



LFN 2023-16

September 21, 2023



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ARP State & Local Fiscal Recovery Funds Program: August 2023 Interim Final Rule by U.S. Treasury

On December 29, 2022, the federal Consolidated Appropriations Act, 2023 (the Act) was enacted, amending the American Rescue Plan (ARP) State and Local Fiscal Recovery Funds (LFRF) Program to provide additional flexibility to use LFRF funds towards natural disaster response, surface transportation projects, and Title I projects. Title I Projects are the activities eligible under the Community Development Block Grant (CDBG) Program. The United States Department of the Treasury (U.S. Treasury) has issued a [new Interim Final Rule](#) (known as the 2023 Interim Final Rule) implementing the Act by adding eligible uses of ARP funds under the State and Local Fiscal Recovery Funds (LFRF) Program.

Counties and municipalities may use LFRF funds for the newly eligible uses for costs incurred beginning December 29, 2022. As with the preexisting eligible uses, LFRF funds for the new eligible uses must be obligated by December 31, 2024. LFRF funds obligated to provide emergency relief from natural disasters must be expended by December 21, 2026, whereas LFRF funds obligated for Surface Transportation projects and Title I projects must be expended by September 30, 2026.

U.S. Treasury has issued an [Overview of the 2023 Interim Final Rule](#) as a brief, simplified user guide to the interim final rule provisions. The existing eligible uses in the 2022 Final Rule remain unchanged; LFRF funds may continue to be used in alignment with the [2022 Final Rule](#). See [Local Finance Notice 2022-07](#) and the [2022 Final Rule FAQ](#) for further information on the 2022 Final Rule. U.S. Treasury is accepting public comment on the interim rule until November 20, 2023. Please note that certain provisions of the [2023 Interim Final Rule](#) may change upon publication of the Final Rule.

Guidance from the Division of Local Government Services concerning permitted uses of LFRF funds is strictly advisory. Only U.S. Treasury can issue definitive interpretations of the 2022 Final Rule or the 2023 Interim Final Rule. Local units seeking interpretation of the Interim Final Rule must email U.S. Treasury at SLFRP@treasury.gov.

Approved: Jacquelyn A. Suárez, Acting Commissioner & Director

Document	Internet Address
2023 Interim Final Rule	https://home.treasury.gov/system/files/136/2023-Interim-Final-Rule.pdf
2023 Interim Final Rule Overview	https://home.treasury.gov/system/files/136/Overview-of-the-2023-Interim-Final-Rule.pdf
LFRF Quick Reference Guide	https://home.treasury.gov/system/files/136/SLFRF-Program-Quick-Reference-Guide.pdf
2022 Final Rule	https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf
LFN 2022-07	https://www.nj.gov/dca/divisions/dlgs/lfns/22/2022-07.pdf
2022 Final Rule FAQ	https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf