



Memorandum

Date: August 26, 2020

To: Representative Catherine “Kitty” Toll, Chair, House Appropriations Committee
Senator Jane Kitchel, Chair, Senate Appropriations Committee

From: Karen Horn, Director, Public Policy and Advocacy

RE: Coronavirus Relief Fund (CRF) for Municipal Governments

Thank you for your attention to cities and towns during your deliberations on allocating CRF dollars. You have heard a lot of uncertainty about the long-term consequences of the COVID-19 pandemic and what it will likely cost the state, private businesses and non-profits, schools, and individuals. The same is true for cities and towns.

For the reasons below, we are not requesting additional CRF funds at this time. We will know the amount requested for Local Government Expense Reimbursement (LGER) grants and Coronavirus Municipal Records Digitization grants after next week’s application deadlines.

We strongly support funding for the Agency of Commerce and Community Development’s “Better Places Safer Places” proposal. We also strongly support the proposal from the Agency of Transportation for revisions to local project and program funding for transportation, including the flexible monies for Town Highway Aid.

Grant Funding. According to the Tax Department, as of August 24, 45 applicants had applied for a total of \$990,000 from the Coronavirus Municipal Records Digitization grant. The deadline to apply is September 1.

Before a municipality may apply for the LGER Grant, it must register as an applicant for FEMA disaster assistance, apply for those funds, and receive a determination of which costs are eligible.

- 140 applicants (of which 80 are municipalities) registered as of August 24
- Of those 140 FEMA registrants, 40 have submitted applications. The deadline to apply is September 1.
- 11 municipalities have submitted applications for \$289,000 in LGER grants. The deadline to apply is September 4.

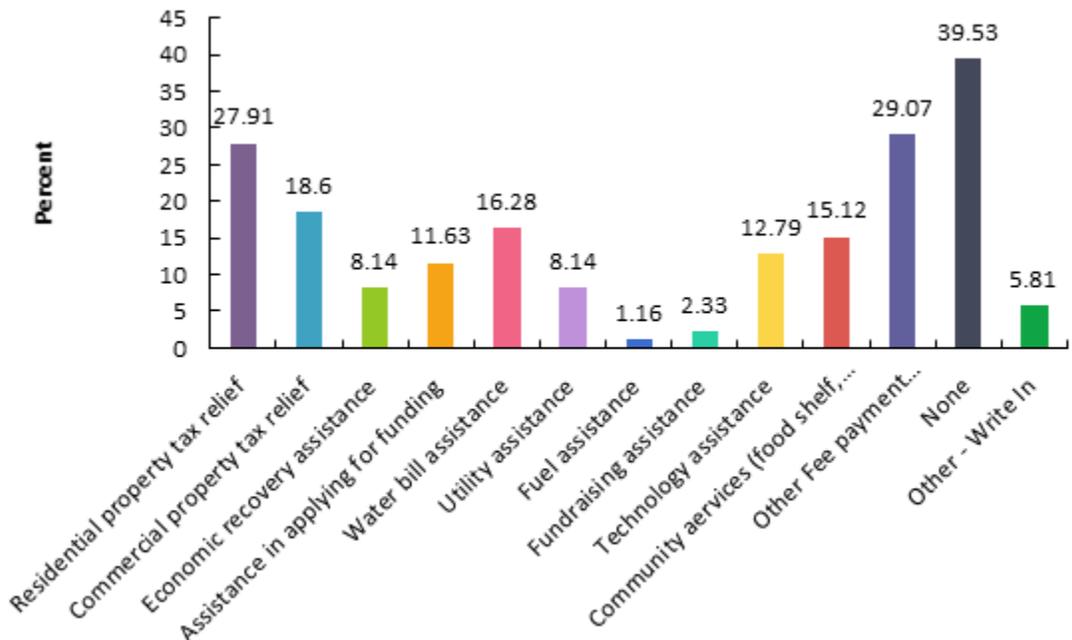
(On August 19, VLCT presented this [grant funding webinar](#) explaining the programs available to local governments.)

While it is clear that municipal needs will far exceed the CRF funds that the legislature appropriated to municipalities, FEMA must be addressed first, the submission of applications has been slow, and eligible uses of CRF dollars are quite restrictive. Those considerations likely deter municipal applicants who are struggling to discharge ordinary responsibilities of government during the COVID-19 pandemic.

Federal Assistance. VLCT continues to advocate strongly for direct federal aid to local governments and the state. Those funds should be available to replace lost revenues. We have been in contact with our Vermont delegation and the National League of Cities to secure direct and flexible aid.

Fiscal Situation. In a survey conducted last month, VLCT asked local officials to name the types of assistance requests they were receiving from citizens, nonprofits, and local businesses. Twenty-eight percent of the 107 responding towns indicated that they received requests for residential property tax

relief and 19 percent had received requests for commercial property tax relief. (See table below.) Clearly, revenues will be lower in the next year (fiscal or calendar).



Assistance Requested of Municipalities

We know that as the COVID-19 pandemic progresses and the effects of the economic downturn continue to be felt, municipal needs will only increase.

In an earlier May VLCT survey to municipal officials, responding members anticipated \$112 million – or approximately 25 percent of the amount due – in reduced municipal property tax revenues. Additionally, local officials expect a reduction of millions of dollars due to lost revenues from municipal services, permit and utility fees, fines and penalties; cancelled recreation programs, fewer local option sales and rooms and meals taxes, and cancelled event hosting during the normally busy summer season.

At the same time, local officials are being asked to do much more for their constituents, such as helping with volunteer efforts, providing outside venues for businesses struggling to stay afloat, ensuring the continuation of emergency medical services, community policing, and public utilities such as wastewater, and much more. Additionally, our town common spaces and greens have become the centers of protests and actions arising from the murder of George Floyd and other persons of color, and demands for racial equity and justice for the disenfranchised. Vermont local officials are overwhelmingly sympathetic to those demands. At the same time local officials must manage the activities that are taking place in their communities in this especially challenging environment and time.

Thank you for the opportunity to provide this update.