



FACT SHEET:

H.R. 7073 (Garamendi) – Special Districts Provide Essential Services Act

Summary: H.R. 7073 would provide special districts access to the Coronavirus Relief Fund, enhance Federal Reserve programs to allow special districts access to capital, and establish federal definition of “special district” for program eligibility.

Main provisions:

- Would improve the CARES Act, requiring states to allocate no less than 5 percent of their federal Coronavirus Relief Fund disbursement to special districts. This would guarantee districts’ access to the Fund while giving each state flexibility in allocating the resources.
- States would be required to disburse funds to special districts within 60 days of receipt from the U.S. Department of the Treasury.
- The bill would authorize the Federal Reserve to expand its Municipal Liquidity Facilities and consider special districts as “eligible issuers”.
- Would include a federal definition of special districts to allow eligibility for relief resources.
 - The term “special district” would be defined as *a political subdivision, formed pursuant to general law or special act of a State, for the purpose of performing one or more governmental or proprietary functions.*

Talking Points:

- Special districts are local governments providing critical infrastructure, first response and community enrichment services to millions across California and the country.
- We are local governments, not businesses or non-profits, and while we provide services like water, sewer, fire protection, parks, and others, we are separate and distinct from cities and counties.
- Despite this, many special districts have not yet received access to Coronavirus Relief Act funding for local governments through their states.
- H.R. 7073, the Special Districts Provide Essential Services Act, would allow a portion of resources provided in future Coronavirus Relief Fund appropriations.
- **H.R. 7073 does not ask for a new appropriation.** Rather, it authorizes a mechanism for special district access appropriations Congress makes in the future under Section 601 of the Social Security Act (CARES Act / Coronavirus Relief Fund).
- The bill would give states flexibility on determining disbursements of funds to special districts within their respective states.
- This bill also allows special districts to use the Federal Reserve’s Municipal Liquidity Facility program as a tool to access capital during an economic downturn / period of revenue loss.
- H.R. 7073 does not intend to divert monies made available for cities and counties.
- Without access to federal resources, special districts will continue falling into economic distress, deferring maintenance, delaying capital projects, reducing staff and cutting services to their communities.

Frequently Asked Questions:

Why is this bill necessary?

H.R. 7073 is necessary to meet the needs of special districts across the nation delivering essential services to their communities. Many special districts provide critical infrastructure, as defined by the U.S. Department of Homeland Security, that cities and counties do not provide to the communities they serve. Despite this, special districts are not considered eligible for direct Coronavirus Relief Fund disbursements. Many states have not released their portions of Coronavirus Relief Funds, in part intended for municipalities serving fewer than 500,000 people, to special districts. **Without changes to the current law, special districts will continue facing obstacles to funding.**

This bill remedies the problem with a definition of special districts and direction for states to provide 5 percent of their respective proportion of the Fund to special districts.

Would H.R. 7073 authorize any new programs? Or Would H.R. 7073 provide new emergency appropriations?

No. H.R. 7073 only ensures special districts have access to COVID-19 relief funds for state and local governments made under Section 601 of the Social Security Act (the Coronavirus Relief Fund). The bill would require a small portion of future Section 601 appropriations to be directed to special districts. This makes the amount directed to special districts contingent upon what Congress appropriate under Section 601 in the future.

Would the bill cover COVID-19-related revenue loss?

H.R. 7073 would allow special districts access and use assistance made available under Section 601 of the Social Security Act (the Coronavirus Relief Act). The CARES Act currently allows funds to be used only for previously-unbudgeted, COVID-19-related expenditures. Congress may amend Section 601 to allow funds to be used for COVID-19 revenue loss in a separate effort.

Does the bill outline how states must distribute the funds?

No. The bill gives states discretion to direct funding to special districts based on districts' needs with each respective state. However, the states would be required to distribute the funds within 60 days of receiving their portion from the U.S. Department of the Treasury.

How many special districts are there in the U.S.?

There are approximately 30,000 special districts serving millions of Americans across the country. This is hard to ascertain, as there is no federal definition of "special district" in current law. "Special districts" definitions vary across states. To remedy this, H.R. 7073 establishes a "special district" definition.

Does H.R. 7073 prioritize particular types of districts over the others?

No, the bill does not specify which districts are eligible for the funds. Special purpose governments meeting the definition established in the bill would all be eligible. States would make determination on how the funds are distributed in their respective states.

The bill defines “special district” as *a political subdivision, formed pursuant to general law or special act of a State, for the purpose of performing one or more governmental or proprietary functions.*

Do special districts qualify for the Paycheck Protection Program?

No. The Paycheck Protection Program, as established under the CARES Act, is available to small businesses, corporations, and 501(c)(3) non-profit organizations. Special districts, as political subdivisions, do not meet these requirements.

Discussion Guide for Impacts on Your Special District

- Share with your representative where your special district is located (region), what services your district provides and how many people live in the community
- Quantify previously unbudgeted expenses due to COVID-19 and share what those expenses have been (PPE, technology upgrades to for telecommuting, etc.)
- To what extent has your district experienced revenue loss? What do you project it to be?
- Have you had to cancel or significantly change routine operations or programs?
- *If a utility provider:* have you experienced revenue loss due diminished commercial and industrial service? Have you noticed unpaid residential customer bills? (state whether you have issued moratoriums on shutoffs)
- How many employees do you have, and how many now must either work from home and/or have been let go/furloughed?
- Have staff members had to take emergency sick or family leave time?
- Have you had to repurpose your district’s facilities to accommodate community needs?