



February 3, 2021

The Honorable Nancy Pelosi
Speaker of the House
United States Capitol Building
Washington, D.C. 20515

The Honorable Charles Schumer
Senate Majority Leader
United States Capitol Building
Washington, D.C. 20515

The Honorable Kevin McCarthy
House Minority Leader
United States Capitol Building
Washington, D.C. 20515

The Honorable Mitch McConnell
Senate Minority Leader
United States Capitol Building
Washington, D.C. 20515

RE: Support for the Special Districts Provide Essential Services Act

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

The National Special Districts Coalition along with 131 organizations representing more than 30,000 special districts serving millions of Americans with critical infrastructure, emergency response, and community services support H.R. 535 and S. 91, the Special Districts Provide Essential Services Act. These bills would provide the nation's 30,000 special districts, that were left out of direct access to previous COVID-19 federal relief, more fiscal certainty necessary to employ their essential workers and serve our communities. We ask you to support this legislation as well and advocate for its inclusion in any potential state and local government pandemic assistance package.

Millions of Americans rely on one or more special districts for essential services such as fire protection and emergency response, water, wastewater treatment, electricity, solid waste management, healthcare, transportation, resource and agricultural conservation, childcare, parks, libraries, cemeteries, air quality, and more. Special districts employ hundreds of thousands of front-line workers, both paid and volunteer. They are each governed by a public board that is typically elected by the community they serve. Like cities and counties, special districts are "subdivisions of the state;" however, they specialize in providing specific services that other governments are not providing to their community. When special districts are excluded from relief, their essential workers and their residents are excluded from relief.

The Special Districts Provide Essential Services Act would allocate critically needed financial relief to special districts that have experienced unforeseen expenditures, decreases in revenue, or both, as a result of the COVID-19 health crisis. **Nationally, the pandemic's toll on special districts totals an estimated \$30.5 billion through Fiscal Year 2021. More than half of special districts are either unlikely to maintain current staffing levels of essential workers or are uncertain that they can through the end of FY21.**

While some special districts have achieved access to the Coronavirus Relief Fund through limited state and county allotment of funds, the vast majority have yet to receive aid to offset their COVID-19-related expenditures, which were unforeseen during the previous budget process. This is due in large part to the omission of special districts from the "unit of local government" definition within the CARES Act and the lack of explicit Treasury guidance on special districts' eligibility for funding. As a result, some of our nation's most vulnerable and disadvantaged communities served by special districts have received little to no federal support for the ongoing provision of their essential local services.

These bills are identical to the bipartisan S. 4308 from the 116th Congress. Specifically, H.R. 535 and S. 91 would do the following:

- **Allow special districts direct access to the Coronavirus Relief Fund.** The bill requires states to distribute five percent of future Coronavirus Relief Fund allocations that they receive to special districts within their respective state within 60 days of receiving funds from the U.S. Treasury. Designating special districts as eligible for the Fund would greatly assist in their attempts to both recoup dramatic revenue

losses and backfill the increase in expenditures many have experienced due to a variety of pandemic-related expenses. Neither H.R. 535 and S. 91 call for additional appropriations.

- **Require special districts to demonstrate the financial impact of COVID-19** when applying for funding. Special districts would submit information to their state demonstrating the degree to which they have experienced or anticipate they will experience COVID-19-related revenue loss, grant/inter-governmental revenue loss, or increased COVID-19-related expenditures.
- **Create limits to allocations** such that a special district may not receive funding that exceeds the amount the district expended in any quarter of 2019. However, special districts providing services that the federal Cybersecurity and Infrastructure Security Agency deems to be within a “critical infrastructure sector” would be exempt from limitations.
- **Provide flexibility for states with excess funds reserved for special districts** that make a good faith effort to distribute funds to districts within the state. The bill requires states to file a waiver with U.S. Treasury after 60 days demonstrating how the state distributed its special districts funding. If approved, the state may use the balance of the funds for other COVID-19 response purposes.
- **Define “special district”** as a “political subdivision of a State, formed pursuant to general law or special act of the State, for the purpose of performing one or more governmental or proprietary functions.” With the variety of services that special districts throughout the country deliver, it is important to have a clear understanding of what is – and what is not – a special district. The definition in the bill was developed through a collaborative and consensus-driven process by special district associations across the nation.
- **Specifically permit special districts to be considered “eligible issuers” of the Federal Reserve Board’s Municipal Liquidity Facility (MLF).** The bill would direct the U.S. Department of Treasury to consider special districts as eligible issuers to take advantage of the Municipal Liquidity Facility, as established in the CARES Act, for access to capital during the current financial downturn. States, territories, tribes, cities with a population greater 250,000 and counties with a population greater than 500,000 have access to the Fed’s tool. Despite special districts’ statutory authority to issue tax and revenue anticipation notes, they are currently not considered “eligible issuers” under the CARES Act. This bill expands the Fed’s authorization to purchase these notes to include all special districts as “eligible issuers” for MLF.

The Special Districts Provide Essential Services Act is vital for the continued operations of services for millions of Americans. We look forward to working with you on this critical legislation and in supporting its inclusion in the upcoming COVID-19 relief bill. Thank you for your consideration.

