

MEMO# 2534

February 11, 1991

RHODE ISLAND CREDIT UNION BAIL OUT TO BE FINANCED OUT OF GENERAL SALES TAX

February 11, 1991 TO: MONEY MARKET MEMBERS - ONE PER COMPLEX NO. 3-91 RE: RHODE ISLAND CREDIT UNION BAIL OUT TO BE FINANCED OUT OF GENERAL SALES TAX

_____ Last Friday, February 11, the Governor of Rhode Island signed into law a measure to pay off depositors of state credit unions not covered by federal insurance. The payments will be financed by a bond issue, which will be paid off by cancelling a scheduled decrease in the state's sales tax. The law does not contain any tax on money market funds, which had been mentioned in earlier reports as a possible financing mechanism. (See Memorandum to Money Market Members No. 2-91, dated February 1, 1991.) Craig S. Tyle Associate General Counsel

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