



STATE OF INDIANA
HOUSE OF REPRESENTATIVES
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INDIANAPOLIS, INDIANA 46204

PHIL GIAQUINTA
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COMMITTEES:
PUBLIC POLICY, RMM
FINANCIAL INSTITUTIONS
SELECT COMMITTEE ON GOVERNMENT REDUCTION

May 29, 2018

The Honorable Joe Donnelly
United States Senate
720 Hart Senate Office Building
Washington, D.C. 20510

Re: Support S.1117, the Consumer Financial Choice and Capital Markets Protection Act of 2017

Dear Senator Donnelly:

I respectfully request that you support Senate Bill 1117, the "Consumer Financial Choice and Capital Markets Protection Act of 2017," which is currently under consideration before the Senate Banking, Housing, and Urban Affairs Committee.

A Securities and Exchange Commission (SEC) rule, which required money market funds to switch from a fixed net asset value to a floating net asset value, had the negative effect of eliminating \$ 1.2 trillion of capital markets financing for state and local infrastructure projects. As long as the money stays parked in the federal government funds, it is not available to fund facility and capital improvements for: local schools, hospitals, universities, sewer and clean water facilities, roads and bridges, airports, public transit, affordable public housing, and other job creating infrastructure projects, all of which finance these projects through prime and tax-exempt municipal money market funds. Because there has been a large reduction in money market funds as a direct result of the rule, these entities have experienced a substantial increase in the cost of financing our capital projects.

The issuers and investors in prime and tax-exempt funds continue to be negatively impacted by higher borrowing costs through increased short-term borrowing interest rates and limited returns on surplus cash because of this rule. Moreover, many public entities are limited and/or prohibited from investing in instruments that do not have a stable value.

To keep Indiana's economy growing, I strongly urge you to cosponsor the re-introduced legislation, S.1117, and advocate for its adoption. Your leadership on this issue could help Indiana municipalities continue to access a safe and secure source of borrowing to finance public infrastructure projects and foster economic growth.

Thank you for your time and consideration of this request.

Sincerely,

A handwritten signature in cursive script that reads "Phil GiaQuinta".

Phil GiaQuinta
State Representative
House District 80