



**ERIC SCHMITT**  
MISSOURI STATE TREASURER

October 3, 2017

The Honorable Blaine Luetkemeyer  
United States House of Representatives  
2230 Rayburn HOB  
Washington, DC 20515

Dear Congressman Luetkemeyer:

I am writing to request your support for H.R. 2319, the “Consumer Financial Choice and Capital Markets Protection Act 2017.” This bipartisan legislation will support one of our state’s drivers of economic growth by restoring money market funds as an investment tool and a source of low-cost variable rate borrowing for both public and private sector entities.

Businesses and governments throughout our state benefit from money market funds as a tool to invest short-term operating cash, and as purchasers of debt used to finance infrastructure, economic development and business expansion. Unfortunately, new Securities and Exchange Commission (SEC) rules to money market funds that went into effect in October 2016 have had far reaching consequences on the ability of business and municipal entities to raise short-term capital and manage cash.

Particularly harmful is a new SEC requirement that prime and tax-exempt funds available to businesses and local governments may no longer sell and redeem shares using a stable net asset value (NAV), or \$1 per share. Instead, such funds must transact using a fluctuating, or floating NAV. Implementation of the rule has caused an estimated \$1 trillion to exit prime and tax-exempt money market funds, leaving the private sector and moving into Treasury and Government funds, which are not saddled with the floating NAV requirement.

Consequently, short-term interest rates, including rates on municipal debt, spiked to their highest levels since the financial market crisis. Missouri lost approximately \$1 billion in tax-exempt funding, which had to be replaced at higher borrowing costs. Much of these funds were used to finance infrastructure projects, including road repairs, school facilities, hospitals, and affordable housing projects, some of which may have to be delayed or cancelled.

H.R. 2319 would preserve the stable net asset value (NAV) for all money market fund investors, and restore an investment and short-term financing option that has been indispensable to economic growth and public infrastructure investment in Missouri.

Missouri is very fortunate to have your service in the House as a member of the House Financial Services Committee, where this bill now sits. H.R. 2319 is a bipartisan and common sense bill, and I would appreciate your support so that it can move expeditiously through the legislative process.

Whenever you are in Jefferson City next, stop by and see us at the Capitol.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Eric Schmitt". The signature is written in a cursive style with a large, stylized "E" and "S".

Eric Schmitt  
Missouri State Treasurer