U.S. Municipal Bond Market

Our 2022 Mid-Term Election Preview

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- The results of the 2022 mid-term elections will impact public finance and the municipal bond market.
- To understand in more depth why elections matter to public finance we would like to point out that two of the most consequential events that have helped shaped the public finance landscape in the last several decades occurred in just the last six years. Both were a direct result of happenings in D.C. Those events were: The Tax Cuts and Jobs Act of 2017 and The American Rescue Plan Act of 2021.
- We prepared a list of public finance related policy topics (see page 7) and the likely impact related to them under different 2022 mid-term election outcomes.

The Economy, Stupid – A Principal Issue in 1992 and 2022

There is always much at stake during campaign season. This is accurate at the national, state, and local levels of government. Sometimes the results from mid-term elections are even more consequential because the results help set-up Presidential cycle outcomes. That could be the case this year. National campaign strategies often focus on big-picture ideas that resonate with voters. Sometimes strategies are policy focused. Other times strategies are more abstract or general. For example, in 1992 James Carville posted a sign in Bill Clinton's Little Rock, Arkansas campaign headquarters with three priorities.

- Change vs. more of the same
- The economy, stupid
- Don't forget health care

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This messaging was meant for the campaign workers alone, but these soon became campaign slogans and these big-picture ideas resonated with voters across the country. Those themes, a declining economy, along with Ross Perot's participation in the 1992 Presidential election helped Arkansas Governor Bill Clinton take the White House.

No Surprise The Economy (& Inflation) are MOST Important

Poll- What do you Think is the MOST important problem facing the country today?

Response	Likely Voters
The Economy (including jobs, stock market)	26%
Inflation of the cost of living	18%
Abortion	5%
Immigration	5%
Crime	3%
Russia/ war in Ukraine	2%
Other, gun policies, health-care, education, foreign policy	1%

Source: New York Times (Oct. 17, 2022) and HilltopSecurities.

Please see disclosure starting on page 14.

Economic themes are once again driving public opinion now less than three weeks before the mid-terms. Recent polling data from the New York Times (Oct. 17, 2022) show that 44% of those polled believe "The Economy" (26%) and "Inflation" (18%) are the most important problems facing the country today. This result comes in the midst of rising interest rates, a bear-equity market, elevated inflation, high gas prices, and just this week a Bloomberg Economics model projected 100% probability of a recession in the next 12 months. This new polling data and how voters are reading the economic reality is likely to be a severe blow to President Joe Biden and the Democrats' chances of keeping control of Congress. Updated forecasts from FiveThirtyEight show it's likely the Democrats keep control of the Senate, but lose control of the House (as of Oct. 18, 2022). We think there is a better than even chance of this occurring. There is a little less than even chance that the Republicans take both chambers of Congress. We think it is only slightly possible that the Democrats keep control of Congress, and we expect a convincing "Blue Wave" in the 2022 mid-terms is not only very unlikely but virtually impossible.

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2022 Election Outcomes Matters to Public Finance

The path the U.S. Federal Reserve has taken to subdue inflation has been the number-one story of 2022 for public finance and the municipal bond market. This will likely not change. Battling for the second most important driver of 2022 will be the Russian invasion of Ukraine, and the outcome from the 2022 mid-term elections. It very well could be that the outcome from the 2022 mid-term elections is remembered as the second most important, especially as policy shifts build up to the 2024 Presidential and other elections. For now, we will have to see how the political landscape evolves. An acceleration of the war in Ukraine by Russian President Vladimir Putin could also move the needle.

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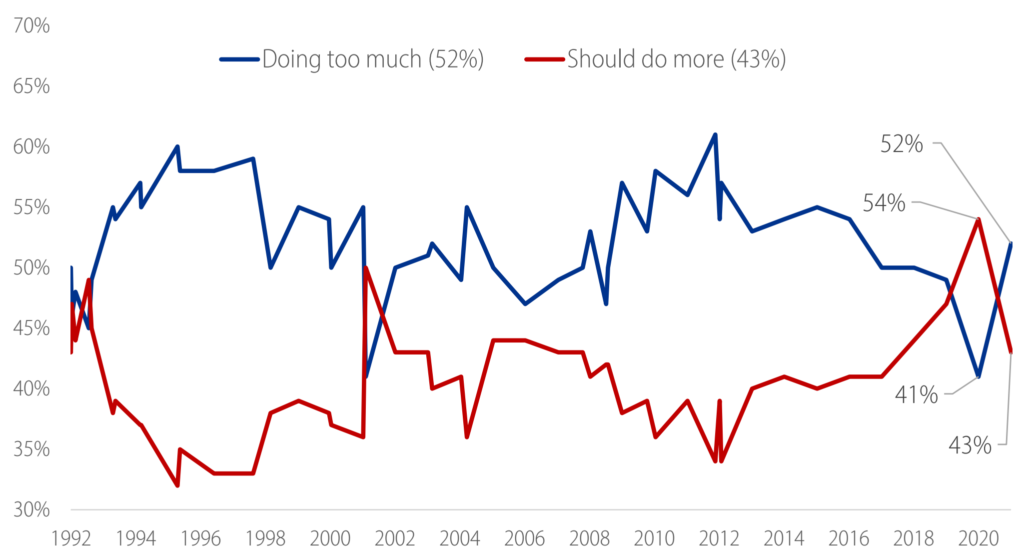
Poll: Is the Government Doing Too Much, or Too Little (%)



