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The Honorable John Thune
United States Senate SD-511
Washington, DC 20510

Dear John:

I want to recommend to your attention a bill under consideration in the Senate Banking Committee that will expand access to capital for states and local governments and main street businesses. It is S. 1117, the Consumer Financial Choice and Capital Markets Protection Act of 2017, and it is sponsored by Senator Pat Toomey. A similar bill is moving through the House, H.R. 2319, which was favorably reported out by the House Financial Services Committee in January.

My support for this legislation is informed by my 16 years of experience as the South Dakota State Treasurer and Auditor. It would fix the real and significant unintended consequences of a Securities and Exchange Commission (SEC) rule that has limited the ability of state financial officers to utilize stable value prime and tax-exempt money market funds. Such funds have been widely and effectively used to manage liquidity for public investments, and as a reliable source of working capital to finance infrastructure and economic development.

The costs of SEC's action are being paid by state and local governments and other end-users of money market funds in the form of higher fees, increased borrowing costs, and lower returns on the management of operating cash. The SEC rule caused investors to shift \$1.2 trillion from prime and tax-exempt money market funds into funds that invest only in the debt of the U.S. government, thereby subsidizing Treasury and GSE debt at the expense of state and local government needs. This is putting unnecessary pressure on state and local government budgets as they seek to finance programs, services and public infrastructure for their citizens.

S. 1117 will reverse this unnecessary regulatory impediment, and I recommend it for your consideration. Let me know if I can offer any additional perspective on this issue. Additionally, I know you know former Congressman Jon Christensen who is working hard on behalf of the Coalition for Investor Choice. He can also provide you or your staff with more information regarding S.1117.

Sincerely,

Treasurer Richard Sattgast