

# TGFOA 2025 Federal Update

October 2, 2025



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# U.S. Big Themes

President Trump Round 2

# U.S. Big Themes



1. Shifting Federal Priorities
2. Regulations on Ice\*\*
3. A Skinny Administrative State
4. “Fend for Yourself” Federalism\*\*
5. Frenetic International Relationships



**FDTA**

**Dec. 2022** –  
NDAA FY2023 passes  
into law; includes FDTA.

**Jun. 2024** –  
Joint regulators propose  
data standards.

**Dec. 2026** –  
SEC adopts rules to  
apply data standards  
on info submitted to  
the MSRB. Proposing  
dates are unknown.

2022

2023

2024

2025

2026

2027 +

**Jun. 2023** –  
SEC issues mandated  
report on data standards  
in corporate market.

**Dec. 2024** –  
Joint regulators finalize  
data standards.

**Unknown** –  
The statute does not  
set a date by when the  
MSRB must implement  
the rule changes.



# FDTA – Data Standards Sec. 101

- “(1) COMMON IDENTIFIERS; QUALITY.—The data standards established in the final rules under subsection (b) shall—
- “(A) include common identifiers for collections of information reported to covered agencies or collected on behalf of the Council, which shall include a common nonproprietary **legal entity identifier** that is available under an open license for all entities required to report to covered agencies; and
- “(B) **to the extent practicable**—
  - “(i) render data **fully searchable and machine-readable**;
  - “(ii) enable **high quality data through schemas**, with accompanying metadata documented in machine-readable taxonomy or ontology models, which clearly define the semantic meaning of the data, as defined by the underlying regulatory information collection requirements;
  - “(iii) ensure that a data element or data asset that **exists to satisfy an underlying regulatory information collection requirement** be consistently identified as such in associated machine-readable metadata;
  - “(iv) be **nonproprietary** or made available under an **open license**;

5  
1 “(e) DATA STANDARDS.—  
2 “(1) COMMON IDENTIFIERS; QUALITY.—The  
3 data standards established in the final rules promul-  
4 gated under subsection (b) shall—  
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21 tion collection requirements;  
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23 data asset that exists to satisfy an under-  
24 lying regulatory information collection re-  
25 quirement be consistently identified as

# FDTA – Municipal Securities Sec. 203



- ‘(8)(A) The Commission shall adopt data standards for information submitted to the Board.
- “(B) Any data standards adopted under subparagraph (A) shall incorporate, and **ensure compatibility with (to the extent feasible)**, all applicable data standards established in the rules promulgated under section 124 of the Financial Stability Act of 2010...
  - (C) The Commission **shall consult market participants** in establishing data standards under subparagraph (A)....
  - (b) RULEMAKING.—
    - (1) IN GENERAL.—Not later than **2 years after the date** on which final rules are promulgated ... as added by section 5811(a) of this title, the **Securities and Exchange Commission shall issue rules to adopt the data standards** required ...
    - (2) **SCALING OF REGULATORY REQUIREMENTS; MINIMIZING DISRUPTION.**—(the SEC shall...)
      - (A) may **scale those data standards** in order to reduce any unjustified burden on smaller regulated entities; and
      - (B) shall seek to **minimize disruptive changes** to the persons affected by those rules.

3 SEC. 203. DATA TRANSPARENCY AT THE MUNICIPAL SECURITIES RULEMAKING BOARD.

4  
5 (a) IN GENERAL.—Section 15B(b) of the Securities  
6 Exchange Act of 1934 (15 U.S.C. 78o-4(b)) is amended  
7 by adding at the end the following:

8 “(8)(A) If the Board establishes information systems  
9 under paragraph (3), the Board shall adopt data stand-  
10 ards for information submitted through those systems.

