

# COVID-19 LEGISLATIVE PROPOSALS

## HEROES vs. SMART provisions for local aid

As Congress and the administration consider a potential fifth COVID-19 relief package, we urge bipartisan support for direct and flexible funding to counties of all sizes. There have been several state and local aid proposals that have been introduced, but this document provides highlights specifically from the House-passed HEROS Act and the Sens. Menendez-Cassidy SMART Act.

### **Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act (H.R. 6800)**

On May 15, U.S. House of Representatives passed the *Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act* ([H.R. 6800](#)) by a vote of 208-199. The bill's passage follows the enactment of four previous COVID-19 aid packages. The over 1,800-page HEROES Act includes many provisions that would impact county governments and most importantly, would provide approximately \$187 billion in direct and flexible funding to counties (through the U.S. Treasury Department) through a new Coronavirus Local Fiscal Relief Fund. The funding could also be used for lost revenue. A full analysis of the HEROES Act is available at [this link](#).

### **State Municipal Assistance for Response and Transition Act (SMART) Act (Bill not yet numbered)**

On May 18, Sens. Bob Menendez (D-N.J.) and Bill Cassidy (R-La.) along with a group of bipartisan Senators introduced bipartisan legislation that would provide \$500 billion in pandemic relief for state and local governments. Of this funding, counties would receive approximately \$80 billion in funding (through the states) through three tranches of funding based on population, COVID-19 infection rates and lost revenue.

**Senate Sponsors:** Sens. Bob Menendez (D-N.J.), Bill Cassidy (R-La.), Joe Manchin (D-W.V.), Susan Collins (R-Maine), Cindy Hyde-Smith (R-Miss.), Cory Booker (D-N.J.)

**House Sponsors:** Reps. Tom Reed (R-N.Y.), Tom O'Halleran (D-Ariz.), Fred Upton (R-Mich.), Ted Lieu (D-Calif.), Brian Fitzpatrick (R-Pa.), Debbie Dingell (D-Mich.), Elise Stefanik (R-N.Y.), Mikie Sherrill (D-N.J.), Peter King (R-N.Y.), Josh Gottheimer (D-N.J.)

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County Principle	Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act (H.R. 6800)	State Municipal Assistance for Response and Transition (SMART) Act (Bill not yet numbered)
Direct funding to counties of all sizes	Yes, counties of all sizes would be eligible to receive <b>direct funding from the U.S. Treasury.</b>	Counties of all sizes would be eligible for funding. <b>Money would flow through the states</b> , and states would be required to allocate one third of funds for direct payments to local governments within 15 days.
Amount of funding for counties	<b>Would provide \$187.5 billion for counties.</b> Of that amount, \$125 billion for counties would be provided within 30 days of the bill's enactment, plus an additional \$62.5 billion one year following the bill's enactment.	<b>Would provide \$80 billion for</b> counties of the \$500 billion total allocation for all states and local governments. County relief would be divided across three tranches of funding: the first is based on population, the second is dependent on the states' infection rate on June 1, and the third is based on lost revenue and is available after December 31, 2020.
Cities and counties split evenly	Yes	Yes
County allocation based on population	Yes	Yes—some. Two-thirds of counties' allocation is based on population. <ul style="list-style-type: none"> <li>One third would be drawn from the "population" tranche. The second third would drawn from the states' infection rate tranche and allocated to counties based on population.</li> </ul> The last third is not based on population, but on counties' lost revenue.
Bipartisan	No; One Republican voted in favor.	Yes
Lost revenue looking forward and retroactive under CARES	Yes	Yes
Details of lost revenue funding	Would add "lost revenue" as an eligible funding activity for existing Coronavirus Relief Fund and any new federal fiscal aid.	Funding to address lost revenue would not be available until after December 31, 2020 <b>and would be subject to certain conditions and approval by the state's governor.</b>
Guardrails around eligible funding use	State and local officials can use the funding to address the COVID-19 pandemic broadly based on local economic, health, safety and workforce needs	Funding may be used to support necessary COVID-19 expenditures occurring between March 1, 2020 and December 30, 2020, including the Stafford Act match. <b>States would not be permitted to deposit SMART Act funding into pension funds.</b>

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Federal Emergency Management Agency (FEMA) match	Would remove the 25 percent local match for FEMA public assistance funds and provide clarity on additional eligible costs and activities.	Would allow for funds to be used to meet the 25 percent local match for FEMA Public Assistance but would not waive the local match. For the purpose of determining lost revenue in 2020, the 25 percent local match for non-COVID disasters would be deducted from 2020's total county revenue.
Maintenance of Effort (MOE) requirements	N/A	States may only receive money if, to the extent allowable by state law, they agree to base any cut to local government on "emergency need" and that the cuts be "balanced to ensure all units of local government are treated fairly." States must agree to primarily use economic conditions, budgetary shortfall, and revenue loss for each respective county and municipality, as compared to 2019 levels, to determine whether any such cut is balanced and appropriate. "The State legislative body shall have the authority to disapprove such a cut."