




JASON E. MUMPOWER  
*Comptroller*

May 13, 2021

**MEMORANDUM**

**TO:** All County Mayors/Executives, County Commissioners, Highway Officials, and Finance Directors  
All City Mayors, City Aldermen/Councilmen, and Finance Directors

**FROM:** Jason E. Mumpower, Comptroller of the Treasury 

**SUBJECT:** American Rescue Plan Act – Interim Final Rule Federal Guidance

The U.S. Treasury released its Interim Final Rule guidance regarding the American Rescue Plan Act (ARPA) on May 10, 2021. We have included a link to the guidance and the accompanying Frequently Asked Questions document on a website dedicated to the American Rescue Act Plan at:

[tncot.cc/covid](https://tncot.cc/covid)

Below are some key points included in the guidance and frequently asked questions we want to specifically bring to your attention. We also recommend that you read through the frequently asked questions document for detailed information.

- 1) All counties and [18 cities](#) will receive funding directly from the U.S. Treasury. These governments will need to request the funding by using the U.S. Treasury’s Submission Portal. We just learned about this requirement through this latest guidance, and we have provided a link to the portal on the website listed above. The remaining cities will receive their funding through the Tennessee Department of Finance and Administration. Local education agencies will receive their funding from the Tennessee Department of Education.
- 2) One of the general categories for allowable uses is for revenue loss due to the pandemic. The guidance states that this calculation must be made for revenues at the “entity-wide” level, rather than a “source-by-source” basis. Therefore, individual revenue (e.g. hotel-motel revenue, highway revenue) losses cannot be considered in isolation.
- 3) Treasury is interpreting the requirement that costs for construction on eligible water, sewer, or broadband infrastructure be incurred by December 31, 2024 to only require recipients to have obligated the funds by such date. The period of performance will be extended until December 31, 2026. The guidance also mentions stormwater projects as an example of allowable uses under this general category.
- 4) While this money can be used in a variety of ways, the federal guidance specifically mentions some

unallowable uses. A few we want to bring to your attention are:

- a) Funds cannot be used to reimburse your government for expenses related to the public health emergency or its negative economic impacts if they were incurred by your government prior to March 3, 2021.
- b) Funds cannot be used to replenish or make contributions to rainy day funds or other reserve funds.
- c) Funds cannot be used to pay interest, principal, or costs on debt. This includes long-term debt, short-term revenue or tax anticipation notes, or fees or issuance costs associated with new debt.
- d) Funds cannot be deposited into a pension fund.

Please plan strategically and develop an overall plan to use the money to benefit the greatest number of citizens you can before you spend this money.

The Comptroller's Office stands ready to assist you. Please contact us with any questions you have at the email address and phone number below:

[ARP@cot.tn.gov](mailto:ARP@cot.tn.gov)

615.401.7841