



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

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August 10, 2018

The Honorable Jon Tester
United States Senate
Washington, DC 20510

Re: S.1117, Consumer Financial Choice and Capital Markets Protection Act

Dear Senator Tester,

I am 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.

S.1117 (Consumer Financial Choice and Capital Markets Protections Act) is a bi-partisan bill that 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.

Short-term borrowing costs have risen as a direct result of this rule, and it has reduced the ability of municipalities 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.

All of this can be remedied by the passage of S. 1117. Thank you for your consideration of support.

Sincerely,


Jimmy Patelis
Representative, HD 52