



May 8, 2020

The Honorable Mitch McConnell
Majority Leader
S-230, U.S. Capitol
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
S-221, U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
H-204, U.S. Capitol
Washington, DC 20515

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

The National Association of Towns and Townships (NATaT) represents more than 10,000 towns and townships around the country. We thank you for your leadership in developing and passing the coronavirus relief packages thus far. As you consider next steps, we strongly urge you to consider the following issues for inclusion in future legislation. We must protect our nation's smaller, more rural communities who already have limited revenue sources. These are the areas that are the emerging "front lines" of this devastating pandemic.

Fiscal Relief for Smaller Local Governments and Greater Program Flexibility

We applaud Congress for including the Coronavirus Relief Fund in the CARES Act, but we are concerned these funds will never reach our nation's struggling towns and townships – none of which have populations of 500,000 or more. We support Congressional efforts to provide fiscal assistance to units of local government with a population of 500,000 or less, such as the bipartisan [Coronavirus Community Relief Act](#) (H.R. 6467). We also support the [Flexibility for Localities and Eligibility Expansion \(FLEX\) Act of 2020](#) (H.R. 6652), another bipartisan effort that will allow States, Tribal governments, and local governments to access funds provided under the CARES Act to offset lost revenues as a result of the pandemic. The FLEX Act will also allow for local governments with a population of less than 500,000 residents to have access to these funds to address revenue shortfalls from March 1, 2020 to December 30, 2020. We support efforts to specifically exclude using relief funds to, for example, address state pension shortfalls. These funds must be tied to economically driven reductions as a result of the coronavirus.

New Rural Development Grant Program for Local Governments

NATaT supports inclusion of the [Small Cities and Towns Investment Act](#) (H.R. 6459) in the next economic relief package. This bill would create a \$10 billion USDA Rural Development competitive grant program for small towns, cities, and other units of local government to address public needs such as improving essential community facilities, health care facilities, public transportation, childcare centers, community centers, broadband, and more. Communities with a population of 30,000 or less would be eligible to receive these funds.

Payroll Tax Credit for Public Employers Offering Paid Family Medical Leave

The Families First Coronavirus Response Act created paid sick leave and family medical leave requirements for all state and local public agency employers. Private employers will receive a tax credit to offset the cost, but public sector employers were expressly prohibited from receiving the same tax credits. NATaT supports the [Supporting](#)

[State and Local Leaders Act](#) (H.R. 6643), a bipartisan effort to ensure that both public and private employers can receive the employer tax credit.

Expand Broadband Access

Access to high-speed Internet service is essential, even more so during the COVID-19 crisis as countless numbers of Americans are working and learning from home. Yet many rural and low-income communities lack broadband access or face barriers to adoption. Part of the solution is accurate broadband availability data. NATaT supports Congressional funding to implement the recently-passed [BROADBAND Data Act](#) (P.L. 116-130) and for related data collection costs to direct broadband funding to where it is most needed. We also support additional funding for the Federal Communication Commission's E-Rate program to support broadband connectivity and devices for students at home and to create an Emergency Broadband Connectivity Fund to reimburse network providers for the cost of connecting low-income households.

Allow Advance Refunding

NATaT supports the bipartisan [Reinvesting in Our Communities Act](#) (H.R. 2772) that would reinstate advance refunding to allow local governments to refinance municipal bonds at a lower rate without losing tax-exempt status. This will provide municipal governments with quick and much needed liquidity and financing.

Municipal Bonds

NATaT supports Congressional efforts to encourage the Federal Reserve to expand access to the Municipal Liquidity Facility to smaller units of local government. Currently, "eligible issuers" are counties with a population of 500,000 or more and towns/cities/villages with a population of 250,000. The facility will purchase up to \$500 billion in short-term notes from eligible issuers and the proceeds can be used to manage cash flow from decreased revenue and continue normal government operations. This tool is important to communities of all sizes.

State and Local Tax (SALT) Deduction

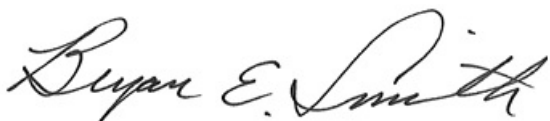
Eliminate the limit on the State and Local Tax (SALT) deduction for 2018 and 2019. This will provide tax filers with larger returns this year, as they'd receive full credit for state and local taxes paid in 2018 and 2019.

Volunteer First Responders

The [Volunteer Responder Incentive Protection Act \(VRIPA\)](#) (H.R. 1241/S. 1210) provides small tax incentives to volunteer first responders. These incentives were included in the 2019 year-end spending package, but only for one year. VRIPA would make the tax incentives permanent, and NATaT supports including the VRIPA in any future relief package. These volunteers are the first responders in most American communities that are on the front lines of the COVID-19 response. They are in demand now more than ever, and we need all the help we can get to recruit and retain these essential volunteers.

Thank you again for leadership and commitment to local governments and our residents as we all work together to mitigate the effects of this virus. Please let us know if you have any questions or if there are specific ways we can be helpful to you in this effort. If you need additional information or have any questions, please contact our Federal Director, Jennifer Imo, at jimo@tfgnet.com or 202.454.3947.

Sincerely,



Bryan Smith
President, NATaT
Executive Director, Township Officials of Illinois