



**California Special
Districts Association**
Districts Stronger Together

April 30, 2020

The Honorable Nancy Pelosi, Speaker
United States House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin McCarthy, Leader
United States House of Representatives
2468 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Kamala Harris
United States Senate
112 Hart Senate Office Building
Washington, D.C. 20510

RE: Include Special Districts in COVID-19 State and Local Governments Relief Package

Dear Speaker Pelosi, Leader McCarthy, Senator Feinstein and Senator Harris,

The California Special Districts Association (CSDA), representing more than 1,000 special districts in the state, respectfully urges you and your colleagues to consider our local agencies in COVID-19 pandemic response legislation currently being negotiated. Millions of Californians and thousands of businesses rely on special districts for their critical local infrastructure and essential services related to water, sanitation, fire protection, transportation, resource conservation, parks, libraries, veterans services, human interments, and more.

CSDA thanks you for your leadership in securing significant relief for Californians facing the COVID-19 pandemic. We write you today to update and clarify our existing requests, as communicated in a letter sent to you on April 2, 2020. The work you have done to secure assistance for local government partners responding to the crisis, boost our medical systems, and provide small businesses and California families some financial security in these uncertain times is sincerely appreciated.

However, independent special districts like our members, many of which serve disadvantaged and severely disadvantaged communities, will still be substantially harmed should the pandemic continue and local governments not be considered for inclusion in resources already offered to corporations and other entities.

To remedy prolonged damage to the financial sustainability of independent special districts and the continuity of their service to communities and regions throughout our nation, CSDA urges you to consider:

Inclusion in the Coronavirus Relief Fund

As political subdivisions of the State of California, special districts are local governments that provide many of the same services cities provide to their residents. However, special districts receive neither sales nor income tax revenue; rather, they operate on property tax revenues and/or fees for service.

During this time of moratoriums on shutting off water, sewer, and other utility services, these essential service providers are receiving less revenue while experiencing the increased costs of sanitizing, purchasing protective equipment, and upgrading remote work technologies. Similarly, recreation and park districts, veterans memorial districts, community services districts, and library districts have lost their programmatic and rental revenues but still meet the demands of the federal emergency leave program and increasing security, sanitizing, and maintenance efforts on those outdoor public spaces and interior administrative areas that remain open. Resource conservation districts, which provide critical support to agriculture and land conservation are also burdened by health and safety impacts. And, first responders and front-line public servants with fire protection districts,

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healthcare districts, and police protection districts are working hard to confront the public's needs, while protecting their own safety and contending with growing budgetary challenges related to the pandemic. These vital community resources were not especially considered in the Coronavirus Relief Fund, and very little is expected to flow to these local agencies through the state.

Therefore, CSDA urges Congress to include H.R. 6467 in the next relief package, which, as introduced, would set aside an additional \$250 billion for direct disbursements to local governments with populations fewer than 500,000 and provide more flexibility to aid districts with COVID-19-related expenses. We thank Senators Feinstein and Harris for cosponsoring Senator Martin Heinrich's legislation to accomplish this. We also ask that special districts specifically be included in defined eligible local units of government within these bills.

Expansion of the COVID-19 Payroll Tax Credit

CSDA applauds Congress' action to provide an avenue for paid family and sick leave for those impacted with COVID-19. Unfortunately, special districts and other local agencies, are excluded from the payroll tax credit under the Coronavirus Families First Act. This is resulting in a costly unfunded mandate, given local agencies must provide the time and pay to their employees with no accompanying payroll tax relief. Many districts across the nation operate on small budgets with few staff. This exclusion will further compound the financial hardships districts face as they continue to provide critical utility, health and safety, natural resources, and other community services.

CSDA strongly encourages Congress to include of H.R. 6643, the Supporting State and Local Leaders Act, which would extend the COVID-19 payroll tax credit to state and local government and alleviate the unfunded mandate instituted in the Coronavirus Families First Act.

CSDA stands ready to work with you and your staff to achieve these goals and meet the challenges our communities, state, and nation face.

Thank you for your consideration,

Neil McCormick
Chief Executive Officer

CC:

Members of the California Congressional Delegation

Steven Mnuchin
Secretary of the Treasury
[via LegAffairs@do.treas.gov]