11 “(B) Any data standards adopted under subpara-  
12 graph (A) shall incorporate, and ensure compatibility with  
13 (to the extent feasible), all applicable data standards es-  
14 tablished in the rules promulgated under section 124 of  
15 the Financial Stability Act of 2010, including, to the ex-  
16 tent practicable, by having the characteristics described in  
17 clauses (i) through (vi) of subsection (c)(1)(B) of such sec-  
18 tion 124.”.

19 (b) RULEMAKING.—

20 (1) IN GENERAL.—Not later than 2 years after  
21 the date on which final rules are promulgated under  
22 section 124(b) of the Financial Stability Act of  
23 2010, as added by section 101(a) of this Act, the  
24 Municipal Securities Rulemaking Board shall issue  
25 rules to adopt the standards required under para-



# Funding

# The First Three Weeks in Review



Executive Orders on Day 1, including but not limited to:

- Jan. 6 pardons
- Border emergency
- Energy emergency
- Ending birthright citizenship
- TikTok
- IJJA/IRA Implementation “pause”
- RTO



# What is an Executive Order?

- “Executive Order” Reminders
  - It’s common for the incoming president to issue halts on regulations and series of EOs
  - EOs cannot change law or regulations on their own
  - EOs that direct Federal Agencies and the Executive branch are likely the most impactful
- Federal Grants Reminders
  - Signed grant awards are legal agreements between the federal government and the grantee with a set of protections in federal regulations
  - “Obligated” funds are at the federal level – accompanied by signed Letters of Award
  - Agencies are limited in their ability to pause disbursement of funds for signed award agreements

# GFOA Member Alert



- On January 29, the M-25-13 memorandum was rescinded, but all executive orders remain in effect. (Note: Prior to the rescission, judges in [two separate filings issued temporary blocks](#) to the funding freeze)
- On January 27, 2025, the Office of Management and Budget issued a memo requiring all agencies to temporarily pause disbursement of federal assistance and submit to OMB information on impacted programs by February 10.
- In accordance with several of the executive orders federal agencies are currently taking steps to examine their respective programs and policies to reflect the goals of the directives issued so far (see for example this [Department of Transportation Order](#)).



Last night, the Office of Management and Budget issued a **memo** requiring all agencies to **temporarily pause** disbursement of federal assistance and submit to OMB information on impacted programs by February 10, 2025.

#### **What does this mean for you?**

Many details this morning are still unclear. GFOA's Federal Liaison Center is creating a webpage to provide continuous updates. [Click here](#) to learn more.



GFOA

# Guiding Principles in Grants Management



- Prepare an Inventory of All Grants
- Prepare for the Single Audit
- Prepare for Future Grant Activity
- Alert Program Staff of Grant Requirements
- Exercise Due Diligence Before Entering into Third Party Contracts



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# August 7 EO: the “Senior Appointee”

For New Grants:

- Significant NOFO Review
- Consistency and review processes
- Discretionary awards ‘guardrails’
- Given to a “broad range of recipients”
- Peer review recommendations



RESIDENT DONALD J. TRUMP  
PRESIDENTIAL ACTIONS

## IMPROVING OVERSIGHT OF FEDERAL GRANTMAKING

Executive Orders | August 7, 2025

For Outstanding Grants:

- Revises Uniform Guidance to permit termination for convenience
- Take steps to revise the terms and conditions of existing discretionary grants to permit immediate termination for convenience, or clarify that such termination is permitted, including if the award no longer advances agency priorities or the national interest

