

City of Athens

Auditor's Office

Kathy Hecht

Auditor



8 East Washington Street
Athens, Ohio 45701-2411
(740) 592-3336
(740) 592-6400 fax
khecht@ci.athens.oh.us

April 20, 2020

Honorable Sherrod Brown
503 Hart Senate office Building
Washington, DC 20510

Dear Senator Brown,

I am writing to urge your support for S.733. The current economic climate caused by the coronavirus has put Ohio's cities in significant financial turmoil. As you know, cities can't run deficits like the federal government and we are largely funded by the income tax. As unemployment grows, our revenues will shrink and the needs of our citizens will grow. It is my job as City Auditor to ensure the city's resources are spent wisely, efficiently, and with accountability. This responsibility becomes even greater as resources shrink and demand for necessary services increases.

The lack of liquidity in financial markets and the challenging environment to sell tax exempt debt calls for the need to enact S. 733. It will alleviate some of the strain by introducing more than \$1 trillion back to the market to buy municipal debt and help keep interest rates low so less revenue is pledged to interest when we will need as much from our General Revenue Fund (GRF) for essential services as we can identify. The current market conditions are making it very difficult to sell these bonds, if at all, and if sales were to occur they likely are much more expensive for cities which will tie up much needed resources into increased payments instead of on needed services.

S. 733 will correct the unintended consequences of the SEC rule change which required Money Market Funds (MMFs), the largest purchaser of tax exempt debt, to change a more than 40 year regulatory environment. The return to a stable NAV, which was the historical norm, will allow for almost \$1 trillion to return to the capital markets and provide for more affordable financing for our local governments at a much needed and unprecedented financial time.

I strongly urge you to advocate with your colleagues on both sides of the aisle for the inclusion of S. 733 in the next legislation targeting aid to the economy.

Sincerely,

Kathy Hecht, Auditor
City of Athens