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Local Government Groups Encouraged By McConnell's Prediction

By Brian Tumulty
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Local government groups said Tuesday they are encouraged by Senate Majority Leader Mitch McConnell's commitment to enacting another coronavirus rescue package later this month.

McConnell told constituents in his home state of Kentucky on Monday that he expects Congress to pass a package by the end of the month that will include liability reform, funding to help reopen schools, jobs, and healthcare.

Additional federal aid to state and local governments is "another category we will be looking at," McConnell said in response to a question during a visit to a local hospital that was televised by the CBS television affiliate WLKY.

The Senate returns from recess on July 20 for three weeks of legislative activity before adjourning again until after Labor Day.

The Senate's state and local aid package is expected to be significantly less than the \$915 billion in direct aid contained in the HEROES Act already approved by the House.

Groups such as the National League of Cities and National Association of Counties hope that the Senate will at least use the \$500 billion in state and local aid in the bipartisan SMART Act as a starting point. The SMART Act has three Senate Republicans and three Democrats as cosponsors.

In addition, Republican Sen. Cory Gardner has joined with fellow Colorado Sen. Michael Bennet, a Democrat, in calling for a more robust aid package. Gardner, Bennet and Colorado Gov. Jared Polis signed a joint letter in April to congressional leaders asking for additional aid.

Their request includes another \$500 billion for states and "and hundreds of billions of additional support directly to local governments without population thresholds and with the flexibility to fill major revenue shortfalls."

Angelina Panettieri, the NLC's legislative manager for information technology and communication, said that restoration of tax-exempt advance refunding might be inserted into the package. Sen. Roger Wicker, R-Miss., is a champion for restoring the provision.

Restoration of advance refunding is contained in a \$1.5 trillion infrastructure package passed by the House last week, but that legislation has no chance of being considered by the Senate.

Panettieri believes that advance refunding "has better chances than anything else" in the House-passed infrastructure bill of also becoming part of the Senate coronavirus relief legislation.

McConnell's messaging on additional federal aid for coronavirus relief "has been a bit of an evolution," she said.

"He's moved now from if, to when," said Panettieri. "And we are hoping and anticipating that local relief will be a part of that."

"I suspect that whatever is passed is going to be a compromise product between the Senate and the House," Panettieri said, adding that she has no prediction of what the top line number for state and local aid will be.

Mark Ritacco, deputy director of government affairs at the National Association of Counties said his organization estimates counties face a shortfall of at least \$144 billion from the COVID-19 pandemic through fiscal 2021. In addition, counties are expecting drops in property tax revenues or future cuts in state funding.

"In the face of this overwhelming crisis in local finances, we need a significant new round of federal aid that is flexible and available to counties of all sizes," Ritacco said in an email.

At the very least the Senate should provide more flexibility to local governments in how they use the \$150 billion Coronavirus Relief Fund aid that was part of the CARES Act, said Emily Brock, director of the federal liaison center for the Government Finance Officers Association.

"Local jurisdictions are really having some major dilemmas on how to spend that money because very little guidance has been pushed out," Brock said.

The Treasury FAQs say public safety and public health salaries can be paid with the federal aid only if those workers are substantially dedicated to coronavirus relief, which the Treasury interprets as more than half of their time.

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