



**Contra  
Costa  
County**

To: Board of Supervisors  
From: Monica Nino, County Administrator  
Date: October 11, 2022

Subject: ADOPT and OPPOSE Position on Federal Senate Bill S.4295

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**RECOMMENDATION(S):**

ADOPT an "Oppose" position on federal Senate Bill S.4295, a bill that would establish a duplicative set of federal financial reporting requirements in addition to those required by the Governmental Accounting Standards Board.

**FISCAL IMPACT:**

The Government Finance Officers Association (GFOA) estimates that roughly 40,000 state and local government jurisdictions as well as non-profit organizations responsible for reporting annual comprehensive financial reports (ACFRs) nationally would be financially impacted as follows:

- At least 15 percent of entities will buy and implement new software at a minimum of \$100,000 per entity,
- At least 10 percent of entities will need to reconfigure existing systems using outside consultants ranging from \$100,000 to \$200,000,
- At least 25 percent of entities will struggle through updating their systems on their own by utilizing staff capacity at a minimum cost of \$50,000, and
- The remaining entities, perhaps 50 percent, will develop "shadow systems" and use

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

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Action of Board On: **10/11/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Diane Burgis, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: October 11, 2022

Monica Nino, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Timothy Ewell, (925)  
655-2043

cc:

redundant processes to deal with additional reporting needs that would range from \$5,000 to \$100,000 depending

## FISCAL IMPACT: (CONT'D)

on the size and complexity of the entity's financial reporting construct.

## BACKGROUND:

According to the [National Association of Counties \(NACo\)](#), in May 2022 Senators. Mark Warner (D-Va.) and Mike Crapo (R-Idaho) introduced the *Financial Data Transparency Act of 2022* ([S.4295](#)) that would mandate government and non-profit financial information to be reported in a standardized format to ensure there is uniform financial reporting across all types of municipal bond issuing entities. Companion legislation ([H.R. 2989](#)), introduced by Representatives Carolyn Maloney (D-N.Y.) and Patrick McHenry (R-N.C.), passed the U.S. House of Representatives on July 14, 2022, as an amendment to the House version of the Fiscal Year (FY) 2023 National Defense Authorization Act (NDAA), which is annual, "must-pass" legislation. As such, the Senate is actively considering attaching S.4295 to the U.S. Senate version of the FY 2023 NDAA.

Section 203 of this legislation would require the Municipal Securities Rulemaking Board (MSRB) to develop data standards for financial reporting related to the municipal bond market. These data standards would be required to include common identifiers for information reported, or universal reporting standards, and reporting entities would be required to the extent practicable render fully searchable and machine-readable data with accompanying metadata that clearly define the semantic meaning of the data. MSRB would also be required to "scale" these requirements for smaller regulated entities. If the bill is enacted, MSRB would be required to issue a rule for regulated entities on these new reporting standards within 2 years and the bill would provide another 2 years for implementation. Full implementation and compliance would begin in 2027.

Nationally, NACo has acknowledged that counties recognize the need for full disclosure of all relevant information concerning a county's financial condition to potential investors, citizens, and other parties interested in municipal bonds, however, has historically opposed federally imposed standards for county financial accounting and reporting. This is because the principles developed by the Governmental Accounting Standards Board (GASB) already provide a uniform set of agreed upon standards to develop annual financial reports, which are already required to be disclosed electronically to the MSRB each year.

Today's action is being requested by the Board of Supervisors from County Administration staff since the October 2022 Legislation Committee meeting has been canceled, and the U.S. Senate will be in session considering this legislation during the weeks of October 10th and 17th. Staff recommends that the Board take an "Oppose" position on this legislation consistent with the National Association of Counties, National League of Cities, U.S. Conference of Mayors, the Government Finance Officer's Association and several other state and local government professional organizations.

Attached is a coalition letter from these entities communicating a unified position against

the legislation for reference, dated September 29, 2022.

## ATTACHMENTS

Coalition Letter Opposing S.4295, September 2022