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Chief Executive Officer/
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Clarence E. Anthony

March 24, 2020

The Honorable Mitch McConnell
Majority Leader, United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker, United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader, United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader, United States House of Representatives
Washington, DC 20515

Dear Leader McConnell, Speaker Pelosi, Leader Schumer, and Leader McCarthy:

On behalf of the National League of Cities (NLC), and the 19,000 cities, towns and villages we represent, we write to thank you for your efforts to negotiate a bipartisan public health and economic stabilization response to the COVID-19 pandemic. The scale of this global crisis is unprecedented, and so is the scope of the local government response. Local governments and their elected officials are coordinating with one another across jurisdictional lines, enacting difficult and fiscally challenging emergency measures to slow the coronavirus epidemic, passing ordinances to limit the worst economic outcomes for residents and small businesses on the margins, and spending such sums as necessary to protect public health and the economy in this extraordinary time.

NLC and Bloomberg Philanthropies have teamed up to collect and share actions taken by local leaders in response to the COVID-19 Pandemic at www.nlc.org/covid19-actiontracker. These extraordinary efforts will have far-reaching implications to public health, municipal services, and local economies that we are only beginning to comprehend.

As you finalize negotiations on the third emergency supplemental funding package, we strongly urge you to adopt the following recommendations:

Enact a stabilization fund for cities and states

NLC and other state and local government associations are collecting and sharing data on the response and fiscal impact of recent extraordinary measures on local budgets. The findings point to potentially dire outcomes – every source of revenue for local governments is falling precipitously and already cities are announcing unanticipated budget cuts to meet emergency needs. Normal operations, including housing, transit, and public safety, have become more difficult and costly to operate. Every unit of local government across the United States must have access to stabilization grants, directly in most cases, or at the very least indirectly through the states. For local governments accessing stabilization grants through the states, Congress must instruct the states on how to clearly and efficiently pass through funding within days, rather than weeks or months.

Include a fix for the unfunded mandate in HR 6201 that prevents governmental employers that provide emergency paid sick and paid emergency leave from receiving tax credits to offset this additional cost.

Most employers will front the cost for both types of leaves but will be fully reimbursed. However, this is not the case for local governments. Sections 7001(e)(4) and 7003(e)(4) of HR 6201 prohibit local governments from receiving the tax credits that most other employers, whether non-profit or for-profit, get. Therefore, the cost of this additional leave will be fully borne by local governments.

Stabilize the municipal bond market

Congress should allow in unusual and exigent circumstances, the Federal Open Market Committee to buy or sell investment grade bills, notes, bonds, and warrants of any maturity greater than 6 months, by any state, county, district, political subdivision, instrumentality of a political subdivision, territory, possession, or municipality in the United States, including irrigation, drainage, and reclamation districts.

Include a repeal of the 2017 Tax Cuts and Jobs Act (TCJA) provision that capped the state and local tax (SALT) deduction and property tax deduction at \$10,000.

The SALT deduction historically strengthened state and local government functions, including public health programs, safety-nets for low-income residents and emergency response services. No one can suggest cutting services at this time is a responsible response to the coronavirus pandemic.

As you finalize legislation to provide economic stimulus and fiscal relief, we urge Congress to use the local governments of America's 19,000 cities, towns, and villages as part of the solution. NLC is the voice of these cities, towns and villages, representing more than 200 million people, and is a resource and advocate for the nation's cities and their leaders.

We are ready to assist your efforts in any capacity, but especially as a means for establishing communications and coordination between federal authorities and local leaders. We are compiling resources for local leaders on our website at <https://www.nlc.org/resource/coronavirus-response-resources-for-local-leaders>. If NLC can be of further help to you in this crisis, please contact Irma Esparza Diggs, NLC Senior Executive and Director of Federal Advocacy, at 202-626-3176 or diggs@nlc.org.

Sincerely,



Clarence E. Anthony
Executive Director and CEO
National League of Cities