

TML Letter to US Senators on Emergency Stimulus Package for COVID-19

On behalf of the 345 municipalities in Tennessee, the Tennessee Municipal League would like to thank you and your staff for your work during the COVID-19 pandemic. This global crisis calls for an unprecedented local government response. Local governments and their elected officials are coordinating and consulting with one another across this state in efforts to slow the coronavirus pandemic, expending funds as necessary to protect public health and the economy in this extraordinary time.

As Congress begins work on the third emergency supplemental funding package, we respectfully urge you to support legislation that would enact an emergency stabilization package that includes funding for municipalities. The National League of Cities (NLC) and other state and local government associations are collecting and sharing data on the response and the fiscal impact this pandemic is having on local budgets. The findings point to potentially dire outcomes – every source of revenue for local governments is in decline due to unanticipated budget cuts in order to meet emergency needs. 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.

This legislation should also include a fix for the unfunded mandate in HR 6201 (the second recently adopted stimulus package) 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 are eligible to receive. Therefore, the cost of this additional leave will be fully borne by local governments.

In addition, this legislation should stabilize the municipal bond market by allowing the Federal Open Market Committee to buy or sell investment grade bills, notes, bonds, and warrants of any maturity greater than 6 months.

Lastly, this legislation should 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.

I thank you in advance for your consideration of the above listed items that we feel should be included in the legislation currently being debated before the United States Senate. If my office can be of any assistance now or moving forward, please do not hesitate to contact me.

Margaret Mahery, Executive Director
Tennessee Municipal League