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## **U.S. Offers States \$350 Billion in Aid, With Conditions.**

- **Funds intended to help combat pandemic, stoke recoveries**
- **Governments can't put aid toward tax cuts, debt payments**

The U.S. Treasury Department on Monday began accepting applications from states and municipalities for \$350 billion in relief funds, laying out rules to ensure the money quickly flows toward Covid-19 relief and other programs that will support the economy.

The step will trigger the release of money to governments potentially within days, with the funds being a key part of the \$1.9 trillion American Rescue Plan law signed by President Joe Biden in March. Generally, the funds are intended to help states and local governments combat the pandemic and stoke their economic recoveries.

Treasury's guidelines spell out the range of potential uses by governments — such as rehiring workers or supporting industries that were hit hard by Covid-19 — as well as prohibited uses. States and territories can't use the funds to pay for tax cuts, a provision of the law that has sparked lawsuits from Republican state officials. Recipients are also barred from using aid to fund debt payments, legal settlements, or deposits to rainy-day funds or financial reserves, according to a Treasury fact sheet.

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### **Bloomberg Politics**

By Amanda Albright

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