



Office of the Lieutenant Governor
The State House
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David Zuckerman, Lieutenant Governor

May 18, 2020

Re: HEROES Act Funding Issues

Dear Senator Sanders,

Please count me among the many Vermonters thanking you for your tireless efforts to address our current public health and economic crisis. We certainly live in challenging and unprecedented times. I am grateful for the House's passage of the HEROES Act on Friday. This act will provide critical emergency financial assistance to working families, states and local governments. I know that the HEROES Act is not perfect. I'm also certain that some of the provisions of the HEROES Act, and the principles guiding the act, will find resistance in the Senate.

As you work to find common ground in extending assistance to struggling Americans and supporting state and local governments, I ask that you continue to prioritize these three specific issues:

- 1. Assistance to Local Government** We all recognize that cities and towns across this country are struggling with fiscal challenges related to the pandemic. Vermont's cities, towns, and villages are no exception. In addition to unanticipated expenses for COVID-19 related services, local governments are faced with declining revenues. Dramatic revenue drops have occurred in FY2020 and even greater drops are anticipated in FY2021. The economic recovery of our nation and our state will require the maintenance of essential public services. Teachers and first responders need to be paid, roads need to be fixed, and parks need to be maintained. The National League of Cities reports that up to one million public sector employees are facing layoffs. Emergency aid needs to be made available to cities and towns of all sizes. The economic recovery of our country is dependent on financially stable states and local governments. I am pleased that the HEROES Act provides significant funding for states and local governments-and entrusts greater flexibility to state and local officials in the use of those funds, including the ability to use those funds to replace lost revenues. To date Vermont's cities and towns have not directly benefited from coronavirus aid. As you proceed with the crafting of legislation, I urge you to preserve the funding level-and the flexibility-provided to local governments by the HEROES Act.
- 2. Reforms to the Paycheck Protection Program (PPP):** The PPP has benefited small businesses and nonprofit organizations across Vermont. I know that you have supported the Program and are supporting revisions that will make the program more responsive. Like you, I am hearing from constituents that they will have difficulty in meeting loan forgiveness requirements. If unable to meet the forgiveness requirements, businesses and nonprofits would be saddled with a loan that would have to be paid back over a two-year period. The requirements of the PPP are particularly problematic for restaurants and other businesses in the hospitality sector.

I urge you to include in the Senate bill provisions that will reform the PPP by extending the period within which the PPP proceeds must be expended. I also urge you to ensure that the pending legislation provide flexibility to the current PPP requirement that 75% of the loan/grant be allocated to cover payroll costs.

3. **Increase Direct Emergency Payments to Working Families:** I know that there is growing recognition that more needs to be done to support working families and individuals. I understand that legislation has been introduced to provide emergency monthly payments to working people. I support legislation that will ensure, during this time of crisis, that working people have the income necessary to provide for basic necessities.

Thank you for your consideration of these suggestions.

Warmly,



Lt. Governor David Zuckerman