

CORONAVIRUS RELIEF FUNDS FOR STATE AND COUNTY GOVERNMENTS

Congress has passed several rounds of financial assistance and relief in response to the COVID-19 pandemic, including most recently the *American Rescue Plan*. The *American Rescue Plan* includes the following assistance for state and local governments.

*** WHAT IS NEW IN THE AMERICAN RESCUE PLAN ***

The *American Rescue Plan* provides \$2.2 billion to Hawaii to help pay for Hawaii's COVID-19 response efforts and to bolster budgets that have sustained significant tax revenue loss due to the pandemic:

- The State of Hawaii will receive \$1.65 billion
- Honolulu City & County will receive \$365 million
- Hawaii County will receive \$39.08 million
- Maui County will receive \$32.47 million
- Kauai County will receive \$14.02 million
- Another \$116 million will go to the State of Hawaii for critical capital projects, such as broadband, to enable work, education, and healthcare in response to the pandemic.

Funds provided to cities and counties will be sent in two equally divided allocations: the first within 60 days after the bill becomes law, and the second no earlier than a year after the first payment is made. All funding provided under this section will remain available for use through December 31, 2024.

Use of funds:

The funding may be used to:

- Respond to the public health emergency and its negative economic impacts, including assistance to households, small businesses, and nonprofits, and aid to impacted industries such as tourism, travel, and hospitality;
- Fill in for revenue reductions to continue to fund government services; or
- Make necessary investments in water, sewer, or broadband infrastructure.

Limitations on use: The funding provided in the *American Rescue Plan* may not be used to offset a reduction in taxes or as deposits in any pension fund.

Overview of Prior State and Local Funding

The CARES Act created a Coronavirus Relief Fund for state and large county governments funded at \$150 billion for fiscal year 2020. The inspector general of the Department of the Treasury monitors and provides oversight of how state and county governments use the Coronavirus Relief Fund and has the authority to recoup misspent funds. The Department of the Treasury's guidance is available [here](#).

Hawaii Funding

Hawaii received a total of \$1.25 billion from the Coronavirus Relief Fund. The Department of the Treasury awarded \$863 million to the State of Hawaii and \$387 million to the City and County of Honolulu. County governments are eligible to receive funding from the state.

How Awards were Determined

- Treasury awarded states their funding based on population in consultation with the Census Bureau.
- The minimum state award was \$1.25 billion.
- County governments with a population of 500,000 or more were eligible to receive a direct payment from the Treasury.
- Out of the total amount for each state, the state government received at least 55 percent of the total. The county governments altogether received up to 45 percent of the total for the state. Of this 45 percent, large county governments were eligible to receive a portion of this funding based on its proportion of the state population. The remaining funding out of this 45 percent was provided to the state government.

Use of Funds

State and county governments could use this funding for costs that:

- were necessary expenditures incurred due to the public health emergency with respect to the novel coronavirus disease, COVID-19;
- were not accounted for in the budget most recently approved for the state or county government as of the date of enactment; and
- were incurred from March 1, 2020 to December 31, 2021.