



July 27, 2020

The Honorable Mitch McConnell
Senate Majority Leader
United States Capitol Building
Washington, D.C. 20510

The Honorable Charles Schumer
Senate Minority Leader
United States Capitol Building
Washington, D.C. 20510

RE: Special Districts Provide Essential Services Act (Sinema-Cornyn)

Dear Leader McConnell and Minority Leader Schumer:

On behalf of 30,000 special district agencies nationwide, the National Special Districts Coalition (NSDC) respectfully requests that you include S. 4308, the Special Districts Provide Essential Services Act, in the COVID-19 relief package currently being crafted to address COVID-19 impacts on state local governments.

Millions of Americans rely on one or more special districts for critical services and infrastructure such as fire protection and emergency response, water, wastewater treatment, utilities, transportation, air quality, health care, resource conservation, parks, libraries, and more. These agencies are essential to the well-being, health, and safety of communities across our nation, and are equivalent to other units of local government based upon the services they provide. Unfortunately, an extremely small portion of the Coronavirus Relief Fund established in the CARES Act was distributed to special districts. Furthermore, the U.S. Department of Treasury set an unfavorable precedent on April 15 when it issued Fund guidance that does not include special districts as eligible for direct Fund disbursement due to the narrow definition of "unit of local government."

The Special Districts Provide Essential Services Act would allocate critically needed financial relief to special districts that have experienced unforeseen expenditures, decreases in revenue, or both, as a result of the COVID-19 health crisis. Nationally, the pandemic's toll on special districts totals an estimated \$30.5 billion through Fiscal Year 2021.

This legislation would allow the vital services that communities rely upon to continue unhindered, while also providing greater certainty for these governments to retain their essential workers. Specifically, S. 4308 would do the following:

- **Allows special districts direct access to the Coronavirus Relief Fund.** The bill requires states to distribute five percent of future Coronavirus Relief Fund allocations that they receive to special districts within their respective state within 60 days of receiving funds from the U.S. Treasury. Designating special districts as eligible for the Fund would greatly assist in their attempts to both recoup dramatic revenue losses and backfill the increase in expenditures many have experienced due to a variety of pandemic-related expenses.
- **Requires special districts to demonstrate the financial impact of COVID-19** when applying for funding. Special districts would submit information to their state demonstrating the degree to which they have experienced or anticipate they will experience COVID-19-related revenue loss, grant/inter-governmental revenue loss, or increased COVID-19-related expenditures.
- **Creates limits to allocations** such that a special district may not receive funding that exceeds the amount the district expended in any quarter of 2019. However, special districts providing services that the federal Cybersecurity and Infrastructure Security Agency deems to be within a "critical infrastructure sector" would be exempt from limitations.
- **Provides flexibility for states with excess funds reserved for special districts** that make a good faith effort to distribute funds to districts within the state. The bill requires states to file a waiver with U.S. Treasury after 60 days demonstrating how the state distributed its special districts funding. If approved, the state may use the balance of the funds for other COVID-19 response purposes.

- **Defines “special district”** as a “political subdivision of a State, formed pursuant to general law or special act of the State, for the purpose of performing one or more governmental or proprietary functions.” With the variety of services that special districts throughout the country deliver, it is important to have a clear understanding of what is – and what is not – a special district. The definition in the bill was developed through a collaborative and consensus-driven process by special district associations across the nation.
- **Specifically permits special districts to be considered “eligible issuers” of the Federal Reserve Board’s Municipal Liquidity Facility (MLF).** The bill would direct the U.S. Department of Treasury to consider special districts as eligible issuers to take advantage of the Municipal Liquidity Facility, as established in the CARES Act, for access to capital during the current financial downturn. States, territories, tribes, cities with a population greater 250,000 and counties with a population greater than 500,000 have access to the Fed’s tool. Despite special districts’ statutory authority to issue tax and revenue anticipation notes, they are currently not considered “eligible issuers” under the CARES Act. This bill expands the Fed’s authorization to purchase these notes to include all special districts as “eligible issuers” for MLF.

S. 4308 is vital for the continued operations of services for millions of Americans. We look forward to working with you on this critical legislation and in supporting its inclusion in the upcoming COVID-19 relief bill. Thank you for your consideration.

Sincerely,



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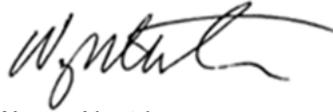
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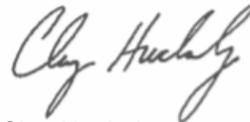
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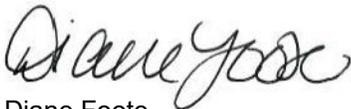
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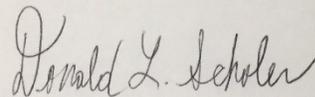
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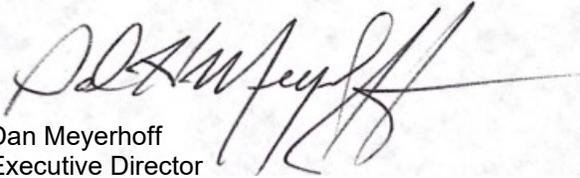
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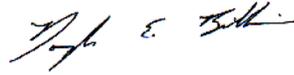
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OREGON FIRE DISTRICT
DIRECTORS ASSOCIATION
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