Association *of* Minnesota Counties

September 21, 2016

The Honorable Keith Ellison
United States House of Representatives
2263 Rayburn HOB
Washington, D.C. 20515

Dear Congressman Ellison:

The Association of Minnesota Counties (AMC) respectfully brings to your attention the looming impacts of an amendment to Securities and Exchange Commission (SEC) rule 2A-7 and the adverse effects this move will have on the investment value of municipal bonds for Minnesota counties.

As you may know, counties use tax-exempt debt to finance various capital and public works projects. In this regard, money market funds ("MMFs") are significant purchasers of tax-exempt obligations. Starting in October, we fear that once the net asset value changes from a fixed sum to floating value—pursuant to the new SEC rule—MMFs may no longer be interested in purchasing such debt. Without MMFs to purchase municipal bonds, the cost of projects will be incrementally more expensive, limiting our future growth and adding a new cost to taxpayers. In addition, obtaining the lowest possible interest costs for tax-exempt financing is an especially important tool to fund county public works and other infrastructure projects and facility upgrades.

As such, we ask for your support of H.R.4216 to benefit not only Minnesota residents, but local governments, business owners, developers, and the construction trades by preserving stable value money market funds for public infrastructure investment, economic development, and growth. As a member of the U.S. House Financial Services Committee, we know that you are in a unique position to request a hearing for this bill or to relay Minnesota counties' concerns to members of the committee.

Thank you for your attention to this issue, we greatly appreciate your consideration. Please feel free to contact my office should you have any questions or requests for specific county information.

Sincerely,

Julie Ring, Executive Director
Association of Minnesota Counties

JR: MH

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