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Client Alert: Treasury Department Provides Guidance on Obtaining Aid Under the Coronavirus Relief Fund for States and Eligible Local Governments

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On April 13, 2020 the United States Department of the Treasury ("Treasury Department") provided additional guidance on distributions under the Coronavirus Relief Fund ("Fund") established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and launched a web portal to allow eligible state, local, and Tribal Governments to receive payments. Eligible governments should expect to receive payments in as little as 24 hours after providing the required information through the web portal.

The Fund will provide aid to cover: 1) expenses that are necessary expenditures due to the public health emergency and with respect to COVID-19; 2) were not accounted for in the budget most recently approved as of March 27, 2020 for the state or government; and 3) were incurred between March 17, 2020 and December 30, 2020.

Amounts paid to states and eligible units of local government are based on population using Census [1] data for the most recent available year. **The amount of payments made to each state will be reduced by the aggregate amount of payments made to eligible local governments within that state that have provided the required certifications to the Treasury by 11:59 p.m. EDT on April 17, 2020.** These forms can be found here.

For Ohio, the allocation based on 2019 population is $4.5 billion.

Eligible units of local government are counties, municipalities, towns, townships, village, parishes, boroughs, or other unit of general government with a population in excess of 500,000. Measured against the 2019 Census, in Ohio, that is the City of Columbus, Cuyahoga County, Franklin County, Hamilton County,

Montgomery County, and Summit County.

If an eligible unit of local government is within another eligible unit of local government, such as a city within a county, the larger unit may include the population of the smaller unit provided the smaller unit does not make its own certification. If the smaller unit makes its own certification, then that smaller unit's population is subtracted from the population of the larger unit. The Treasury provided the following examples:

1. County A has a total population of 550,000, comprised of 75,000 in City B (the incorporated part of the county within the borders of County A) and 475,000 in the unincorporated part of the county.
    a. County A is eligible to receive a payment, because its total population (including both the incorporated City B and the unincorporated part of the county) is greater than 500,000.
    b. County A's payment amount will be calculated based on a population of 550,000.
    c. City B is not eligible to receive a payment because its population is less than 500,000.
2. County C has a total population of 900,000, comprised of 750,000 in City D (the incorporated part of the county) and 150,000 in the unincorporated part of the county.
    a. Both County C and City D are eligible to provide a certification, because their total respective populations exceed 500,000.
    b. If County C provides a certification, but City D does not, County C's payment amount will be based on a population of 900,000.
    c. If both County C and City D provide certifications, County C's payment amount will be calculated based on a population of 150,000 (total population less the population of City C). City D's payment amount will be calculated based on its population of 750,000.

Payments to Tribal Governments are to be determined by the Secretary of the Treasury in consultation with the Secretary of the Interior and Indian Tribes. The Treasury has not concluded these consultations and requests certain data of Tribal Governments to assist in this determination. Additional information on payments to Tribal Governments will be posted on the Treasury website as it becomes available.

[1] The Treasury used 2019 data from the 2019 Vintage for states and county level units of local governments and for units of local government below the county level. This data was supplied in advance of publication to implement this title of the CARE Act.

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