# Important Grants Management Terms and Definitions

Obligation	The US Government Accountability Office's <a href="#">definition of an obligation</a> (published November 2023) that demonstrates the need for a present and definite agreement: a <i>definite</i> commitment that creates a legal liability of the government for the payment of goods and services ordered or received. . . . An obligation occurs, for example, when an order is placed, a contract is signed, a grant is awarded, or a service is purchased.”
Appropriation	<ul style="list-style-type: none"><li>•Any federal agency or program needs language in appropriations bill to get funding</li><li>•Can modify policy as well through appropriations process</li></ul>
Authorization	<ul style="list-style-type: none"><li>•Establishes a framework, e.g. what should a program do, where it should be located</li><li>•Essentially authorizes federal government to do something, i.e. can spend the money on a specific purpose if it chooses</li><li>•Advance appropriation sometimes included, think IIJA</li></ul>
Expenditure-driven grants	<ul style="list-style-type: none"><li>•Must incur qualifying expenditures to “obtain claim to resources” (i.e., incurrence is an eligibility requirement)</li><li>•Often require matching funds or other actions by grantee, referred to as “contingencies”</li><li>•Most Federal grants</li></ul>
Purpose-restricted grants	<ul style="list-style-type: none"><li>•Includes: Entitlements, some formula-driven grants, shared revenues, endowment and other restricted donations</li><li>•Do not need to incur eligible expenditures before recognizing</li></ul>



# Litigation Clearinghouse



<a href="#">State of New York v. Trump</a>	US District Court Rhode Island	Challenge to Blanket Spending Freeze	Temporary Restraining Order Granted	Presidential Authority
<a href="#">National Council of Nonprofits v Office of Management and Budget</a>	US District Court of DC	Challenge to Blanket Spending Freeze	Temporary Restraining Order Granted	Presidential Authority
<a href="#">American Federation of Government Employees v Trump</a>	US District Court of DC	Challenge to Trump Administration dismantling of USAID	Temporary Restraining Order Granted	Presidential Authority
<a href="#">National Treasury Employees Union v Vought</a>	US District Court of DC	Challenging "ongoing attempts to dismantle" CFPB	Administrative Stay Granted	Presidential Authority
<a href="#">Commonwealth of Massachusetts v National Institutes of Health</a>	US District Court of MA	Challenge to the announced reduction of indirect costs to 15%	Temporary Restraining Order Granted	Presidential Authority
<a href="#">Assn of American Universities v HHS</a>	US District Court of MA	Challenge to the announced reduction of indirect costs to 15%	Motion for Emergency Relief Pending	Presidential Authority
<a href="#">Global health Council v Trump</a>	US District Court of DC	Challenge to Trump Admin to halt all foreign-assistance funding	Temporary Restraining Order Granted	Presidential Authority
<a href="#">Shapiro v US Department of the Interior</a>	US District Court of Eastern PA	Governor of PA Challenged Trump freezing funds	Case is Ongoing	Presidential Authority
<a href="#">Mayor and City Council of Baltimore v Vought</a>	US District Court of Maryland	Mayor and City Council challenged shutdown of CFPB	Motion for Emergency Relief Pending	Presidential Authority
15 cases	Variety US District Courts	Challenging DOGE legitimacy/access to sensitive information	Variety	Presidential Authority

# “Leaked” Terminated Grants List

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- Environmental Justice Collaborative Problem-Solving Cooperative Agreement Program
- Environmental and Climate Justice Block Grant Program
- Environmental Justice Government-to-Government (EJG2G) Program
- Financial Assistance For Community Support Activities To Address Environmental Justice Issues
- **Office of Buildings and Industry**
- **Office of Sustainable Transportation and Fuels**
- **Office of Renewable Energy**

# Education Funding at Risk

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On June 30, the Trump administration announced an “impoundment” that withholds federal funding for education of up to \$6.8 Billion Specifically:

- Title I-C for migrant education (\$375 million)
- Title II-A for professional development (\$2.2 billion)
- Title III-A for English-learner services (\$890 million)
- Title IV-A for academic enrichment (\$1.3 billion)
- Title IV-B for before- and after-school programs (\$1.4 billion)

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# Impoundment Control Act of 1974

Is it illegal for the President NOT to distribute Congressionally appropriated funds?

Impoundments have occurred throughout history for a variety of reasons: cost savings, policy disagreements, and changes in relevant circumstances

Click [here](#) to view GFOA's guide on the **Impoundment Control Act** and strengthen your grasp of this safeguard.

