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\$2 trillion emergency relief includes muni market provisions

By

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Senate Majority Leader Mitch McConnell, R-Ky., described the \$2 trillion package as “emergency relief” instead of being an economic stimulus package. Bloomberg News

A Coronavirus Relief fund of \$150 billion would be shared among state, local and tribal governments while the Federal Reserve would be authorized to purchase all types of municipal bonds under the \$2 trillion package the Trump administration has agreed to with the Senate.

Overall \$274.2 billion of the coronavirus emergency supplemental appropriations package goes to state and local governments and communities, according to a fact sheet released by the Senate Appropriations Committee.

Health care systems would receive \$130 billion, including \$127 billion for a Public Health and Social Services Emergency Fund, according to the fact sheet.

Education emergency assistance totaling \$30.9 billion includes \$13.5 billion for elementary and secondary education formula funding directly to states, to help schools respond to coronavirus and related school closures. Higher education would receive \$14.3 billion.

And states would receive \$3 billion in flexibility funding as part of the \$30.9 billion.

Transit systems would get the full \$25 billion in emergency aid they requested and airports would get the \$10 billion they requested.

The Senate bill does not require the Federal Reserve to purchase municipal bonds, but Emily Brock of the Government Finance Officers Association has said that Fed officials provided assurances they intend “to normalize our space.”

“If the truly final final bill text is what I saw about an hour ago, then we have succeeded,” Chuck Samuels of Mintz Levin, who represents the National Association of Health and Educational Facilities Finance Authorities, said in an email midday Wednesday. “They define municipalities in very broad terms to include counties, states and subdivisions of states which would include state authorities. It’s sort of convoluted but it will work, probably.”

The final package announced in the early hours of Wednesday morning was expected to be approved by the Senate sometime by the end of the day.

It was not immediately clear whether the House will pass the package without amendment or whether House Democrats will insist on further changes by passing their own bill.

Speaker Nancy Pelosi, D-Calif., said in a press statement that the bipartisan Senate deal “takes us a long way down the road in meeting the needs of the American people.”

She said it does not go as far as the House Democrats’ bill but “has moved a great deal closer to America’s workers.”

“House Democrats will now review the final provisions and legislative text of the agreement to determine a course of action,” Pelosi said.

Senate Majority Leader Mitch McConnell, R-Ky., described the \$2 trillion package as “emergency relief” instead of being an economic stimulus package.

Sen. John Barrasso, R-Wyo., called it “a rescue plan for American families and American workers.”

“The time is upon us and the rescue work needs to be done,” Barrasso said. “The House needs to pass this today.”

Senate Minority Leader Chuck Schumer, D-N.Y., cited the \$150 billion set aside for state and local governments, including \$8 billion for tribal governments, as “real help” during a morning appearance on CNN’s New Day program.

But an official at the National League of Cities said her organization had not yet seen final language on how the money would be dispersed.

Irma Esparza Diggs, director of federal advocacy for the National League of Cities, said her organization was concerned that the \$150 billion stabilization fund might be distributed through counties rather than go directly to cities and other municipalities.

Sen. Tom Cotton, R-Ark., told Fox News that the changes made since Sunday amounted to “some more money, which I’ve said we’ve probably needed regrettably, for things like unemployment insurance for people who are losing their job because of this pandemic.”

Cotton said the additions include “more medical emergency equipment for our docs and our nurses as well as for cities and states that are bearing the brunt of a lot of this pandemic. And, of course, hospitals too.”

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