**GMA Message to Congress: Support for Cities in 4th Supplemental Aid Package**

In Georgia and across the country, city officials are on the front lines serving communities and keeping them safe during the coronavirus. Unfortunately, the measures local governments are taking to protect residents from ill health and fiscal decline are incredibly costly. Utility disconnect prohibitions, eviction moratoriums, stop work orders, and fine and fee waiving are all necessary and appropriate protections. At the same time, local governments are losing significant revenue that cannot be recouped with their local tax base. These losses are compounded by falling tax revenue affecting every level of government. And normal operations including social services, transit, and public safety are becoming more difficult and costly to operate.

Because local governments must achieve balanced budgets, these massive and unprecedented reductions of every type of revenue stream for local governments are leading cities the brink. Without a significant federal intervention for local budget relief, local governments will have no choice but to begin enacting process delays, cuts in services, and lay-offs for critical employees. We are concerned that the CARES Act, and the Coronavirus Relief Fund authorized under the bill, does not address the necessary increases in spending, or the unavoidable shortfall in revenues, faced by the vast majority of local governments. GMA believes it is appropriate and necessary for Congress to approve emergency appropriations for direct local budget relief for every city and town, not only for those over 500,000 in population as in the CARES Act, or for entitlement cities over 50,000 as is the case for Community Development Block Grant (CDBG) formula grants. The smallest local governments face incredible obstacles in recovering from this ongoing disaster, as they are less likely to rebound quickly when we turn the corner and Congressional assistance for these smaller local governments is needed for their survival.

On behalf of GMA and our 538 member cities in Georgia, we are calling on Congress to advance a fourth emergency appropriations package to address the immediate need for local budget relief by making direct emergency funding available to every city in need, regardless of population. Moreover, we call on Congress to include targeted programs focused on the intermediate and long-term needs of residents, households, and small businesses on the economic margins to ensure an economic rebound.

To address needs in Georgia's cities, the next emergency package should include the following direct supports for local governments:

**A stabilization fund for cities and towns.**
NLC, GFOA, and other state and local government associations are collecting and sharing data on the response and fiscal impact of recent extraordinary measures on local budgets. The findings point to potentially dire outcomes. Every unit of local government across the United States must have access to stabilization funds for local budget relief, regardless of population. If a population threshold is unavoidable, local governments must be permitted to apply jointly to meet that threshold.

**Conversion of federal loans into grants.**
Another consequence of the local budgetary challenges resulting from COVID-19 is that it is reasonable to anticipate many local governments will have limited ability to accept and payback new or existing loans. Therefore, Congress should temporarily provide grants instead of loans to local governments through key federal programs such as the USDA Rural Utilities Service Water and Waste Disposal program and EPA State Revolving Loan fund program.

**A fix for the unfunded mandate in the Families First Coronavirus Response Act (FFCRA), that prevents governmental employers from receiving federal tax credits to offset the cost or providing additional paid emergency leave.**

Most employers will be fully reimbursed for complying with FFCRA requirements. However, this is not the case for local governments. Sections 7001(e)(4) and 7003(e)(4) of FFCRA prohibit local governments from receiving the tax credits that most other employers, whether non-profit or for-profit, get. Therefore, the cost of this additional leave will be fully borne by local governments despite the additional budgetary challenges already present as a result of COVID-19.

**Stabilize the municipal bond market.**
Congress should allow in unusual and exigent circumstances, the Federal Open Market Committee to buy or sell investment grade bills, notes, bonds, and warrants of any maturity greater than 6 months, by any state, county, district, political subdivision, instrumentality of a political subdivision, territory, possession, or municipality in the United States, including irrigation, drainage, and reclamation districts.

**Repeal the 2017 Tax Cuts and Jobs Act (TCJA) provision that capped the state and local tax (SALT) deduction and property tax deduction at $10,000.**
The SALT deduction historically strengthened state and local government functions, including public health programs, safety-nets for low-income residents and emergency response services. No one can suggest cutting services at this time is a responsible response to the coronavirus pandemic.

In addition, we respectfully recommend the following infrastructure measures to quicken economic stabilization and recovery:

**Transportation Infrastructure**
To quickly respond and provide flexible funds to restore and repair transportation services in communities, Congress should quickly influx significant investment through the Surface Transportation Block Grant Program (STBG). STBG can be used widely by local, regional and state partners on almost any transportation asset which will ensure that its quickly utilized on high-priority projects in every region of the U.S. Additionally, to further accelerate its use, remove match requirements so 100% federal investment reaches communities where the needs are based. Finally, consider provisions to accelerate the reimbursement and payment process of the federal transportation programs to ensure that state and local governments do not need to set-aside state or local funds that would otherwise be used to keep people on the job, continue services, or pay businesses for services and goods.

