

Clarksdale city	\$	46,967.85
Clarkson Valley city	\$	479,993.04
Clarksville city	\$	79,384.88
Clarkton city	\$	212,184.18
Claycomo village	\$	278,860.11
Clayton city	\$	3,084,590.71
Clearmont city	\$	28,549.09
Cleveland city	\$	121,748.04
Clever city	\$	510,199.81
Cliff Village village	\$	7,183.32
Clifton Hill city	\$	20,076.45
Clinton city	\$	1,647,558.60
Clyde village	\$	14,550.83
Cobalt village	\$	41,258.04
Coffey city	\$	30,206.78
Cole Camp city	\$	208,868.80
Collins village	\$	27,996.52
Commerce village	\$	12,156.39
Conception Junction town	\$	33,522.15
Concordia city	\$	435,788.00
Coney Island village	\$	13,814.07
Conway city	\$	142,929.62
Cool Valley city	\$	208,132.05
Cooter city	\$	74,411.81
Corder city	\$	73,859.25
Corning town	\$	2,578.63
Cosby village	\$	23,023.46
Cottleville city	\$	1,032,924.39
Country Club Hills city	\$	229,497.82
Country Club village	\$	459,916.58
Country Life Acres village	\$	13,445.70
Cowgill city	\$	33,522.15
Craig city	\$	41,073.85
Crane city	\$	249,942.65
Creighton city	\$	62,992.18
Crestwood city	\$	2,179,676.75
Creve Coeur city	\$	3,429,942.57
Crocker city	\$	191,370.98
Cross Timbers city	\$	38,863.60
Crystal City city	\$	865,681.99
Crystal Lake Park city	\$	89,515.20
Crystal Lakes city	\$	65,386.62
Cuba city	\$	606,345.77
Curryville city	\$	41,073.85
Dadeville village	\$	41,258.04
Dalton town	\$	2,947.00
Dardenne Prairie city	\$	2,458,536.86



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### **CORONAVIRUS PRACTICAL GUIDANCE FOR CITIES CIRCULAR No. 10**

#### **THE AMERICAN RESCUE PLAN OF 2021 IMPACT ON CITIES**

#### Abstract

This circular is designed to offer practical advice in plain language. While it is important to read the details provided herein due to important limitations, this abstract is intended to give a very brief overview.

The American Recovery Act of 2021 (ARA) has passed and has now been signed by President Biden.<sup>1</sup> The act provides considerable assistance to cities of all types in Missouri. Of approximately \$130 billion for fiscal relief to local governments, \$19.5 billion is allocated just for small cities.

This money will be paid directly to the cities, it will not go through counties. The spending categories are broader than under the previous CARES Act.

#### Introduction

Section 9901 of the act applies to local governments and amends Section 603 of the Social Security Act (42 USC 801). Under the ARA, cities are divided into two groups, following the criteria of CDBG funding. Cities (really metropolitan areas) that are large enough to receive CDBG money directly (what CDBG calls “Entitlement Cities”<sup>2</sup> and the ARA calls “metropolitan cities”) will get money directly from the federal government. Everyone else, (called “Non-Entitlement Cities” by both CDBG and ARA) will get their money through the State of Missouri.

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<sup>1</sup> CBS News March 11, 2021 <https://www.cbsnews.com/news/biden-signs-covid-relief-bill-american-rescue-plan/>

<sup>2</sup> See section 102(a)(5) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(5)) for a definition.



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### When and How Will Cities Receive this Funding?

Unlike early rumors that we heard, Non-Entitlement Cities will not have to apply to the state CDBG for the funds. However, the money will arrive somewhat later than it will for Entitlement Cities. Counties receive separate funding. Cities will not have to apply to the counties for funding.

The Treasury Department will again promulgate rules. As of now, no rules have been issued but this is likely to change as time goes on. As stated, cities will not have to apply for the funding but will have to account for how the money was spent.

The money will arrive in two tranches. The first money should arrive quickly, probably 60 to 90 days, depending on the State. The second tranche will arrive in approximately 12 months. Cities will have until December 2024 to spend the money. Since cities have to account for how the money is spent, if the money is held in an interest-bearing account, we recommend it be kept separate from regular city funds. This is the same procedure CDBG and USDA use.

### How Much Will My City Get?

We have attached a list showing what each city is getting.

A very important condition is that nonentitlement cities funding is capped at 75% of their budget that was in effect as of January 27<sup>th</sup>, 2020.<sup>3</sup> This seems to refer to the total budget.

### What Can the Money Be Used For?

The categories that the money can be spent on are again very broad, and probably more useful than under the CARES Act. The categories are:<sup>4</sup>

“(A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

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<sup>3</sup> ARA § 9901; § 603(b)(2)(C)(iii) (2021)

<sup>4</sup> ARA § 9901; § 603(c)(1) subsections (A)- (D) (2021)



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“(B) to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;

“(C) for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or

“(D) to make necessary investments in water, sewer, or broadband infrastructure.

Category (A) includes the ability for cities to directly assist hotels and tourism-driven industries which have been hard hit in the past year. This could include programs like advertising to encourage visitors to return or assisting local hospitality industry members with providing adjustments necessary to safely reopen.

Category B allows cities to pay money out to essential workers, not just city employees. The amount is capped at \$13 per hour though.

Category C is a radical departure from the funding under the CARES Act. While the CARES Act specifically forbid using the funding to reimburse cities for lost funding, the ARA specifically allows it. This could be used for such items as lost sewer or water revenue or even lost sales tax.

Category D is probably of the greatest interest to local governments. Category D can be any sewer, water, or broadband project and need not be tied directly to Covid. This is a huge benefit for cities, especially when you look at the amounts they are getting.

The act allows cities to transfer the money to non-profits. Cities can also pool their money or give it to the state.



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### Restrictions on the Use of these Funds

There are important restrictions to consider. The funds cannot be used to offset a loss in revenue due to a tax reduction.<sup>5</sup>

Funds received can't go into a city pension fund.<sup>6</sup>

### Next Steps

Cities should immediately begin to develop plans as to how to use this money to best benefit their local community. As with the CARES Act, there is likely to be considerable ambiguity. Lauber Municipal Law is prepared to assist you in navigating through those gray areas to benefit your community and avoid costly recoupment penalties.

Please feel free to contact us if we can be of assistance.

### DISCLAIMER

*The information provided herein is of a general nature and is not intended to provide specific legal advice or to create an attorney-client relationship; you should always consult with your municipal attorney.*

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<sup>5</sup> ARA § 9901; § 603(c)(2)(A) (2021)

<sup>6</sup> ARA § 9901; § 603(c)(2)(B) (2021)