Source: Gallup, Washington Post and HilltopSecurities.

There may not be as much at stake in the 2022 elections as there was in 2020, but the results matter, nonetheless. A key reason is because candidates and political parties could build on the November 8th outcome in 2023 and most importantly leading up to

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the 2024 Presidential cycle. To understand in more depth why elections matter to public finance we would like to point out that two of the most consequential events that have helped shape the public finance landscape in the last several decades occurred in just the last six years, and they were both a direct result of happenings in D.C.

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- First was the Tax Cuts and Jobs Act of 2017.
- Second was the American Rescue Plan Act of 2021.

Both pieces of legislation were passed when a single party-controlled Congress and the White House. Also vital is to understand where public opinion was regarding what the public wanted from government when both pieces of legislation were passed. The public thought government was doing "too much" when the 2017 Tax Cuts and Jobs Act was passed. Looking forward a few years, it seems the Democrats were not correctly reading the political tea leaves in 2021 because the public also thought the government was doing "too much" when the Democrats in Congress passed the 2021 Rescue Plan through budget reconciliation. There was not one Republican who voted for the almost $2 trillion American Recuse Plan of 2021, as a reminder.

The particulars of the 2017 and 2021 fiscal policies and their impact on public finance are the most important reasons we believe readers need to take the consequences of elections and especially the 2022 mid-term elections seriously. The Tax Cuts and Jobs Act of 2017 is often remembered for, as the title implies tax-cuts funded through various sources. What is often forgotten, and sometimes not even known or understood by many in the public finance universe is that a portion of the 2017 fiscal policy was funded by the elimination of the ability of public finance entities to use tax-exempt bonds for advance refundings. What is also often forgotten or not even known is that Republicans publicly floated the idea of eliminating the future issuance of tax-exempt bonds for all private activity bond issuers as a pay-for for the 2017 tax cuts.

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Public Finance Sector-by-Sector Impact From the Rescue Plan Act of 2021

Provision	Amount ($ billions)	Sector(s) to Benefit Most
State and Local Govt. Aid	$350.00	U.S. state, local, and tribal governments
K-12 School Aid	126.00	U.S. state and local govts.
Affordable Care Act (ACA) Tax Credits & COBRA Coverage	63.00	Healthcare
Higher Education Relief Fund	39.60	Higher Education
Additional Aid to Mass Transit Operators	30.50	Mass Transit
Incentives for non-expansion states under ACA to expand Medicaid	16.40	State govt., Healthcare
Coronavirus Capital Projects Fund	10.00	U.S. state, local, and tribal governments
Homeowner Assistance Fund	10.00	Housing
Emergency housing vouchers	5.00	Housing
	$650.50	

Source: Moody's Investor Service, House Oversight Committee, Joint Committee on Taxation, Committee for a Responsible Federal Budget, and HilltopSecurities.

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Years later it was the Democrats' victories in the Georgia Senate run-off elections at the end of 2021 that gave them effective control over Congress with the Vice-President's tie-breaking vote. So, without those wins in the Georgia run-offs there is no way that the 2021 American Rescue Plan becomes law. That is why the political impact from the 2020 elections were so consequential for public finance, it is because the 2021 Recovery Act allocated at least $650 billion for sectors across the public finance universe. This was the largest infusion of federal money we can remember seeing for public finance. The funds allocated by the American Rescue Plan Act are the key reason why we projected a Golden Age of Public Finance was likely, and a key reason why we upgraded our credit outlooks for the state, local and school district sectors at the beginning of 2022.