Sincerely,

National Special Districts Coalition

California Special Districts Association
Special Districts Association of Colorado
Florida Association of Special Districts
Special Districts Association of Oregon
Utah Association of Special Districts

National and State Special Districts Stakeholder Associations

Agribusiness and Water Council of Arizona
American Library Association
Arizona County Treasurer’s Association
Arizona Fire Chiefs Association
Arizona Fire Districts Association
Association of California Healthcare Districts

Association of California Water Agencies
Association of Fire Districts of the State of New York
Association of Metropolitan Water Agencies
Association of Washington Public Hospital Districts
California Association of Recreation and Park Districts
California Association of Resource Conservation Districts
California Fire Chiefs Association
California Municipal Utilities Association
California Rural Water Association
Colorado Parks & Recreation Association
Colorado State Fire Chiefs
Colorado Water Congress
Family Farm Alliance
Fire Districts Association of California
Florida Rural Water Association
Illinois Association of Fire Protection Districts
Illinois Association of Park Districts
Illinois Library Association
Illinois Rural Water Association
International Association of Fire Chiefs
Irrigation & Electrical Districts Association
Kansas State Association of Fire Chiefs
Louisiana Fire Chiefs Association
Maine Rural Water Association
Michigan Association of Fire Chiefs
Missouri Association of Career Fire Protection Districts
Missouri Association of Fire Chiefs
Montana Fire Chiefs Association
Montana Fire Trustees Association
Mosquito and Vector Control Association of California
Mountain Counties Water Resources Association (California)
National Association of Emergency and Fire Officials
National Recreation and Park Association
National Rural Water Association
National Volunteer Fire Council
National Water Resources Association
New Jersey State Association of Fire Districts
Northern California Water Association
Ohio Parks and Recreation Association
Oregon Fire Chiefs Association
Oregon Fire District Directors' Association
Oregon Library Association
Oregon People's Utility Districts Association
Oregon Public Ports Association
Oregon Recreation & Parks Association
Oregon Water Resources Congress
Pennsylvania Municipal Authorities Association
Rural Water Association of Utah
South Carolina Association of Special Purpose Districts
Tennessee Association of Utility Districts
Texas Fire Chiefs Association
Texas Rural Water Association
Texas State Association of Fire and Emergency Districts
Washington Association of Sewer & Water Districts
Washington Fire Chiefs
Washington Fire Commissioners Association
Washington Public Utility Districts Association

Western Fire Chiefs Association
Wyoming Association of Special Districts

Individual Special Districts

Alameda County Mosquito Abatement District (California)
Antelope Valley Cemetery District (California)
Atascocita Fire Department (Texas)
Baker County Library District (Oregon)
Biola Community Services District (California)
Brooktrails Township Community Services District (California)
Carmichael Recreation and Park District (California)
Coachella Valley Water District (California)
Coalinga-Huron Recreation and Park District (California)
Coastside County Water District (California)
Conejo Recreation and Park District (California)
Contra Costa Mosquito and Vector Control District (California)
Costa Mesa Sanitary District (California)
Cosumnes Community Services District (California)
Crooked River Ranch Rural Fire Protection District (Oregon)
Cucamonga Valley Water District (California)
Curry County Soil and Water Conservation District (Oregon)
Delta Diablo (California)
Eastern Sierra Community Service District (California)
Eden Health District (California)
Emergency Services District No. 3 (Texas)
Fort Bend Emergency Services District #1 (Texas)
Frazier Park Public Utility District (California)
Fresno Metropolitan Flood Control District (California)
Fulton-El Camino Recreation and Park District (California)
Gaston Rural Fire District (Oregon)
Goleta Sanitary District (California)
Great Parks of Hamilton County (Ohio)
Greater St. Helens Aquatic District (Oregon)
Grizzly Flats Community Services District (California)
Home Garden Community Services District (California)
Indian Wells Valley Water District (California)
Jefferson County Soil & Water Conservation District (Oregon)
Kettleman City Community Services District (California)
Los Osos Community Services District (California)
Lower Umpqua Library District (Oregon)
Mark Twain Health Care District (California)
Mesa Water District (California)
Midpeninsula Regional Open Space District (California)
North County Fire Protection District (California)
North Highlands Recreation and Park District (California)
Olympic Valley Public Service District (California)
Orangevale Recreation & Park District (California)
Placer County Air Pollution Control District (California)
Pleasant Hill Recreation and Park District (California)
Port of Hueneme – Oxnard Harbor District (California)
Port of Toledo (Oregon)
Sacramento-Yolo Mosquito and Vector Control District (California)
San Joan Water District (California)
Santa Clara Fire District (Oregon)
Santa Ynez River Water Conservation District (California)

Silverton Rural Fire Protection District No. 2 (Oregon)
South Coast Air Quality Management District (California)
Southern Cascades Community Services District (California)
Stallion Springs Community Services District (California)
Tualatin Hills Park & Recreation District (Oregon)
Turlock Irrigation District (California)
Willamalane Park and Recreation District (Oregon)

Non-Profit and Private Sector

Self-Help Enterprises
Streamline
TOGETHER Bay Area

cc: Representative John Garamendi
Senator Kyrsten Sinema

Representative Maxine Waters, Chair, House Committee on Financial Services
Representative Patrick McHenry, Ranking Member, House Committee on Financial Services
Representative Carolyn Maloney, Chair, House Committee on Oversight & Reform
Representative James Comer, Ranking Member, House Committee on Oversight & Reform
Senator Ron Wyden, Chair, Senate Committee on Finance
Senator Mike Crapo, Ranking Member, Senate Committee on Finance