



**Comments to the U.S. Treasury on the interim final rule to implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act.**

**Federal Register Number 2021-10283**

The National Association of Towns and Townships (NATaT) is pleased to submit these comments to the U.S. Treasury on implementation of the Coronavirus State and Local Fiscal Recovery Fund. NATaT appreciates the opportunity to ensure our towns and townships not only gain access to these much-needed funds, but to also share with Treasury the needs of our nation's smaller units of local government. A majority of NATaT members are non-entitlement units of local government and are in the unique and difficult position of limited access to federal resources. As such, these local governments – NEUs and otherwise – are very appreciative of the funds provided in the American Rescue Plan Act. We encourage Treasury to issue a final rule that is not overly prescriptive but instead empowers local governments and allows them to determine their needs and respond accordingly.

**1. Increase allowable infrastructure eligibility.**

NATaT requests that Treasury add roads, bridges, culverts, ditches, and private wells to allowable infrastructure projects.

NEUs, generally, do not receive federal funds to offset the cost of road maintenance. However, towns and townships in NATaT member states are responsible for maintaining more miles of road than any other government entity in their respective states. NATaT requests that NEUs have greater flexibility in allowable infrastructure eligibility to include investment in local roads.

Additionally, NATaT requests that Treasury expand water and sewer infrastructure projects beyond those eligible under the EPA's Clean Water and Drinking Water State Revolving Funds. There is a significant bias toward urban areas, which rely on underground storm sewers that are indeed eligible under CWSRF. Rural areas rely on ditches and culverts, which have limited eligibility. To improve climate resiliency, it is necessary to replace dilapidated and/or undersized culverts.

Another example of that bias is expanded use in Qualified Census Tracts and areas disproportionately impacted by the COVID-19 pandemic. There are limited QCTs in rural areas, and smaller NEUs may be more hesitant to demonstrate how their communities/areas within their communities are disproportionately impacted by the pandemic. Local fiscal relief funds can be used to repair and replace lead water lines in QCTs and disproportionately impacted areas. NATaT request that private wells, on which many NATaT members rely for drinking water, be eligible for drinking water system testing and remediation. Similarly, NATaT requests that work on private on-site septic systems be added as an allowable use of ARPA funds.

**Clarification:** If a recipient uses local fiscal relief funds for a water/wastewater/stormwater project, can those funds be used to repair any road that was impacted?

**2. Clarification on the definition of budget.**

Does the term “budget” mean what has been allocated for spending in the year or the amount of revenue that an entity has available to spend in a year? For example, an entity is allocated \$1.5 million but has a total of \$2 million to spend and chooses to keep \$500,000 for emergency purposes.

Another issue with budgeting is one-time grant allocations from the state may skew a community’s budget picture. For example, NATaT member state Wisconsin provides one-time grants for infrastructure, such as, broadband and roads. If a community receives these grants in 2020-2023, revenue will be higher. However, due to the targeted nature of the grants they cannot be used elsewhere. Accounting for receipt of that grant may show a community to have a healthier budget, but that community could be lacking in revenue for general purposes. NATaT therefore requests that budget calculations not consider grants for specific purposes when preparing revenue calculations.

**3. Clarify what is included in the definition of tourism.**

NATaT appreciates that hospitality, travel, and tourism industries are eligible to receive local fiscal relief funds. However, there is some confusion about both publicly-owned facilities and private facilities that are located in our communities. For example, would a public park that is owned by a local government that attracts visitors and requires upgrades be considered an eligible use of funds? What about publicly- and privately-owned museums and art galleries; are they included in the definition of tourism?

By way of example, much of Wisconsin’s \$19 billion tourism industry is fueled through access to natural and recreational resources, which are owned and operated by the public sector. Boat landings, trails, and parks attract visitors. Can ARPA funds be used to enhance existing/build new facilities (e.g., enhanced boat landing) that will attract more visitors to the community? If enhancing/building new public facilities that attract visitors is not currently an allowed use, NATaT requests this be added as an eligible use.

**4. Expand the public health response category to include purchase of fire trucks and ambulances.**

NATaT requests that Treasury allow funds to be used to purchase fire trucks and ambulances under the public health response category (now it is only allowable under revenue loss). It is our understanding that the purchase of sanitation vehicles is an eligible use of funds. However, equally as important to the public health response is access to funds for public safety vehicles.

**5. Add course of action for NEUs to appeal directly to Treasury if denied funding by the state.**

Treasury gave states whose NEUs are Minor Civil Divisions the flexibility to determine eligibility of those NEUs using a “facts and circumstances” test. NEUs that are deemed ineligible are listed on a public website, but there is no other recourse for those communities. NATaT requests that

Treasury implement an appeals process to NEUs who are deemed ineligible recipients by the state administering agent.

**6. Clarify nonprofit eligibility.**

NATaT requests that Treasury clarify if all 501c nonprofit entities are eligible subrecipients of local relief funds. Most importantly, all public, private, and nonprofit fire and EMS companies should be eligible recipients.

**7. Flexibility on broadband deployment.**

NATaT requests flexibility with upload and download broadband speeds. While the interim rule allows some flexibility on upload speeds, there is no flexibility for download speeds. Flexibility for both upload and download speeds is necessary for many of our nation's smaller communities due to limited options available to those communities.

**8. Operating Budget Clarification.**

When reporting the town's total operating budget, should the town include special improvement districts that are not governed by a separate board? These special improvement districts have a separate fund within the town's budget, but not a separate budget.

**9. Local Procurement.**

Currently, states can use their own procurement guidelines and laws for ARPA expenditures, but local governments must use federal guidelines. NATaT requests that local recipients have the flexibility to use their own procurement guidelines in accordance with state laws.

NATaT is happy to provide additional information to support the comments provided above. Thank you again for the opportunity to comment ahead of the final rule.