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Leading Up to the 2022 Mid-Terms

There is a cyclical nature to political outcomes in the United States. It is as though a pendulum swings back and forth every two to four years. The steepness of the pendulum's arc, and the momentum of its swing back often depends upon how partisan or uncooperative the party in power acts or is perceived. Antagonistic and partisan activity will spark blowback, sometimes severe blowback. And this is near the dynamic that we have seen recently.

It is always difficult to gauge what the potential result is going to be ahead of any election and 2016 and 2020 were good examples. Going into 2016 not many gave Donald Trump a chance. Yet, he was able to unsettle the expected outcome in several swing states even though he lost the popular vote on his way to becoming the 45th U.S. President. In the summer of 2020, there were murmurs of a potential "Blue-Wave" that could unseat President Trump and give the Democrats complete control of Congress. The Democrats fell short of achieving the Blue-Wave, even though they did gain effective control of D.C. This control was nowhere near a mandate, however. Even though the Democrats and President Biden often acted as though they possessed a mandate. This lack of recognition of what voters across the country wanted is a contributing reason Democrats are likely to suffer at the ballot box on Nov. 8.

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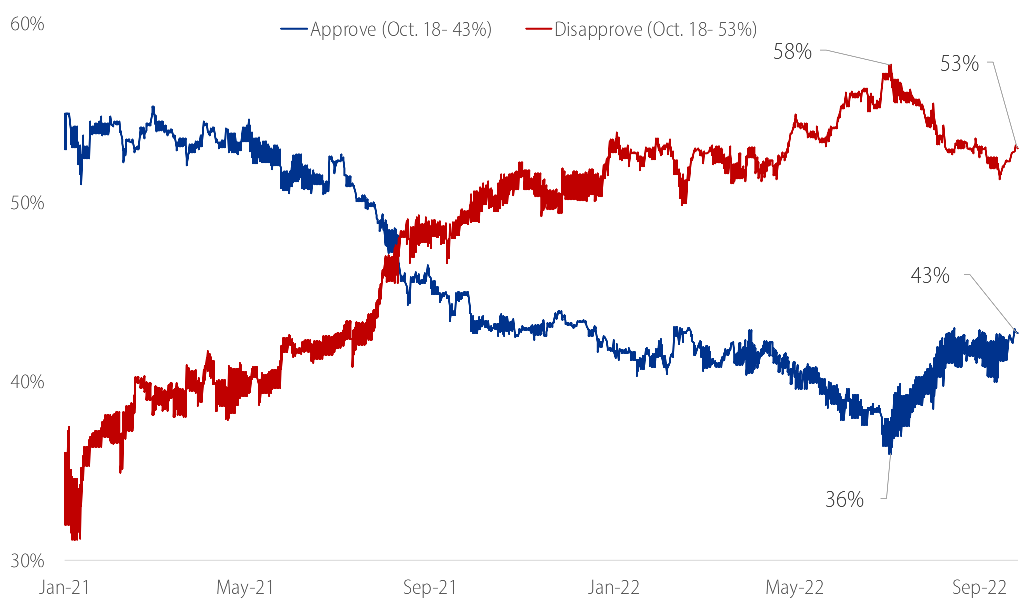
President Biden's Approval Rating Only Somewhat Recovered



Source: FiveThirtyEight and HilltopSecurities.

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President Biden entered the White House in January of 2020 with a high level of popularity. It was 55% according to the results from FiveThirtyEight. A leading reason voters especially moderate voters leaned toward Biden was because they were seeking normalcy. Voters were surprised by Biden and the President's popularity has reflected this ever since. In June 2021 the President's popularity began to fall. Although the President could boast that he helped usher in some substantial legislative victories, he was also moving in a much more progressive and partisan manner than many expected.

Select Meaningful Legislation Passed Since Biden Became President

Amount ($ in billions)	Title of Legislation	Note	Status
$738	Inflation Reduction Act of 2022	Via budget reconcilation (no bi-partisan support)	Signed into law Aug. 16, 2022
$280	Chips and Science Act of 2022	-	Signed into law Aug 9, 2022
$550	Infrastructure Investment and Jobs Act of 2021	-	Signed into law Nov. 15, 2021
$1,900	American Rescue Plan Act of 2021	Via budget reconcilation (no bi-partisan support)	Signed into law March 11, 2021
$3,468	**Total**		

Source: HilltopSecurities.

A turning point for the Biden administration and for Democrats came in August of 2021 with the chaotic withdrawal of U.S. forces from Afghanistan. President Biden's approval rating plummeted and bottomed-out in July 2022 at 36%. Biden's approval rating recovered somewhat to 43% as of Oct. 18, 2022. The President's approval rating is not favorable compared to past President's at a similar time (see below). Bottom-line, Biden's approval may be high enough to keep control of the Senate, but it is not likely strong enough to maintain control of the House.