1

Step 1: President withholds Congressionally appropriated funds

2

Step 2: President issues a "special message" (GAO)

- Deferral – temporarily withholds funds not longer than FY
- Rescission – cancellation of budget authority

3

Step 3: Congress agrees and has **45 days** to pass a bill authorizing the rescission



**Where Are We Going**

# What did we end up with?



Provision	House Version	Senate Version	Enacted
State and Local Tax Deduction (Local)	\$40K cap for tax filers	\$40K cap temporary for filers	Temporary
Inflation Reduction Act (territories, states, local)	Phase out for investments in solar, other eligible	Phase out (faster) excise tax on solar and wind, “Foreign Entities of Concern” inserted	Faster phase-out and FEOC intact
Low Income Housing Tax Credit (LIHTC) (states, local)	More (temporary) flexible for States and Cities	More flexible but permanent	Permanent
Child Tax Credits (bona fide residents territories)	Temporary \$2500/Child	Permanent \$2000/Child	Permanent
Opportunity Zones (territories, states, local)	Extension	Extension	Extension
Medicaid (Territories, states)	Work Requirements, non-citizen tightening	Work requirements, non-citizen tightening, qualification	Senate
Municipal Securities	No change	No change PLUS Spaceports	Added use

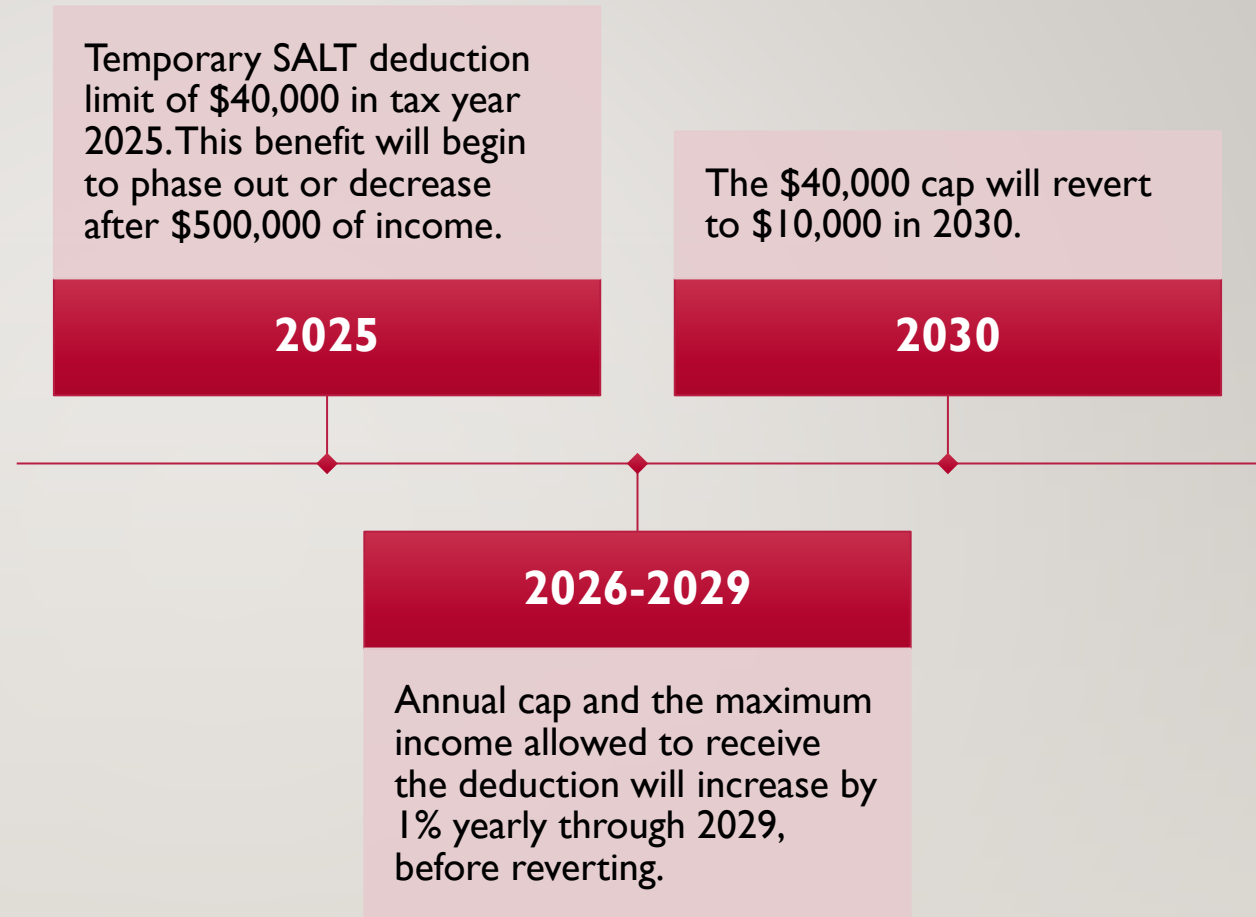


# MUNICIPAL BONDS

- Retained
- Expanded to include Space Ports (via Private activity bond statute similar to Airports)
  - More specifically, **spacecraft and space cargo manufacturing** can now be financed with bond proceeds, along with other facilities for repairs, flight control operations, and other activities, if the facilities are near a launch or re-entry site.

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# STATE AND LOCAL TAX DEDUCTION (SALT)



# INFLATION REDUCTION ACT

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ITC and PTC (for governments)  
December 31, 2027

FEOC (Foreign Entity of Concern):  
Disallowance of most surviving  
