

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

The Coronavirus Fiscal Recovery Funds provide \$350 billion to state and local governments to address the fiscal effects of the pandemic through 2024. **U.S. Travel secured language in law that expressly authorizes the funds to be used to aid tourism, travel, and hospitality businesses and organizations.**

For more information about the program, please visit [Treasury's Fiscal Recovery Fund website](#).

ALLOCATIONS

State Coronavirus Fiscal Recovery Fund

\$220 billion provided to state, tribal, and territory governments:

- \$4.5 billion to U.S. territories
- \$20 billion to tribal governments
- \$25.5 billion distributed to the States and the District of Columbia equally.
- \$169.8 billion distributed to the States and the District of Columbia based on unemployment rates.

To find out how much your state is eligible for, please see the Treasury Department's [State Funding Table](#).

Local Coronavirus Fiscal Recovery Fund

\$130 billion provided to local governments:

- \$45.6 billion to metropolitan cities based on the formula used for the Community Development Block Grant (CDBG) program.¹
- \$65 billion to counties based on population.
- \$19.5 billion to the States to distribute to nonmetropolitan local governments² based on population.
 - Payments are capped at 75 percent of the local government's most recent budget as of January 27, 2020.

To find out how much your local area is eligible for, please see the Treasury Department's [Metropolitan City Funding Table](#), [County Funding Table](#), [U.S. Territory Funding Table](#) and [State Set-Aside for Nonmetropolitan Local Governments](#).

Additional Information

- Payments will be split into 2 tranches, distributed at least 12 months apart.
- Before each payment, state and local governments must certify that the funds are needed to cover eligible uses.
 - Funds will be distributed no later than 60 days after such certification.
- Recipients can transfer funds to any private nonprofit organization,³ tribal organization⁴ transit corporation, or special-purpose unit of a state or local government.
- Local governments can also transfer funds to the State in which they are located.

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ELIGIBLE USES

GENERAL RULES

Funds can only be used for the following purposes until December 31, 2024:

- To respond to the COVID-19 public health emergency.
 - Including vaccination programs, testing, contact tracing, medical services, payroll for medical staff, public health surveillance, enhancements to health care capacity, and ventilation improvements in congregate settings.
- To respond to the negative economic impacts of the pandemic, including **aid to impacted industries such as tourism, travel, and hospitality, such as (but not limited to)—**
 - Aid to help reopen travel businesses and organizations that were closed during the pandemic.
 - Aid to make needed improvements to ventilation, provide physical barriers or partitions, provide signage to facilitate social distancing, provide masks or personal protective equipment, or to consult with infection prevention professionals to develop safe reopening plans.
 - Aid to restart a planned expansion or upgrade of a tourism, travel, or hospitality facility that was delayed due to the pandemic.
- To cover premium pay to workers performing essential tasks during the pandemic.
- To cover government revenue losses that are due to the pandemic.⁵
 - Funds can only be used to replace lost revenue that would have otherwise funded a government service (i.e. not debt payments).
 - Revenue loss is measured relative to the revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency, incorporating an assumed constant rate of growth in the subsequent years (up to the greater of either 4.1% or the recipient's average annual revenue growth over the three full fiscal years prior to the pandemic).
- To make necessary investments in water, sewer, or broadband infrastructure.

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ADDITIONAL CONDITIONS

- States cannot use the funds to cover tax cuts, tax deferrals, or pension payments enacted between March 3, 2021 and the date in which the funds are exhausted.
- Any recipient that fails to comply with the rules of the program will be required to repay the funds to the Treasury Department.
- For more information on eligible uses, please see [Treasury's Regulations for the Fiscal Recovery Funds](#)

The travel industry can access the funds through either the economic aid framework or the revenue replacement framework.

GUIDANCE FOR TRAVEL INDUSTRY

- **Economic Aid Framework.** This framework requires travel businesses and organizations to affirmatively identify how the pandemic has negatively impacted the local travel industry and explain how the aid will address the identified negative impact. According to the Treasury Department's regulations, "assistance or aid to individuals or businesses that did not experience a negative economic impact from the public health emergency would not be an eligible use.... uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses."(pg. 31)
- **Revenue Replacement Framework.** This framework requires travel organizations that usually receive a portion of state or local tax revenue to demonstrate that any decline in such revenue is due to COVID-19, relative to a normal baseline with a rate of growth equal to the greater of 4.1% or the recipient's average annual revenue growth over the three full fiscal years prior to the pandemic. See pages 51-61 in Treasury's regulations for more information.

HOW TO APPLY

- State and local governments have broad discretion in how they spend the funds. For more information about the parameters of the program, please see Treasury's [Fiscal Recovery Funds Website](#).
- The application process will likely be similar to the process for the [Coronavirus Relief Fund](#), requiring interested parties to request financial assistance directly from their state or local government.
- We recommend that you ask both your state and local government for access to these funds.

1. The law requires the Treasury Department to make the first tranche of payments no later than May 10, 2021.

2. States are required to distribute funds to local governments no later than 30 days after receiving the funds (or 90 days upon written request by the State).

3. As defined under 42 U.S.C. 11360.

4. As defined under 25 U.S.C. 5304.

5. Revenue is defined as all revenue collected by a recipient and generated from its underlying economy (other than revenue from liquor store fees, utility charges, federal sources, debt instruments, and insurance trusts)—including rents, royalties, lottery proceeds, and fines—that is available to fund government services, based on revenue reported in the Census Bureau's Annual Survey of State and Local Government Finances.