July 14, 2020

Honorable Members of the Texas Delegation:

We are pleased that in light of the continued public health, economic and fiscal challenges our nation faces, there appears to be a growing bipartisan consensus that Congress should enact a fifth coronavirus relief bill by the end of this month. As you work on that fifth measure, we want to once again thank you for all you have done to address the COVID-19 pandemic and the related economic and fiscal crisis. Congress has taken swift and bold action commensurate with the scope of the crisis and we appreciate your efforts to help our nation address this challenge. Unfortunately, as the virus surges once again in Texas, more federal assistance will be needed for the state and its cities to weather the unprecedented economic downturn we face. As such, we want to reiterate our urgent request that you quickly pass an additional measure that includes ***direct and flexible fiscal assistance to all cities*** across the nation.

The budget calamity looming over local governments is real and it requires extraordinary measures. As the numbers recently released by Comptroller Hegar illustrate, Texas is not immune from this pain. He just reported a $650 million decrease in tax revenue over the past month and $5.7 billion since the pandemic began, with June sales tax revenue 6.5 percent below the June 2019 level. Please note that these numbers largely predate the recent COVID-19 surge. We therefore fear that state and local revenue is going to take time to rebound. We also fear that if we do not stabilize our economy, we could see a drop in property tax revenue next year.

All of our cities are facing this devastating reduction in revenue through no fault of our own. In addition, we are facing this fiscal crisis at the same time we are facing major public health and public safety challenges, leading to an exponential increase in demand for our services, especially on the public health and safety front. Texas cities are major employers that provide core local government services to tens of millions of Texans that are critical to public health, safety, and welfare and that serve as the foundation of our economy. However, we are all mandated to balance our budgets; absent direct and flexible assistance, we will be forced to cut our workforce and reduce services, exacerbating the economic and public health crises created by this pandemic. Indeed, the Bureau of Labor Statistics reports that state and local governments have already cut 1.6 million jobs since the pandemic began, including 91,000 in Texas. With the pandemic still with us, we fear that those numbers will only get worse without direct fiscal assistance, leading to a drag on economic recovery and hurting efforts to safely reopen our economy.

There is broad support for direct fiscal assistance to local governments.  Federal Reserve Board Chairman Jerome Powell has endorsed it in testimony to Congress and in other public remarks. Closer to home, Dallas Federal Reserve Bank President Robert Kaplan has also voiced support for fiscal assistance to state and local governments. In addition, the U.S. Chamber of Commerce and many other national organizations have called for fiscal assistance to state and local governments.

Texas metropolitan areas account for 93.1 percent of the Texas economy. Vibrant metropolitan areas with strong, fiscally stable local governments will be key to managing the reopening of the Texas economy successfully and safely. Simply put, it will be impossible to have fiscally stable local governments without direct and flexible fiscal assistance form the federal government.

Thank you again for your efforts during this unprecedented time and for your attention to our request. We are confident that, working together, our nation can overcome this crisis.

Sincerely,