



March 26, 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

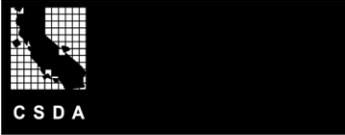
**RE: Including Local Government Services, Special Districts in Third Coronavirus Response Bill**

Dear Speaker Pelosi and Leader McCarthy,

On behalf of over 1,000 independent special districts and affiliates providing essential local services throughout California, the California Special Districts Association (CSDA) respectfully requests **Congress to consider in H.R. 748, which is the legislative vehicle for the third federal Coronavirus aid bill, the economic impact of the coronavirus (COVID-19) pandemic on special districts** as many have been and will be significantly harmed.

Please note that independent special districts do not receive income tax or sales tax revenue. They primarily depend upon fees for service, property tax revenue, or a combination of the two. **Therefore, we request access to the proposed \$150 billion Coronavirus Relief Fund via grants, reimbursements for lost revenue, or other mechanism to meet the following challenges:**

- Water, sanitation, and utility districts are enduring non-payment by residents unable to pay for services due to loss of employment income. These special districts provide the backbone infrastructure to the economies for their communities and regions. These special districts, which are often small with limited resources, have continued services despite unpaid utility bills.
- Fire protection, police protection, healthcare, and other districts with first responders, health, and safety workers are critical to communities around the state. Serving on the front lines, these public servants have witnessed higher rates of COVID-19 diagnoses.
- Recreation and park, library, veterans memorial, community services, and other districts have canceled sports leagues, instructional classes, tours, fundraisers, and other programs, events, and gatherings that generate revenue to sustain their ongoing operations. These special districts serve as the connective tissue for quality of life in their community and often deliver critical childcare, health, and wellness services that families depend on.
- Resource conservation districts supporting agricultural production and improving sustainable land practices is proving more important than ever. As have mosquito and vector control districts, which abate the spread of a multitude of dangerous diseases.



- Transit, airport, port, and harbor districts are experiencing a sharp curtailment in ridership and revenue that will have an immediate impact on both employment and commerce, as noted in Governor Gavin Newsom's March 19, 2020 letter.

In addition, we once again remind Congress that state and local employers must pay payroll taxes under 26 USC 3111, and must now meet new sick leave and family medical leave requirements, of which public agencies were exempted from the tax credit for the employer share of social security.

**CSDA urges Congress to treat state and local employers (including those exempt from 26 USC 3111) on par with private employers by allowing them to qualify for the payroll credits for the new requirements for paid sick leave and paid family leave.**

As this stimulus package is expected to counter the current economic downturn, CSDA additionally requests Congress include language to:

- **Restore advance refunding of tax-exempt bonds (HR 2772)** so states and local governments and other qualifying entities can free up billions of dollars they can reallocate and spend on other projects which in turn, strengthens local infrastructure networks, and
- **Increase access to capital for small borrowers (HR 3967)** by increasing the bank qualified borrowing limit from \$10 million to \$30 million, and having it apply at the borrower level so the small issuers (both governmental and nonprofit) who may be hardest hit during the downturn can access capital for immediate project needs.

Thank you for your consideration,

Neil McCormick  
Chief Executive Officer

CC:

Steven Mnuchin  
Secretary of the Treasury

The Honorable Gavin Newsom  
Governor, State of California

The Honorable Dianne Feinstein  
U.S. Senator, California

The Honorable Kamala Harris  
U.S. Senator, California