



ILLINOIS STATE SENATE
TOM CULLERTON
STATE SENATOR · 23RD DISTRICT

October 25, 2017

The Honorable Tammy Duckworth
United States Senator Illinois
524 Hart Senate Building
Washington, DC 20510

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

Dear Senator Duckworth:

I am writing to request your support for H.R. 2319/S. 1117, the Consumer Financial Choice and Capital Markets Protection Act 2017. This bipartisan legislation will support our state's drivers of job creation and economic growth by restoring money market funds as an investment tool and a source of low-cost variable rate borrowing for both public and private sector entities.

Businesses and governments throughout our state benefit from money market funds as a tool to invest short-term operating cash, and as purchasers of debt used to finance infrastructure, economic development and business expansion. Unfortunately, new rules to money market funds that were adopted by the Securities and Exchange Commission (SEC) in July 2014, and which went into effect on October 14, 2016, have had far reaching consequences on the ability of business and municipal entities to raise short-term capital and manage cash.

Particularly harmful is a new SEC requirement that prime and tax-exempt funds available to businesses and local governments may no longer sell and redeem shares using a stable net asset value (NAV), or \$1 per share. Instead, such funds must transact using a fluctuating, or "floating NAV. Implementation of the rule has caused over \$1.15 trillion to exit prime and tax-exempt money market funds, leaving the private sector and moving into Treasury and Government funds, which are not saddled with the floating NAV requirement.

Consequently, short-term interest rates, including rates on municipal debt, spiked to their highest levels since the financial market crisis. Illinois lost over \$5.5 billion in tax-exempt funding, which had to be replaced at higher borrowing costs. Much of these funds were used to finance infrastructure projects, including road repairs, school facilities, hospitals, and affordable housing projects, some of which may have to be delayed or cancelled.

H.R. 2319/S. 1117 would preserve the stable net asset value (NAV) for all money market fund investors, and restore an investment and short-term financing option that has been indispensable to economic growth and public infrastructure investment in Illinois. We urge you to lend your name as a cosponsor of this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Cullerton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Senator Tom Cullerton
23rd Legislative District