credits when the taxpayer, facility, or  
product has impermissible  
connections to China or other  
disfavored countries or entities, under  
provisions commonly referred to as  
foreign entity of concern (“FEOC”)  
rules.

Tax Credit/Elective Pay	
Clean Vehicle Credit: Commercial Clean Vehicle Credit: Previously Owned Clean Vehicle Credits:	September 30, 2025 September 30, 2025 September 30, 2025
Residential Clean Energy Credit: Energy Efficient Home Improvement Credit:	December 31, 2025 December 31, 2025
Alternative Fuel Vehicle Refueling Credit: New Energy Efficient Home Credit:	June 30, 2026 June 30, 2026

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## LOW-INCOME HOUSING TAX CREDIT (LIHTC)



Permanent 25% bond  
threshold reduction from 50%



Permanent 12% credit  
allocation increase from 9%

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# CHILD TAX CREDIT



Permanently extends the child tax credit and bumps the biggest credit to \$2,200 starting in 2025.

Indexed to inflation starting in 2026.



The threshold at which the credit becomes refundable is now permanent and adjusts for inflation. This “additional child tax credit”, it is worth up to \$1,700 for 2025.

# OPPORTUNITY ZONES

- Permanently extends the Qualified Opportunity Zone (QOZ) program.
- It also creates a new category of fund, a “Qualified Rural Opportunity Fund” (QROF), that provides investors with generous tax benefits.
- New reporting requirements among other changes that are mostly set to take effect on January 1, 2027
  - longer runway so that stakeholders have more time to prepare.

# MEDICAID/SNAP

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- Reduces Medicaid eligibility based on legal status.
- Increases the frequency of eligibility redeterminations for the ACA expansion population to once every 6 months.
- New work requirements are in place
- Eliminates the additional incentive for states to take up Medicaid expansion after January 1, 2026.
  
