Good Afternoon, Secretary Yellen.

As a Treasury alum, it is a real honor and privilege to talk with you this afternoon. I am the Mayor of Shallotte, a small town in North Carolina in Brunswick County on the coast of Southern North Carolina. Also, I am on the Board of Directors of the North Carolina League of Municipalities. In those positions, I have an insight into the local and state-wide impact of the COVID pandemic.

For municipalities, it is vital that legislation provide instructions on how money provided to states is to be shared with municipalities. I appreciate that it is impractical for the Treasury to attempt to distribute funds directly to most municipalities, which is why I support the provision in the House bill that mandates states pass directly to municipalities the money designated in the legislation for municipalities.

Let me use North Carolina as an example. In the first COVID bill, $3 billion was sent to North Carolina. Of that amount, 10% (or $300 million) was distributed to county governments. They in turn distributed $75 million to municipalities – or less than 3% of the total amount of COVID funds distributed to North Carolina. The only city in North Carolina to qualify for direct distribution of COVID money was Charlotte. The other 539 municipalities depended on counties for any funds they received. The willingness of county governments to share varied widely. It is important that the government closest to the citizens receive a fair and reasonable amount of COVID relief funds.

North Carolina depends on a healthy tourism industry. In North Carolina, occupancy and meals taxes are typically shared among counties, cities, and joint tourism boards. The North Carolina Restaurant and Lodging Associate estimates that local governments would see a combined $241 million loss in hotel occupancy taxes in 2020. During the pandemic, the tourism story was mixed. In some areas, such as the beaches and mountains, tourism has been reasonably healthy as many people (particularly from the northeast) rented houses instead of taking longer trips requiring airline travel. However, the cancellation of conventions, meetings, and sporting events adversely affected cities such as Charlotte, The Research Triangle, Wilmington, and others.

For example, in Wake County, home of the state’s second largest city, hotel lodging tax collections through October 2020 were down 53% and prepared food and beverage tax collections were down 24%. Raleigh and the surrounding county saw 308 conventions, meetings, and sporting events cancelled – totaling $151.2 million of economic impact. In Wilmington, occupancy taxes are down 50% and over $3 million in construction on their convention center has been halted.

In summary, the need is real. Towns and cities are engines of growth and, as they repair, the economy as a whole will improve.