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**Chief Executive Officer/
Executive Director**
Clarence E. Anthony

March 19, 2020

The Honorable Steven Mnuchin,
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Secretary Mnuchin,

On behalf of the National League of Cities (NLC) and the 19,000 cities, towns, and villages we represent, I write this letter to urge you to work with Senate leaders to alter language in the Families First Coronavirus Response Act (HR 6201) that will have devastating consequences on communities nationwide.

The Families First Coronavirus Response Act (HR 6201) creates new substantial sick leave and family medical leave requirements on government employers of all sizes. NLC supports the creation of this new requirement. We want to be clear about this point.

However, NLC has concerns 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, HR 6201 requires local governments to provide paid sick leave, but expressly prohibits local governments from receiving the tax credits.

Local governments pay payroll taxes and therefore should not have been excluded from this provision with an express carve out. Furthermore, the carve out will create a new unfunded mandate on local governments at a time when they will experience economic stress.

We strongly urge the Administration to take a leadership role and stand up for cities, towns, and villages who are on the front-line of the COVID-19 crisis. Therefore, we ask for your leadership in working with Senate leaders, who we understand are crafting a third stimulus now.

Our ask is two-fold: first, instruct Congress to insert a provision that strikes Secs. 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.

NLC is the voice of America's 19,000 cities, towns and villages, representing more than 200 million people, and is a resource and advocate for the nation's cities and their leaders. We are ready to assist your efforts in any capacity. If NLC can be of further help to you in this crisis, please contact Irma Esparza Diggs, NLC Senior Executive and Director of Federal Advocacy, at 202-626-3176 or diggs@nlc.org.

Sincerely,



Clarence E. Anthony
CEO and Executive Director