



The American Rescue Plan Act 2021 The Coronavirus State and Local Fiscal Recovery Funds Calculating Revenue Loss

Recipients may use payments from the Fiscal Recovery Funds for the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.[108] Pursuant to sections 602(c)(1)(C) and 603(c)(1)(C) of the Act, a recipient's reduction in revenue is measured relative to the revenue collected in the most recent full fiscal year prior to the emergency.

General Revenue. The interim final rule adopts a definition of “general revenue” based largely on the components reported under “General Revenue from Own Sources” in the Census Bureau's Annual Survey of State and Local Government Finances, and for purposes of this interim final rule, helps to ensure that the components of general revenue would be calculated in a consistent manner.

Consistent with the Census Bureau's definition of “general revenue from own sources,” the definition of general revenue in the interim final rule would exclude refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, and agency or private trust transactions. The definition of general revenue also would exclude revenue generated by utilities and insurance trusts.

Calculation of Loss. In general, recipients will compute the extent of the reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have been expected to occur in the absence of the pandemic. This approach measures losses in revenue relative to the most recent fiscal year prior to the COVID-19 public health emergency by using the most recent pre-pandemic fiscal year as the starting point for estimates of revenue growth absent the pandemic.

For purposes of measuring revenue growth in the counterfactual trend, recipients may use a growth adjustment of either 4.1 percent per year or the recipient's average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency, whichever is higher.

Estimate counterfactual revenue, which is equal to base year revenue * [(1 + growth adjustment) ^ (n/12)], where n is the number of months elapsed since the end of the base year to the calculation date, and growth adjustment is of 4.1%.

Loss of Revenue for Eleanor in 2020

2019 Fiscal Year Base Revenue: Actual Rec'd (\$758,740) – Outside Sources Rec'd (\$0) = \$758,740

Counterfactual Trend as of 12/31/2020: \$758,740 * {(1 + 4.1%) ^ (18/12)} = \$805,878

Revenues Rec'd 1/1/2020-12/31/2020: Actual Rec'd (\$738,877) – Outside Sources Rec'd (\$74,373) = \$665,504

Total Loss of Revenues for 2020: \$805,878 - \$665,504 = \$140,374