

AMERICAN RESCUE PLAN ACT FLEXIBILITY

More Flexibility to use ARPA funds for Transportation

Action Needed:

House: Pass H.R. 5735 that clarifies ARPA funds can be used for transportation projects.

Senate: Find opportunities to attach S. 3011 to must-pass legislation.

Background:

In early 2021, Congress passed, and President Biden signed into law the American Rescue Plan Act (ARPA) which included \$350 billion in state and local government relief funds. Soon after passage, there was confusion, particularly among local governments, about whether the funds could be used on transportation projects, like roads and bridges.

Senators John Cornyn (R-Texas) and Alex Padilla (D-Calif.) introduced the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act (S. 3011) that would clarify that several categories of infrastructure investments—including transportation projects—and disaster relief are eligible for unspent COVID-19 relief dollars. The COVID-19 pandemic ripped a gaping hole in the budgets of many state and local governments, making this assistance crucial as the nation's economic recovery continues.

AGC Message:

- **Congress should explicitly clarify that state and local government can use ARPA funds for transportation projects.** The Treasury Department discourages the use of these funds for transportation projects but does not outright prohibit such use. This position has discouraged many states from utilizing these funds for transportation. Nevertheless, a handful of states have gone forward with investing in these projects with ARPA funds because they can be used to replace lost gas tax revenues.
- **The bill Gives State and Local Officials Additional Flexibility to Spend their own Funds.** There is a cap—the greater of \$10 million or 30% of the funds—on how much of the COVID money can be spent on these new purposes (though the previous ARPA set asides for water, wastewater, and broadband remain unrestricted).
- **The State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act (S. 3011 / H.R. 5735) already passed the Senate last fall.** The Senate passed the legislation by unanimous consent in Oct. 2021.
- **The bill does not increase spending, does not place mandates on state or local governments, and does not score.** All of the major state and local government organizations [support](#) this legislation.
- **The House of Representatives needs to pass this bill.** Reps. Dusty Johnson (R-S.D.) and Carolyn Bourdeaux (D-Ga.) introduced a bipartisan House companion bill (H.R. 5735) that already has 159 cosponsors.