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How Biden's Approval Compares With

President	Approval Rating on Day 630 of Admin.	+/- to Biden
Biden	42.4%	-
Trump	41.8%	-41.8%
Obama	45.2%	-45.2%
Bush (W)	62.6%	-62.6%
Clinton	43.9%	-43.9%
Bush (H.W)	66.0%	-66.0%
Reagan	42.0%	-42.0%
Carter	48.1%	-48.1%

Source: Five Thirty Eight and HilltopSecurities.

The first mid-term election usually spells trouble for the party who is in the White House. Over the summer of 2022 many thought that President's plummeting approval rating meant that Republicans would likely sweep control in the U.S. House and Senate.

Likely Outcome From 2022 Mid-Terms

The first mid-term election usually spells trouble for the party who is in the White House. Over the summer of 2022 many thought that President's plummeting approval rating meant that Republicans would likely sweep control in the U.S. House and Senate. The GOP also suffered setbacks because of support over some individual social issues. Now, a few weeks before the November 8th elections it looks like a divided Congress is more likely. It is very likely the Democrats keep control of the Senate but lose control of the House of Representatives. While a divided Congress is the most likely outcome, we also considered what the results could be if the Republicans are in fact able to take control of Congress. We also include the least likely scenario of the status quo continuing, with Dems in control of both the White House and each branch of Congress.

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Potential Public Finance Impact from 2022 Mid-Terms, Scenario Analysis

Public Finance Related Policy Topic	Divided Congress (Biden, Dem, Rep)	Republicans Take Congress (Biden, Rep, Rep)	Status Quo Renewed (Biden, Dem, Dem)
Likelihood scenario occurs	**Better than even chance**	**Just less than even chance**	**Possible, but unlikely**
Potential for any new fiscal policy to become enacted	Not likely b/c of partisan gridlock	"Commit to America" plan would seek to repeal new IRS agents, focus on accountability	A moderate to slightly liberal amount of fiscal policy could emerge that could lean progressive
Prospect for a debt ceiling showdown	Possible, maybe even likely, unless there are budget/ policy concessions		Unlikely
Defense spending	Moderately rise (faster than if Dems control Congress) at a less than optimal level		Moderately rise at less than optimal level
Crime	Unlikely to move the needle, or be a priority		Only headline attention, not likely to be substantive
Infrastructure	Unlikely to be a serious priority		Unlikely to be a priority, unless climate related
Culture wars	Will be magnified leading up to 2024 no matter what the 2022 outcome		
Trajectory of ESG policy/ blowback	Will remain an issue	Republican action could increase, depends upon corporate actions as well	Progressive agenda will increase magnitude of Republican response
Potential for fiscal relief if there is a moderate to severe recession	Unlikely, appetite for fiscal relief may have been exhausted		Possible, magnitude depends upon Dems result in Senate
Climate change, energy/ environmental policy	Unlikely to get enough support to reverse, still considered	Could set a course for climate related policy and spending to be reversed	Climate related policy and spending could continue, pace depends upon election outcome
Health care policy (national)	Potential for slight changes, could at least be a topic of contention		Support or expansion
Tax policy (tax-extenders, tax rates)	Expect tax-extenders to pass	Expect tax-extenders to pass, propose to reverse IRA	Unchanged or tax rates could rise, depends upon Senate
State and local govt. Am. Rescue Plan Act (2021) funds	Potentially added oversight, clawbacks of unspent money could be proposed		Unchanged
Threat to the tax-exemption	Threat is real and would rise		Some support, progressive threat could emerge
Reinstatement of advance refundings with tax-exempts	Unlikely		Issue may re-surface, but still unlikely
Reform to the SALT deduction	Unlikely to not-possible		Issue may re-surface, but still unlikely
New iteration of direct-pay taxable bonds (like BABs)	Unlikely		Issue may re-surface, but still unlikely
Expand bank qualified definition	Unlikely		Issue may re-surface, but still unlikely
Municipal credit conditions, Golden Age of Public Finance	Neutral to slightly weaker		Expect some relief, still neutral to sightly weaker
Financial Data Transparency Act	Likely to be included in Defense Authorization Act before end of 2022		
Municipal bond issuance, 2022 and 2023	Refundings down, new money neutral to slightly down		Refundings will be down, new money neutral

Source: HilltopSecurities.

