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## STATE OF FLORIDA DIVISION OF BOND FINANCE

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October 21, 2024

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Dennis Hermreck  
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Parth Venkat  
Office of the Chief Data Officer  
Securities and Exchange Commission (SEC)  
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Re: Financial Data Transparency Act, File No. S7-2024-05

Via electronic submission: [SEC.gov](https://www.sec.gov) | [Financial Data Transparency Act Joint Data Standards](#)

On behalf of the State of Florida, the Division of Bond Finance is providing comments on S7-2024-05, the Proposed Rule to establish data standards and impose other mandates to implement the Financial Data Transparency Act. As the centralized debt management function for the third largest State in the Nation and an active and frequent issuer in the municipal bond market—we are very interested in how the federal government will develop this and additional rulemaking. We are concerned about how this will impact us and other local governments in Florida in preparing and reporting financial and disclosure information.

We concur with comments made by issuer organizations, especially the Government Finance Officers Association and urge regulators to carefully review these comments. GFOA's more in-depth analysis and discussion of the concerns of the issuer community strongly reflect what we are likely to experience here in Florida.

***Florida supports strong financial transparency and we believe that the current reporting and disclosure practices we and other governments provide are already significant and provide meaningful investor protection.*** In Florida, we conduct government 'in the sunshine.' This means that government transparency is a fundamental principle of how our State and local governments operate. As a result, financial information and data is readily available on government websites across Florida. In that spirit, the Division of Bond Finance has a dedicated investor website, [bondfinance.sbafla.com](https://bondfinance.sbafla.com), where we post financial and budgetary information relevant to the investors regarding the State and the credits the Division manages. A federal mandate for a specified data reporting standard will yield no corresponding benefit of better disclosure. In fact, a specified data reporting standard may well generate less useful information for analysts, investors and the municipal market. Additionally, mandating a data standard will likely inhibit technological innovation that would otherwise enhance the usefulness of the extensive public information available to investors and the market.

While we strongly believe in our robust reporting and disclosure practices, we are aware that the SEC and other regulators will likely continue with efforts to impose mandates on how our financial information is submitted to regulators. ***Regulators must avoid any actions that would conflict with or erode the protections from regulatory creep expressed by the policy embedded in the Tower Amendment, and provisions in the FDTA prohibiting any new disclosure requirements. The FDTA and its data requirements should not masquerade as cover for additional regulation of the municipal securities market.*** Additionally, the SEC should strongly consider utilizing the provision in the FDTA to create exceptions for municipal securities and scale implementation and mandates of the law recognizing the uniqueness of municipal issuers and the municipal securities market to avoid burdening governments, especially small governments. The SEC should focus on minimizing “market disruption” so we can focus on what is practical and feasible. This will help to minimize costs for our taxpayers and limit the possibility of disrupting the municipal securities market whose importance to financing this nation’s infrastructure cannot be overemphasized.

Changes to the way we develop our financial information into a structured data format will take considerable staff time and resources to find consultants and programs to comply with these mandates. We have tried this in Florida and found that pushing complex mandates down on smaller governments does not work. In 2018, the Florida Legislature passed a law requiring the Department of Financial Services to create an interactive repository of financial statement information, called the Florida Open Financial Statement System. The law mandated that all local governments report in XBRL beginning in 2022. Ultimately, the local governments successfully lobbied to get that requirement changed to optional reporting in XBRL due to concerns about the costs and efficacy of the unfunded mandate. The scaled back mandate was structured so that local governments could report in whatever data format was available to them, including PDF and Excel, and the State DFS would convert the information into XBRL which eliminated the burden on reporting local governments and ensured data integrity/comparability. Allowing local governments to choose what works for them simplifies reporting requirements and minimizes the cost on local governments for complying with uniform reporting. ***Florida’s experience should be a case study and lesson for the federal government and its regulators as they consider how the FDTA should be applied in the municipal market.***

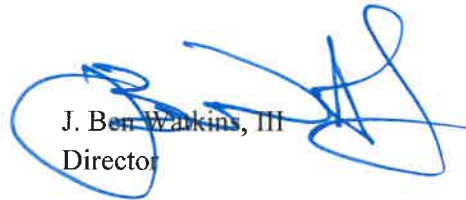
We understand that there are further actions that will be taken in the rulemaking process. These actions too can impose burdens on issuers and others in the municipal securities market. As regulators consider further rulemaking related to FDTA, they need to consider that data reporting requirements that apply to corporate entities are a greater challenge for state and local governments, including Florida. Unfortunately, many market participants (including regulators) assume that the full throated adoption of data reporting requirements for corporate issuers should be replicated in the municipal market. This view distorts the intent of the FDTA and ignores the realities of the municipal securities market. ***The SEC should do a robust cost-benefit analysis of imposing data standards and any future reporting requirements and it will undoubtedly reveal significant unjustified costs imposed on State and local governments with little or no corresponding benefit for investors and the market.***

The best way for the SEC and other regulators to understand how governments like ours currently prepare financial and disclosure information, and to understand how any new mandates would affect us and the marketplace is to have conversations with us. The law calls on regulators to consult with issuers and other market participants, and that should be the first step of many, as this proposed rule is finalized, and additional rulemaking is developed. A key purpose of the FDTA is to have interoperability of data within the federal government regulatory regimes. ***Municipal issuers are exempted from many federal regulatory mandates because of comity between different governmental bodies. This comity should continue to be recognized as the SEC considers further action.*** Also, State and local governments do not pose the same risk to the financial system as the Financial Stability Act contemplates, and therefore, additional regulation is not warranted and does not further the purpose of FSA.

*This law is an unfunded federal mandate on Florida and tens of thousands of others across the country.* We hope that our comments, the examples and information we provided, as well as ongoing conversations, will assist in thoughtful and workable rules that, if needed, our government can easily implement without undue burden.

Thank you for the opportunity to submit these comments. We welcome the opportunity to discuss any of these issues in greater detail with regulators as the process moves forward.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Ben Watkins, III", is written over the printed name. The signature is stylized with a large loop at the end.

J. Ben Watkins, III  
Director