



April 2, 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: Special Districts and the Communities they Serve Need Inclusion in COVID-19 Relief

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 the impending fourth COVID-19 pandemic relief bill. 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. With the first three COVID-19 relief bills, health care districts with medical centers have new access to vital equipment; families will receive stimulus rebates to soften financial hardships and pay utility bills; transit infrastructure grants to boost public transit agencies; and 457 retirement account holders have temporary flexibility for higher fund disbursements to help cover COVID-19 expenses.

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 health of independent special districts and the communities and regions they serve, CSDA urges you to consider:

Inclusion in the Coronavirus Relief Fund

Special districts provide the same or similar 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, many districts have issued moratoriums on shutting off water, wastewater, sanitation and other utility services; recreation and park districts, veterans memorial districts, community services districts, and library districts, which operate largely on programmatic fees and rental charges, have been forced to close their doors. Resource conservation districts are unable to perform contract work; and, first responders and front-line public servants with fire protection districts, healthcare districts, and police protection districts face increased risks with limited personal protective equipment. 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.



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Therefore, CSDA urges Congress to expand eligibility for the Coronavirus Relief Fund to include independent special districts and municipalities with fewer than 500,000 residents. Additionally, CSDA also requests Congress appropriate \$100 billion specifically for these agencies to continue essential services and operation of critical infrastructure across the country.

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 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 special districts across the state and 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, medical, first response, and natural resource conservation services.

CSDA strongly encourages you to amend the payroll tax credit program to include special districts.

Access to Capital During Current Economic Downturn

COVID-19 relief packages have aimed to soften the blows of what could be an economic recession. **CSDA requests the fourth relief bill restore advance refunding of tax-exempt bonds, as outlined in H.R. 2772.** Doing so would allow flexibility for states, local governments and other qualifying entities to access billions of dollars to reallocate and spend on other projects, which, in turn, strengthens local infrastructure networks.

Finally, **CSDA encourages Congress to increase access to capital for small borrowers, as is included in H.R. 3967.** This would increase the bank-qualified borrowing limit from \$10 million to \$30 million, and allow it to apply at the borrower level. Taking this measure would grant small issuers who may be hardest hit during the downturn, access to capital for immediate project needs.

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]