Potential for Any New Fiscal Policy to Become Enacted

We expect mostly legislative gridlock to occur in the two most likely outcomes from the 2022 mid-terms. The more probable outcome(s) have the Republicans taking the House, and potentially the Senate. In either case it is not expected that lawmakers will be able to agree enough on anything constructive that eventually becomes law. It is also possible that both outcomes have negative consequences on the public finance landscape. We detail more of those specific concerns in the below commentary.

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Prospect for a Debt Ceiling Showdown

During the summer of 2021 we wrote about the "Irreparable Harm" that could be done to the U.S. reputation if lawmakers failed to extend or suspend the debt ceiling limit. Already lawmakers are misidentifying the debt ceiling as though it is the budget making process, and it is something that can be brokered. The U.S. cannot hesitate on raising the debt ceiling limitation. We are concerned about this and believe the outcome could be very negative for the financial markets and the municipal bond market specifically if lawmakers play chicken with the debt ceiling in 2023. Negative financial consequences related to the debt ceiling would be more likely if Republicans took the House and or the Senate.

Defense Spending

Some of Europe has considered increasing expenditures on military readiness in the wake of Russia's invasion of Ukraine. Most notable is probably that Germany alone announced a plan to more than double their annual amount of military spending. The U.S. has been providing aid and training in the last nine or so months. We think that it is possible that a more conservative contingent in Congress would seek to increase U.S. military spending focused on the conflict in eastern Europe and spending overall. From a credit perspective this could be a boost to cities, communities and industries tied to the military and military related manufacturing.

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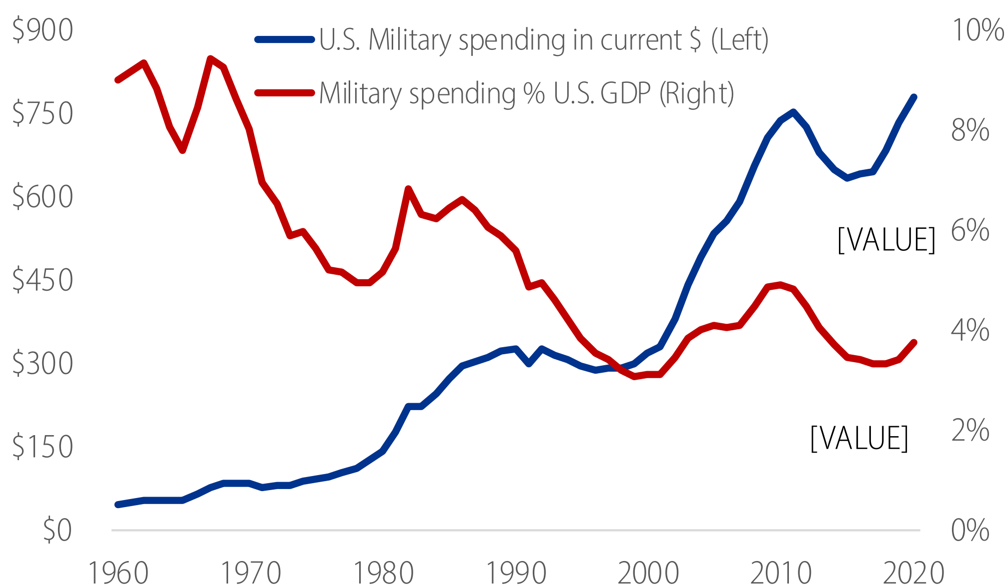
We Could See an Increase in U.S. Military Spending in Coming Years



Source: World Bank, SIPRI, and HilltopSecurities.

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Crime

The issue of crime, violent crime, and the future of policing became front page news along with the COVID-19 pandemic. We wrote about Violent Crime as a Credit and Political Challenge in the summer of 2021 as concerns increased. Some lawmakers initially responded in favor of the calls to "Defund the Police," especially in places such as Minneapolis, San Francisco, and New York. Defund the Police as a policy never materialized. Now, the public remains very concerned about crime and violence.

