

The National Association of Counties clearly spells out five allowed uses for the recovery funds – the first one being possibly the most beneficial to county taxpayers.

1. Funds may be used in response to or to help mitigate the public health emergency with respect to the COVID-19 emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.
2. Funds may be used to provide government services to the extent of the reduction in revenue (i.e. online, property or income tax) due to the public health emergency.
3. Funds may be used to make necessary investments in water, sewer, or broadband infrastructure.
4. State and local governments will be allowed to transfer the funds to a private nonprofit organization, a public benefit corporation involved in the transportation of passengers or cargo or a special-purpose unit of State or local government.
5. Funds may also be used in response to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work. “Premium pay” means an additional amount up to \$13 per hour that is paid to an eligible worker for work during the COVID-19 pandemic. The law imposes a cap of \$25,000 for any single eligible worker.

Guardrails for Recovery Funds include the following:

1. States are not allowed to use the funds to either directly or indirectly offset a reduction in the net tax revenue that results from a change in law, regulation or administrative interpretation during the covered period that reduces any tax. If a state violates this provision, it will be required to repay the amount of the applicable reduction to net tax revenue.
2. No funds shall be deposited into any pension fund.
3. Any local government, including counties, that fail to comply with the federal law and related guidelines shall be required to repay the federal Treasury.