



## OHIO TOWNSHIP ASSOCIATION

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**Questions?**

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## COVID-19 Updates & Other Relevant Information for Township Officials

### COVID-19 Updates:

*SB 310 Passes the House  
Amendments Added in the House  
Treasury Guidance on Use of Funding  
Small Business Grants  
Auditor of State Resources*

**\*THIS EMAIL INCLUDES IMPORTANT INFORMATION RELATED TO SB 310/CARES ACT FUNDING FOR TOWNSHIPS. PLEASE REVIEW THIS EMAIL IN ITS ENTIRETY.\***

### SENATE BILL 310 PASSES THE HOUSE

*BILL DISTRIBUTING CARES ACT FUNDING RETURNS TO THE SENATE FOR CONCURRENCE*

Today, the House passed [SB 310](#), which provides a formula for distribution of federal CARES Act funding to local governments. Since the House added amendments to the bill, it must return to the Senate for a concurrence vote before being sent to the Governor for his signature. If the Senate does not concur, the bill will go to conference committee where the House and Senate will work out differences.

As a reminder, here is how the funding in SB 310 works:

#### **How much will be distributed?**

SB 310 distributes \$350 million of the potential \$1.2 billion immediately. The General Assembly will be looking at subsequent distributions. This revenue must be put in a separate fund and cannot be co-mingled with other revenue.



**How will the revenue be distributed?**

The \$350 million will be distributed to the 88 counties based on undivided Local Government Fund (LGF) revenue from 2019. The formula will not include park districts, those entities over 500,000 that already received direct funding from the federal government, the township set-aside, municipal direct fund, or red-light camera restrictions.

**What do townships need to do to receive funding?**

To receive funding, a township must adopt a resolution affirming that funds received may be expended only to cover costs consistent with the requirements of section 5001 of the "Coronavirus Aid, Relief, and Economic Security Act," as described in 42 U.S.C. 601(d), and any applicable regulations. After passage of a resolution and certification to the county auditor and Ohio Office of Budget and Management, funding will then be distributed to townships through the LGF formula.

**Does the OTA have a sample resolution?**

Yes - you may access it [here](#). *HOWEVER*, until the Senate concurs on this bill, there is still a chance the language may change via a conference committee. The OTA recommends waiting until the bill receives final approval with the Governor's signature before passing a resolution.

**Can the funds be put into the general fund?**

No – this revenue must be put in a separate fund and cannot be co-mingled with other revenue.

**How can the money be spent?**

This funding *cannot* be used to fill shortfalls in government revenue. The funding can only be spent on expenses allowed under the CARES Act. Generally, these are unbudgeted expenses related to COVID-19 incurring between March 1 and December 30, 2020 (see below in *Treasury Guidance*).

**What if the money isn't spent?**

If the money is not *encumbered* for CARES Act eligible purposes as of October 15, it must be returned to the country for redistribution to other districts within the county that have exhausted their allocation. Redistribution will be based on population – the percentage of the jurisdiction's population versus the total population of municipalities and townships in the county eligible for additional funds.

**How will the funds be audited?**

Auditor of State Faber has indicated that expenses relating to CARES Act funds are material in nature and will be audited during your next regular audit.

If you are an OTARMA member, there will be a webinar on this bill the week of June 15. Please watch your email for additional information in the coming days.

**AMENDMENTS ADDED IN THE HOUSE**

The House added several amendments to SB 310. Here is a summary of amendments that may be of interest to townships:

- Temporarily removes the threshold for competitive bidding on COVID-19-related expenses/purchases;



- Allows townships and municipalities to divert up to 25% of unencumbered TIF funds to be used for police and fire services or road maintenance for up to two years from the effective date of the bill. This revenue is required to be replaced should a township or municipality receive funding for revenue replacement under an amended version of the CARES Act;
- Temporarily allows local governments to furlough employees for up to 480 hours (60 days) rather than the current 80 hours through June 2021;
- Permissive authority for local governments to issue small business loans with revenue distributed from and in compliance with the CARES Act (see additional information below);
- Includes SB 316 (capital reappropriations);
- Requires a transportation improvement district to comply with prevailing wage law, unless the amount the district spends on contract or project is below statutory thresholds.

Again, this bill is not final. As of Thursday afternoon, the OTA has received information that the Senate is not planning to concur on SB 310 at this time and the bill will be going to conference committee. It is likely there will be additional changes to this bill.

### **TREASURY GUIDANCE ON USE OF FUNDING**

#### *TOWNSHIPS MUST REFER TO TREASURY GUIDANCE FOR SB 310/CARES ACT REVENUE*

The U.S. Treasury has issued guidance on the use of CARES Act revenue for state and local governments. They also have a Frequently Asked Questions document, which continues to be updated. The most recent documents are available below. Please review them for additional information on eligible uses for CARES Act revenue.

[Treasury Guidance](#)  
[Frequently Asked Questions](#)

The OTA encourages townships to work with their country prosecutor or legal counsel for questions on eligible expenditures.

### **SMALL BUSINESS GRANTS**

#### *LOCAL GOVERNMENT GRANTS FOR SMALL BUSINESSES UNDER SB 310/CARES ACT*

As described above, the House added specific language into SB 310 that authorizes, but does not require, a local government receiving CARES Act funds to use the funds to award grants to qualifying businesses for certain COVID-19-related expenses.

The business must be Ohio-based and located within the local government's jurisdiction with 50 or fewer employees. Grants may be up to \$10,000 and are awarded through the local government. Grant recipients must use the revenue by December 28, 2020.

June 4, 2020



Grants must be issued in compliance with Treasury guidance. Please review those documents above in their entirety with attention to page 5 of the [FAQ](#) for additional grant information. You may also review the SB 310 amendment language [here](#).

### AUDITOR OF STATE RESOURCES

The Auditor of State has compiled a number of COVID-19-related resources for local governments. You may view this information on the [AOS website](#).

**\*NOTE FROM THE OTA: Please share this information with your fellow township officials. Thank you!\***

*The Ohio Township Association is a statewide organization dedicated to the promotion and preservation of township government in Ohio. The OTA was founded on June 28, 1928, and is organized in 87 Ohio counties. OTA has more than 5,200 active members, made up of trustees and fiscal officers from Ohio's 1,308 townships, and more than 4,000 associate members.*