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TREASURER



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TREASURER OF STATE

July 10, 2018

The Honorable Tom Cotton
United States Senate
Washington, DC 2-510

Dear Senator Cotton:

As Treasurer of State, I share your support for regulatory policies that foster economic growth and job creation through consumer and investor choice, and access to capital for states and local governments and main street businesses. For this reason, I am writing to urge you to cosponsor and vote for S. 1117, the Consumer Financial Choice and Capital Markets Protection Act of 2017. This legislation was the subject of a hearing in the Senate Banking Committee on June 26.

S. 1117 fixes the negative effects of a Securities and Exchange Commission (SEC) rule that has destroyed stable value money market funds as a source of low-cost variable rate borrowing for businesses and state and local governments. Implementation of the rule has significantly reduced the investment choices and returns on the management of short-term cash for operational expenses. It caused investors to shift \$1.2 trillion from prime and tax-exempt money market funds and into funds that invest only in the debt of the U.S. government, thereby subsidizing Treasury and Government-sponsored enterprise debt at the expense of our investments in public infrastructure, economic development and other state and local government needs.

By limiting our ability to access the capital markets, and undermining the investments we make to protect public funds, the SEC rule is putting unnecessary pressure on state and local government budgets as we seek to finance programs, services and public infrastructure for our citizens. S. 1117 will reverse this unnecessary regulatory impediment, and I urge you to vote to enact this important legislation.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Milligan", with a horizontal line extending to the right.

Dennis Milligan