

American Rescue Plan Act: State and Local Funding

The ARP offers \$350 billion to states, counties, and local governments, guaranteeing funding to all 19,000 municipalities in the country. For many communities, this funding is urgently needed to fill budget shortfalls. For many, the funding will exceed the direct impacts of the pandemic to local budgets; it represents one of the most transformational opportunities for communities in decades. States, counties and cities will be looking to plan strategic investments based on community-driven priorities.

- Funding will be allocated in two tranches: once in mid-May 2021 and once a year later.
- All 19,000 municipalities in the U.S. receive funding. [Click here](#) to learn the estimated amount of funding allocated to your city.
- Cities below 50,000 population will receive their allocation through the Commonwealth of Pennsylvania, cities over 50,000 in population will receive funding directly from the Treasury.
- Treasury released the Interim Final Rule on May 10, 2021, providing guidance on eligible uses and requirements. An open comment period is anticipated before regulations are finalized.
- Funds need to be obligated by 12/31/2024 & used by 12/31/2026.
- **FUNDS CAN BE TRANSFERRED TO A NONPROFIT ORGANIZATION.**

How can a Main Street or Elm Street organization be well-positioned to utilize these funds?

1. **BE AT THE TABLE OF LOCAL DECISIONS!** Speak to local and county decision makers. Attend public input forums and be prepared to offer suggestions for strategic use of funds.
2. Track # of businesses, residents, or employees that your organization has supported during the pandemic. What kinds of assistance was provided? What kinds of assistance are you continuing to provide? Gather testimonies of those whom your organization has helped. **SHARE THIS DATA!**
3. Define your recovery vision for your business district/neighborhood district. Support your vision with data.
4. Share your revitalization strategy, drawing attention to prioritized key goals and objectives that identify recovery and prevention efforts. **BE PREPARED WITH PROJECTS THAT ARE SHORT TERM AND 'LONGER TERM'!**
5. Hone your organization's talking points. Prepare your board with the same information.

Additional Resources:

- [Department of the Treasury – Coronavirus State and Local Fiscal Recovery Funds – Interim Final Rule](#)
- [National Main Street Center Recovery Resources](#): Pandemic Recovery Worksheet & Talking Points
- [Suggestions for Small Business Recovery](#)
- Brookings Report - [*Four takeaways on new guidance for state and local fiscal relief under the American Rescue Plan*](#)
- [National League of Cities FAQ](#)



ARPA State and Local – Interim Final Rule

5.10.21

Summary of Treasury's [Interim Final Rule](#) of American Rescue Plan Act State and Local funds as they might be applicable to Main Street programs or Main Street communities. In some place, direct text excerpts are provided.

- I. Overview
 - a. Section I provides a general overview of the American Rescue Plan Act and the COVID impacts it seeks to address, including the four primary areas outlined in the legislation:
 - i. To respond to public health emergency and economic impacts
 - ii. To respond to workers performing essential work
 - iii. To replace revenue lost/attributable to pandemic
 - iv. To make investment in water, sewer, or broadband infrastructure
 - b. The guidance in the Interim Final Rule also includes accountability/transparency requirements.
- II. Eligible Uses
 - a. Public Health and Economic Impacts
 - i. Must respond to negative economic impacts. Recipient should assess economic harm and extent to which the use would address harm. Economic impacts may be immediate or delayed.
 - ii. "Assistance or aid to individuals or businesses that did not experience a negative economic impact would not be an eligible use under this category." (pg. 31)
 - iii. Use must be proportional to harm; uses that bear no relation or are grossly disproportionate are not eligible.
 - iv. "States, local, and Tribal governments have broad latitude to choose whether and how to use the Fiscal Recovery Funds to respond to and address the negative economic impact." Non-exclusive (edited down) list of uses:
 1. **Expenses to Improve Efficacy of Economic Relief Programs.** "State, local, and Tribal governments may use payments from the Fiscal Recovery Funds to **improve efficacy of programs addressing negative economic impacts**, including through use of data analysis, **targeted consumer outreach**, improvements to data or technology infrastructure, and **impact evaluations**."
 2. **Small Businesses and Non-profits.** Recipients may provide assistance to small businesses to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID-19 public health emergency, including:
 - a. **Loans or grants to mitigate financial hardship** such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain

- employees, mortgage, rent, or utilities costs, and other operating costs;
- b. **Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics**, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and
- c. **Technical assistance, counseling, or other services to assist with business planning needs.**
- d. Recipients may consider additional criteria to target assistance to small businesses, including businesses with less capacity to weather financial hardship (smallest businesses, low credit, most impacted.) Recipients should consider local economic conditions and business data when establishing such criteria.

