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(Original Signature of Member)

116TH CONGRESS
2D SESSION

H. R. _____

To establish the Taxpayer Protection Program to provide forgivable loans to State, territory, Tribal, and local governments, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LAHOOD introduced the following bill; which was referred to the
Committee on _____

A BILL

To establish the Taxpayer Protection Program to provide forgivable loans to State, territory, Tribal, and local governments, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Taxpayer Protection
5 Act of 2020”.

6 **SEC. 2. TAXPAYER PROTECTION PROGRAM.**

7 (a) ESTABLISHMENT.—The Secretary of the Treas-
8 ury shall establish the Taxpayer Protection Program to

1 provide forgivable loans to State, territory, Tribal, and
2 local governments, in accordance with this section.

3 (b) APPLICATION.—Any State, territory, Tribal, or
4 local government that seeks to receive a loan under the
5 Program shall submit an application in such form and
6 manner, and containing such information, as the Sec-
7 retary may require.

8 (c) APPROPRIATION; LOAN AMOUNTS.—

9 (1) APPROPRIATION.—Out of any money in the
10 Treasury not otherwise appropriated, there are ap-
11 propriated to the Secretary to carry out the Pro-
12 gram, \$186,000,000,000.

13 (2) STATE LOAN AMOUNTS.—

14 (A) IN GENERAL.—Of amounts appro-
15 priated under paragraph (1), the Secretary
16 shall use \$100,000,000,000 to carry out the
17 Program with respect to the States.

18 (B) RESERVED AMOUNT.—The Secretary
19 shall reserve \$835,000,000 of the amount de-
20 scribed under subparagraph (A) for each State.

21 (C) REMAINDER.—The Secretary shall ap-
22 portion the remaining \$58,250,000,000 to the
23 States based on a State's relative population
24 proportion amount, calculated in the manner

1 described under section 601(c)(3) of the Social
2 Security Act.

3 (3) TERRITORIES.—Of amounts appropriated
4 under paragraph (1), the Secretary shall use
5 \$3,000,000,000 to carry out the Program with re-
6 spect to the District of Columbia and the territories
7 of the United States, with each such District or ter-
8 ritory receiving an amount based on the relative pop-
9 ulation proportion amount, calculated in the manner
10 described under section 601(c)(6) of the Social Secu-
11 rity Act.

12 (4) TRIBAL GOVERNMENTS.—Of amounts ap-
13 propriated under paragraph (1), the Secretary shall
14 use \$8,000,000,000 to carry out the Program with
15 respect to Tribal governments, with each Tribal gov-
16 ernment receiving an amount based on increased ex-
17 penditures, calculated in the manner described under
18 section 601(c)(7) of the Social Security Act.

19 (5) LOCAL GOVERNMENTS.—

20 (A) IN GENERAL.—Of amounts appro-
21 priated under paragraph (1), the Secretary
22 shall use \$75,000,000,000 to carry out the Pro-
23 gram with respect to local governments of
24 States.

1 (B) AGGREGATE RESERVATION FOR LOCAL
2 GOVERNMENTS OF A STATE.—With respect to a
3 particular State, the Secretary shall reserve a
4 percentage of the amount of money described
5 under subparagraph (A) for the local govern-
6 ments of the State, in the aggregate, equal to
7 the percentage of the amount described under
8 paragraph (2)(B) that is reserved for such
9 State.

10 (C) RESERVATION FOR METROPOLITAN
11 CITIES.—The Secretary shall reserve
12 \$26,250,000,000 of the amount described under
13 subparagraph (A) for metropolitan cities.

14 (D) RESERVATION FOR NON-METROPOLI-
15 TAN NON-COUNTY GENERAL PURPOSE LOCAL
16 GOVERNMENTS.—The Secretary shall reserve
17 \$11,250,000,000 of the amount described under
18 subparagraph (A) for local governments that
19 are not metropolitan cities or counties.

20 (E) RESERVATION FOR COUNTIES.—

21 (i) IN GENERAL.—The Secretary shall
22 reserve \$37,500,000,000 of the amount de-
23 scribed under subparagraph (A) for coun-
24 ties, with each county receiving an amount
25 based on the relative population of the

1 county compared to the aggregate popu-
2 lation of counties described under this sub-
3 paragraph with respect to the State in
4 which the counties are located.

5 (ii) NON-INCLUSION OF METROPOLI-
6 TAN CITY POPULATION.—In calculating the
7 population of a county under clause (i), the
8 population of the county shall not include
9 any resident of the county that is also a
10 resident of a metropolitan city.

