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AUDITOR SAND ISSUES ADVISORY ON THE USE OF STATE AND LOCAL FISCAL RECOVERY FUND DOLLARS

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State Auditor Rob Sand today urged local leaders to review new federal guidance on the usage of federal pandemic relief funds. The US Department of Treasury has issued guidance concerning implementation of the State and Local Fiscal Recovery fund established by the American Rescue Plan of 2021. The fund provides \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency.

“Using these funds appropriately is crucial to ensuring a strong recovery from this pandemic while also protecting taxpayers,” said Sand.

The following are appropriate uses of the fund:

- a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.
- b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers.
- c) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency.
- d) To make necessary investments in water, sewer, or broadband infrastructure.

The funds may **not** be used for the following:

- for depositing funds into any pension fund.
- to “directly or indirectly offset[ing] a reduction in the net tax revenue of [the] State or territory resulting from a change in law, regulation, or administrative interpretation.”

The Treasury guidance provides more detailed information in the [interim final rule](#) as well as the [frequently asked questions document](#). More information can also be found on [the CSLFRF section of Treasury’s website](#).