

116TH CONGRESS
2D SESSION

S. 4308

To amend the Social Security Act to include special districts in the coronavirus relief fund, to direct the Secretary to include special districts as an eligible issuer under the Municipal Liquidity Facility, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 23, 2020

Ms. SINEMA (for herself, Mr. CORNYN, and Ms. HARRIS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Social Security Act to include special districts in the coronavirus relief fund, to direct the Secretary to include special districts as an eligible issuer under the Municipal Liquidity Facility, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Special Districts Pro-
5 vide Essential Services Act”.

1 **SEC. 2. INCLUSION OF SPECIAL DISTRICTS IN THE**
 2 **CORONAVIRUS RELIEF FUND.**

3 (a) IN GENERAL.—Section 601(a) of the Social Secu-
 4 rity Act (42 U.S.C. 801(a)) is amended by adding at the
 5 end the following new paragraph:

6 “(3) FUNDS FOR SPECIAL DISTRICTS.—If an
 7 amount in excess of \$150,000,000,000 is appro-
 8 priated for payments made under this section, spe-
 9 cial districts shall be eligible for payments from the
 10 portion of such excess amount paid to States in ac-
 11 cordance with subsection (c)(6).”.

12 (b) AMOUNT FOR SPECIAL DISTRICTS.—Section
 13 601(c) of the Social Security Act (42 U.S.C. 801(c)) is
 14 amended—

15 (1) by redesignating paragraphs (6) through
 16 (8) as paragraphs (8) through (10), respectively;
 17 and

18 (2) by inserting after paragraph (5) the fol-
 19 lowing new paragraphs:

20 “(6) SPECIAL DISTRICTS.—

21 “(A) IN GENERAL.—If a portion of any ex-
 22 cess amount described in subsection (a)(3) is
 23 paid to a State, the State shall allocate at least
 24 5 percent of such portion for distributing pay-
 25 ments to special districts in the State that sub-
 26 mit to the Governor of the State or the entity

1 designated by the Governor to distribute such
2 payments (referred to in this paragraph as the
3 ‘designated payment entity’) a request for a
4 payment during the COVID–19 emergency and
5 information described in subparagraph (B)
6 demonstrating the need for the payment, which
7 the Governor of the State or the designated
8 payment entity has determined, on the basis of
9 a good faith effort, is accurate.

10 “(B) INFORMATION DESCRIBED.—Infor-
11 mation described in this subparagraph is writ-
12 ten documentation demonstrating with respect
13 to a comparable period before the COVID–19
14 emergency that the special district has experi-
15 enced or is likely to experience during the
16 COVID–19 emergency—

17 “(i) reduced revenue or operational
18 funding derived from provided services,
19 taxes, fees, or other sources of revenue;

20 “(ii) reduced indirect funding from
21 the Federal Government, the State, or a
22 unit of general government below the State
23 level; or

1 “(iii) as a result of the COVID–19
2 emergency, increased expenditures nec-
3 essary to continue operations.

4 “(C) AMOUNT OF PAYMENT.—

5 “(i) IN GENERAL.—Subject to clauses
6 (ii) and (iii), the amount of the payment
7 for a special district shall be determined by
8 the Governor or the State or the des-
9 ignated payment entity, taking into consid-
10 eration the extent of a projected budget
11 shortfall for the special district during the
12 COVID–19 emergency and the need of the
13 special district to supplement projected
14 revenue.

15 “(ii) LIMITATION.—Except as pro-
16 vided in clause (iii), the amount paid to a
17 special district shall not exceed the amount
18 of expenditures made by the special district
19 for any quarter of calendar year 2019.

20 “(iii) EXCEPTION FOR PROVIDERS OF
21 ESSENTIAL CRITICAL INFRASTRUCTURE
22 SECTOR SERVICES.—If a special district
23 provides essential critical infrastructure
24 sector services (as defined by the Cyberse-
25 curity and Infrastructure Security Agency

1 of the Department of Homeland Security),
2 the amount paid to the special district may
3 exceed the limit applicable under clause
4 (ii).

5 “(iv) RULE OF CONSTRUCTION.—
6 Nothing in the preceding clauses of this
7 subparagraph shall be construed as requir-
8 ing payment of an amount sufficient to
9 provide a special district with full oper-
10 ational funding during the COVID–19
11 emergency.

12 “(D) RESPONSIBLE AUTHORITY FOR
13 RECOUPMENT.—If it is determined that a pay-
14 ment made to a special district did not comply
15 with the requirements of the preceding subpara-
16 graphs, or was otherwise fraudulent or im-
17 proper, the special district shall be liable for the
18 debt owed to the Federal Government under
19 subsection (f), unless all or a part of the basis
20 for such determination is that the determina-
21 tion required under subparagraph (A) regarding
22 the accuracy of the information demonstrating
23 the need for the payment was not made in good
24 faith, in which case the State shall be liable for

1 all or a part of such debt, as the Secretary de-
2 termines appropriate.

