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Insights: Alerts

U.S. Department of the Treasury's $350 Billion Coronavirus State and Local Fiscal Recovery Funds Program – Private Sector Support

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Earlier this month, the U.S. Department of the Treasury (Treasury) launched the $350 billion Coronavirus State and Local Fiscal Recovery Funds (Fiscal Recovery Funds) program. The program, which is established under the $1.9 trillion American Rescue Plan Act of 2021 (ARPA), allocates funding directly to state, local, territorial, and Tribal governments (qualifying governments), thereby granting each broad discretion to use the funds for eligible purposes. These purposes include: supporting public health expenditures; addressing negative economic impacts caused by the public health emergency; replacing lost public sector revenue; providing premium pay for essential workers; and investment in water, sewer, and broadband infrastructure. Subsumed within the above eligible purpose categories is direct support for (1) small businesses and non-profits, and (2) tourism, travel, hospitality, and other industries that "were disproportionately and negatively impacted by the COVID–19 public health emergency."

Small businesses and non-profits

The Fiscal Recovery Funds program allows qualifying governments to provide broad support to small business and non-profits economically harmed by the COVID–19 pandemic. This support may include, but is not limited to:

- Loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- Loans, grants, or in-kind assistance to implement COVID–19 prevention or mitigation tactics, such as physical plan changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID–19 vaccination, testing, or contact tracing programs; and
- Technical assistance, counseling, or other services to assist with business planning needs.

Tourism, travel, hospitality, and other industries disproportionately and negatively impacted by COVID–19

In addition to supporting small businesses and non-profits, the Fiscal Recovery Funds program permits qualifying governments to aid tourism, travel, hospitality, and other industries "disproportionately and negatively" impacted by COVID–19. Aid provided to these industries may include, but is not limited to:

- Support for the safe reopening of businesses in an affected industry;
- The implementation of mitigation and infection measures, including improvements to ventilation, physical barriers or partitions, signage to facilitate social distancing, provision of masks or personal protective equipment, or consultation with infection prevention professionals to develop safe reopening plans; and
- Funding for the planned expansion or upgrade of industry facilities that was delayed due to the pandemic.

The unique structure of the Fiscal Recovery Funds program will require qualifying industries, small business, and non-profits to closely follow not only the overarching federal guidance developed by Treasury but also the management and allocation of funding by qualifying governments. Recently, Treasury released a lengthy Interim Final Rule which will guide the administration of the Fiscal Recovery Funds program. Treasury also announced that it is seeking comments on the Interim Final Rule from all stakeholders. This includes comments on the administration of the program, including eligible industries, projects, and funding uses. Comments are due by July 16, 2021.

Additional information on the Fiscal Recovery Funds program can be found at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds. If you have any questions concerning the Fiscal Recovery Funds program (eligible projects, responding to the Interim Final Rule, regulatory impacts, etc.) or other federal programs established under APRA, please do not hesitate to reach out to Kilpatrick Townsend's Government Relations team contacts John Loving at jloving@kilpatricktownsend.com or Stephen Anstey at sanstey@kilpatricktownsend.com.

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