

# Bond Case Briefs

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## Countdown to ARPA's SLFRF Obligation Deadline: Top 5 Insights for Local Governments

The December 31, 2024 deadline for obligating funds under the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) program is rapidly approaching. With over \$350 billion allocated to state and local governments, ensuring these funds are effectively obligated can make or break the recovery and prosperity of our communities. Here, we detail the top five insights from the recent Listening Session that the National League of Cities (NLC) and National Association of Counties (NACo) held in partnership with the U.S. Department of Treasury to help local governments meet their goals, with a key focus on the critical area of revenue replacement.

You can find a recording for the webinar [here](#) and the slideshow presented [here](#).

### **1. Revenue Replacement Is Not Automatic**

While revenue replacement is the quickest, simplest and most flexible funding available to municipalities through ARPA SLFRF, there have nevertheless been issues around reporting. All SLFRF recipients can classify at least \$10 million of their allocations as revenue replacement or use a formula the Treasury provides to calculate their actual revenue lost because of the pandemic to classify a larger amount.

However, a common misconception is that claiming funds under the revenue loss category automatically fulfills the obligation requirement. Treasury clarified that revenue loss dollars must be obligated through a two-step process. Moving funds to a general fund without further action does not meet the criteria.

**Step One:** Report claimed revenue loss: Elect either the \$10 million Standard Allowance, up to the award amount, or calculate revenue loss according to the formula [provided by Treasury](#).

**Step Two:** Report projects under expenditure category 6. These projects must include:

- Amount of SLFRF funds budgeted, obligated and expended (when applicable) for that specific project.
- Project description that summarizes the project in sufficient detail to provide an understanding of the major activities that will occur.

[Continue reading.](#)

**National League of Cities**

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December 9, 2024

