

Washington Update

COUNTY OF SANTA BARBARA

May 26, 2020

HEROES ACT

We continue to advocate for assistance to the County in the current pandemic emergency. We are in regular contact with CEO Miyasato and her staff regarding the County's priorities and most pressing needs. We are also coordinating our advocacy with NACo and other local government representatives to address the many issues impacting the County.

On May 15, the House of Representatives passed H.R. 6800, the *Health and Economic Recovery Omnibus Emergency Solutions (HEROES Act)*, in order to provide additional relief from the impact of the coronavirus. H.R. 6800 is currently pending in the Senate, which is expected to draft its own version in the coming weeks. The Senate bill is likely to be very different from what the House has passed, setting up a protracted negotiation process to enact what will be the fifth major federal pandemic recovery bill.

The House-passed *HEROES Act* includes numerous provisions of interest to the County, including:

- \$375 billion for a Coronavirus Local Fiscal Relief Fund (additional details in the next section).
- A waiver of the nonfederal cost-share for disaster assistance through the Federal Emergency Management Agency.
- \$75 billion for a national system for COVID-19 testing, contact tracing, surveillance, containment, and mitigation.
- \$7.6 billion would be provided for health centers to expand the capacity to provide testing and care, which would provide funding directly to the County.
- \$5 billion for HUD's Community Development Block Grant Program and \$11.5 billion for the Emergency Solutions Grants program to address the impact of coronavirus among individuals and families who are homeless or at risk of homelessness.
- An additional \$10 billion for the Supplemental Nutrition Assistance Program and an increase in the SNAP benefit level by 15 percent.
- Supplemental funding for state and local law enforcement grants.
- Tax Credits that the County could use to offset the costs of paid leave.
- Elimination of the \$10,000 cap on state and local income tax deductions for taxpayers who itemize.

FISCAL RELIEF FOR COUNTIES

We are continuing to advocate for legislation to provide fiscal relief to the County of Santa Barbara in light of the extensive economic impact of the present health emergency. As the next relief legislation is negotiated, we are advocating for legislation that includes the following elements:

- Providing the most funding possible for the fiscal needs of local governments.
- Including localities that have populations smaller than 500,000.
- Allowing maximum flexibility in the use of the funds, including allowing it to be used to offset lost revenue.

- Using a distribution formula that recognizes the unique and comprehensive responsibilities of counties.

The House-passed *HEROES Act* includes \$375 billion for a Coronavirus Local Fiscal Relief Fund. The Local Fund would distribute \$187.5 billion to cities and \$187.5 billion to counties. Cities would receive their funds through a formula that utilizes a modified Community Development Block Grant formula while counties would receive funds in proportion to their population. The House Appropriations Committee estimates that the County of Santa Barbara would receive \$167,400,133 out of this fund this year and an additional \$83,700,067 next year. Under the proposed legislation, recipients could use the funds to “respond to, mitigate, cover costs or replace foregone revenues not projected on January 31, 2020 stemming from the public health emergency, or its negative economic impacts, with respect to the Coronavirus Disease (COVID–19).”

Several other helpful proposals have been introduced in Congress on this issue. One of the leading efforts in the Senate to provide fiscal relief is the *State and Municipal Assistance for Recovery and Transition (SMART) Act*, which would provide \$500 billion in federal aid to states and localities impacted by the coronavirus pandemic. This bipartisan legislation has been proposed by Senators Cassidy (R-LA) and Menendez (D-NY).

The *SMART Act* funding to state and local governments would be distributed through three equally divided allotments:

- Population Size. This funding would be allocated to all 50 states, D.C. and U.S. territories in proportion to each respective state or territory’s percentage of the U.S. population. Counties and municipalities would each receive one-sixth of their state’s allocation for a combined total of one-third of their state’s allocation.

- Infection Rates. This funding would be allocated based on each state’s relative share of the nation’s infection rate. Funding would be distributed to counties and municipalities based on each county or municipality’s proportion of the state’s population.
- Revenue Losses. This funding would be allocated based on each state’s revenue loss in proportion to the combined revenue loss of all the states from January 1, 2020 through December 31, 2020.

Although there is bipartisan support for fiscal relief legislation in the Senate, Majority Leader McConnell (R-KY) has been reticent to support additional funding for this purpose. For this reason, serious negotiations over providing this aid will be delayed until Senate Republicans reach a consensus on their position.

CENSUS

On April 13, the Census Bureau informed Congress that Census collection efforts would be delayed until June 1. In response, H.R. 6800, the *HEROES Act*, includes language that would modify certain deadlines to grant the Administration’s request to allow a delay of the publication of apportionment and state redistricting data by 120 days. The legislation also includes language to increase congressional oversight of the counting process and to limit Administration attempts to use data on the count of citizens rather than all persons, which would be important in areas with large immigrant populations.

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