11 (d) USE OF FUNDS.—Loan amounts received under
12 this section—

13 (1) may be used—

14 (A) to cover revenue losses caused by busi-
15 ness interruptions, unemployment, or other eco-
16 nomic hardship directly caused by the COVID-
17 19 pandemic; and

18 (B) for infrastructure or essential govern-
19 ment service expenditures, including all general
20 operating expenses; and

21 (2) may not be used for the service of any debt
22 obligation or unfunded liability for employee retire-
23 ment benefits.

24 (e) TRANSPARENCY.—Each recipient of a loan under
25 the Program shall comply with the following:

1 (1) ACCOUNTING.—Loan funds shall be ac-
2 counted for separately from all other revenue
3 sources.

4 (2) WEBSITE.—

5 (A) IN GENERAL.—The recipient shall
6 maintain a publicly-available website that
7 prominently displays, either on its homepage or
8 on a page linked directly from the homepage, a
9 record of the following:

10 (i) The dollar amount of each expend-
11 iture of funds received under the Program.

12 (ii) The vendor or recipient of each
13 such expenditure of funds.

14 (iii) The purpose and date of each
15 such expenditure of funds.

16 (B) TIMING.—The information described
17 under subparagraph (A) shall be made available
18 on the website within 30 days of the related ex-
19 penditure.

20 (f) DISBURSEMENT; TERMS AND INTEREST
21 RATES.—

22 (1) DISBURSEMENT.—

23 (A) IN GENERAL.—Loans under the Pro-
24 gram shall be disbursed quarterly, in accord-

1 ance with subparagraph (B), until the earlier
2 of—

- 3 (i) the date on which the full loan dis-
4 bursement has been made; or
5 (ii) June 30, 2022.

6 (B) LIMITATION ON QUARTERLY DIS-
7 BURSEMENTS.—A recipient of a loan under the
8 Program may not receive a disbursement with
9 respect to a particular quarter that is more
10 than the decrease in—

- 11 (i) the recipient's own-source revenue
12 collections over the previous fiscal quarter,
13 from

- 14 (ii) the recipient's own-source revenue
15 collections for the same fiscal quarter in
16 2019.

17 (2) INTEREST RATE.—The Secretary shall set
18 interest rates on loans under the Program based on
19 the credit strength of the recipient, using the same
20 calculation used by the Municipal Lending Facility
21 of the Board of Governors of the Federal Reserve
22 System.

23 (3) REPAYMENT.—With respect to a loan made
24 under the Program that is not forgiven, the recipient

1 shall be required to repay the loan in quarterly pay-
2 ments beginning on June 30, 2022.

3 (g) LOAN FORGIVENESS.—

4 (1) IN GENERAL.—The Secretary shall forgive a
5 loan made to a recipient under the Program if the
6 recipient is—

7 (A) a local government other than a coun-
8 ty—

9 (i) with a population of less than
10 250,000; or

11 (ii) with a population of 250,000 or
12 more that has sound pension funds;

13 (B) a county—

14 (i) with a population of less than
15 500,000; or

16 (ii) with a population of 500,000 or
17 more that has sound pension funds; or

18 (C) a State that, as of June 30, 2022—

19 (i) has sound pension funds;

20 (ii) has a truly balanced budget;

21 (iii) has rainy-day fund protections;

22 and

23 (iv) does not use a fixed cost of living
24 adjustment with respect to any pension
25 system administered by the State.

1 (2) TREATMENT OF GOVERNMENTS ESTAB-
2 LISHING SOUND PENSION FUNDS.—

3 (A) IN GENERAL.—With respect to a
4 State, a local government described under para-
5 graph (1)(A)(ii), or a county described under
6 paragraph (1)(B)(ii) that does not have sound
7 pension funds at the time of application for as-
8 sistance under the Program, such State, local
9 government, or county shall only be eligible to
10 receive loan forgiveness under paragraph (1)
11 if—

12 (i) the State, local government, or
13 county has sound pension funds before
14 such forgiveness; and

15 (ii) any changes made to employer
16 contributions schedules to achieve sound
17 pension funds do not result in a contribu-
18 tion schedule which increases estimated fu-
19 ture actuarially determined employer con-
20 tributions relative to the contribution
21 schedule in place on July 1, 2020.

22 (B) ACTUARIALLY DETERMINED EM-
23 PLOYER CONTRIBUTIONS.—For purposes of
24 subparagraph (A)(ii), actuarially determined
25 employer contributions shall follow generally ac-

1 cepted actuarial principles, as defined by the
2 Secretary.

3 (h) FINDINGS AND SENSE OF CONGRESS RELATED
4 TO STATE BENEFIT PLANS.—

5 (1) FINDINGS.—The Congress finds the fol-
6 lowing:

7 (A) Securing the health, safety, welfare
8 and property of, and the pursuit of happiness
9 by, residents is each State's supreme obligation.