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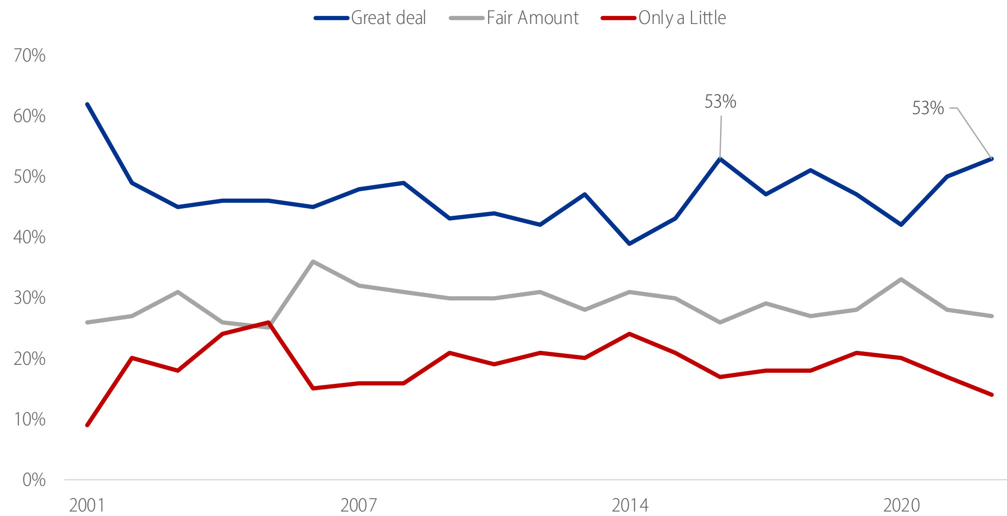
The Public is More Concerned About Crime Now

Question: How much do you personally worry about crime and violence?



Source: Gallup and HilltopSecurities.

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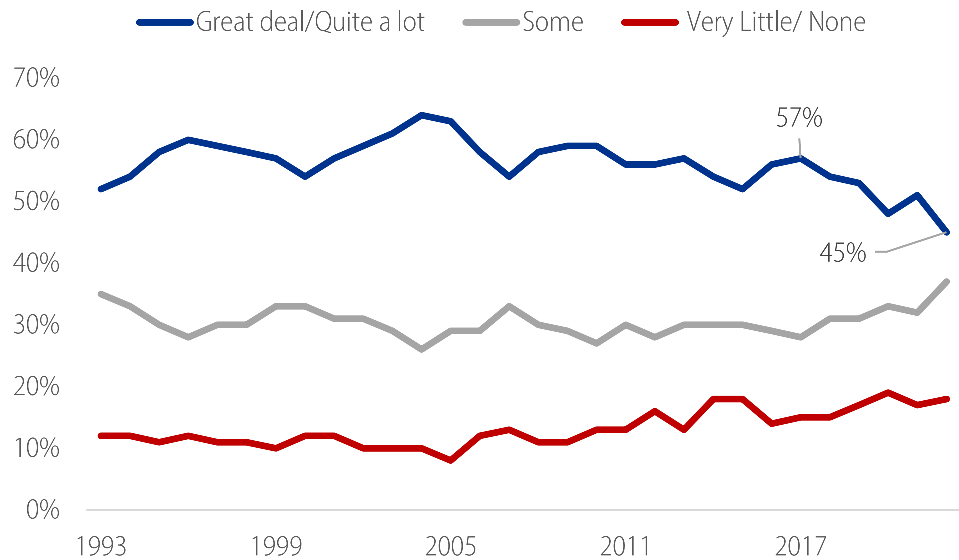
Public confidence in the police has fallen to multi-decade lows. This drop in public opinion poses a challenge to local government and especially urban government credit quality. At the same time, we are seeing select but important examples where migration out of urban areas occurred during and just after COVID. In some cities we have seen public school enrollment drop. These negative trends are selectively occurring at a time where some major urban areas are also dealing with changes connected to work-from-home related adjustments as well.

Confidence in the Police at Multi-Decade Lows

Question: How much confidence do you have in the police?



Source: Gallup and HilltopSecurities.

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In a situation where there is a divided Congress or where the Republicans take both chambers, we are not expecting much positive to develop where crime, violent crime or policing legislation is concerned. In the very unlikely situation where the Dems keep trifecta control, we still don't expect much ground to be covered. In such a circumstance crime will be an issue that will be talked about, but nothing much will likely happen. This is like what we have seen in recent months. The Dems in the House have tried to show that they support police, and police funding with legislation they have recently passed or proposed. These three bills have all passed the House: 1) HR 5768 VICTIM Act of 2022, funds support personnel, please see Rep. Demings press release; 2) HR 6448 Invest to Protect Act of 2022, grants for local governments w/ fewer than 200 officers and; 3) HR 4118 Break the Cycle of Violence Act, Health and Human Services grants for violence initiatives. Problem is these bills have a very limited to no chance to pass the Senate. The HR 1368 Mental Health Justice Act, (has not passed the House yet), would include grants to train and dispatch mental health officials, so police officers are not called on as commonly to deal with behavioral health situations.