- SNAP: States pay for food benefits (not just admin costs)
- Work requirements for SNAP beneficiaries
- Error rate performance a factor
- Changes to immigrant eligibility

# EDUCATION

- Federal Voucher program
  - One-to-one tax credits for donations to scholarship grant organizations up to \$1700
  - Private school voucher scholarship (tuition, online educational materials etc.)
- Pell grants to be used to pay for certain short-term workforce training programs
- Lifetime borrowing limits for graduate and professional degree programs, modifies repayment programs (removes deferment and low-cost repayment options)


# TEMPORARY RELIEF: TAX ON TIPS AND OVERTIME

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## RESOURCE IMPACT

- Applies to tax years 2025 through 2028
- States/Localities that have rolling conformity and any other FY than calendar year will be impacted half of FY 2025 and all of FY 2026, others will choose static or fixed conformity
- Out years through tax year 2028 may choose to implement through a fixed or static conforming timeline

## ADMINISTRATIVE IMPACT

- Taxpayers must have a social security number
  - Taxpayers are responsible for claiming on their April 2026 filings and three subsequent filings
  - Transition rule: allowance for estimates but application largely unknown
  - Requirement to include overtime compensation on a supplemental form to the W-2 (no change for W-2 planned for 2025)
- 

# RUMSFELDIAN ANALYSIS

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## KNOWN KNOWNS

- Tax Year 2025 meaning this is retroactive
- “qualified overtime compensation” is defined as **Section 7** of the Fair Labor Standards Act
  - **Section 7** specifies *comp time* as covered under FLSA for employees of a public agency
- Above the line deduction (not a withholding)
- Deduction is payment “in excess of the regular rate”
- Up to \$12,500/\$25,000 of MAGI  
\$150,000/\$300,000

## KNOWN UNKNOWNNS

- Required “transition rule” may require estimates of retroactive time, how?
- Is comp time an equivalent cash payment?
- Is the calculation for qualified overtime compensation that of cash payment (or equivalent) in excess of the regular rate?
- We may see some implementation guidance as soon as October 23
- No W2 revisions for 2025



# RECONCILIATION 2.0 AND THE "CR"

# Reconciliation 2.0 for 2026 FY Budget



- **Step 1: Concurrent Budget Resolution\***
- Step 2: Committee Work
- Step 3: Debate and Passage
- Step 4: Conference Between Chambers
- Step 5: Final Approval

# New Day, Same Old Threats



https://epicforamerica.org/federal-budget/epic-memo-the-reconciliation-2-0-opportunity/

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## EPIC Memo: The Reconciliation 2.0 Opportunity

Download Report Download Infographic Download the Memo Introduction Article Author

### Support DOGE and Codify President Trump's Executive Actions

- Ensure Food Stamps are provided only to those who meet federal income and asset rules by ending broad-based categorical eligibility.
- Reform federal bureaucrat compensation and retirement.
- Eliminate public sector student loan forgiveness.
- Reform taxpayer subsidies for multiemployer pension plans.
- Repeal the municipal bond tax exclusion.

