

United States Senate

WASHINGTON, DC 20510-0908

December 4, 2020

Dear Governors:

As our country continues to work to solve the coronavirus pandemic, each state has the responsibility to protect their citizens and do everything possible to safely reopen the economy. As Governor, you face unique challenges in navigating through this public health emergency while also planning for the future.

In March, Congress came together to pass a series of bills to respond to coronavirus and its economic consequences, including the *CARES Act*, authorizing \$2.9 trillion to provide financial support to individuals, businesses, and other entities affected by the coronavirus crisis. State and local governments received \$150 billion to directly respond to the crisis through the Coronavirus Relief Fund (CRF).

This \$150 billion in taxpayer money is for state and local governments to spend on coronavirus response. Under the *CARES Act* and according to guidance published by the Inspector General of the U.S. Department of the Treasury, CRF dollars should be distributed and spent by the end of this calendar year.¹ A recent National Governors Association survey, which yielded responses from 42 states and territories, indicates that, on average, 89% of CRF funds have been allocated, approximately 62% of funds have been obligated, and 100% of respondents intend and are on target to have all funds expended by December 30, 2020.²

In June, we wrote a letter to the Governors of all 50 states and territories about the use of these funds, and we thank the handful of Governors who took the time to respond to the inquiry. Americans deserve to know how their money is being spent and what states are doing to ensure it gets directly to those in need without any fraud, waste or abuse.

An economic recovery is already well underway, and new reports now show that state and local governments' projected revenue shortfalls due to the coronavirus have not come to fruition. According to the Wall Street Journal, revenue collections in many states exceeded

¹ Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, U.S. Department of Treasury (September 2, 2020), <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

² National Governors Association, *Nearly 90% Of Coronavirus Relief Funds Already Allocated* (October 20, 2020), <https://www.nga.org/advocacy-communications/nearly-90-of-coronavirus-relief-funds-already-allocated/>

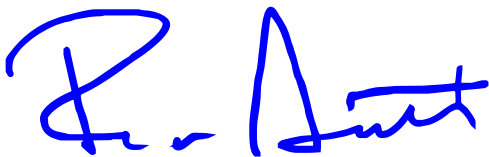
their initial projections.³ For example, California recently reported that tax revenue for this fiscal year is running \$9.9 billion (18.6%) above projections. Personal income tax revenue in October was \$1 billion (15.6%) higher than in the previous October, and sales taxes were up 9.2%. For the last four months, overall revenue has exceeded spring forecasts and even 2019 collections. In New York, overall tax revenue was up 4.3% in September compared to September 2019. The article concludes that, “most states will survive the pandemic fine without more federal aid.”

Today, we write to ask for an update on how your state is doing, and how you have allocated funds from the *CARES Act* and other federal coronavirus response measures. Specifically, we would like to know:

- How much federal coronavirus response funds has your state spent? What is the balance of federal coronavirus response funding you have left?
- What are your revenue projections today, compared to this spring? What factors have driven these changes, if any?
- What steps has your state taken to reduce any projected budget deficits?
- What additional resources does your state need from the federal government to combat the pandemic and safely reopen the economy?
- How do you plan to keep your state on a fiscally responsible path if additional federal aid is targeted to coronavirus response?

Please send your response and all relevant information by Friday, December 18th. Thank you for your response, and we look forward to continuing to work together protect taxpayer dollars, end the coronavirus pandemic and safely reopen our economy.

Sincerely,



Rick Scott
United States Senator
Member, Committee on Homeland
Security & Governmental Affairs



Ron Johnson
United States Senator
Chairman, Committee on Homeland
Security & Governmental Affairs

³Wall Street Journal, *State Tax Revenue Rebound*, Editorial Board (November 16, 2020), https://www.wsj.com/articles/state-tax-revenue-rebound-11605568517?mod=opinion_lead_pos3