

# Memorandum

City Manager's Office



Date: January 5, 2017

To: Mayor and Council

Through: Andrew Ching, City Manager

From: Marge Zylla, Government Relations Officer

**Subject: Federal letters of support, Municipal Bond Status and H.R. 4216**

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Staff is seeking Council direction regarding the support of two separate letters that both relate to local government financing options. Tempe's federal lobbying firm noted that, given the potential of federal tax reforms in the coming administration, it would be appropriate for the Council to take both of the letters into consideration.

The first letter advocates for the preservation of the tax exempt status of municipal bonds. This is included in Tempe's Federal Legislative Principles, which were brought before Council in September 2016. The letter is being circulated for signatures by the Municipal Bonds for America (MBFA) coalition, which is currently chaired by Mayor Steve Benjamin of Columbia, South Carolina. MBFA notes that it will be sending the letter to all U.S. House and Senate Leadership, House Ways & Means Committee Members, and Senate Finance Committee Members to urge them to retain current law on municipal bonds. See Attachment 1 for the text of the letter.

The second letter represents support for H.R. 4216, the Consumer Financial Choice and Capital Markets Protection Act. This act addresses a Securities and Exchange Commission (SEC) rule that changes the treatment of money market funds, which has the consequence of requiring governments, organizations and businesses to shift short-term cash management needs out of money market funds and into other types of investments. Those other investments may not be as ideal for capital access needs as the money market funds would have been. H.R. 4216 would preserve the abilities of organizations and business to use money market funds as a financing tool. See Attachment 2 for the text of the letter.

Please contact me with any questions or concerns.