

Apr 2018 MDGFOA Board Meeting
Friday, April 6, 2018 9:00 AM
GFOA Representative Update:

January - March 2018 Update

GASB Update:

- Revenue and Expense Recognition
 - Invitation to Comment Issued on January 23, 2018
 - Written comments are due by April 27, 2018
 - Public Hearings are also scheduled throughout the country
 - Two models presented
 - ✓ Exchange/non-exchange model
 - ✓ Performance obligation/no performance obligation model
- Debt Disclosures, including Direct Borrowing
 - Deliberations on the exposure draft continued
 - Exposure Draft "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"
 - Tentative decisions made
 - ✓ the requirement to separate direct borrowings and direct placement disclosures from other debt disclosures as proposed in the ED would be in the final statement;
 - ✓ there would be no specific definition of direct borrowings and direct placements in the final statement;
 - ✓ short-term debt would not be excluded from the requirement to separately disclose direct borrowings and direct placement disclosures from other debt disclosures; and
 - ✓ the effective date and transition requirements in the ED would be carried forward to the final statement.
- Financial Reporting Model
 - Deliberations continued on topics to be included in the Preliminary View
 - ✓ PV would propose that the recognition approach for governmental funds that would be proposed in the PV would be referred to as short-term financial resources.
 - ✓ Currently no proposal for including different guidance for smaller governments in the PV
 - ✓ Tentatively agreed to reissue a separate PV for recognition concepts
- Conduit Debt
 - Upcoming Exposure Draft
 - ✓ Decided Housing-related conduit debt obligations should not be treated differently from other conduit debt obligations

Washington Update:

- Federal 2019 Budget
 - State and local governments will continue to see cuts in federal bond subsidy payments in fiscal 2019 because of federal sequestration remains in place. Applies to issuers of BABs or those that receive subsidy payments on existing qualified tax credit bonds issued before Jan 1 2018.
 - Also affects infrastructure investment, proposing the elimination of grant programs like the Transportation Investment Generating Economic Recovery program and the CDBG program.

- Infrastructural Proposal
 - President requested Congress produce legislation that would generate at least \$1.5 trillion for new infrastructure investments; accomplishments through partnerships with state and local governments and where appropriate, tapping into private sector investment. (\$200 Billion from federal government, remaining from state and local governments)
 - ✓ \$100 billion for the incentives Program allocated to the Dept of Transportation, EPA, and the Army Corp of Engineers. Petition for access to funds for approved projects. No state can receive more than 10% of all funds allocated.
 - ✓ \$50 billion in block grants to a Rural Infrastructure Program
 - ✓ \$20 billion would be allocated for the Transformative Projects Program - projects that fundamentally transform the way infrastructure is delivered or operated and have significantly more risk than standard infrastructure projects.
 - ✓ \$20 billion - increase credit access for infrastructure projects by increasing the capacity of existing federal credit programs and expanding availability of tax-exempt Private Activity Bonds (PABs)
 - ✓ \$10 billion - revolving fund for financing "large dollar real property purchases"
- Opportunity Zones Created with new tax bill
 - Uses tax incentives to draw long-term investments to parts of America that continue to struggle with high poverty and sluggish job and business growth
- Bank loan costs may increase as a result of Tax Reform
 - Effective Jan 1, 2018
 - Check loan documents if you have a private placement or bank loan debt
 - Many have clauses in the loan documents that result in a downward change in corporate tax rate, simultaneously increasing the interest rate on the bank loan or private placement of the issuer. (Resulting in higher debt service or other payments)
- Legislation to Restore Tax Exempt Advanced Refunding
 - Introduced the week of March 1 to restore tax exempt advanced refunding
- Remote Sales Tax
 - January 12, 2018 the U. S. Supreme Court granted South Dakota's petition of Certiorari asking the court to hear its case and potentially overrule the 1992 decision in Quill Corp v. North Dakota.
 - ✓ Oral argument is scheduled for April 17 and the court is expected to issue an opinion by the end of June.
 - ✓ GFOA and others are actively seeking opportunities to advance bills
 - ✓ HR 2193 - Remote Transaction Parity Act (RTPA)
 - ✓ S 976 - Marketplace Fairness Act (MFA)
 - ✓ Bills would establish a federal framework
 - States would either adopt the minimum simplification requirement detailed in the bill
 - States could begin collecting if they are a part of the Streamline Sales and Use Tax Agreement (SSUTA)
 - Under South Dakota law, remote retailers are required to collect and remit sales tax if they exceed a statutory threshold of sales into the state each year.
 - Internet sales have risen drastically, effecting sales tax revenue for the State's.

Save the Date:

- Government GAAP Update
 - Thursday, November 1, 2018
 - Wednesday, December 5, 2018
 - Thursday, January 24, 2019

CPFO:

- Now 735 individuals with the designation
- Testing at the GFOA Conference on Sat May 5 in afternoon and Sun May 6 in morning.

GFOA:

- Created a new membership brochure:
<http://www.gfoa.org/sites/default/files/2018GFOAMembershipBrochure.pdf>
- GFOA published a new student membership brochure. Spread the word about the benefits of becoming a GFOA student member. The membership fee is \$25 a year.

Summer Conference:

- Firmed up Chris Morrill as speaker at the Summer Conference
 - Past on information of Mike Walther as point of contact
 - Dinner scheduled for June 20th
 - 50 minute time slot to speak on the 21st
 - Hotel room secured