



April 10, 2020

The Honorable Dr. Michael Burgess
U.S. House of Representatives
2000 S. Stemmons Freeway, Suite 200
Lake Dallas, Texas 75065

RE: ASSISTANCE FOR CITY GOVERNMENTS DURING COVID-19 OUTBREAK

Dear Rep. Burgess:

I am writing to plead with you for assistance in avoiding what could be an existential crisis for Lewisville and thousands of other U.S. cities as our country tries to not only get through our current public health emergency, but to emerge as strong and sustainable communities afterward.

The Coronavirus Relief Fund, authorized under the Cares Act, does not address the spending increases or revenue shortfalls faced by a majority of cities. The CARES Act provides funds directly to units of local government with a population that exceeds 500,000.

That not only leaves out a majority of U.S. cities (including Lewisville and most of North Texas), it leaves out the majority of Americans who live in and receive essential services from cities with populations less than 500,000.

In other words, guidance from the U.S. Department of Homeland Security in its CISA report states that services provided by cities are essential and need to continue during a national emergency, but so far Congress has not offered any relief from the severe financial burden faced by those cities as they continue offering those essential services despite potentially devastating revenue declines.

To add context, Lewisville is projecting a 30-35 percent decrease in sales tax revenue and a 45-50 percent decrease in hotel occupancy tax revenue for the rest of this fiscal year and all of next fiscal year. We are facing an estimated loss of \$6 million in revenue for the rest of this fiscal year, which would represent more than \$12 million in lost revenue for a full year. Meanwhile, state officials are considering a freeze on property values this year and even possible property tax exemptions for commercial properties that suffer financial losses due to outbreak-related closures. And yet, the cost of providing essential services has not gone down.

Our city, along with all of the surrounding cities that we've contacted, are preparing for budget cuts of 20 percent or more for the rest of the current fiscal year and through the 2020-21 fiscal year. Since about 55 percent of our operating budget is dedicated to the police and fire departments, this cannot be done without directly impacting public safety.

Honorable Dr. Michael Burgess

April 10, 2020

Page 2

Receiving state or federal reimbursement for outbreak-related expenses will not offset the revenue losses we face. Reimbursement would help make cities whole for new expenses we are taking on during this public health emergency, but will do nothing to restore revenue losses and pay the salaries of police officers, firefighters, street crews, utility plant operators, and other city employees.

It would be extremely ironic – and avoidably unfortunate – if the strong response by cities to this national call to action results in communities that are less safe, less well-maintained, and less livable afterward.

Earlier this month, Congressman Joe Nuguse introduced the Coronavirus Community Relief Act to provide a separate \$250 billion stand-alone fund for outbreak-related costs in communities with fewer than 500,000 residents. This would be a good start, and I ask you to support the intent of this legislation.

But this bill alone will not be enough. Cities, towns and villages below the 500,000 population threshold **need direct federal aid** to face mounting challenges related to and created by COVID-19, including the ability to provide essential services once this crisis has ended.

Specifically, I am asking for your support of several measures, including some that are not yet part of Nuguse's bill or any other drafted legislation:

- Create a stabilization fund for ALL cities and towns. All cities across Texas, regardless of population, must have direct access to stabilization funds for local budget relief. If a population threshold is unavoidable, local governments must be permitted to apply jointly to meet that threshold.
- Implement a fix for the unfunded mandate in the Families First Coronavirus Response Act (FFCRA), which prevents governmental employers from receiving federal tax credits to offset the cost of providing additional paid emergency leave. Most employers will be fully reimbursed for complying with FFCRA requirements. However, this is not the case for local governments. Sections 7001(e)(4) and 7003(e)(4) prevent local governments from receiving the tax credits that most other for-profit and nonprofit employers get. Therefore, the cost of this additional leave will be fully borne by local governments and local taxpayers. For Lewisville, that is an estimated unreimbursed cost of \$250,000 per month or \$3 million for a full year (equal to 3 pennies on our property tax rate).

Honorable Dr. Michael Burgess

April 10, 2020

Page 3

- Change current FCC policy related to PEG revenue paid by cable television companies to local governments. Currently, that revenue can only be used for capital projects and purchases related to video production and broadcast, but it cannot be used to fund personnel costs. In other words, Lewisville could use its PEG revenue to build a wonderful state-of-the-art broadcast studio, but would either have to tap other revenue sources to hire people to operate that studio or leave the studio dark and unused. This FCC policy has always been illogical. In this time of crisis, it is directly harmful to cities trying to use both broadcast and online video to effectively communicate with their residents.

We are asking for your help ensuring that cities continue to provide vital services that the state and federal government have declared to be essential to the life-safety of the public. If I can be of any assistance, please let me know.

Sincerely

A handwritten signature in black ink that reads "Rudy Durham". The signature is written in a cursive, flowing style.

Rudy Durham
Mayor