

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

March 23, 2020

Honorable Maxine Waters, Chair  
Financial Services Committee  
U.S. House of Representatives  
2221 Rayburn HOB  
Washington, DC 20515

Dear Congresswoman Waters:

As you are aware, the COVID-19 pandemic is creating severe fiscal impacts on state and local governments throughout our nation, including significant additional costs resulting from efforts to properly equip and fund healthcare facilities and other frontline responders. The crisis will also result in starkly depressed tax revenues and an increased need for many essential public services because of reduced employment and overall economic activity. My office recently analyzed the economic and revenue impacts to New York's budget for the coming fiscal year, and concluded that tax revenues should be expected to fall \$4 billion to \$7 billion or more below estimates from just several weeks earlier. Since these estimates were released, the economic and revenue outlook has deteriorated further.

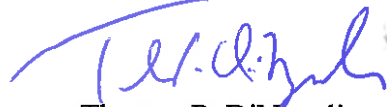
State and local governments have limited capability to issue debt in response to such developments. Meanwhile, we are now witnessing significant volatility and dislocations in segments of the municipal bond market, such that our ongoing ability to issue bonds and notes in the public markets is uncertain.

In this context, your proposal to expand the Federal Reserve's powers to purchase state and local government debt highlights a major concern that should be included in the agenda for Congressional response to the COVID-19 crisis. Such authorization is needed to ensure an adequately functioning marketplace for the issuance of state and local bonds while maintaining affordable financing costs.

New York has become an epicenter of the national impacts from the virus. It is crucial that additional direct Federal financial assistance be provided to support efforts by New York and other states to adequately respond to this crisis. Such direct aid, the enhanced Federal Reserve financing assistance provided by your proposal, and other federal assistance would go hand in hand to make possible a level of state and local response that can truly serve all Americans in a time of extraordinary need.

Thank you for your continuing efforts to ensure a comprehensive federal response to the COVID-19 crisis.

Sincerely,



Thomas P. DiNapoli  
State Comptroller

cc: Honorable Charles E. Schumer  
Honorable Kirsten Gillibrand  
NYS Congressional Delegation