- 3. *Rehiring State, Local, and Tribal Government Staff.* the Interim Final Rule includes as an eligible use payroll, covered benefits, and other costs associated with rehiring public sector staff, up to the pre-pandemic staffing level of the government.
- 4. **Aid to Impacted Industries.** (tourism, travel, and hospitality) – Certain industries were hardest hit. Industries outlined in the legislation include tourism, travel and hospitality. The Final Interim Rule also specifically cites business districts: “Aid may be considered responsive to the negative economic impacts of the pandemic if it supports businesses, attractions, **business districts**, and Tribal development districts operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel, and hospitality industries and to **business districts** that were closed during the COVID19 public health emergency, as well as aid for a planned expansion or upgrade of tourism, travel, and hospitality facilities delayed due to the pandemic.” (pg 37)

- v. QCTs – **Qualified Census Tracts** / disproportionately impacted communities have increased latitude with funds, with specific uses identified:
 - 1. Building Stronger Communities through Investments in Housing and Neighborhoods:
 - a. Services to address homelessness
 - b. **“Affordable housing development to increase supply of affordable and high-quality living units”**
 - c. Housing vouchers
 - 2. Also under this section for QCTs:
 - a. Addressing Educational Disparities
 - b. Promoting Healthy Childhood Environments (childcare)
- vi. Not fundable under Public Health and Economic Impacts

1. Infrastructure projects unless directly related to negative health or economic impact. Note: section on infrastructure and broad use of revenue replacement.
2. Rainy day funds / financial reserves
3. Obligation from settlement
4. Nothing for debts incurred before March 3, 2021

b. Premium Pay

- i. Allows payment to essential workers, defined as regular in-person interactions or regular physical handling of items that were handled by others. “those who maintain a continuity of operations . . .”
- ii. The chief executive of each recipient can add additional sectors to list as long as deemed critical to public health and well-being.
- iii. Up to \$13/hr not to exceed \$25k/worker.
- iv. Must justify payment if payment would make worker exceed 150% of their state’s average annual wage for all occupations.

c. Revenue Loss

- i. Revenue loss calculation is based on a definition of “general revenue”
 1. Definition is based on Census Bureau’s Annual Survey of State and Local Government Finances. Goal is to create a consistent methodology.
 2. Excludes correcting transactions, issuance of debt, sale of investments, etc. Includes state/local transfers, but not transfers from federal
- ii. Calculation of loss is comparison of actual revenue to a “counterfactual trend” of what could have been expected.
- iii. **Recipients have broad latitude to use funds for provision of government services.**
 1. Includes pay-go funded building, roads, environmental remediation, **etc. (This seems to be broadest bucket for Main Street project use).**
 2. Does not include debt payments or things that do not provide direct aid to citizens.

d. Infrastructure - Three eligible categories: water, sewer, broadband

- i. Water and Sewer Infrastructure – because clean drinking water and treatment of wastewater/storm water are important for public health
 1. Eligible uses are aligned with Environmental Protection Agency’s (EPA) Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).
- ii. Broadband –
 1. Goal is to provide symmetrical 100 Mbps upload/download speeds.
 2. Where that cannot be met, 100 Mbps upload / 20 Mbps download is ok, but projects should be scalable.

III. Restrictions

- a. Cannot offset reduction in tax revenue resulting from change in law.
 - i. There will be annual reporting to determine.
 - ii. Some flex for previous changes being phased-in
- b. Cannot deposit into pension funds. (some flex here re: benefits)
- c. **Cannot be used as a non-Federal match for other Federal programs.**

