



September 15, 2021

Office of the Undersecretary for Domestic Finance
Department of Treasury
1500 Pennsylvania Ave. NW
Washington, D.C. 20220

To whom it may concern:

The undersigned organizations write today in strong support of allowing utility assistance to households or populations facing negative economic impacts due to COVID-19 as an eligible use of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) as provided under the Department of Treasury's Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule.

However, there is a question as to whether such assistance to residential households and other non-business utility customers is includable in income. As a result, households receiving such assistance must consider themselves at risk of additional tax liability and/or a decrease in income-based benefits, such as the Earned Income Tax Credit. This question is also of concern to agencies, departments, and utilities implementing such assistance programs because they would be required to report this assistance as income to the Internal Revenue Service (IRS). While the February 1, 2022, deadline for filing such reports seems distant, program

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managers must start making decisions on meeting such requirements now. Finally, this needlessly raises complicated tax administration issues, such as the allocation of the value of assistance to multi-family households and the issuance of information returns to customers without, or without a known, Social Security or taxpayer information number.

We believe that the Internal Revenue Code already indicates that disaster assistance, such as that provided under CSLFRF, is not includable in income (26 USC 139). However, guidance mirroring that provided for the Emergency Rental Assistance Program (*see*, <https://www.irs.gov/newsroom/emergency-rental-assistance-frequently-asked-questions>) would give needed assurances to program beneficiaries and program managers.

Finally, we understand that the Treasury and IRS may be working on such guidance even now, and so do not want to delay this work. As a result, please note that we each stand ready to provide any information you might need, while awaiting any guidance you might provide.

Sincerely,

American Gas Association
(Brian Caudill – bcaudill@aga.org)

National Association of Clean Water Agencies
(Kristin Surfus – ksurfus@nacwa.org)

American Public Power Association
(John Godfrey – jgodfrey@publicpower.org)

National Association of Counties
(Eryn Hurley – ehurley@naco.org)

American Public Gas Association
(Emily Wong – ewong@apga.org)

National Association of Water Companies
(Rik Hull – rik@nawc.com)

American Water Works Association
(Tommy Holmes – tholmes@awwa.org)

National Consumers Law Center
(Olivia Wein – owein@nclc.org)

Association of Metropolitan Water Agencies
(Dan Hartnett – hartnett@amwa.net)

National Energy and Utility Affordability
Coalition
(Katrina Metzler – kmetzler@neuac.org)

California Water Association
(Jennifer Capitolo – jcapitolo@calwaterassn.com)

National Energy Assistance Directors Association
(Mark Wolfe – mwolfe@neada.org)

Government Finance Officers Association
(Emily Brock – ebrock@gfoa.org)

National League of Cities
(Mike Wallace – wallace@nlc.org)

International City/County Management
Association
(Elizabeth Kellar – ekellar@ICMA.org)

Water Environment Federation
(Steve Dye – sdye@wef.org)

Large Public Power Council
(John Di Stasio – john@lppc.org)