



ALERTS

U.S. Department Of Treasury Announces \$350 Billion In Coronavirus State And Local Recovery Funds

May 17, 2021

Highlights

Through the CARES Act's Coronavirus State and Local Fiscal Recovery Funds, \$350 billion in emergency funding will be provided soon to state, local, territorial, and tribal governments

Funds are to be used in connection to public health, lost public revenue, infrastructure, and essential worker pay

Logistical challenges related to fund eligibility may delay payments

The U.S. Department of the Treasury announced the distribution of [Coronavirus State and Local Fiscal Recovery Funds](#), established by the American Rescue Plan Act of 2021 to provide \$350 billion in emergency funding for state, local, territorial, and tribal governments. In tandem, the Treasury Department implemented an [online portal](#) for eligible state local governments and tribes to access stimulus funding and also released [operational guidance](#) governing use of the funds.

Payments are scheduled to begin soon, with the following allocations:

- \$195.3 billion for states

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- \$65.1 billion for counties
- \$45.6 billion for metropolitan cities
- \$20 billion for tribal governments

States whose unemployment rate has increased more than two percentage points since February 2020 will receive their entire payment upfront, while other states will get half their money now and the other half in one year. Eligible uses of funds include:

- Supporting public health expenditures
- Addressing negative economic impacts
- Replacing lost public sector revenue
- Providing premium pay for essential workers
- Investing in water, sewer, and broadband infrastructure

The guidance also prevents states and municipalities from using funds to “directly or indirectly offset a reduction in the net tax revenue,” although states can claim they paid for tax cuts with “higher revenue due to economic growth” as well as spending cuts and raising other taxes.

Looking ahead, there is a possibility of logistical challenges in the distribution of funds given the scope and number of eligible entities, particularly local governments. Drawing from the implementation of the CARES Act’s Coronavirus Relief Fund, there may be expenditure delays based on the interpretation of fund eligibility.

For more information, please contact the Barnes & Thornburg attorney with whom you work or Steve Simcox at 214-258-4134 or steve.simcox@btlaw.com.

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