



City of Homer

www.cityofhomer-ak.gov

Office of the Mayor

491 East Pioneer Avenue
Homer, Alaska 99603

mayor@ci.homer.ak.us

(p) 907-235-3130

(f) 907-235-3143

August 14, 2020

Honorable Dan Sullivan, United States Senator

Sent via electronic mail

<https://www.sullivan.senate.gov/contact/email>

RE: CARES Act Expenditures

Dear Senator Sullivan:

Thank you for helping pass the sweeping economic relief packages as the pandemic took hold of our country. Homer businesses suffered a truncated 2019 summer season due to the fires on the upper peninsula and the COVID-19 related mandates of mandatory closures and infection avoidance that have put many of them at risk of insolvency.

The Homer City Council allocated three million dollars of the \$7.8 million the City is scheduled to receive through the CARES Act for small business grants. There are more than 1,000 businesses in Homer that potentially qualify. Distributions began about a month ago and will continue through the summer.

The Council has also made significant allocations to the area's non-profits, social service agencies, households, and child-care facilities using CARES Act funds. Those distributions will begin soon. CARES Act legislation was very clear that this source of funds could not be used to replace lost revenues so we have programed the vast majority of the funds to be granted into the community to help us emerge from the economic shadow the virus has cast. However, because the City of Homer relies on sales taxes or a substantial portion of our revenues, when our businesses struggle the City struggles too.

Because of the time required to transfer CARES Act funds to the states and for the State of Alaska to develop and implement its program to distribute funds to municipalities, the City of Homer may not distribute funds to the community until well into fall, making it problematic to ensure expenditure of all funds by the legislated deadline of December 31, 2020.

Based on our experience with CARES Act funds we support the following:

- An amendment to CARES Act that extends the expenditure period into 2021
- New legislation that allows municipalities to fill lost revenues associated with the pandemic

We would support an amendment that extends the expenditure period into 2021 and provide clarity of the tax implications of CARES Act grants. Collecting tax information and distributing thousands of 1099's has added a significant administrative cost to the programs.

Thank you.

Ken Castner, Mayor
City of Homer