

1 Title: To amend the Social Security Act to include special districts in the coronavirus relief fund,  
2 to direct the Secretary to include special districts as an eligible issuer under the Municipal  
3 Liquidity Facility, and for other purposes.  
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6 Be it enacted by the Senate and House of Representatives of the United States of America in  
7 Congress assembled,

## 8 SECTION 1. SHORT TITLE.

9 This Act may be cited as the “Special Districts Provide Essential Services Act”.

## 10 SEC. 2. INCLUSION OF SPECIAL DISTRICTS IN THE 11 CORONAVIRUS RELIEF FUND.

12 (a) In General.—Section 601(a) of the Social Security Act (42 U.S.C. 801(a)) is amended by  
13 adding at the end the following new paragraph:

14 “(3) FUNDS FOR SPECIAL DISTRICTS.—If an amount in excess of \$150,000,000,000 is  
15 appropriated for payments made under this section, special districts shall be eligible for  
16 payments from the portion of such excess amount paid to States in accordance with  
17 subsection (c)(6).”.

18 (b) Amount for Special Districts.—Section 601(c) of the Social Security Act (42 U.S.C.  
19 801(c)) is amended—

20 (1) by redesignating paragraphs (6) through (8) as paragraphs (8) through (10),  
21 respectively; and

22 (2) by inserting after paragraph (5) the following new paragraphs:

23 “(6) SPECIAL DISTRICTS.—

24 “(A) IN GENERAL.—If a portion of any excess amount described in subsection (a)(3)  
25 is paid to a State, the State shall allocate at least 5 percent of such portion for  
26 distributing payments to special districts in the State that submit to the Governor of the  
27 State or the entity designated by the Governor to distribute such payments (referred to  
28 in this paragraph as the ‘designated payment entity’) a request for a payment during the  
29 COVID–19 emergency and information described in subparagraph (B) demonstrating  
30 the need for the payment, which the Governor of the State or the designated payment  
31 entity has determined, on the basis of a good faith effort, is accurate.

32 “(B) INFORMATION DESCRIBED.—Information described in this subparagraph is  
33 written documentation demonstrating with respect to a comparable period before the  
34 COVID–19 emergency that the special district has experienced or is likely to  
35 experience during the COVID–19 emergency—

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

38 “(ii) reduced indirect funding from the Federal Government, the State, or a unit  
39 of general government below the State level; or

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

3           “(C) AMOUNT OF PAYMENT.—

4           “(i) IN GENERAL.—Subject to clauses (ii) and (iii), the amount of the payment  
5           for a special district shall be determined by the Governor or the State or the  
6           designated payment entity, taking into consideration the extent of a projected  
7           budget shortfall for the special district during the COVID–19 emergency and the  
8           need of the special district to supplement projected revenue.

9           “(ii) LIMITATION.—Except as provided in clause (iii), the amount paid to a  
10          special district shall not exceed the amount of expenditures made by the special  
11          district for any quarter of calendar year 2019.

12          “(iii) EXCEPTION FOR PROVIDERS OF ESSENTIAL CRITICAL INFRASTRUCTURE  
13          SECTOR SERVICES.—If a special district provides essential critical infrastructure  
14          sector services (as defined by the Cybersecurity and Infrastructure Security  
15          Agency of the Department of Homeland Security), the amount paid to the special  
16          district may exceed the limit applicable under clause (ii).

17          “(iv) RULE OF CONSTRUCTION.—Nothing in the preceding clauses of this  
18          subparagraph shall be construed as requiring payment of an amount sufficient to  
19          provide a special district with full operational funding during the COVID–19  
20          emergency.

21          “(D) RESPONSIBLE AUTHORITY FOR RECOUPMENT.—If it is determined that a  
22          payment made to a special district did not comply with the requirements of the  
23          preceding subparagraphs, or was otherwise fraudulent or improper, the special district  
24          shall be liable for the debt owed to the Federal Government under subsection (f),  
25          unless all or a part of the basis for such determination is that the determination required  
26          under subparagraph (A) regarding the accuracy of the information demonstrating the  
27          need for the payment was not made in good faith, in which case the State shall be  
28          liable for all or a part of such debt, as the Secretary determines appropriate.

