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On behalf of the 345 municipalities in our state, the Tennessee Municipal League (TML) appreciates your leadership throughout the COVID-19 pandemic. We value our federal-local partnership and must continue working together in order to rebuild and restore the economic health of our state and nation. We urge you to support aid to local governments in the next round of federal assistance.

In response to the COVID-19 crisis, city and town leaders in the state prioritized the health and welfare of Tennessee's citizens above all other considerations. In order to ensure safety, local officials closed all non-essential businesses and services, limited large gatherings, and implemented stay-at-home orders. These decisions were not made lightly, as the sales tax generated from these businesses and services is the primary source of revenue for local economies in Tennessee. Now that we are navigating the recovery process, it is estimated that municipalities across Tennessee have lost approximately \$70 million in revenue during the months of March and April of this year. This lost revenue to our local economies cannot be fully recouped through the local tax base.

Communities across this state are on the frontline of this crisis and are taking extraordinary measures to protect our residents' health and safety, including continuing essential services. Unfortunately, the fiscal consequences of COVID-19 are unprecedented and unbudgeted. Without a relief lifeline to recover and restore our local economic activity, municipalities will have to consider major cuts to essential services and laying off local workers, including emergency first responders, sanitation workers, social service providers, and others who keep our communities safe and moving forward during this difficult time.

The Tennessee Municipal League asks for your support for **direct** relief in the next package to protect the members of our communities who help protect us. Specifically, we are asking for your support of legislation that includes:

1. Sufficient federal aid for local governments;
2. Fair and direct funding allocations to each and every local government with no exclusions based on population; and
3. Maximum flexibility for the eligible use of funds to address the budget consequences of the COVID-19 pandemic.

A recent TML survey of our membership revealed the top priority and greatest need among local officials is the economic stability of their communities. Maintaining the health of their local economy is crucial, and fears of not being able to continue to provide the level of essential services citizens need is a broadly shared concern. Cities are the economic engines of the State. If cities are hampered and unable to provide services and create the economic environment that promotes expansion, then Tennessee will be very slow to realize any meaningful recovery.

Tennessee's cities are not bloated bureaucracies with a history of fiscal mismanagement. More than 70 percent of our cities have populations less than 5,000 and few employees. Our cities are the economic engines of this State. Tennessee relies heavily upon sales tax revenues and its cities and towns generate 92 percent of the State's sales tax revenues. Prior to the pandemic, the State enjoyed more than 8 years of substantial economic growth. The vast majority of this growth occurred in cities where local officials provided essential services, quality of life, and economic conditions that attracted new residents and fostered the creation of new businesses. All the while, cities continued to produce balanced budgets each year, and city residents remain among the lowest taxed in the nation.

The impact on the people of Tennessee will be drastic if the federal government does not act quickly. This moment requires unprecedented partnership from all of us in order to protect public health and restore economic prosperity. Our state and our nation depend on it.

Thank you for your time and attention to this matter. If I may be of any further assistance, please do not hesitate to contact me.

Sincerely,

Margaret Mahery

TML Executive Director