



## RESOLUTION

### **OUTLINING CRITICAL ISSUES RELATED TO THE MUNICIPAL SECURITIES MARKET AND POSITIONS OF THE NATIONAL ASSOCIATION OF STATE TREASURERS**

**WHEREAS,** State governments and other levels of government rely on the issuance of tax-exempt bonds or other tax-advantaged bonds to finance the construction of critically needed infrastructure; and

**WHEREAS,** Under a provision of the federal securities laws known as the “Tower Amendment,” the United States Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”) are prohibited from requiring state and local government issuers of municipal securities, either directly or indirectly through their underwriters, to file any document prior to the sale of securities; and

**WHEREAS,** The Tower Amendment recognized the sovereign nature of state and local governments, and was crafted to balance those prerogatives with the perceived need for additional market regulation; and

**WHEREAS,** State and local government issuers of municipal securities are subject to the antifraud provisions of the federal securities laws; and

**WHEREAS,** The National Association of State Treasurers (“NAST”) has supported and encouraged the development of Electronic Municipal Market Access (“EMMA”) by the MSRB; and

**WHEREAS,** Transparency and timely disclosure of relevant information in the municipal securities market is in the best interest of all participants; and

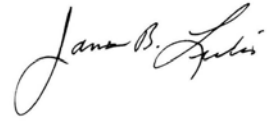
**WHEREAS,** Build America Bonds, taken together with traditional tax-exempt municipal bonds, provide state and local governments with a variety of funding tools for their various borrowing needs;

**NOW THEREFORE BE IT RESOLVED,** that the National Association of State Treasurers hereby reiterates and clarifies its positions regarding the following critical issues related to the municipal securities market:

1. NAST *opposes* preemption of state and local finance authority and state oversight of the debt issuance process through revision or repeal of the Tower Amendment.

2. NAST *opposes* legislation to subject state and local government issuers to federal disclosure laws and registration of municipal securities with the SEC.
3. NAST *opposes* legislative and regulatory measures to repeal the exemption of municipal bond interest from Federal and applicable state income taxation, to curtail the use and attractiveness of tax-exempt bonds, and to discourage investment in tax-exempt bonds and *opposes* any federal legislation that diminishes the value or impairs the use of tax-exempt bonds.
4. NAST *supported* the creation of EMMA and *supports* expanding the usefulness of EMMA as a central repository.
5. NAST *encourages* and *promotes* the frequent and timely disclosure of information to the municipal securities market. To this end, NAST is prepared to work with other organizations and associations to better define what financial, operating and other information is relevant and useful to the market recognizing the significant differences of issuers by size, sector and frequency of issuance.
6. NAST *opposes* any requirements to provide audited financial statements in less than 180 days of the fiscal year-end.
7. NAST *supports* the expansion of the board of the MSRB and the change to a majority public board.
8. NAST *supports* traditional tax-exempt financing, which should never be reduced or eliminated, and to the extent the BABs program is extended, that it be done with a sufficient interest subsidy to provide economic benefit to the issuer.
9. NAST *supports* the regulation of all financial intermediaries in the municipal securities market.
10. NAST *supports* an independent and equitably funded Governmental Accounting Standards Board (“GASB”). NAST maintains that funding for GASB should come primarily from state and local governments. NAST *opposes* federal government funding or oversight of the Governmental Accounting Standards Board as well as any direct federal mandates on issuers of municipal securities to comply with GASB accounting standards.
11. NAST *encourages* the rating agencies to utilize a single rating scale for all debt instruments such that a rating applied to a municipal bond indicates the same credit risk as that same rating applied to corporate bonds, while also recognizing the need for relative ratings amongst municipal issuers. Ratings should measure the ability of an issuer to meet its obligation to investors as promised in the bond documents, such obligation primarily being to pay debt service on time and in full.

Approved this 17th day of March, 2010 by the  
National Association of State Treasurers

A handwritten signature in cursive script, reading "James B. Lewis".

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Hon. James B. Lewis  
NAST President  
New Mexico State Treasurer