



The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
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August 23, 2017

The Honorable Elizabeth Warren
United States Senate
Washington, DC 20510

Dear Senator Warren:

I am writing in reference to a recently implemented Securities and Exchange Commission (SEC) rule that has eliminated billions of dollars of low-cost liquidity used to finance capital investments, public infrastructure, and economic development in the Commonwealth of Massachusetts.

The rule, which went into effect in October 2016, prohibits corporate treasurers, public finance officers, pension fund managers, and other institutions that invest short term cash from investing in prime and tax exempt money market funds that have a stable net asset value (NAV). As a result of the rule, investors have fled those money market funds, which have less capital to invest in short-term debt issued on behalf of hospitals, port authorities, municipalities, affordable housing, and universities. In fact, implementation of the rule caused total money market fund holdings of Massachusetts municipal paper to decline by nearly 60 percent between January 2016 and April 2017. This has significantly increased the cost of municipal borrowing which, in turn, is putting unnecessary pressure on state and local finances.

Bipartisan legislation (S. 1117) was introduced in the United States Senate to restore stable value money market funds as a cost-effective source of short-term funding for public infrastructure and economic development investments in the Commonwealth of Massachusetts and its municipalities. I ask for your positive consideration of this legislation as a means of addressing the unintended but real consequences of this new SEC rule.

Sincerely,

A handwritten signature in blue ink that reads "Ronald Mariano".

RONALD MARIANO
State Representative
3rd Norfolk District