

April 3, 2020

The Honorable Suzanne Bonamici
United States House of Representatives
12575 SW Millikan Way, Suite 220
Beaverton, OR 97005

The Honorable Greg Walden
United States House of Representatives
1051 NW Bond Street, Suite 400
Bend, OR 97701

The Honorable Earl Blumenauer
United States House of Representatives
729 NE Oregon Street, Suite 115
Portland, OR 97232

The Honorable Jeff Merkley
United States Senate
121 SW Salmon Street, Suite 1400
Portland, OR 97204

The Honorable Peter A. DeFazio
United States House of Representatives
405 East 8th Avenue #2030
Eugene, OR 97401

The Honorable Ron Wyden
United States Senate
911 NE 11th Avenue, Suite 630
Portland, OR 97232

The Honorable Kurt Schrader
United States House of Representatives
544 Ferry Street SE, Suite 2
Salem, OR 97301

RE: Special Districts and the Communities they Serve Need Inclusion in COVID-19 Relief

Dear Senator Wyden, Senator Merkley, Representative Bonamici, Representative Blumenauer, Representative DeFazio, Representative Schrader and Representative Walden:

The Special Districts Association of Oregon (SDAO), representing more than 1,000 special districts in the state, respectfully urges you and your colleagues to consider our local agencies in the impending fourth COVID-19 pandemic relief bill. Millions of Oregonians and thousands of businesses rely on special districts for their critical local infrastructure and essential services related to water, sanitation, fire protection, transportation, soil and water conservation, parks, libraries, and more.

SDAO thanks you for your leadership in securing significant relief for Oregonians facing the COVID-19 pandemic. With the first three COVID-19 relief bills, health care districts with medical centers have new access to vital equipment; families will receive stimulus rebates to soften financial hardships and pay utility bills; transit infrastructure grants to boost public transit agencies; and 457 retirement account holders have temporary flexibility for higher fund disbursements to help cover COVID-19 expenses.

However, independent special districts like our members, many of which serve disadvantaged and severely disadvantaged communities, will still be substantially harmed should the pandemic continue and local governments not be considered for inclusion in resources already offered to corporations and other entities.

To remedy prolonged damage to the financial health of independent special districts and the communities and regions they serve, SDAO urges you to consider:

Inclusion in the Coronavirus Relief Fund

Special districts provide the same or similar services cities provide to their residents; however, special districts do not receive income tax revenue; rather, they operate on property tax revenues and/or fees for service. During this time, many districts have issued moratoriums on shutting off water, wastewater, sanitation and other utility services; recreation and park districts, and library districts, which operate largely on programmatic fees and rental charges, have been forced to close their doors. Soil and water

conservation districts are unable to perform contract work; and, first responders and front-line public servants with fire protection districts, healthcare districts, and county service districts providing police protection face increased risks with limited personal protective equipment. These vital community resources were not especially considered in the Coronavirus Relief Fund, and very little is expected to flow to these local agencies through the state.

Therefore, SDAO urges Congress to expand eligibility for the Coronavirus Relief Fund to include independent special districts and municipalities with fewer than 500,000 residents. Additionally, SDAO also requests Congress appropriate \$100 billion specifically for these agencies to continue essential services and operation of critical infrastructure across the country.

Expansion of the COVID-19 Payroll Tax Credit

SDAO applauds Congress' action to provide an avenue for paid family and sick leave for those impacted with COVID-19. Unfortunately, special districts are excluded from the payroll tax credit under the Coronavirus Families First Act. This is resulting in a costly unfunded mandate, given local agencies must provide the time and pay to their employees with no accompanying payroll tax relief. Many special districts across the state and nation operate on small budgets with few staff. This exclusion will further compound the financial hardships districts face as they continue to provide critical utility, medical, first response, and natural resource conservation services.

SDAO strongly encourages you to amend the payroll tax credit program to include special districts.

Access to Capital During Current Economic Downturn

COVID-19 relief packages have aimed to soften the blows of what could be an economic recession. **SDAO requests the fourth relief bill restore advance refunding of tax-exempt bonds, as outlined in H.R. 2772.** Doing so would allow flexibility for states, local governments and other qualifying entities to access billions of dollars to reallocate and spend on other projects, which, in turn, strengthens local infrastructure networks.

Finally, **SDAO encourages Congress to increase access to capital for small borrowers, as is included in H.R. 3967.** This would increase the bank-qualified borrowing limit from \$10 million to \$30 million and allow it to apply at the borrower level. Taking this measure would grant small issuers who may be hardest hit during the downturn, access to capital for immediate project needs.

SDAO stands ready to work with you and your staff to achieve these goals and meet the challenges our communities, state, and nation face.

Thank you for your consideration,



Frank Stratton
Executive Director