

\* As of March 26, 2020 – 5:00pm \*

## **THE “CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES) ACT” WILL PROVIDE MORE THAN \$8 BILLION IN FEDERAL AID TO FLORIDA STATE AND LOCAL GOVERNMENTS**

The \$2.2 trillion CARES Act, which is expected to be approved by the U.S. House of Representatives on Friday, March 27 after passing the Senate on Wednesday, will provide significant funding to Florida and other states.

The federal bill appropriates \$150 billion for state, local, and tribal governments. Of this amount, tribal governments are allocated \$8 billion and the District of Columbia and U.S. Territories<sup>1</sup> are allocated \$3 billion.

The money allocated to state and local governments is largely allocated by population, but all states are guaranteed a minimum of \$1.25 billion. Florida should be allocated approximately \$8.3 billion.<sup>2</sup> This money is supposed to be available within 30 days of the bill being approved.

Of that amount, Florida’s local governments could receive up to \$3.7 billion. Local governments with populations in excess of 500,000 are eligible to apply for direct aid. The local aid comes from the state’s share. These funds are also allocated by relative population, but a local government can only receive 45 percent of their population share. This leaves Florida state government with a minimum allocation of \$4.6 billion (in addition to the \$3.7 billion local share).

Governments may only use these funds for “necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).”<sup>3</sup> The expenditures must be incurred between March 1, 2020 and December 30, 2020. In addition, funds may not be used for expenditures that were “accounted for in the budget most recently approved as of the date of enactment of this section.”

There is more, including an additional \$45 billion for the Disaster Relief Fund for the immediate needs of state and local governments nationally. There also is \$30.75 billion for an Education Stabilization Fund for states, which includes \$13.5 billion for formula grants for school districts, \$14.25 billion for higher education institutions, and \$3 billion to be used at each Governor’s discretion for emergency grants to schools most impacted by the virus. Other state benefits include \$31.1 billion in aid for health agencies, transit systems, deployments of the National Guard, and election security grants.

There will also be \$500 billion in loans available to businesses and state and local governments. Unemployment insurance is extended from three to four months and additional UI compensation of \$600 per week is provided.

There will also be tax rebates provided to individuals of \$1,200 each (\$2,400 for joint filers) and \$500 per dependent child. The amount of the rebate will be reduced by 5 percent of the amount of adjusted gross income over \$75,000 (\$150,000 for joint filers).

In addition, Governor DeSantis requested a Federal Disaster Declaration, which was approved, in part, by President Trump yesterday. This opens the door for other funding. The President approved federal funding for crisis counseling for people as part of the declaration, however, there are other resources that have yet to be approved. Some of what the Governor requested is addressed in the CARES Act.

Along with the \$3.8 billion in state reserves, the state appears to be in good shape for COVID-related costs; however, if the expected drop in Florida tax revenue occurs, the state will still be short of paying for other costs that the federal bill will not cover.

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<sup>1</sup> The Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa.

<sup>2</sup> Based on estimates by Florida TaxWatch, the Tax Foundation and Federal Funds Information for the States.

<sup>3</sup> H.R. 748, 116<sup>th</sup> Congress, 2d Session.