

The American Rescue Plan

What it means for New York's towns

On March 11, 2021 – almost a year to the day New York State shutdown – President Biden signed the American Rescue Plan (ARP) Act of 2021, the much anticipated federal COVID19 relief bill. A summary of some of the key provisions impacting towns is below. *****Please note that the figures provided for individual towns are estimates only - actual amounts may vary. The Department of Treasury will be issuing further guidance and details.*****

Estimated Funding for State and Local Governments

Overall: \$360 billion in direct financial relief for state and local governments, including \$65 billion for America's cities, villages and towns, and \$65 billion for counties

New York State: New York State will receive \$12.6 billion, New York's metropolitan cities will get \$6.14 billion, counties will receive \$3.9 billion, and smaller cities, towns and villages will receive \$825 million

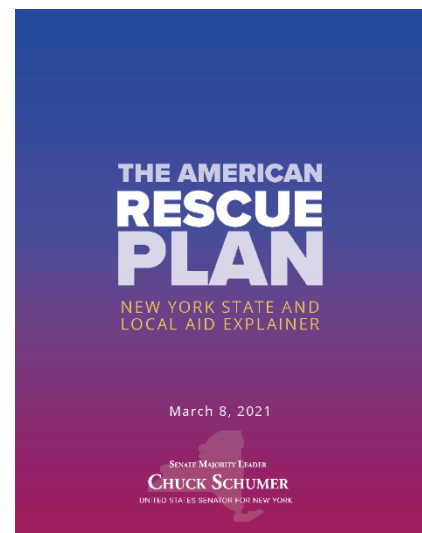
75 percent Cap for non-entitlement communities: If your town has a population of less than 50,000, the amount of money you receive cannot exceed 75 percent of your most recent budget as of January 27, 2020. Any amount in excess of 75 percent will be need to be returned to the Department of Treasury.

The **estimated** amount your town is set to receive can be found [here](#)

**A note about villages – although villages are not listed separately, villages AND town governments will be receiving a direct allocation of federal assistance. The amount listed for the town INCLUDES money that will ultimately go to villages within the town. The Department of Treasury will determine how to distribute assistance between overlapping governments.

Fund Distribution

- Money will be distributed in two equal installments (tranches) over a two-year period
- Municipalities with a population of at least 50,000 (based on 2019 Census data) using a modified Community Development Block Grant (CDBG) formula will receive funds directly from the Treasury Department within 60 days of the President signing the bill (March 11, 2021).
- For CDBG non-entitlement communities (those with a population less than 50,000), the first installment will be sent to New York State within 60 days of the President signing the bill. The
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state then has 30 days to send the money to your town. If the state fails to distribute these funds, it will be penalized.

- The second installment will be sent 12 months after the first installment

How and when can funds be spent?

- ARP funds may be used for the following purposes:
 - For the provision of government services impacted by a reduction in revenue resulting from the pandemic;
 - Investments in water, sewer or broadband infrastructure;
 - To respond to the COVID-19 public health emergency or its negative economic impacts including assistance to households, small businesses, and non-profits or to assist impacted industries such as tourism, travel and hospitality;
 - For "Premium pay" to eligible essential workers. "Premium pay" means an additional amount up to \$13 per hour. There is a cap of \$25,000 for any single eligible worker
- Municipalities may NOT use funds to cover pension costs.
- There is a deadline to spend funds by December 31, 2024.

For more information regarding this and other COVID-19 developments, please visit www.nytowns.org and stay tuned to our social media pages.

ASSOCIATION OF TOWNS OF THE STATE OF NY

AMERICAN RESCUE PLAN

"HELP IS ON THE WAY"

DIRECT FUNDING

\$360 billion to localities

Establishes State and Local Coronavirus Relief Fund, 60 percent going to states and 40 percent to localities. Major cities will receive \$6.14 billion; counties will receive \$3.9 billion and New York State's 933 towns, villages and smaller cities are poised to receive \$825 million.

FLEXIBLE FUNDING

Offsetting economic impact of COVID-19

Allowable uses for the funding include offsetting lost revenue; funding water and sewer projects; assisting small businesses or front-line workers; tourism; and broadband expansion. Funds may not be used for coverage of pension costs.

RELIEF IN 60 DAYS

Funding provided for smaller communities

CDBG formula includes funding for larger municipalities (>50,000) and smaller communities (less than 50,000; limit of 75 percent of locality's budget). CDBG communities will receive half of their funding directly from U.S. Treasury within 60 days. Non-entitlement CDBG communities will receive half of their allotment, with state serving as pass-through. The state has to deliver funds within 30 days or face a penalty.

A HISTORIC BILL

"Help is here."

The CARES Act previously provided funding only to municipalities with populations of greater than 500,000. After an entire year of dealing with the economic fallout from the coronavirus, including historic drops in local revenue, this bill secures badly needed funding for state and local governments of all sizes as they continue to provide essential services and work the front lines.

DEADLINE TO SPEND FUNDS: DECEMBER 31, 2024

FOR MORE INFORMATION, STAY TUNED TO WWW.NYTOWNS.ORG