

Kenneth W. Jenkins
Legislator, 16th District

December 2, 2016

The Honorable Charles E. Schumer
United States Senate
322 Hart Senate Office Building
Washington, DC 20510

Dear Senator Schumer:

I am writing you today regarding Senate Bill 1802 (S.1802), the Consumer Financial Choice and Capital Markets Protection Act. As a member of the Westchester County Board of Legislators representing the City of Yonkers, as well as President of the City of Yonkers Industrial Development Agency, I know firsthand how important tax-exempt bond financing is for economic development, and how this legislation will help fix an unintended negative consequence of one of the components of the Securities and Exchange Commission's recent ruling regarding money market funds. On behalf of continued economic development in the City of Yonkers, and all of Westchester, I respectfully urge you to support this legislation.

Economic development and infrastructure investment are priority topics right now. With a nation, state and county in dire need of investment to rebuild and revitalize our roads, rails, bridges and tunnels, we must do all we can to ensure financing is available for to bring our critical infrastructure up to 21st century standards. Key to this economic development and infrastructure investment is access to tax-exempt bond financing.

While leaving the rest of the SEC's money market reforms in place, S.1802 will correct a significant deficiency, which if not corrected, will reduce investment in money market funds. Specifically, this deficiency requires money market funds to change their method of accounting from a stable net asset value to a floating net asset value. This change has already resulted in a large scale exodus of investment in these essential funds. These funds represent the largest purchasers of tax-exempt bonds issued by municipalities, non-profit institutions and economic development entities. A reduction in investment in money market funds will result in a decrease in investment in tax-exempt debt, which will in turn result in an increase in the cost of issuing tax-exempt debt. If costs increase for tax-exempt debt issuers, it will directly lead to the reduction in the size and scope of projects, or to projects being cancelled entirely. Most importantly, this means less economic development and fewer jobs.

Passage of S.1802 will go a long way to ensuring that economic development and infrastructure projects can move forward, creating jobs in the process. S.1802 will safeguard our ability to achieve success in the future.

Sincerely,

Hon. Kenneth W. Jenkins
Westchester County Legislator, 16th District

Tel: (914) 995-2829 • Fax: (914) 995-3884 • E-mail: Jenkins@westchesterlegislators.com