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Infrastructure

The term infrastructure means something very different to Democrats compared to Republicans. We think that the very concept of infrastructure became politically charged after the success of the 2009 Recovery Act's taxable Build America Bond (BAB) program that was heavily utilized, then not continued past 2010. The Democrats did not make the pathway any easier to each side agreeing on what constituted "infrastructure," after they stretched the definition so far in 2021 and 2022. It has been hard for lawmakers to come together on infrastructure, even though it seems so simple to those of us on the outside looking in on Washington. The bipartisan Infrastructure Investment and Jobs Act of 2021 was a slight legislative victory. But it was too small. There was only $550 billion of new spending which is going to be spent over ten years. We wrote about the IIJA in House Passed $1.2 Trillion Infrastructure Plan on Friday, Boosting What We Deemed (in March)

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as the Golden Age of Public Finance. We do not expect infrastructure to be a serious consideration if the Republicans take the House or all of Congress. We also do not expect that Democrats are going to push it heavily either unless the spending is climate related. These potential outcomes are unfortunate. The United States is still in need of renewed and new infrastructure. We are concerned that many believe infrastructure is no longer a priority because of the passage of the IIJA last fall.

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Culture Wars

If you think the culture wars at issue in the U.S. are not impacting public finance and the municipal bond market, think again. We saw threats to school funding and to Disney's Reedy Creek improvement district in Florida. Financial service firms are at odds with lawmakers in some geographies over guns and climate. There is probably no way to turn back the clock on the culture wars and related themes. Rules and headlines are likely to continue to be made and magnified. It is important that observers and investors see through the rhetoric, but make sure to acknowledge when there is likely to be an influence on individual credits or market dynamics. We think the influence of the culture wars in the U.S. continues no matter what happens on Nov. 8.

Trajectory of ESG Policy and Blowback

This is another topic where most who are involved would probably prefer to put the genie back into the bottle, but now it is impossible to do so. The rating agencies (Moody's, S&P and Fitch) began softly on Environmental, Social and Governance (ESG) factors in the years leading up to 2020. They went all-in on ESG to begin 2020. The reaction was paused until the Spring of 2022 but in the first half of the year challengers then went all-in. This is just a summary and is not meant to be exhaustive but the Treasurer of Utah, Marlo Oaks published an op-ed in the Wall Street Journal titled, "S&P Hits U.S. States With Politicized Credit Scores- The ratings agency seeks to penalize fossil-fuel producers. Its 'ESG' push is unlikely to end there," May 9, 2022. Former Vice-President Mike Pence stoked the ESG fire later in May. Pence published an op-ed titled, "Republicans Can Stop ESG Political Bias- The progressive left is using it to advance goals it could never hope to achieve at the ballot box," May 27, 2022. As a result, we are seeing some states respond. For example, in recent weeks we saw the Louisiana State Treasurer announce that the state is divesting almost one billion from a major money manager. It is difficult to know how this ends nationally. What we are expecting is that this struggle will remain an issue if Congress is split. We also think that the severity of responses could increase if the Republicans take all of Congress or if the Dems maintain control.

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Potential for Fiscal Relief if There is a Moderate to Severe Recession

We noted above that there was $650 billion of direct relief for public finance entities in the 2021 Rescue Plan Act. The only reason this occurred was because the Democrats included direct funding for public finance them slammed the fiscal policy through without Republican support via budget reconciliation. Support for state and local governments was a political hot-potato all through 2020. This is important because there is a significant chance of an economic slowdown developing in the next twelve or so months. If, or when a slowdown occurs, we think that there is little chance there is going to be any support for substantial fiscal relief for state and local governments if the Republicans take the House or all of Congress in 2022. If the Democrats keep Congress relief is likely to materialize.

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Climate-Change, Energy/ Environmental Policy & Health Care Policy

Speaking of another political hot-potato. If the Republicans win the House or control Congress, they are likely to go after many of the major components included in the Inflation Reduction Act (IRA) of 2022. A major portion of the IRA was energy and climate focused spending. Please see What the Inflation Reduction Act Means for U.S. Public Finance, August 12, 2022 for more. If Democrats hold onto Congress a focus on climate, energy and environmental policy could continue. Also included in the IRA was health care spending. It would not be inconceivable to see Republicans also oppose recent increases in health care spending especially if it did not fit their agenda. Democrats could go back and rejuvenate health care related elements of the Build Back Better agenda, or other priorities if they hold onto Congress.

