LEGISLATIVE VIEWPOINT

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Email: rule-comments@sec.gov August 28, 2013

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-03-13

Dear Ms. Murphy:

The Securities and Exchange Commission may be creating fresh challenges to local governments with proposed reforms to money market funds, a key component of our financial system and a valued financing tool used by state and local governments.

Money market funds hold more than half of the short-term debt that finances state and municipal governments for public projects such as roads, bridges, water and sewage treatment facilities, and hospitals. Most appealing about these funds is their stable $1 net asset value — which allows investors to treat them as the equivalent of cash, like money in a bank, but with a higher rate of return. Unfortunately, one of the proposals being considered by SEC would change the money market funds' characteristic stable NAV to a floating value, undermining their key strength.

Without that financing, local governments may be forced to limit projects and staffing, spend more on financing by investing in lower yield products, or increase taxes. Given our current operating environment, these are not viable outcomes.

Hundreds of national and state organizations — from the public sector, nonprofit, and business communities — have already registered their opposition to similar proposals put forth previously by the Securities Exchange Commission. In fact, three Commissioners, constituting a majority of the Commission, rejected plans to alter the fundamental structure of money market funds in August of 2012. We add our voice to the overwhelming opposition to adoption of these rules and urge the SEC to reconsider its proposed rules.

Very truly yours,

William Dressel, Jr.
Executive Director
New Jersey League of Municipalities

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