October 18, 2024

Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Financial Data Transparency Act, File No. S7-2024-5

Via electronic submission SEC.gov Financial Data Transparency Act Joint Data Standards.

A group of several federal agencies including the Securities and Exchange Commission (SEC) issued a proposed rule related to the Financial Data Transparency Act. The rule can be found in the *Federal Register* dated August 22, 2024. The proposed rule will most likely force local governments who issue municipal bonds in New York State to develop a new financial reporting system. This system will require the local governments to file data with up to seven federal agencies including the SEC. These comments discuss two basic issues including: (1) the proposed financial risk associated with the new rules; and (2) the cost of the proposal to local governments.

(1) The proposed financial risk associated with the new rules.

The Albany Research in Public Administration (ARPA) entity monitors bond rating changes for counties, cities, towns and village governments in the State of New York. Moody's Investors Service (Moody's) is the key bond rating agency used by the ARPA to study the bond rating changes. In recent cases Moody's has suspended bond rating for local governments who fail to provide the full amount of financial data to support their bond rating determinations. On June 27, 2024 Moody's suspended the bond ratings for a group of local governments throughout the United States. The suspension affected about $3.0 billion in bonds.[1] Moody's has also suspended the bond ratings for numerous local governments in New York State during the past several years because they had not maintained adequate financial information. If a local government fails to provide adequate financial information there is an added risk to the proposed bond offerings. The SEC should consider this new element of financial risk as it decides whether to impose the new rule on local governments. Governments that fail to comply with the new rules will face added financial risk and interests costs.

<u>(2) The cost of the proposal to local governments.</u>

The rule being considered by the SEC will impose new financial reporting requirements on counties, cities, towns and villages operating in New York State. Organizations such as the Government Finance Officers Association (GFOA) have illustrated that the cost aspects of the new rule are probable large. The GFOA illustrated that there are seven cost risks associated with the program. These include:

1. The cost to acquire new software or technology.
2. Costs associated with modifying the current cost reporting system.
3. Any costs for new staff that will be needed.
4. Costs for consultants and trainers.
5. Compliance costs throughout the period the new system is required.
6. Costs to fix issues of non-compliance.
7. Costs to the local government if they lose access to the bond market.

[1] Moody's report entitled "*Moody's Ratings confirms the issuer and underlying rating of 66 local government issues*." October 11, 2024. See: Moodys.com.

The cost issues raised by the GFOA should be studied in a formal cost benefit analysis before the proposed rule(s) are implemented.

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Thank you for the opportunity to comment in this proceeding.

Sincerely yours,

-s-

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