

THE SENATE  
STATE OF NEW YORK



**TIMOTHY M. KENNEDY**  
SENATOR, 63<sup>RD</sup> DISTRICT

**RANKING MINORITY MEMBER**  
COMMERCE, ECONOMIC DEVELOPMENT  
& SMALL BUSINESS  
INFRASTRUCTURE & CAPITAL INVESTMENT

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**E-MAIL ADDRESS:**  
KENNEDY@NYSENATE.GOV

July 10, 2017

Congressman Brian Higgins  
2459 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Higgins:

As you know, every job in New York is important and many families here depend on construction jobs associated with large scale projects financed by bonds. Unfortunately, the price of using bonds is going up, which could squeeze jobs out of each project and negatively affect New York's economy.

Since the 1970s, the widespread use of money market funds by institutional investors has been possible with a stable \$1 per share net asset value (NAV), which provides administrative and accounting cost benefits for both the fund companies and short-term cash management investors. These money market funds buy the majority of tax-exempt bonds issued by governmental and nonprofit entities.

Recently, the Securities and Exchange Commission issued a rule to require money market funds to abandon the stable \$1 NAV. This rule may have serious consequences for local governments and nonprofit entities that issue tax-exempt bonds. The proposal is already driving money market funds out of the bond market that funds projects across New York State. Fewer bond buyers results in governmental and nonprofit entities having to offer higher rates, which increases the cost of the bonds and diverts money from badly needed projects to Wall Street instead.

As a solution to this problem, I respectfully suggest you consider supporting H.R. 2319, the Consumer Financial Choice and Capital Markets Protection Act. This bill would not only preserve access to capital from money market funds, but also keep costs down so more of our money is put to work to improve public infrastructure across New York State.

Thank you for your hard work on behalf of Western New York. I look forward to continuing to work together to advance the interests of our constituents. Should you have any questions, as always, I welcome your call.

Sincerely,

A handwritten signature in black ink that reads "Timothy M. Kennedy".

Timothy M. Kennedy  
New York State Senator, 63<sup>rd</sup> District

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July 10, 2017

Senator Charles Schumer  
322 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Schumer:

As you know, every job in New York is important and many families here depend on construction jobs associated with large scale projects financed by bonds. Unfortunately, the price of using bonds is going up, which could squeeze jobs out of each project and negatively affect New York's economy.

Since the 1970s, the widespread use of money market funds by institutional investors has been possible with a stable \$1 per share net asset value (NAV), which provides administrative and accounting cost benefits for both the fund companies and short-term cash management investors. These money market funds buy the majority of tax-exempt bonds issued by governmental and nonprofit entities.

Recently, the Securities and Exchange Commission issued a rule to require money market funds to abandon the stable \$1 NAV. This rule may have serious consequences for local governments and nonprofit entities that issue tax-exempt bonds. The proposal is already driving money market funds out of the bond market that funds projects across New York State. Fewer bond buyers results in governmental and nonprofit entities having to offer higher rates, which increases the cost of the bonds and diverts money from badly needed projects to Wall Street instead.

As a solution to this problem, I respectfully suggest you consider supporting S.1117, the Consumer Financial Choice and Capital Markets Protection Act. This bill would not only preserve access to capital from money market funds, but also keep costs down so more of our money is put to work to improve public infrastructure across New York State.

Thank you for your hard work on behalf of Western New York. I look forward to continuing to work together to advance the interests of our constituents. Should you have any questions, as always, I welcome your call.

Sincerely,

A handwritten signature in black ink that reads "Timothy M. Kennedy". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Timothy M. Kennedy  
New York State Senator, 63<sup>rd</sup> District