



OFFICE OF MAYOR RAHM EMANUEL  
CITY OF CHICAGO

Dear Senators and Representatives:

I am writing to you to urge you to support the Consumer Financial Choice and Capital Markets Protection Act of 2017 (S. 1117 in the Senate and H.R. 2319 in the House).

This bipartisan legislation will help protect American cities like Chicago from the consequences of the Securities and Exchange Commission (SEC) rule, which took effect in October of 2016, and has forced an accounting change in certain money market funds that purchase tax-exempt municipal debt. Specifically, the rule requires non-government money market funds whose investors consist of institutions (businesses, governments, pension funds, etc.) to convert from a stable net asset value (NAV) to a floating NAV.

Approximately 70% of the market for short-term tax-exempt debt *was* held by money market funds. Those funds have vanished, as predicted, because investors depend on stable value instruments for cash management needs. With fewer investors in these funds, there has been less capital available to invest in short-term municipal debt. As a consequence, the cost of financing that debt has increased, leading to higher debt burdens, reduced public infrastructure investment, less economic development and fewer jobs.

Stable NAV money market funds have worked for years, and cities like Chicago have benefitted significantly by having the option to fund long-term projects at record low short-term rates provided by money market funds. Limiting that option in the future has added to the financial strains of our city. Please help us return these funds to their prior functionality by supporting S. 1117 and H.R. 2319.

Sincerely,

Carole Brown  
Chief Financial Officer  
City of Chicago