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September 29, 2017

The Honorable Robert P. Casey, Jr.  
393 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Casey:

We are writing to ask for your support for legislation that would restore the ability of money market funds to serve our state and local governments as a safe investment option for the management of short-term cash, and as a source of low-cost capital for public infrastructure investment. The legislation, H.R. 2319 and S. 1117, is sponsored by two home-state Members of Congress, Senator Pat Toomey and Rep. Keith Rothfus, and is under consideration in the House Financial Services Committee and the Senate Banking Committee.

This issue is so important that it has the strong support of the National Association of Counties and the Government Finance Officers Association, in addition to public and private sector finance officers throughout the country.

Specifically, the legislation would fix the unintended consequences of an SEC rule that went into effect in October 2016. The rule prohibits public and private sector institutions that invest short term cash from investing in prime and tax exempt money market funds that have a stable net asset value (NAV). That has limited the investment options of state and municipal governments, and wiped out billions of dollars of low-cost liquidity used to finance public infrastructure, affordable housing, economic development and other important priorities.

In Pennsylvania alone, the rule caused money market fund holdings of municipal paper to decline by nearly 48 percent (from \$6.7 billion to \$3.5 billion) between January 1, 2016 and April 30, 2017. The interest rates we pay on that paper have spiked from a few basis points to about 90 basis points, which is 45 basis points higher than the after-tax impact of Federal Reserve's interest rate increases over the same period.


This has increased our cost of borrowing while, at the same time, reduced our ability to obtain market returns on the short-term management of taxpayer money. These extra costs and lower returns are putting unnecessary pressure on state and municipal finances.

H.R. 2319 and S. 1117 are bipartisan and common sense bills, and we urge your support as a cosponsor, and your leadership in moving it through the legislative process so it can become law.

Sincerely,

Lawrence County Board of Commissioners

  
\_\_\_\_\_  
Dan Vogler, Chairman

  
\_\_\_\_\_  
Robert Del Signore, Commissioner

  
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September 29, 2017

The Honorable Mike Kelly  
1519 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Kelly:

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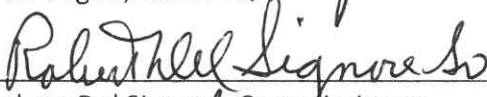
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