aims to give states more tools they need to expand investment in roads, bridges, ports, rail, and airports.

Move America Bonds would:

- Provide up to $180 billion in tax-exempt bond authority for states over the next 10 years.
- Provide up to $45 billion in infrastructure tax credits for states over the next 10 years.
- Allow flexible public-private partnership ownership arrangements for roads, bridges, ports, rail, and airports.

An overview of the bill, a section-by-section summary of the bill, and legislative text can be found at www.hoeven.senate.gov/public/index.cfm/news-releases?ID=0a9f0425-07c4-44a6-85cb-273e52b90755.

OMB ISSUES NEW DATA ACT MEMO

On Friday the U.S. Office of Management and Budget released a new memo on the Digital Accountability and Transparency Act. The memo, entitled "Increasing Transparency of Federal Spending by Making Federal Spending

Data Accessible, Searchable, and Reliable," notes that OMB and the Treasury Department will be contacting federal agencies during May 2015 with specific information regarding any necessary changes to existing implementation plans required under prior OMB guidance. In addition, the memo states:

> "All federal agencies must continue to assign a unique Federal Award Identification Number (FAIN) to each financial assistance award. Once an agency assigns a FAIN and reports it to USAspending.gov, the federal agency may not, except in limited circumstances, modify the FAIN during the life of the award. Further, once a federal agency assigns a FAIN, that federal agency must ensure that the FAIN is clearly identified in all federal award documents. As a term and condition of the award, federal agencies must require that all recipients report subaward information by FAIN into the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Federal procurement awards continue to be subject to the requirements for uniform procurement instrument identification numbers in the Federal Acquisition Regulation."

Although most of the memo is specific to federal agencies, it gives a good indication of what is to come for award recipients as the DATA Act moves forward. The full memo can be found at www.whitehouse.gov/sites/default/files/omb/memoranda/2015/m-15-12.pdf.

MSRB RELEASES REPORT ON THE TIMING OF ANNUAL FINANCIAL DISCLOSURES

The Municipal Securities Rulemaking Board has released an update to its 2013 report on how many days after the end of the fiscal year that issuers of municipal securities make their annual financial information available to the public. Consistent with previous years, the timing of audited financial statement disclosures made in 2014 averaged approximately 200 calendar days after the end of the applicable fiscal year. Annual financial information submissions averaged 188 calendar days after the end of the applicable fiscal year. The report also notes a significant increase in catch-up submissions in the second half of 2014 coinciding with the Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperation (MCDC) Initiative, a voluntary program to provide issuers and underwriters the opportunity to self-report previous instances of noncompliance with continuing disclosure obligations.

The full report can be found at www.msrb.org/msrb1/pdfs/MSRB-CD-Timing-of-Annual-Financial-Disclosures-2015.pdf.

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