



What is the American Rescue Plan Act of 2021?

The American Rescue Plan Act of 2021 was passed by Congress in March and consists of \$1.9 trillion in funding, programs, and tax policy changes aimed at addressing the continuing challenges from the COVID-19 pandemic and resulting economic fallout. The legislation builds upon previous aid from 2020, including:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- The Families First Coronavirus Response Act (FFCRA).

What does the legislation mean for local and state governments?

- The plan provides \$350 billion to help states, counties, cities and tribal governments cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic.
- State and local government recipients could use the funds to cover costs incurred by Dec. 31, 2024. 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. States would have to distribute funds to smaller towns within 30 days of receiving a payment from the department. States that miss the deadline would have to pay back any undistributed funds. A town cannot receive more than 75% of its budget as of Jan. 27, 2020. The Treasury Department could also withhold up to half of a state or territory's allocation for as long as 12 months based on its unemployment rate and require an updated certification of its funding needs.

Provides \$195.3 billion to all 50 states and the District of Columbia:

- \$25.5 billion will be equally divided to provide each state a minimum of \$500 million.
- \$169 billion will be allocated based on the states' share of unemployed workers over a three-month period (October to December 2020).

Provides \$130.2 billion to Local Governments:

- \$65.1 billion for counties.
- \$45.6 billion for metropolitan cities.
- \$19.5 billion for towns with fewer than 50,000 people.

Other:

- Provides \$4.5 billion to U.S. territories.
- Provides \$20 billion to tribal governments.
- Provides \$10 billion for a Coronavirus Capital Projects Fund to carry out projects to support work, education and health monitoring during COVID-19.

Source: National Conference of State Legislatures



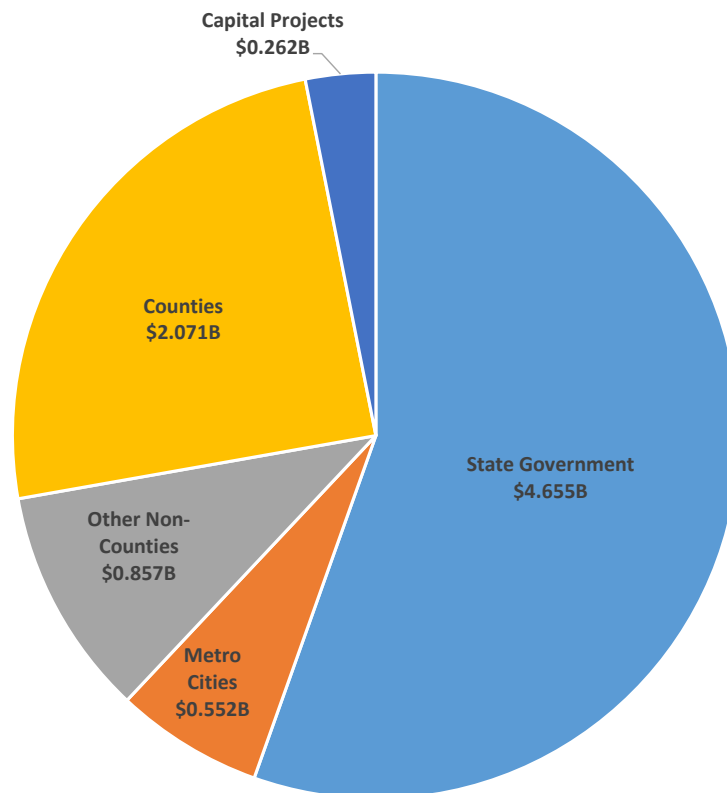
How can funds be used?

American Rescue Plan funds must be used to:

- Respond to the COVID-19 emergency and address its economic effects, including through aid to households, small businesses, nonprofits, and industries such as tourism and hospitality.
- Provide premium pay to essential employees or grants to their employers. Premium pay cannot exceed \$13 per hour or \$25,000 per worker.
- Provide government services affected by a revenue reduction resulting from COVID-19.
- Make investments in water, sewer and broadband infrastructure.
- State and local governments cannot use the funds towards pensions or to offset revenue resulting from a tax cut enacted since March 3, 2021.
- State and local governments could transfer funds to private nonprofit groups, public benefit corporations involved in passenger or cargo transportation, and special-purpose units of state or local governments.

How much funding will the American Rescue Plan provide to Georgians?

Georgia will receive a total of \$8.396 billion for state and local governments and capital projects.



Source: National Conference of State Legislatures



Monica Scott

Sr. Research Analyst

e. msscott@locationgeorgia.com

o. 770.661.2806

c. 678.525.1436



ECG | Economic &
Community
Development