



THE UNITED STATES
CONFERENCE OF MAYORS



March 21, 2020

The Honorable Nancy Pelosi
Speaker of the House
Washington, DC 20515

The Honorable Mitch McConnell
Senate Majority Leader
Washington, DC 20510

The Honorable Kevin McCarthy
House Minority Leader
Washington, DC 20515

The Honorable Charles Schumer
Senate Minority Leader
Washington, DC 20510

Dear Leader McConnell, Speaker Pelosi, Leader Schumer, and Leader McCarthy,

On behalf of the entities listed above, thank you for your leadership and swift action over the last several weeks to confront both the public health crisis caused by the Coronavirus and COVID-19. However, as you continue to partake in ongoing negotiations to reach final legislation, we urge you to alter language in the Families First Coronavirus Response Act (H.R. 6201) that will have devastating consequences on communities nationwide.

The Families First Coronavirus Response Act creates substantial new sick leave and family medical leave requirements on government employers of all sizes. We are concerned with Sections 7001 (Payroll Credit for Required Paid Sick Leave) and 7003 (Payroll Credit for Required Paid Family Leave), which provide credits against payroll taxes to offset the cost of these mandates for only some employers.

Notably, H.R. 6201 requires state, local governments and their political subdivisions and instrumentalities to provide paid sick leave, while the bill expressly prohibits these governmental entities from receiving the tax credits. State and local governments pay payroll taxes and therefore should not have been excluded from this provision with an expressed carve out. At a time when state and local budgets are already experiencing severe economic stress, excluding state and localities and their political subdivisions would create a new costly unfunded mandate without any federal support.

We strongly urge you in the next funding bill, to first, insert a provision that strikes Sections 7001(e)(4) and 7003(e)(4) from HR 6201; and second, have Congress clarify that state and local government

employers, including those exempt from 26 USC 3111, fully qualify for both the Section 7001 and 7003 credits.

If we can be of further assistance, please reach out to the entities listed below.

Sincerely,

National Conference of State Legislatures
The Council of State Governments
National Association of Counties
National League of Cities

The United States Conference of Mayors
Government Finance Officers Association
International City/County Management Association