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Senate of Pennsylvania

October 1, 2018

The Honorable Robert P. Casey, Jr.
United States Senate
393 Russell Senate Office Building
Washington, DC 20510

Dear Senator Casey:

I am writing to request your favorable consideration and co-sponsorship of S. 1117, the Consumer Financial Choice and Capital Markets Protection Act. This bipartisan legislation would restore the ability of state and local governments to use non-government money market funds to strengthen our neighborhoods, spur economic development and create jobs. It was reported favorably from the House Financial Services Committee in January and was considered at a hearing of the Senate Banking Committee on June 26 with near unanimous support.

For over 40 years, Pennsylvania's counties and municipalities have used money market funds as a safe investment option for the management of short-term cash, and as a source of low-cost capital for public infrastructure investment. Reforms were adopted in 2010 and 2014 to improve the resilience of money market funds during a financial crisis, but one such reform went too far. It was a rule that was implemented in October 2016 that 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 local governments and wiped out billions of dollars of low-cost liquidity used to finance public infrastructure, affordable housing, economic development and other important priorities.

S. 1117 would fix the unintended consequences of the SEC's floating NAV rule, while leaving in place those reforms that were designed to improve financial stability and protect investors. It offers a commonsense approach to helping states, counties and cities to more effectively manage their finances and serve the needs of their communities. I ask that you support and co-sponsor this legislation and push for its enactment as soon as possible. As always, I thank you for reviewing this issue and for your service to our Commonwealth.

Sincerely,

Vincent J. Hughes, Chairman
Senate Democratic Appropriations Committee
PA 7th Senatorial District