



October 21, 2024

Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: Financial Data Transparency Act, File No. S7-2024-05

Via electronic submission: [SEC.gov | Financial Data Transparency Act Joint Data Standards](https://www.sec.gov/financial-data-transparency-act-joint-data-standards)

Dear Secretary Countryman,

As the State Treasurer of Indiana, it is necessary for me to give my input on the Financial Data Transparency Act (FDTA). I wholeheartedly endorse robust financial transparency and standards; the reporting practices in Indiana and across various governments are already commendable. However, I am concerned about the FDTA's potential to infringe on state autonomy, impose unfunded mandates, and place undue burdens on smaller municipalities. It's crucial we carefully examine this legislation to avoid unintended consequences.

### **Federal Overreach and the 10th Amendment**

The FDTA presents an opportunity for essential regulatory reform, but it raises important questions about states' rights as outlined in the 10th Amendment. Traditionally, municipal bonds have been exempt from federal securities registration and reporting requirements due to their vital role in local governance. By introducing federal reporting mandates for municipal issuers, the FDTA risks infringing on state sovereignty and disrupting the carefully maintained balance of authority between state and federal governments. It's crucial to recognize how this shift could undermine the longstanding collaborative understanding that allows states to effectively manage their financial matters while ensuring accountability.

### **Unfunded Mandates and Increased Costs**

The FDTA introduces an unfunded mandate that will escalate both the costs and complexities of issuing municipal bonds. As a result, state and local governments will grapple with additional regulatory compliance demands, significantly raising the expenses associated with essential public projects like schools, bridges, and water treatment facilities. These mounting costs will inevitably be passed on to taxpayers or lead to delays and cancellations of critical initiatives,

jeopardizing public welfare. Furthermore, the FDTA's one-size-fits-all strategy fails to account for the diverse financial and operational capacities of municipalities across the country.

### **Disproportionate Impact on Smaller Municipalities**

Smaller municipalities face significant challenges due to the compliance demands of the FDTA. In contrast to their larger counterparts, which typically have the resources and staffing to navigate these new regulations, smaller governments often work with tight budgets and limited personnel. The FDTA's heightened requirements for reporting and transparency impose an unfair burden on these communities, potentially hindering their access to crucial bond markets and diminishing their capacity to fund essential infrastructure projects. Ultimately, the FDTA risks marginalizing smaller communities, making it increasingly difficult for them to fulfill the needs of their residents.

In light of these concerns, I respectfully urge the SEC to reconsider the scope and application of the FDTA's Joint Data Standards, ensuring that any new requirements are carefully tailored to avoid unnecessary federal overreach, unfunded mandates, and undue burdens on smaller municipalities. Local governments must retain the flexibility and autonomy necessary to serve their constituents effectively without excessive federal intervention.

Thank you for considering these comments. I look forward to further discussions on how to better balance transparency and efficiency without compromising the financial well-being of our state and local governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Elliott", with a stylized, cursive script.

Daniel Elliott

Indiana State Treasurer