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SB 310 Sponsor Testimony
Senate Finance Committee
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Vice Chair Burke, Ranking Member Sykes and members of the Senate Finance Committee. Thank you for allowing me to give testimony on Senate Bill 310. On March 27th, the \$2 trillion Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, was signed into law to provide pandemic relief to hospitals, businesses, students, industries and more.

Of the funds established, the CARES Act creates the \$150 billion Coronavirus Relief Fund to provide payments to state and local governments to pay expenses accrued due to COVID-19. A total of \$2 billion was allocated to Ohio from the U.S. Department of Treasury in two different paths. The first path provides funds to municipalities with a population over 500,000. \$775 million flows directly from the U.S. Treasury to be split among the largest six in our state – Cuyahoga, Franklin, Hamilton, Montgomery and Summit counties and the City of Columbus. The remaining approximately \$1.2 billion was allocated directly to the State to be distributed to all other municipalities under 500,000 people.

Senate Bill 310 establishes the distribution mechanism to counties and local governments across the state for \$350 million to be used in accordance with the U.S. Department of Treasury's guidelines and declares the distribution of funds an emergency.

The following mechanics are used to distribute \$350 million to counties and local governments under 500,000 people.

Methodology

- Distributes funds using the Local Government formula based on fiscal year 2019 allocations
- Excludes the following from the formula:
 - Park districts
 - The previously mentioned 5 counties and one city receiving the funds directly under the CARES Act from the U.S. Department of Treasury
 - Township set-aside
 - Municipal direct fund
- Requires the money be put into separate accounts for both counties and local governments
 - Cannot be combined with the traditional local government funds

Distribution and redistribution

- Money from the state will be distributed to new accounts on the county level determined to be the county coronavirus relief distribution fund
 - Payments for the use by each county is based on the 2019 local government allocation
 - Each political subdivision will receive approximately 120% of their fiscal year 2019 allocation
- Counties will disperse funds to each eligible subdivision within seven days of the initial allocation also based on the 2019 local government fund
- Subdivisions will be required to pay the unencumbered balance back to the county for redistribution to the county's remaining political subdivisions who expensed all of their relief dollars by October 15, 2020
 - The redistribution must occur on or before October 22, 2020
- All remaining money not spent by December 28, 2020, must be returned to the state treasury

Eligible uses

- The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that:
 - Are necessary expenditures incurred due to the public health emergency with respect to COVID-19
 - Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or local governments; and
 - Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020
- Funds must be used to cover only costs of the subdivision consistent with the requirement of section 5001 of the CARES Act as described in 42 U.S.C.

Auditing and reporting

- Money in a subdivision's local coronavirus relief fund is subject to audit by the Auditor of State during the subdivision's next regular audit
- Audit is to determine whether money in the fund has been expended in accordance with the requirements
- All counties are required to submit two reports to OBM regarding the distribution of relief funds:
 - Report to OBM how much each subdivision received when the county distributes the funds
 - Report to OBM how much each subdivision received when the county redistributes the funds on or before October 22, 2020

Thank you, Vice Chair Burke, for allowing me to provide sponsor testimony on SB 310. I welcome any questions from the committee and urge passage of the bill with the emergency clause.