

Coronavirus Local Fiscal Recovery Fund Guidance:

State Conditions on Funds

The Coronavirus State and Local Fiscal Recovery Funds provides for \$19.53 billion in payments to be made to States and territories which will distribute the funds to non-entitlement units of local government (NEUs); local governments which *generally* have populations below 50,000.

- States and territories may not place additional conditions or requirements on distributions to NEUs, beyond those required by the American Rescue Plan Act and Treasury’s implementing regulations and guidance.
 - For example, a State may not impose stricter limitations than permitted by statute or Treasury regulations or guidance on an NEU’s use of Fiscal Recovery Funds based on the NEU’s proposed spending plan or other policies.¹
- States and territories are also not permitted to offset any debt owed by the NEU against the NEU’s distribution.²
- Further, States and territories may not provide funding on a reimbursement basis—e.g., requiring NEUs to pay for project costs up front before being reimbursed with Fiscal Recovery Funds payments—because this funding model would not comport with the statutory requirement that States and territories make distributions to NEUs within the statutory timeframe.³

If you have general questions about the Coronavirus State and Local Fiscal Recovery Funds, please email the U.S. Department of Treasury at SLFRP@treasury.gov or call 844-529-9527.

¹ Interim Final Rule: Coronavirus State and Local Fiscal Recovery Funds, U.S. Department of Treasury (hereinafter “Treasury Guidance”), 96.

² *Ibid.*

³ *Ibid.*



#NLCDelivers

The information contained here is not legal advice. It will be subject to change based on updates from the U.S. Department of the Treasury, and any recipients should confirm applicability to their specific situation.