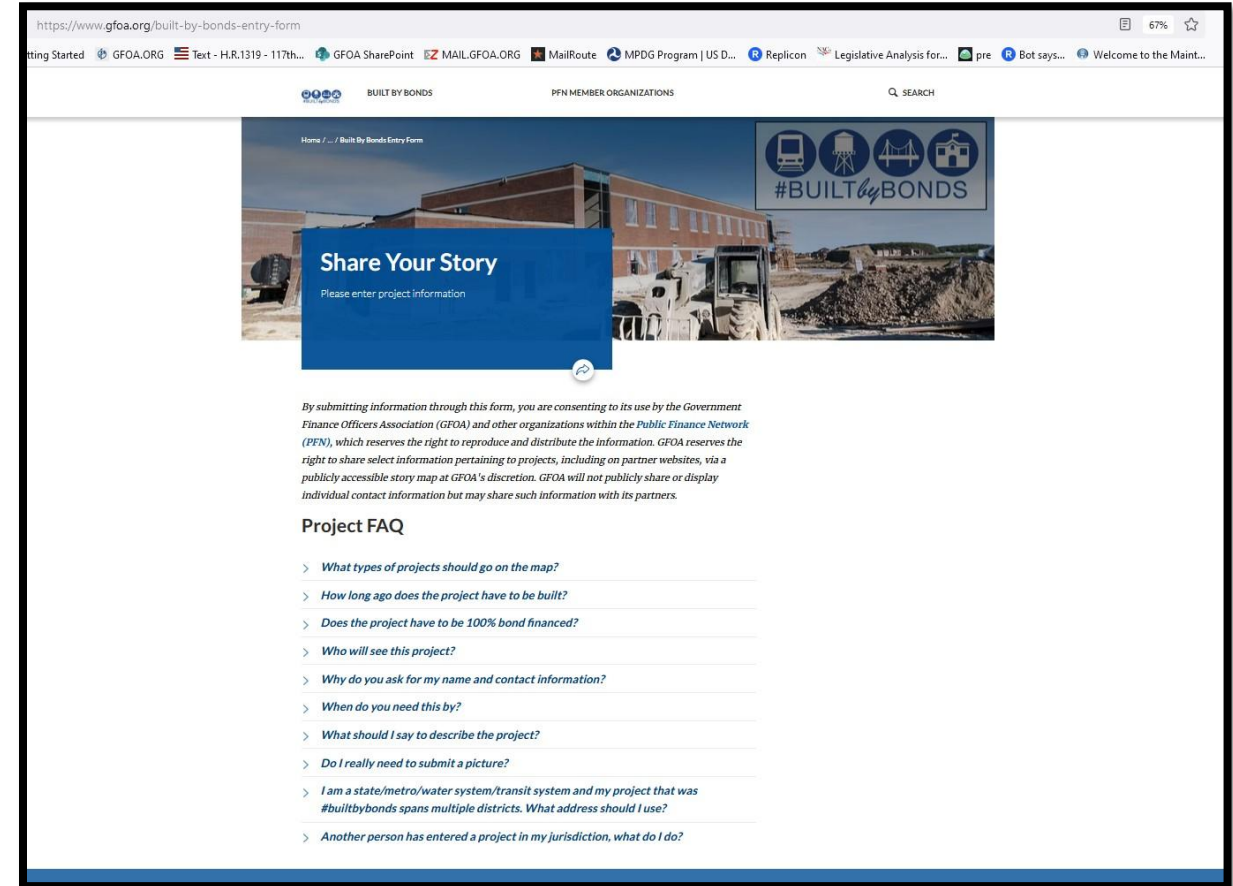
While EPIC believes the above policies are attainable and would improve the deficit savings achieved by a Reconciliation 2.0 bill while supporting Americans' priorities, it is not a comprehensive list of all possible provisions to include. There are several important policy options that committees and leadership can and should contribute to this list, including items that were already well-researched and drafted during the course of building the OBBB. EPIC's intent by providing these policy options is to demonstrate that there is more work to do and a clear path forward on how to do it.



# Prong 1: Storyboarding at builtbybonds.com



- Title of project
- Project type (public gas, multifamily housing, general obligation)
- Address/Location of project
- 2-4 sentences about:
  - the importance of the project
  - how the tax-exemption made this project a reality
  - the impact to the project if it were financed at taxable rates
- Address/Location of project



# Example



- Madison Metro Transit System – serves Madison and surrounding communities; 9.5 million rides in 2023.
- Over \$30 million of tax-exempt general obligation debt
- \$200 million project – federal (~70%) and local funding (~30% -- tax increment; City debt; asset contributions; partner community contributions)
- 15 minute service on weekdays and Saturdays
- All Electric Buses
- North-South Route B awaiting federal funding approval

# #builtbybonds



## Scan the QR Code for GFOA Tax-exempt Municipal Bonds Resources!

- Link to the bond-funded project map and submission form
- Primer on Municipal Bonds
- Issue Brief



