



COVID 19 Municipal Needs Talking Points

As the COVID 19 crisis continues to unfold, NCLM is aware of and continues to communicate to state and federal leaders the vast needs of cities and towns created by this crisis. It remains unclear how much the latest federal legislation, the CARES Act, will accomplish in addressing these needs, but most observers see it as accomplishing little when it comes to helping with revenue shortfalls created by declining economic activity. With that in mind, it is important as you communicate with state legislators and members of Congress that you focus on these needs and not particular legislation at this time. These talking points are designed to make key points regarding those needs.

- Small businesses are the lifeblood of towns and cities. These businesses need as much help as possible to remain viable right now. Municipalities and their residents depend on these businesses, and they depend on our services.
- The slowdown in economic activity is certain to affect local government cash flows, revenue and budgets. Sales tax revenue makes up 28 percent of a median municipalities' general fund operating budgets, and brings more than \$1.2 billion in annual revenue to cities and towns in total. That revenue will be significantly impacted by the economic slowdown, and cities and towns will need cash assistance to maintain public safety services and staff.

- Delays in sales tax collections allowed by the Governor's executive order will only further exacerbate the revenue and cash flow problems facing cities and towns. This change will also bring budget uncertainty to local government, as the delay means that actual collections will run well into the next fiscal year.
- Utility budgets – water, sewer and electricity – have and will see declines in revenue due to the COVID 19 crisis. Distressed customers mean distressed systems, as these systems have fixed cost and staff that must be paid, and everyone recognizes that customers need protections. These systems, some of them already distressed, are vital to public health.
- Addressing all of these needs without catastrophic disruption of municipal services – including public safety and water and sewer – will require some combination grant and low-interest loan programs. Flexibility in addressing both direct COVID expenses and economic recovery is required.

■ ADDED POINT of response:

The federal CARES Act appears primarily limited to addressing direct COVID related response expenses, and as currently configured, is expected to provide little relief to local governments for revenue shortfalls.