- IV. Timeline for Use of Funds
 - a. **Date for costs incurred – beginning 3/3/2021**
 - b. **Funds must be “obligated” by 12/31/24**
 - c. **Performance runs through 12/31/26**
- V. Recoupment – skipping summary here.
- VI. Payment Tranches
 - a. Local Gov and States: 50% now / 50% in May 2022 unless unemployment is 2% more than pre-pandemic level. In case of high unemployment, entire payment in one tranche.
 - b. Territories: all funding will be sent now (Puerto Rico)
- VII. Transfer
 - a. A county can transfer to a local government.
 - b. Non-profits can be subrecipients. Recipients are responsible for monitoring subrecipients.
 - c. Subrecipients must abide by eligible uses.
 - d. If local wants to give to state, the grant to the locality is essentially cancelled.
- VIII. Non-entitlement Govt's
 - a. Under 50k population, states will distribute – must not exceed 75% of pre-pandemic budget
 - b. Budget can be through self-certification process with state.
- IX. Reporting
 - a. Broadly, one interim report (8/31/21) and quarterly reports thereafter until 12/31/26.
 - i. Non-entitlement units of gov – no interim report.



May 4, 2021

Mr. Paul Taylor

Mr. Sean Stinnett

Mayor's Office of Small, Minority and Woman Business

3000 Druid Park Drive, Suite 3000B

Baltimore, MD 21215

Dear Mr. Taylor and Mr. Stinnett,

Please find the attached proposal from Baltimore's Main Street organizations. We are seeking support from the American Relief Plan funding allocated to the City of Baltimore to support local business and commercial corridor recovery efforts. This proposal is an outline of immediate impactful projects and strategies with long lasting results.

We look forward to discussing this outline further. Please contact Wanda Best at wgbest@verizon.net or 410-299-1535 or Kim Lane at director@historicpigtown.org or 443-908-7038 to schedule a discussion or with any questions.

Sincerely,

Wanda G. Best, MPA, LDN

Executive Director

Upton Planning Committee, Inc.

828 North Carrollton Ave.

Baltimore, MD 21217

(410) 299-1535

Kimberly Lane

Executive Director

Pigtown Main Street

763 Washington Blvd.

Baltimore, MD 21230

(443) 908-7038

cc:

The Honorable Senator Chris Van Hollen

The Honorable Senator Ben Cardin

The Honorable Congressman Kweisi Mfume

The Honorable Congressman John Sarbanes

The Honorable Mayor Brandon Scott

Baltimore City Council President Nick Mosby

Mr. Christopher Shorter, Baltimore City Chief Administration Officer

Mr. Ted Carter, Deputy Mayor, Community & Economic Development

Ms. Alice Kennedy, Action Director, Baltimore City Department of Housing and Community Development

Mr. Christopher Ryer, Director, Baltimore City Department of Planning

Mr. Collin Talbert, President and CEO, Baltimore Development Corporation

Mr. Robert Cenname, Baltimore City Budget Director



A program of the Southwest CDC and Baltimore Main Streets

PROPOSAL: AMERICAN RELIEF PLAN FUNDING ALLOCATION FOR BALTIMORE'S MAIN STREETS

BUSINESS & COMMERCIAL CORRIDOR RECOVERY

Commercial Space and Facade Improvements

Grant funds to assist with build out of brick-and-mortar spaces and facades to attract and retain small businesses with an emphasis for BIPOC and women owned businesses.

Business Attraction

A grant and/or forgivable loan for MS organizations to attract businesses that will meet needs of the community and/or to build the commercial corridor. These funds will be used for start-up and expansion costs.

Commercial Vacancy Reduction

Flexible loan or grant pool allowing MS organizations to purchase and or partner with property owners to remove negligent landlords who have left vacant properties along commercial corridors. These funds include attorney fees, purchasing and pre-development costs.

Emergency Gap Funding

Funds to businesses for emergency repairs, gap funding and unexpected expenses that will interrupt business operations.

Event Support

Funds to support events that strengthen MS businesses' customer base locally and regionally as appropriate.

Program Operations

Provide program oversight (staff, accounting systems, rent, overhead) which will help MS programs retain businesses and improve organizational capacity.

Streetscaping, Clean and Green, Public Safety in MS Districts

Includes installations for safe neighborhood design, cleaning activities and/or streetscaping including wayfinding, banners, art installations, traffic calming and pedestrian-friendly installations.

Technical Assistance Supports

Provide architecture, graphic design and technology support through technical assistance providers on retainer for MS organizations.

Baltimore's Main Streets encompass more than 2,000 businesses with the majority owned by people of color and women.