3 “(E) DEADLINE FOR DISTRIBUTION OF
4 FUNDS.—Payments to special districts in a
5 State shall be distributed not later than 60
6 days after the State receives a payment from
7 any excess amount described in subsection
8 (a)(3).

9 “(F) COVID-19 EMERGENCY.—For pur-
10 poses of this paragraph, the term ‘COVID-19
11 emergency’ means the public health emergency
12 declared by the Secretary of Health and
13 Human Services pursuant to section 319 of the
14 Public Health Service Act on January 31,
15 2020, entitled ‘Determination that a Public
16 Health Emergency Exists Nationwide as the
17 Result of the 2019 Novel Coronavirus’ and in-
18 cludes any renewal of such declaration pursuant
19 to such section 319.

20 “(7) EXCESS FUNDS WAIVER.—

21 “(A) IN GENERAL.—If a State has allo-
22 cated funds from a payment to the State de-
23 scribed in paragraph (6) to special districts in
24 that State, but has not met the 5 percent allo-
25 cation requirement of that paragraph, the Gov-

1 error of the State may submit to the Secretary,
2 in writing, a request for an excess funds waiver
3 to exempt the State from having to make addi-
4 tional allocations from such funds to make up
5 the remainder of such 5 percent requirement,
6 and to allow the State to use the funds remain-
7 ing in accordance with this section.

8 “(B) REQUIREMENTS.—A waiver request
9 submitted under subparagraph (A) shall pro-
10 vide—

11 “(i) information regarding how funds
12 from the payment to the State described in
13 paragraph (6) were allocated to special dis-
14 tricts in the State and otherwise used; and

15 “(ii) an explanation why the require-
16 ment for the State to meet the 5 percent
17 allocation requirement of paragraph (6)
18 should be waived.

19 “(C) DEADLINES.—

20 “(i) WAIVER REQUEST.—A request
21 for an excess funds waiver shall be sub-
22 mitted to the Secretary not later than 60
23 days after the State receives a payment de-
24 scribed in paragraph (6).

1 “(ii) APPROVAL OR DISAPPROVAL.—
2 The Secretary shall approve or disapprove
3 a waiver request submitted under subpara-
4 graph (A), in writing, not later than 14
5 days after the Secretary receives the re-
6 quest.”.

7 (c) DEFINITION OF SPECIAL DISTRICT.—Section
8 601(g) of the Social Security Act (42 U.S.C. 801(g)) is
9 amended—

10 (1) by redesignating paragraphs (4) through
11 (5) as paragraphs (5) through (6), respectively; and

12 (2) by inserting after paragraph (3) the fol-
13 lowing new paragraph:

14 “(4) SPECIAL DISTRICT.—The term ‘special dis-
15 trict’ means a political subdivision of a State,
16 formed pursuant to general law or special act of the
17 State, for the purpose of performing one or more
18 governmental or proprietary functions.”.

19 (d) TREASURY IG OVERSIGHT AUTHORITY.—Section
20 601(f)(2) of such Act (42 U.S.C. 801(f)(2)) is amended—

21 (1) by inserting “or that a special district or
22 State has not complied with the requirements of
23 paragraph (6) or (7) of subsection (c) (as applica-
24 ble),” after “subsection (d),”; and

1 (2) by striking “such subsection” and inserting
2 “subsection (d) or paragraph (6) or (7) of sub-
3 section (c) (as applicable)”.

4 (e) UPDATE TO GUIDANCE.—The Secretary of the
5 Treasury shall update any guidance issued with respect
6 to the Coronavirus Relief Fund established under section
7 601 of the Social Security Act (42 U.S.C. 801) to reflect
8 the inclusion of special districts as eligible for payments
9 from amounts appropriated under such section, to the ex-
10 tent such amounts exceed \$150,000,000,000.

11 **SEC. 3. INCLUDING SPECIAL DISTRICTS IN THE MUNICIPAL**
12 **LIQUIDITY FACILITY.**

13 The Board of Governors of the Federal Reserve Sys-
14 tem shall include special districts, as defined in section
15 601(g)(4) of the Social Security Act (42 U.S.C. 801(g)(4))
16 (as added by section 2(c)), as eligible issuers in the Munic-
17 ipal Liquidity Facility program authorized under section
18 13(3) of the Federal Reserve Act (12 U.S.C. 343(3)).

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