



## ASSOCIATION OF INDIANA COUNTIES, INC.

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June 5, 2015

Senator Joe Donnelly  
720 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Donnelly,

On behalf of the Association of Indiana Counties, and the Indiana County Treasurers' Association, we jointly urge you to support legislation that will soon be introduced called "The Consumer Financial Choice and Capital Markets Preservation Act of 2015." This bill would reverse a provision within a Securities and Exchange Commission rule passed July 23, 2014, forcing money market funds to abandon the stable \$1.00 per share value and instead float net asset values (NAV).

Money market funds have proven to be a vital cash management tool for county governments, and until the SEC rule changes these funds relied upon the stability of managing cash with a consistent principal value. Further, county governments counted on the convenience and simplicity that a stable NAV provided for accounting, record keeping, and the tax treatment of cash balances. These benefits will disappear for institutional users such as local units of government in October 2016 without intervention by Congress.

In addition to jeopardizing counties' cash management, this rule hurts our ability to issue municipal securities in the capital markets. Money market funds hold approximately 70% of the short-term debt that finances vital public projects such as roads, bridges, airports, water/sewage facilities, and hospitals. A floating NAV will likely force county governments into using bank products that have historically paid lower yields or are less secure as investor demand for local government securities falls. Without such financing, local governments may be forced to limit projects, spend more for financing, or potentially increase taxes.

The end result of the SEC rule is that short-term credit availability that we rely upon is in jeopardy as investors move away from money market funds. Please support this legislation when it is introduced and we urge you to work toward its passage.



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We are working closely with Brian Burdick and Bill Moreau of Barnes & Thornburg on this effort. They would be happy to answer any questions you may have, and you may anticipate being contacted by one of them.

Sincerely,

David Bottorff  
Association of Indiana Counties

Nancy Marsh  
Indiana County  
Treasurers' Association

cc: Brian L. Burdick  
D. William Moreau, Jr.