Baltimore's Main Streets serve more than 100,000 Baltimore households in 20 Charm City neighborhoods.



During 2019, private investment exceeded 40 million dollars in Main Street districts.



CITY AGENCY SUPPORT

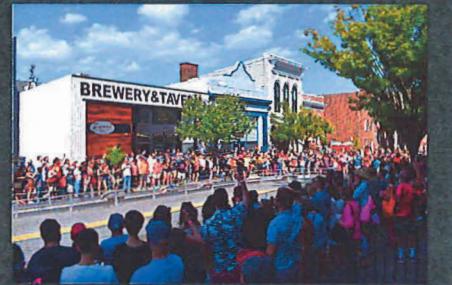
Coordination and Resource Liaison

A city-level position to assist current BMS staffing. The person will be a liaison between city agencies and MS organizations. Tasks may include collecting retail, market, and city data and connection to broader initiatives to strengthen MS corridors. This position will enhance and not replace relationships between city agencies and MS organizations.

Housing and Commercial Code Inspection and Enforcement

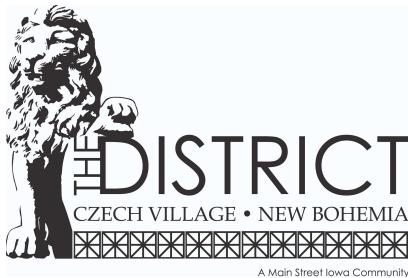
Funds to HCD for 2 Code inspectors and 2 HCD Attorneys for MS areas (includes residential areas that are prioritized by the MS orgs.)

Baltimore's Main Streets attract regional and national customers and tourists through events, historic landmarks and destination businesses.



PROPOSED BUDGET (PER EACH YEAR OF AMERICAN RELIEF PLAN FUNDING)

Item	Per MS District	MS Subtotal (x8)	City	City Subtotal	Total Funds
Commercial Space and Façade Improvements	\$200,000.00	\$1,600,000.00	\$0.00	\$0.00	\$1,600,000.00
Business Attraction	\$50,000.00	\$400,000.00	\$0.00	\$0.00	\$400,000.00
Commercial Vacancy Reduction		\$4,000,000.00			\$4,000,000.00
Emergency Gap Funding	\$40,000.	\$320,000.00			\$320,000.00
Event Support	\$50,000.	\$400,000.			\$400,000.
Program Operations	\$100,000.00	\$800,000.00	\$0.00	\$0.00	\$800,000.00
Streetscaping, Clean and Green and Public Safety	\$100,000.00	\$800,000.00	\$500,000.00	\$500,000.00	\$1,300,000.00
Technical Assistance Supports			\$150,000.00	\$150,000.00	\$100,000.00
Coordination and Resource Liaison			\$100,000.00	\$100,000.00	\$100,000.00
Housing and Commercial Code Inspection and Enforcements			\$400,000.00	\$400,000.00	\$400,000.00
Main Street Endowment		\$3,000,000.00			\$3,000,000.00
				TOTAL PER YEAR	\$12,420,000.00



A Main Street Iowa Community

May 17th, 2021

Dear Cedar Rapids Mayor, City Council, and City Manager,
On behalf of the small businesses located in Czech Village & New Bohemia I am writing to ask that you consider putting aside dollars from the American Rescue Act to directly assist businesses that are recovering from this last year's devastation.

Our community small businesses are facing some real challenges this year after they have survived both the pandemic and the derecho. While we are actively promoting and supporting these businesses and nonprofits, we need your help to make our efforts go even further! When talking with our business owners over 50% say that expenses are higher now than they were pre-pandemic. Small businesses biggest challenges at this time are finding employees, physical traffic through their doors, and lower income.

You can help us through creating a forgivable loan program or by allowing us to be the physical agents using funds from the American Rescue Act. Your support is crucial to our efforts to keep Cedar Rapids Small Businesses open.

If you're able, we'd love it if you could set aside a minimum of a million dollars for small business relief and non-profit support.

Thank you in advance for your consideration. These allocated funds will go toward helping businesses offset the cost of expenses, marketing, promotion, and replenishing inventory.

Thank you again!

Sincerely,

Abby Huff
Executive Director
Czech Village-New Bohemia Main Street
Phone: 319-432-9845