April 13, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20515

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The CARES Act established a $150 billion Coronavirus Relief Fund to assist state and local governments combat the Coronavirus Disease 2019 pandemic. Under the Act, each state will receive at least $1.25 billion plus an additional amount based on population, with a portion of the money allocated to local governments within the state.

As written, however, the fund provides little actual relief for state budgets but instead all but compels them to devise new spending that can be attributed to the Coronavirus Disease 2019 (COVID-19).

Congress needs to address this unintended outcome quickly by providing states and local governments the flexibility to use money from the Coronavirus Relief Fund 1) to offset lost tax and fee revenue that would otherwise have paid for ordinary operating expenses between March 1 and December 30, or 2) to provide one-time tax relief to individuals and businesses to revive the local economy.

Unlike the federal government, most states and local governments must balance their budgets. New costs associated with the Coronavirus outside of Medicaid (covered by the Families First Act) and education (covered in the Education Stabilization Fund) would not come close to the full amount appropriated except through budgetary gluttony. Billions of dollars in tax and fee revenue, however, have been lost and cannot be recovered. We ask Congress to allow states the ability to use their Relief assistance in the most prudent and least disruptive way possible.

Amy Cooke, CEO
John Locke Foundation, North Carolina

Jim Vokal, CEO
Platte Institute, Nebraska

Daniel Erspamer, CEO
Pelican Institute, Louisiana

Jonathan Small, President
Oklahoma Council of Public Affairs, Oklahoma

Donald Bryson, President
Civitas Institute, North Carolina

Christian Braunlich, President
Thomas Jefferson Institute for Public Policy, Virginia

Matthew Gagnon, CEO
Maine Policy Institute, Maine

Jon Prichett, President and CEO
Mississippi Center for Public Policy, Mississippi

Charles Mitchell, President and CEO
Commonwealth Foundation, Pennsylvania

Chris Ingstad, President
Iowans for Tax Relief, Iowa

Annette Meeks, CEO
Freedom Foundation, Minnesota

John Tsarpalas, President
Nevada Policy Research Institute, Nevada

Lynn Taylor, President
Virginia Institute for Public Policy, Virginia

Drew Cline, President
Josiah Bartlett Center for Public Policy, New Hampshire

Justin Owen, President and CEO
Beacon Center of Tennessee

Rick Larsen, President and CEO
Sutherland Institute, Utah

Bethany Marcum, Executive Director
Alaska Policy Forum, Alaska

Joe Lehman, President
Mackinac Center for Public Policy, Michigan