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The Honorable Jon Tester
311 Hart Senate Office Building
Washington, DC 20510-2604

09/12/2018

Dear Senator Tester:

On behalf of the public and private sector entities that are the drivers of economic growth and development in our State, I am writing to request your support for S. 1117, the Consumer Financial Choice and Capital Markets Protection Act 2017. This bipartisan legislation will help our region prosper economically by restoring money market funds as an investment tool and a source of low-cost variable rate financing.

Businesses and governments in Montana and across the country 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 rules to money market funds that were adopted by the Securities and Exchange Commission (SEC) in July 2014, and which went into effect on October 14, 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 over \$1.15 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.

As investments flowed out of non-government funds, Montana's businesses and municipalities lost a key source of funding, much of which was used to finance infrastructure projects, including road repairs, school facilities and hospitals, some of which may have to be delayed or cancelled. In addition, institutions are no longer able to benefit from market rates of return on their short-term cash investments provided by prime money market funds. This drives up the cost of doing business, and results in less business investment and job creation.

S. 1117 would preserve the stable net asset value (NAV) for all money market fund investors. I urge you to support this legislation to we can restore an investment and short-term financing option that has been indispensable to economic growth and public infrastructure investment in Montana and throughout the U.S.

Sincerely,

Rick Edwards, MEDA Legislative Chair

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