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## May 18, 2020

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**Municipal Clerks:** Please forward to your Mayor, Governing Body and Department Heads.

To assist in providing guidance and information we have created a [COVID-19 resource page](#). We will continue to update the page as we get pertinent information and include announcements in our Daily Updates.

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### I. Your Action Needed on COVID-19 Bonding

On Thursday the Assembly passed by a vote of 57-20 [A-3971](#) which authorizes the issuance of “coronavirus relief bonds” by municipalities and counties. Specifically, A-3971 permits municipalities to issue bonds for the loss of revenue and/or unanticipated expenses directly attributable to the COVID-19 pandemic with appropriate safeguards and Local Finance Board oversight. The Senate companion, S-2475 awaits consideration by a Senate committee.

As we have previously noted, [the League strongly supports the swift passage and signing of the bill](#). Unlike previous emergencies, COVID-19 is a major revenue loss event, in addition to being an expense related event. A one size fits all solution is not the best approach toward addressing revenue shortfalls and increased expenses. Municipal budgets continue to be lean and the current options available to municipalities may work for some municipalities but for most the pandemic will create long term financial problems.

Without this legislation, to address the revenue shortfall some municipalities would be required to take extreme measures that would gut local government eliminating critical public service. Local governments need the flexibility that A-3971 and S-2475 provide to limit the impact on property taxpayers.

We request that you contact your State Senator urging them to support this much-needed tool for local governments in an unprecedented time and a loss of revenue that will not be recaptured for several years, if ever. Further, we request that you consider sending a [letter](#) or adopting the [sample resolution](#) expressing your support of A-3971/S-2475.

**Contacts:**

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## **II. Governor Signs Legislation Addressing Various Timeframes and Deadlines During States of Emergency**

On May 15 Governor Murphy signed [A-3969/S-2392](#) into law. P.L. 2020, c. 34 provides for local government flexibility with regard to various timeframes, deadlines, and other statutory requirements in order to help them continue to function and meet their obligations during times of emergencies. For more on this new law that took effect on May 15, 2020, with certain sections retroactive to March 9, please see our recent [blog post](#).

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## **III. Senator Menendez to Introduce Bill to Aid All Municipalities**

Sometime this week, New Jersey's Senior Senator Bob Menendez and Louisiana Senator Bill Cassidy, M.D., will formally introduce legislation that could help all New Jersey local governments. It would create a \$500 billion fund to help states and all local governments respond to the current public health and economic crisis, while maintaining essential services.

When first discussed a few weeks ago, the bipartisan State and Municipal Aid for Recovery and Transition (SMART) Fund would have expanded eligibility for funding to include counties and towns with populations of 50,000 or greater. When this bill is introduced, however, the population threshold will be eliminated. All New Jersey municipalities and counties would now be provided with badly needed financial support, if the SMART bill is enacted.

We thank Senator Menendez for agreeing to expand eligibility to all League member municipalities. And we thank him, Senator Cassidy, and their bipartisan cosponsors, Senators Hyde-Smith, Collins, Manchin, and especially, Senator Booker for their advocacy and coalition building efforts.

The bill would set aside \$20 billion for hard hit tribal governments, leaving \$480 billion to be divided among the States through three revenue streams. States would be required to reserve one-third of the funding from each stream for local governments. Half of that one-third (\$80 billion), ‘the State shall pay’ to municipal governments, and the other half would go to counties.

The bill would also increase flexibility for states and local governments to use the funds to address the budgetary impacts of the COVID-19 outbreak. Specifically, in addition to covering unanticipated pandemic response costs, the funding could be used to provide the local match for FEMA ‘Stafford Act’ relief, or:

‘... for expenditures in calendar year 2020, 2021, or 2022 that the State, Tribal government, or unit of local government would otherwise be unable to make because of decreased or delayed revenues.’

The first criteria for funding (totaling \$160 billion) would be each state’s, and local unit’s, relative population, based on most recent Census Bureau estimates. (The Bureau is scheduled to release those estimates within the next two weeks.)

The second tranche of funding (again, \$160 billion) would be divided among the states, based on the percentage of COVID-19 cases, as of June 1, 2020. The local redistribution would be based on population.

The final \$160 billion would be distributed in the beginning of next year, based on relative revenue losses, experienced during 2020.

Again, our thanks to Senators Menendez and Booker, for working to address the needs of all New Jersey municipalities. And our thanks to those of you who reached out to our U.S. Senators and your Members of the House, urging them to appreciate all you are doing, and the impact of the virus on your budgets.

Don’t stop now!

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## **IV. House Passes HEROES Bill with Local Aid Provision**

On Friday night, the U.S. House of Representatives passed H.R. 6800—the HEROES Act. The vote, largely along party lines, was 203-199. Though declared ‘dead on arrival’ in the Senate by Majority Leader Mitch McConnell, this action should serve as a basis for further negotiations toward a bipartisan consensus on the next COVID response action in Washington.

This bill would create a \$375 Billion ‘Coronavirus Local Fiscal Relief Fund.’ Two-thirds of the funding would be appropriated within 30 days of the bill’s enactment. The final third would need to be delivered during the Federal government’s next Fiscal Year, between April 15 and May 3, 2021.

According to the bill, municipalities and counties could use Local Relief Funding ‘... to respond to, mitigate, cover costs or replace foregone revenues not projected on January

1, 2020, stemming from the public health emergency, or its negative economic impact ...'

With this funding, all New Jersey municipalities, the level of government closest to the people and closest to their problems, will be able to continue to deliver quality services to local citizens and our Main Street businesses. Without those services, Hometown New Jersey will not be able to rebound from the crisis, and our economy, and our business community will continue to suffer.

We thank New Jersey Congressman Frank Pallone, who is an original sponsor of this legislation. We also thank New Jersey Representatives Josh Gottheimer, Andy Kim, Tom Malinowski, Donald Norcross, Bill Pascrell, Donald Payne, Mikie Sherrill, Albio Sires, and Bonnie Watson Coleman, who voted in favor of the bill.

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