Bond Case Briefs

Municipal Finance Law Since 1971

Trump Says He's in No Rush to Give Money to States Short on Cash.

- **President says Democrats will need to make concessions**
- **States around the country suffer from revenue declines**

President Donald Trump said he is "in no rush" to provide federal assistance to states that are short of money because of the coronavirus, and said Democrats would have to make concessions if they want grants for state governments.

"If they do it, they're going to have to give us a lot," Trump said in a podcast interview with conservative commentator Dan Bongino that aired Friday.

The National Governors Association, chaired by Maryland Republican Governor Larry Hogan, has called on Congress to allocate an additional $500 billion in funding for state shortfalls.

Although the Coronavirus Aid, Relief, and Economic Security Act provides $150 billion for states and localities, those funds must be spent on virus relief only. The Federal Reserve announced it will start buying short-term municipal debt using its emergency lending programs, which has helped the market recover from the havoc wreaked by the virus.

The Brookings Institution estimates that at least $500 billion needs to be infused into state and local governments for them to continue providing services such as education, public safety, and health care.

House Speaker Nancy Pelosi has said states and localities are seeking about $1 trillion in assistance as part of the next stimulus bill.

Trump had previously signaled he was supportive of direct relief to states after a meeting last month with New York Governor Andrew Cuomo, who has estimated his state may have a budget shortfall of as much as $15 billion due to declining tax revenues.

But the president retreated from that stance after Senate Majority Leader Mitch McConnell labeled such funding a bailout for states run by Democrats and instead proposed allowing states to declare bankruptcy.

Trump has not explicitly endorsed the bankruptcy proposal, but has said he's skeptical of providing assistance to states with longstanding budget issues. On Wednesday, McConnell said he would be "open" to considering state aid but said the next stimulus package would need to include federal liability protection for businesses that reopen following the coronavirus outbreak.

Fiscal challenges aren't limited to blue states. Across the country, states are reeling from lost revenue: With 30 million people thrown out of work in the past several weeks, income tax collections are tanking, and sales taxes have evaporated after stores and restaurants shuttered. Most states receive a majority of their revenue from those two sources.

On Friday, White House press secretary Kayleigh McEnany said Trump doesn't want financial assistance to states "to be an excuse for decades and decades of bad Democrat governance that have run these states into a financial predicament."

She also reiterated comments Trump made previously that he'd demand an end to "sanctuary cities" — municipalities that prevent their police from cooperating with immigration authorities — as a bargaining chip for federal money.

"That is a negotiation item that the president will certainly bring up," McEnany said.

Bloomberg

By Justin Sink and Jordan Fabian

May 1, 2020, 11:11 AM PDT Updated on May 1, 2020, 12:07 PM PDT

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com