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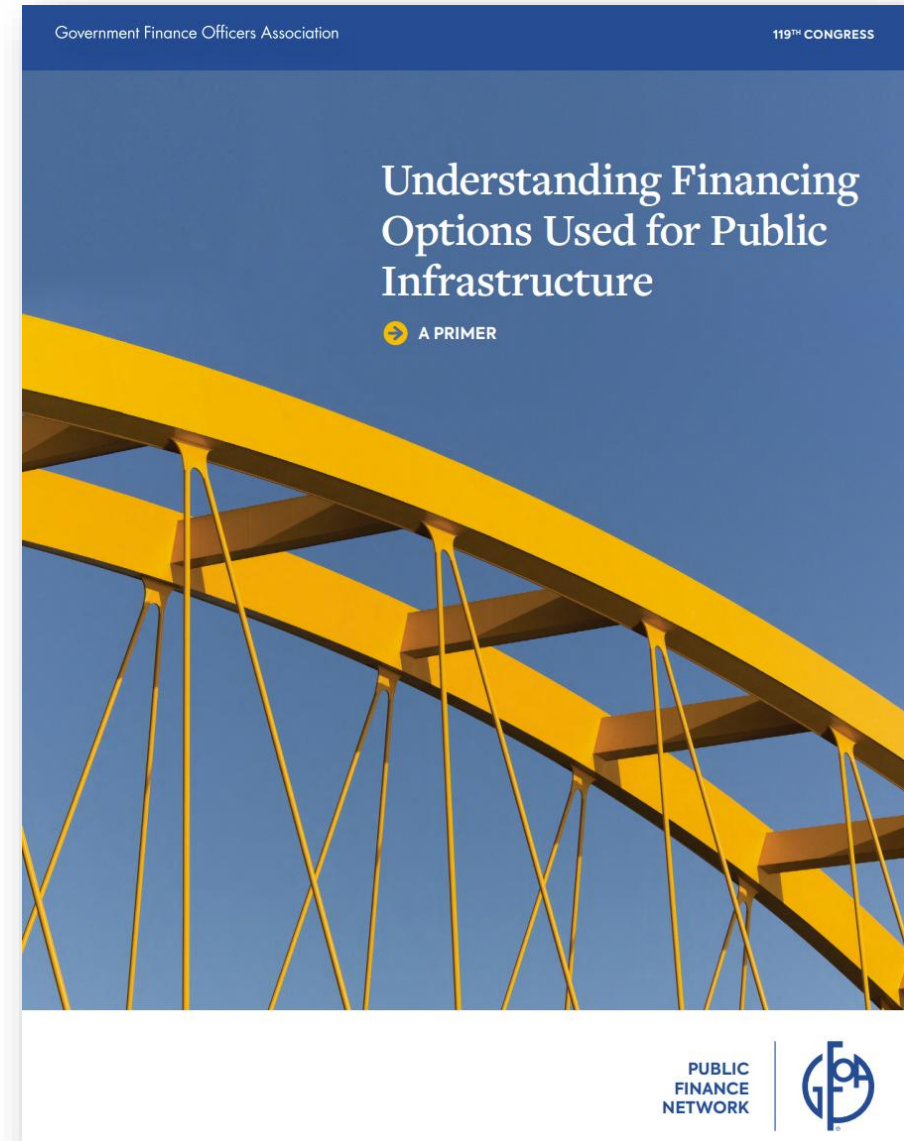
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# Prong 2: Market Data



- 10-year muni issuance
- Real effects of the loss of Advance Refunding
- Private Activity Bonds volume and caps
- State/Local contributions to Infrastructure vs. Fed
- Quality of investment and who are our investors



# Prong 2: Data



## Protecting Bonds to Build Infrastructure and Create Jobs

A PROJECTED 10-YEAR ANALYSIS



- Tax Exemption saves issuers 210 basis points on borrowing costs
- \$4T market, loss of the exemption would cost \$823B in issuance costs over the next ten years.
- Equates to over \$6,500 per household

# Public Finance Network

