

American Rescue Plan (H.R. 1319)

BFM Summary (03/26/21)

The American Rescue Plan (ARP) has many components outside of direct aid to state and local governments. There is funding for extended unemployment benefits, direct payments to individuals, housing, energy and environment, education, health and human services, transportation and infrastructure, and many other areas. A summary of those provisions has been put together by [NCSL](#). The US Treasury has also published a [Fact Sheet](#) on the ARP.

The text of the complete ARP can be found at <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>. As part of the \$1.9T ARP, \$350B has been appropriated as “Coronavirus State and Local Fiscal Recovery Funds.”

State Fiscal Recovery Fund ([Page 220](#))

Funds available to South Dakota state government are estimated to be **\$978M**.

Certification ([Page 224](#))

“In order for a State or territory to receive a payment under this section, or a transfer of funds under section 603(c)(4), the State or territory shall provide the Secretary with a certification, signed by an authorized officer of such State or territory, that such State or territory requires the payment or transfer to carry out the activities specified....”

The precise form of this certification, and when and how US Treasury will accept it, is not yet available.

Covered Period ([Page 224](#))

“Begins on March 3, 2021 and ends on the last day of the fiscal year of such state...in which all funds received have been expended or returned”.

However, the State may not incur costs paid for with ARP funds after December 31, 2024, even if the covered period extends through to the end of a subsequent fiscal year.

Timing ([Page 222](#))

“...the Secretary shall make the payment required for the State or territory not later than 60 days after the date on which the certification required under subsection (d)(1) is provided to the Secretary.”

Note: The funds would be distributed in two tranches, with 50% delivered no later than 60 days after the date on which the certification required, and the remainder delivered no earlier than one year later.

Use of Funds ([Page 223](#))

- 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;”
- B) “to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the State, territory, or Tribal government 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 State, territory, or Tribal government due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the State, territory, or Tribal government prior to the emergency; or”

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

Restrictions ([Page 223](#))

- A State or territory shall not use the funds provided under this section...to either directly or indirectly offset a reduction in the net tax revenue of such State or territory resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax...
- No State or territory may use funds made available under this section for deposit into any pension fund.

Local Fiscal Recovery Fund ([Page 225](#))

Local Fiscal Recovery Fund Description	Estimated Amount	Notes
Metropolitan Cities (>50,000)	\$39M	Paid directly from Treasury
Counties	\$172M	Paid directly from Treasury
Non-entitlement Local Governments	\$62M	Passed through by state government

Timing ([Page 226](#))

“Not later than 30 days after a State receives a payment under subparagraph (B), the State shall distribute to each nonentitlement unit of local government...” (possible 30 day extension upon request; further extensions are solely in US Treasury’s discretion)

Note: If a State fails to make required payments, then the amount the State should have distributed is “booked as a debt of such State ... [and] shall be paid back from the State’s [own] allocation....”

Capped Amount ([Page 226](#))

“The total amount distributed to a nonentitlement unit of local government... may not exceed the amount equal to 75 percent of the most recent budget for the nonentitlement unit of local government as of January 27, 2020.”

Return of Excess ([Page 227](#))

“Any amounts not distributed to a nonentitlement unit of local government ... [due to the 75 percent capped amount above] shall be returned to the Secretary.”

Requirements are the same as those the State has. ([Page 229](#))

Coronavirus Capital Projects Fund ([Page 230](#))

Funds available to South Dakota state government are estimated to be **\$116M**.

Purpose

The states may make application for funds “to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.

Timing

“The Secretary shall establish a process of applying for grants to access funding made available under section (b) not later than 60 days after enactment of this section.” To date, US Treasury has not announced what this process will entail or when it will start.