



Government Finance Officers Association  
660 North Capitol Street, Suite 410  
Washington, D.C. 20001 202.393.8467

March 20, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
Washington, DC 20515

The Honorable Mitch McConnell  
Senate Majority Leader  
Washington, DC 20510

The Honorable Kevin McCarthy  
House Minority Leader  
Washington, DC 20515

The Honorable Charles Schumer  
Senate Minority Leader  
Washington, DC 20510

Dear Speaker Pelosi and Leaders McConnell, Schumer and McCarthy:

The Government Finance Officers Association urges you to support the inclusion of H.R. 4492/S. 733 in legislation providing immediate economic relief related to the 2020 coronavirus pandemic. This legislation will provide significant relief to state and local government that depend on the municipal debt markets to finance the facilities, resources and infrastructure needed to protect our citizens from this epidemic. It has the support of organizations representing state and local governments, finance authorities and other public entities (please see the attached coalition letter).

H.R. 4492 and S. 733 would reverse and ill-advised Securities and Exchange Commission (SEC) rule that changed the way prime and tax-exempt money market funds function. The required change from a stable net asset value to a floating net asset value disrupted an important investment option and a source of low-cost capital that was available to cities, counties, school districts, port authorities, hospitals, colleges and universities and housing authorities. The SEC rule, which caused \$130 billion to leave tax-exempt money market funds and over \$1 trillion to leave prime money market funds, has contributed to the significant liquidity disruption that is now occurring in the municipal finance market, something we predicted would happen in comment letters to the SEC.

Restoring the stable net asset value for both prime and tax-exempt money market funds will bring significant capital markets liquidity to the municipal debt market, thereby lessening the need for Federal Reserve or Treasury Department intervention. We urge you to give state and local governments the capital markets tools they need to provide critical supports and services to their citizens, particularly during this time of crisis, by including H.R.4492/S.733 in the third coronavirus relief legislation currently under consideration.

Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Emily S. Brock". The signature is written in a cursive, flowing style.

Emily Swenson Brock  
Director, Federal Liaison Center

cc: Sen. Pat Toomey  
Rep. Gwen Moore