10 (B) State reported unfunded pension liabil-
11 ities among the several States at the end of fis-
12 cal year 2018 totaled \$1,237,791,372,000.

13 (C) The economic impact of the COVID—
14 19 pandemic is likely to further increase the
15 unfunded liabilities of employee benefit plans of
16 the States and increase the annual cost of these
17 systems, creating fiscal tension between funding
18 essential government services and servicing un-
19 funded liabilities.

20 (D) The COVID—19 pandemic has caused
21 reductions in expected revenues of the States
22 while at the same time increasing public de-
23 mand for essential government services.

24 (2) SENSE OF CONGRESS.—It is the sense of
25 the Congress that if and to the extent a State's leg-

1 legislature determines that performance of its supreme
2 obligation is impaired by funding otherwise required
3 under any health, welfare, retirement, or other ben-
4 efit plan offered to its employees, then that State's
5 legislature, with its Governor's consent, may change
6 the terms of any such benefit plan to the extent it
7 was not contemporaneously funded in any manner it
8 determines to be necessary and proper, notwith-
9 standing the terms of any State law or constitution
10 to the contrary.

11 (i) DEFINITIONS.—In this section:

12 (1) INDIAN TRIBE.—The term “Indian Tribe”
13 has the meaning given that term in section 4(e) of
14 the Indian Self-Determination and Education Assist-
15 ance Act (25 U.S.C. 5304(e)).

16 (2) LOCAL GOVERNMENT.—With respect to a
17 State, the term “local government” means a county,
18 municipality, town, township, village, parish, bor-
19 ough, or other unit of general government below the
20 State level.

21 (3) METROPOLITAN CITY.—The term “metro-
22 politan city” has the meaning given that term under
23 section 102(a) of the Housing and Community De-
24 velopment Act of 1974 (42 U.S.C. 5302(a)).

1 (4) PROGRAM.—The term “Program” means
2 the Taxpayer Protection Program

3 (5) RAINY-DAY FUND PROTECTIONS.—

4 (A) IN GENERAL.—With respect to a
5 State, the term “rainy-day fund protections”
6 means that the State—

7 (i) has a fund that—

8 (I) is intended to be used during
9 emergency periods when revenues de-
10 crease, to offset such decrease; and

11 (II) is subject to safeguards to
12 prevent use of amounts in the funds
13 for nonemergency purposes, such as
14 requiring a resolution approved by a
15 legislative supermajority that an
16 emergency or disaster has occurred
17 before amounts may be appropriated
18 from the fund; and

19 (ii) has enacted a State statute—

20 (I) setting a target for the fund
21 of holding reserves of 5 to 10 percent
22 of annual general revenues; and

23 (II) under which amounts are
24 automatically deposited in the fund in
25 order to meet such target, during any

1 year in which the economy is not in a
2 declared recession.

3 (B) ALTERNATE CERTIFICATION.—Not-
4 withstanding subparagraph (A), a State has
5 “rainy-day fund protections” if the State cer-
6 tifies to the Secretary that—

7 (i) the State has protections for the
8 State’s rainy-day fund that are at least as
9 effective as those described under subpara-
10 graph (A); and

11 (ii) the State’s rainy-day fund held an
12 amount equal to more than 5 percent of
13 the State’s 2019 annual operating budget
14 in reserve as of January 1, 2020.

15 (6) SECRETARY.—The term “Secretary” means
16 the Secretary of the Treasury.

17 (7) SOUND PENSION FUNDS.—With respect to a
18 recipient under the Program, the recipient has
19 “sound pension funds” if—

20 (A) all pension funds of the recipient are
21 based on generally accepted actuarial principles,
22 as defined by the Secretary, taking into account
23 the Actuarial Standards of Practice promul-
24 gated by the Actuarial Standards Board; and

1 (B) the amortization or employer contribu-
2 tion schedules of such plans target a 100 per-
3 cent pension funding ratio over no more than
4 25 years.

5 (8) TERRITORY.—The term “territory” means
6 the District of Columbia, Puerto Rico, the U.S. Vir-
7 gin Islands, Guam, the Northern Mariana Islands,
8 and American Samoa.

9 (9) TRIBAL GOVERNMENT.—The term “Tribal
10 government” means the recognized governing body
11 of an Indian Tribe.

12 (10) TRULY BALANCED BUDGET.—With respect
13 to a State, the term “truly balanced budget” means
14 that—

15 (A) the State has a constitutional or statu-
16 tory requirement that—

17 (i) operating budgets achieve end of
18 year balance; and

19 (ii) deficits may not be carried year to
20 year; and

21 (B) for purposes of calculating revenues to
22 determine whether the State’s operating budget
23 has achieved an end of year balance, such reve-
24 nues may only include actual monies received,

1 and do not include transfers from other State
2 funds or borrowing proceeds.