



THE TEXAS STATE CHAMBER

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FOR OVER 85 YEARS

June 15, 2017

The Honorable Ted Cruz
U.S. Senate
8080 Travis Street, Ste. 1420
Houston, TX 77002

RE: S. 1117

Dear Senator Cruz:

On behalf of more than 4,300 business members from across Texas and more than 200 chambers of commerce, the Texas Association of Business (TAB) requests your support S. 1117, the Consumer Financial Choice and Capital Markets Protection Act, and to urge the Banking Committee to act on this bipartisan legislation as quickly as possible. This legislation seeks to preserve access to capital and promote public infrastructure for Texas residents.

As you know, state and local governments must continue to have capital markets funding options available that allow them to maximize support for the economic development needs of their citizens while ensuring the most resourceful use of scarce tax dollars. That access has been put at risk by a Securities and Exchange Commission (SEC) rule that prohibits prime and tax-exempt money market funds operating on a stable net asset value (NAV) basis from being offered to investors other than "natural persons" (called "institutional" investors).

As a result, businesses and other organizations that require stable value investments are shifting their short-term cash management needs out of money market funds and into other types of investments that do not support the capital access needs of communities.

So far, in 2016 alone, assets in tax-exempt money market funds have dropped by \$64 billion, or about 25%, since the beginning of the year, with another \$50 billion in liquidations expected over the next couple of months.

S. 1117 would preserve the stable net asset value (NAV) for all money market fund investors. It does so without changing the Dodd-Frank Act or impacting other changes to the regulation of money market funds that were adopted by the SEC in 2010 and 2014. It would allow these funds to continue to be viable, efficient, and cost-effective sources of financing for projects, such as those related to housing, health, and education.

TAB strongly urges you to support S. 1117. If you have any questions, please feel free to contact me at cwallace@txbiz.org or 512.477.1006.

Sincerely,

Chris Wallace
President