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Economic Relief is on its Way Following COVID-19 Damage

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By Jessica Grossarth Kennedy

On March 25, 2020, the United States Senate unanimously passed (96-0) the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), commonly known as “Phase Three” of coronavirus economic relief. The CARES Act provides emergency economic relief to individuals, businesses, hospitals and state and local governments, amongst other entities, in response to the distress caused by the coronavirus (COVID-19) pandemic. On March 27, 2020, the House of Representatives passed the CARES Act by voice vote and President Trump signed the bill into law that same day.

The CARES Act establishes a \$150 billion “Coronavirus Relief Fund” (the “Relief Fund”) for the benefit of state, local and tribal governments to fund costs that were: 1) incurred between March 1 and December 30, 2020; 2) related to the COVID-19 public health crisis; and 3) that were not accounted for in the budget most recently approved as of the date the CARES Act was enacted (March 27, 2020). Of the \$150 billion, \$139 billion will be shared among the 50 states proportionally by population with each state receiving at least \$1.25 billion. The state of Connecticut is expected to receive approximately \$1.3 billion from the Relief Fund. To the extent that a local government applies for and is certified by the United States Treasury to receive a payment from the Relief Fund, it must be made directly to the local government and that amount will be subtracted from the amount allocated to the state of Connecticut.

In addition to the Relief Fund, the CARES Act awards in excess of \$270 billion to state, local and tribal governments concerning various programs, which includes \$1.5 billion dollars to be used for medical supplies, surveillance, lab testing, infection control and mitigation. Connecticut is estimated to receive approximately \$8 million from this set of funds to support state and municipal activities related to the COVID-19 response. The \$270 billion in funds also

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provide support to state, local and/or tribal governments for the following:

- \$1.5 billion to support economic development grants for states and communities suffering economic injury as a result of the coronavirus;
- \$850 million in Edward Byrne Memorial Justice Assistance Grants to state, local and tribal officers in responding to coronavirus;
- \$400 million in election security grants to states;
- \$345 million for states and local governments to respond to worker layoffs as a result of the coronavirus;
- \$3.5 billion for Child Care and Development Block Grants to states to prevent child care centers from closing;
- \$25 billion for transit providers, including state and local governments, for operating and capital expenses that will be distributed using existing Federal Transit Administration formulas.

On March 28, 2020, President Trump approved Governor Lamont's request for a disaster declaration for the state of Connecticut. Under the declaration, it is expected that federal funding will be made available to state, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures.

Pullman & Comley attorneys have been closely monitoring the many developing implications of the COVID-19 pandemic for businesses and for professionals, including law firms. We have been responding, and will continue to respond, to a wide range of risk management questions. The firm's FOCUS page for the latest COVID-19 advisories may be found here.

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