## Congress of the United States Washington, DC 20515

April 9, 2020

The Honorable Steven T. Mnuchin Secretary of the Treasury U.S. Department of the Treasury 1500 Pennsylvania Avenue NW Washington, DC 20220

Dear Secretary Mnuchin:

As you continue to lead the Treasury Department's response to the coronavirus, we respectfully ask that you support direct aid to state, local, tribal, and territorial governments to address the multitude of financial complications caused by this public health pandemic, including replenishing severe revenue shortfalls.

As you are aware, the coronavirus has caused a steep increase in the unemployment rate coupled with a sharp decrease in consumption nationwide. Fewer employees on payroll mean states and local governments bring in less income tax revenue, and stay-at-home orders that keep people out of stores and restaurants mean less sales tax revenue. The full effects of these disruptions are difficult to predict, but states are preparing for dire scenarios. For example, Illinois' Commission on Government Finance and Accountability recently predicted a potential 20 percent decrease in state revenues over the next few fiscal years. New York Governor Andrew Cuomo recently predicted a state revenue shortfall of up to \$15 billion. These are just two examples of financial burdens states will face in the coming months due this public health crisis.

Forcing states and cities to accommodate dramatic budget shortfalls could lead to widespread, disruptive reductions in public services, delayed improvement projects, and a slower economic recovery. Ohio Governor Mike DeWine recently told his cabinet members to prepare for up to 20 percent cuts to agencies for the next 15 months.<sup>3</sup> Cities across the country, from Phoenix<sup>4</sup> to Houston<sup>5</sup> to Philadelphia,<sup>6</sup> are similarly grappling with difficult budget decisions unforeseen just a few short months ago.

We were pleased to provide state and local governments with \$150 billion, through the "State and Local Coronavirus Expenditures Relief Fund," for coronavirus-related expenditures in the CARES Act. However, as the Department of the Treasury finalizes regulatory guidance pertaining to these provisions and considers requesting additional funding, we strongly believe more must be done to account for the virus' larger budget impacts. Specifically, we urge you to support robust additional relief that gives state and local governmental leaders flexibility to address the unique financial impacts in their respective jurisdictions for the betterment of their constituents, the economy, and American public health. This is a critical component of our federal government's response that simply cannot be overlooked.

Thank you for your consideration of this important issue.

Sincerely,

Raja Krishnamoorthi Member of Congress

https://www.bnd.com/news/coronavirus/article241724941.html

https://thehill.com/business-a-lobbying/business-a-lobbying/489937-struggling-states-warn-coronavirus-stimulus-falls

<sup>3</sup> https://www.dispatch.com/news/20200407/ohio-tax-revenue-takes-hit-as-coronavirus-orders-close-businesses

https://www.azfamily.com/news/continuing\_coverage/coronavirus\_coverage/covid-19-threatens-robust-phoenix-area-city-budgets/article\_58f115d2-787d-11ea-9038-1rf0880c76c44.html

<sup>5</sup> https://www.texastribune.org/2020/04/02/texas-coronavirus-threatens-city-budgets-services-recession-looms/

https://www.inquirer.com/health/coronavirus/coronavirus-kenney-tax-budget-philadelphia-cuts-20200407.html

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