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State and Local Government American Rescue Plan Act (2021) Funds

We wrote above that relief for state and local governments was a politically sensitive topic in 2020. If Republicans take back the House or control Congress, it is very likely they will do everything they can to at least add extra oversight to Rescue Plan Act funds. They may even try to claw back unspent funds. Please see "Republicans are Gearing Up for 'Aggressive' ARPA Oversight if They Take Back the House," from Route-Fifty for more on this topic.

Threat to the Municipal Bond Tax-Exemption & Municipal Bond Elements

This policy topic is the main reason why we think that the future of public finance, and the municipal bond market rides on the 2022 mid-term elections. We indicated in more depth in our report, "A New Decade & Threat to the Municipal Bond Tax-Exemption," Oct. 22, 2021 that we foresee an environment suitable for a strong tax-exemption threat. What we mean is that if the Republicans take Congress, or the House in 2022. Then build on that progress with momentum that gives them control of Congress in 2024 and the White House. We think there could then be a strong threat to the municipal bond tax exemption.

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We indicated in more depth in our report, "A New Decade & Threat to the Municipal Bond Tax-Exemption," Oct. 22, 2021 that we foresee an environment suitable for a strong tax-exemption threat.

There are other municipal bond friendly elements that industry leaders and participants would like to see return or appear.

Breakdown of Party Government in the U.S. (106th Through 117th Congress)

Congress	House Majority	Senate Majority	Presidency	Party Govt.
119th (2025–2027)	Unknown	Unknown	Unknown	Unknown
118th (2023–2025)	Unknown	Unknown	Unknown	Unknown
117th (2021–2023)	Democrats	Democrats	Democrat (Biden)	Unified
116th (2019–2021)	Democrats	Republicans	Republican (Trump)	Divided
115th (2017–2019)	Republicans	Republicans	Republican (Trump)	Unified
114th (2015–2017)	Republicans	Republicans	Democrat (Obama)	Divided
113th (2013–2015)	Republicans	Democrats	Democrat (Obama)	Divided
112th (2011–2013)	Republicans	Democrats	Democrat (Obama)	Divided
111th (2009–2011)	Democrats	Democrats	Democrat (Obama)	Unified
110th (2007–2009)	Democrats	Democrats	Republican (G.W. Bush)	Divided
109th (2005–2007)	Republicans	Republicans	Republican (G.W. Bush)	Unified
108th (2003–2005)	Republicans	Republicans	Republican (G.W. Bush)	Unified
107th (2001–2003)	Republicans	Republicans / Democrat	Republican (G.W. Bush)	Unified / Divided
106th (1999–2001)	Republicans	Republicans	Democrat (Clinton)	Divided

Source: U.S. House Archives and HilltopSecurities.

There are other municipal bond friendly elements that industry leaders and participants would like to see return or appear. In practically no set-up do we think it is likely for the reinstatement of advance refundings with tax-exempts to return, for a new iteration of direct pay taxable bonds to reappear, or the definition of bank qualified bonds to expand. With Democrats in control these issues may reappear in theory, but the last year or so should be an important indicator. Meaning, we saw trillions of dollars of fiscal spending come out of Washington. If these municipal bond friendly elements were to become a reality, it would have happened already. We believe public finance entities and lobbying efforts need to refocus energy on educating those in Washington that might help them protect the tax-exemption.

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Financial Data Transparency Act

The Financial Data Transparency Act is likely going to be included in some form in The Federal Defense Authorization for FY23. We highlighted the prospects for passage and what is likely to be included in our report, The Financial Data Transparency Act, A Potential Burden and Technological Upgrade for Public Finance if it Becomes Law (Sept. 14). In our update we highlight that the Government Finance Officers Association (GFOA) described the proposal as a "costly and burdensome unfunded mandate." On Sept. 22 the GFOA also published a podcast where Emily Brock and Michele Mark Levine discussed the topic in more depth. Then on Sept. 29 a coalition of many public finance entity groups sent a letter to the U.S. Senate expressing concerns about how requirements in the Financial Data Transparency Act may negatively impact the public finance landscape.

The Financial Data Transparency Act is likely going to be included in some form in The Federal Defense Authorization for FY23.

Recent HilltopSecurities Municipal Commentary

- Another Prime Chance to Swing At - and connect with - U.S. Municipal Bonds, Sept. 26, 2022
- The Financial Data Transparency Act, A Potential Burden & Technological Upgrade for Public Finance if it Becomes Law, Sept. 14, 2022
- The Next Big Risk, Sept. 8 2022
- Election 2020: Results Will Impact the Economy, Markets, and Municipal Bonds, Sept 29, 2020

Readers may view all of the HilltopSecurities Municipal Commentary here.