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

32          “(F) COVID–19 EMERGENCY.—For purposes of this paragraph, the term ‘COVID–  
33          19 emergency’ means the public health emergency declared by the Secretary of Health  
34          and Human Services pursuant to section 319 of the Public Health Service Act on  
35          January 31, 2020, entitled ‘Determination that a Public Health Emergency Exists  
36          Nationwide as the Result of the 2019 Novel Coronavirus’ and includes any renewal of  
37          such declaration pursuant to such section 319.

38          “(7) EXCESS FUNDS WAIVER.—

39          “(A) IN GENERAL.—If a State has allocated funds from a payment to the State  
40          described in paragraph (6) to special districts in that State, but has not met the 5  
41          percent allocation requirement of that paragraph, the Governor of the State may submit  
42          to the Secretary, in writing, a request for an excess funds waiver to exempt the State

1 from having to make additional allocations from such funds to make up the remainder  
2 of such 5 percent requirement, and to allow the State to use the funds remaining in  
3 accordance with this section.

4 “(B) REQUIREMENTS.—A waiver request submitted under subparagraph (A) shall  
5 provide—

6 “(i) information regarding how funds from the payment to the State described  
7 in paragraph (6) were allocated to special districts in the State and otherwise used;  
8 and

9 “(ii) an explanation why the requirement for the State to meet the 5 percent  
10 allocation requirement of paragraph (6) should be waived.

11 “(C) DEADLINES.—

12 “(i) WAIVER REQUEST.—A request for an excess funds waiver shall be  
13 submitted to the Secretary not later than 60 days after the State receives a  
14 payment described in paragraph (6).

15 “(ii) APPROVAL OR DISAPPROVAL.—The Secretary shall approve or disapprove  
16 a waiver request submitted under subparagraph (A), in writing, not later than 14  
17 days after the Secretary receives the request.”.

18 (c) Definition of Special District.—Section 601(g) of the Social Security Act (42 U.S.C.  
19 801(g)) is amended—

20 (1) by redesignating paragraphs (4) through (5) as paragraphs (5) through (6),  
21 respectively; and

22 (2) by inserting after paragraph (3) the following new paragraph:

23 “(4) SPECIAL DISTRICT.—The term ‘special district’ means a political subdivision of a  
24 State, formed pursuant to general law or special act of the State, for the purpose of  
25 performing one or more governmental or proprietary functions.”.

26 (d) Treasury IG Oversight Authority.—Section 601(f)(2) of such Act (42 U.S.C. 801(f)(2)) is  
27 amended—

28 (1) by inserting “or that a special district or State has not complied with the requirements  
29 of paragraph (6) or (7) of subsection (c)( as applicable),” after “subsection (d),”; and

30 (2) by striking “such subsection” and inserting “subsection (d) or paragraph (6) or (7) of  
31 subsection (c)( as applicable)”.

32 (e) Update to Guidance.—The Secretary of the Treasury shall update any guidance issued with  
33 respect to the Coronavirus Relief Fund established under section 601 of the Social Security Act  
34 (42 U.S.C. 801) to reflect the inclusion of special districts as eligible for payments from amounts  
35 appropriated under such section, to the extent such amounts exceed \$150,000,000,000.

### 36 SEC. 3. INCLUDING SPECIAL DISTRICTS IN THE 37 MUNICIPAL LIQUIDITY FACILITY.

38 The Board of Governors of the Federal Reserve System shall include special districts, as  
39 defined in section 601(g)(4) of the Social Security Act (42 U.S.C. 801(g)(4)) (as added by

- 1 section 2(c)), as eligible issuers in the Municipal Liquidity Facility program authorized under
- 2 section 13(3) of the Federal Reserve Act (12 U.S.C. 343(3)).