



## CHRISTI A. MCELHANEY

*Clerk Treasurer  
City of Huntington*

City of Huntington  
300 Cherry Street  
Huntington, IN 46750  
Phone: (260) 356-1400  
Fax: (260) 358-2332

September 18, 2017

The Honorable Todd Young  
United States Senate  
Washington, DC 20510

Re: *Support H.R. 2319/S. 1117, the Consumer Financial Choice and Capital Markets Protection Act.*

Dear Senator Young:


I am writing to request your support for H.R. 2319 and S. 1117, the Consumer Financial Choice and Capital Markets Protection Act 2017.

Organizations like ours rely on access to money market funds to finance economic development and public infrastructure in Indiana. Unfortunately, the ability to access money market funds has been severely hampered by a Securities and Exchange Commission (SEC) rule that requires prime and tax-exempt money market funds offered to institutional investors to no longer use amortized cost accounting to operate on a stable \$1-per share net asset value (NAV) basis. Instead, since October 14, 2016, such funds are required to use a floating NAV. As a result, tax-exempt money market funds, a key source of funding for states and municipalities and their conduit borrowers, shrunk by more than 50 percent, thereby driving up the cost of borrowing for capital projects, infrastructure investments and economic development.

In our state alone, total money market fund holdings of tax-exempt debt declined by 57 percent between January 1, 2016 and April 30, 2017. Median coupon rates paid by issuers and borrowers of tax-exempt debt increased on average by 91 basis points, which is 41 basis points higher than the recent Fed interest rate increases. Annual financing costs for the tax-exempt debt of Indiana entities still held by money market funds rose by \$17.7 million. For debt no longer held by the funds, the costs have risen even higher as borrowers have to seek alternative, and more costly, forms of financing.

H.R. 2319 and S. 1117 will restore the \$1-per-share NAV and, with it, access to low cost public and private sector financing provided by prime and tax-exempt money market funds. I urge you to support and cosponsor this legislation so that our state's drivers of job creation and economic growth can continue to access a safe and secure source of low-cost variable rate borrowing for public infrastructure investment and economic development.

Thank you for your consideration of this request. Please feel free to contact me if you have any questions or need additional information.

Sincerely, 

Christi McElhaneey  
City of Huntington  
Clerk Treasurer