**Water Infrastructure**
Access to clean water is essential for stopping the spread of COVID-19. Local governments fund 95% of all local water infrastructure needs, primarily through user fees. During this public health crisis, many local governments and water utilities have taken additional steps to ensure that all customers have access to clean and safe water, including moratoriums on water service disconnections and reconnecting delinquent accounts. The federal government should provide local governments and water utilities with funding to cover costs associated with these actions. Congress should improve immediate and long-term access to clean water by providing direct funding and financing for local water utilities, low-income rate payers and infrastructure projects. To ensure that low income households are not unduly burdened by rates that are unaffordable, Congress should provide grants to assist low-income household pay water and wastewater utility costs. Finally, Congress should direct funding and financing to local governments to support water infrastructure projects across the country. This should include through the State Revolving Funds (including the encouragement of grants and zero interest loans to local governments), WIFIA, sewer overflow control grants, water workforce development grants, and grants for lead treatment, remediation and replacement. Particularly important are programs that

support small and rural communities, such as the Rural Utilities Service Water and Waste Disposal program.

**Housing Infrastructure**
Housing instability and homelessness are two of the most significant obstacles to our efforts to flatten the curve and end the COVID-19 pandemic. Orders to stay at home or shelter in place are meaningless without a sufficient supply of affordable housing. Congress should work with local governments to rebalance housing supply and demand by funding affordable housing construction and rehabilitation. Stimulus for housing infrastructure should include funding to fully address the public housing capital backlog and the backlog of capital needs for the Section 515 and 514 rural housing stock. Congress should also include new funding for programs that help local governments improve housing stability and end homelessness, including the Community Development Block Grant program, the HOME Investment Partnership Program, the Capital Magnet Fund, and the national Housing Trust Fund.

**Broadband Infrastructure**
The rapid shift to online-only work, education, worship, healthcare, and socializing for American communities has highlighted the crucial role of broadband access in our society, as well as the serious gaps in access that remain. Congress must both respond quickly to the crisis by removing obstacles to broadband access for residents in communities with sufficient infrastructure and plan long-term for major federal investment in broadband to ensure that communities are strong for the future. Congress should take bold action to ensure no families are cut off from school, healthcare or work by providing an immediate temporary subsidy for all households to subscribe to broadband if available. Congress should also prohibit service disconnections by ISPs for the duration of the emergency, remove limits on minutes and data caps, expand Lifeline eligibility, expand and expedite funding to anchor institutions for wi-fi provision and hotspot distribution through the E-Rate program, and increase service speeds for subsidized programs. In addition, Congress should build upon the work it has already done and invest large-scale direct funding in broadband infrastructure, local broadband planning, and digital inclusion work to ensure that local economies can grow back strong. This must include not only rural, isolated communities, but also urban and suburban communities that have been the victims of years of disinvestment and digital redlining. Part of this effort must include removing state limitations on municipal broadband, which limit the ability of communities to access funding and provide services to residents in times of crisis.

Lastly, we respectfully recommend the following measures to expand opportunities for job security, economic mobility, and the health and well-being of our residents:

**Job Security**
Invest in our nation's workforce system to ensure that Americans and American businesses can recover. With unprecedented numbers of Americans facing unemployment and an increased demand on our nation's workforce development system, it is imperative that a significant investment be made in the programming and services that meet the changing demands of local businesses, including adapting new trainings and programs, associated with the ongoing and long-terms effects of the COVID-19 response.

**Emergency Rental Assistance**
We applaud the Administration for joining scores of mayors and local governments in enacting temporary eviction and foreclosure moratoriums. However, without additional rental assistance or good-faith payments to landlords, eviction moratoriums may result in an eviction cliff potentially large enough to cancel out the positive impact of any economic stimulus. Residents place significant trust in

local governments, making them the most appropriate entity to negotiate and make good faith payments to landlords and property management companies to prevent evictions. Funding estimates for emergency rental assistance to ensure vulnerable residents remain stably housed beyond the end of the COVID-19 pandemic range from $50 billion to $89 billion. The federal government should make funds available to local governments for good faith payments that stop evictions over the long term.

**Preventing and Ending Homelessness**

We applaud Congress for appropriating $4 billion for homeless assistance under the CARES act. As soon as possible, Congress must appropriate additional funding to both stop the spread of COVID-19 among the homeless population and provide the necessary housing to bring homeless residents into compliance with stay at home orders.