



U.S. Municipal Bond Market

Governments on Deadline for \$150 Billion of CARES Act Relief

Eligible State and Local Governments Have a New Deadline of 11:59 p.m. on April 17, 2020

A \$150 billion Coronavirus Relief Fund was set up as part of the federal government's \$2+ trillion Coronavirus Aid, Relief, and Economic Security Act (CARES Act) that was signed into law on March 27, 2020. U.S. states, territories, and tribal governments are eligible. Only local governments with a population over 500,000 are eligible; an unfortunate qualification.

U.S. Treasury Portal to Apply for Assistance

Another unfortunate qualification comes in the form of an unexpected, and very fast approaching, deadline for those eligible state, local, and other governments to apply for reimbursement from the Relief Fund.

To potentially receive payment(s) from the Relief Fund, eligible state and local governments must submit the necessary material by 11:59 p.m. on April 17, 2020.

The U.S. Treasury has a new portal on their website: [The CARES Act Provides Assistance for State and Local Governments](#). There is a link at the bottom of this Treasury Department webpage where eligible governments can make submissions.

Are State and Local Governments Only an Afterthought?

Most local governments have been shut out of easy, if any, access to many of the state and local government programs recently instituted by the U.S. Federal Reserve and U.S. Treasury Department. After the U.S. Treasury's short deadline and the absence of details in the Federal Reserve's announcement of its \$500 billion Municipal Liquidity Facility last Thursday, we are beginning to think that state and local governments, who are on the front lines of this health crisis, are little more than an afterthought.

Elevated Political Risk

We wrote a little over a week ago that political risk, especially in the form of the willingness of Washington, D.C. lawmakers to soften the landing for U.S. state and local governments, is one of the key risks to the U.S. municipal bond market right now. Recent experience, maybe once thought of as supportive, is perhaps beginning to turn stale.

The potential for a phase four federal relief plan is key among the political risk facing municipals. Now, it seems both sides of the aisle want more relief, but are far apart from coming to an actual agreement.¹ How Washington, D.C. handles these sensitive issues going forward could tell us a lot about how much attention may, or may not be paid to municipal entities going forward.

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¹ Everett, Burgess; [Trump and Dems are talking, but remain divided on new coronavirus relief](#); Politico, April 10, 2020.

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