MEMORANDUM

To: Interested Parties
From: National Governors Association
Date: March 24, 2020
Re: Overview of State Actions on Business Closure and Personal Movement Restrictions in Response to COVID-19

Executive Summary
As the number of COVID-19 cases increases, governors are taking action to limit the spread of this disease. Business closures, designations of “essential” businesses, and restrictions on movement (e.g., stay at home/shelter in place orders, curfews, etc.) are measures that can be taken at the state or local level to protect individuals from public health threats while ensuring continuity of essential functions and critical workforces.

Governors possess significant powers and authority relating to the implementation of business closures, designations of businesses, and personal movement restrictions during emergency periods. The purpose of this memo is to share information about how governors are addressing freedom of movement in their states in response to COVID-19. Given these exigent circumstances and shifting dynamics, NGA recommends that governors, their advisors, and other state officials work closely with legal counsel and private sector partners when:

1) Considering and implementing business closure orders and personal movement restrictions;
2) Classifying “essential” businesses and/or personnel;
3) Coordinating with federal partners on guidance;
4) Collaborating with local partners on state-supported and locally implemented closures, where appropriate; and
5) Coordinating and collaborating with stakeholders upon the lifting of closures and designations.

Background
Under the 10th Amendment of the U.S. Constitution, states retain “police powers” to act in the interests of health, safety, and general welfare of their citizens. Additionally, when facing compelling hazards, states have a history of implementing either state-driven or state-supported, locally-led policy actions to protect the public and balance individual (and other) liberties.

The purpose of this memorandum is to share information about how governors are addressing freedom of movement in their states in response to COVID-19—particularly regarding business closures and mandates to stay home (e.g., stay at home/shelter in place orders, curfews, etc.). As business operations and personal movement are adjusted, governors can ensure that measures they impose to protect people are narrowly tailored and are taken with sufficient justification.

This memorandum is structured accordingly: Part I provides an overview of state actions on business closure and personal movement restrictions, as well as core components of these orders. Part II reviews issues for states to consider in making these orders, including defining “essential”

business and partnering with the private sector. In addition, Appendix I provides a list of State and Local Designations of Essential Businesses (including links to executive actions). Please note there is a supplemental Reference Chart that accompanies this memorandum which includes specific “essential business” language from states with business closures orders currently in place in response to COVID-19.

I. Overview of State COVID-19 Administrative Orders for Business Closure and Personal Movement Restrictions

As the number of COVID-19 cases increases, governors are taking action to limit the spread of this disease. Business closures, designations of “essential” and/or “nonessential” businesses, and restrictions on movement are measures that can be taken at the state level to protect individuals from public health threats while ensuring continuity of essential functions and critical workforces.

As of March 23, 2020, at least thirty-seven governors have taken action to close or recommend closure of nonessential businesses. At least twenty-four governors have taken formal executive action to implement statewide business closures that designate essential businesses. In addition, at least twenty-one states have already taken or announced imminent executive action to formally require residents to stay home in response to COVID-19. This is a quickly evolving landscape, and governors continue to announce executive action in these areas.

These statewide orders issued by governors vary by state, but generally require residents to avoid all nonessential outings, group gatherings, and public settings. Some orders mandate business closures and restrictions on personal movement; others focus solely on either business closures or stay at home orders. Orders also differ on how they define essential or nonessential businesses. The following section outlines core components (or “themes”) of these orders and provides an overview of state implementation and enforcement efforts.

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2 Please see NGA’s state tracker on Statewide Closure of Non-Essential Businesses accessed here: [https://www.nga.org/coronavirus/#glance](https://www.nga.org/coronavirus/#glance). This list is updated as orders are issued.
3 Please see Appendix I for a list of states, links to executive orders, and date or orders. The Reference Guide that accompanies this memo includes language from orders defining “essential business.”
a. Core Components

Governors possess significant powers and authority relating to the implementation of business closures, the designations of businesses, and restricting movement during emergency periods. During emergency conditions, governmental entities are empowered to delineate the continuity of essential functions and critical workforces in certain communities. Such delineation is implemented through administrative actions (e.g., executive order, agency directives), including directives on:

- Stay at home (or place of residence) or work from home orders:
  - Exceptions for individuals leaving home for health and safety, necessary supplies and services, for outdoor activity, to take care of others, etc.
- Social distancing guidance/limits on public gatherings:
  - Reinforce the current state operating position on the number of individuals allowed to gather in one place (e.g., President Donald Trump’s Administration’s guidance to avoid gatherings of 10 or more people).
- Business closure decisions:
  - Exceptions for ensuring continuity of operations and/or certain types of work;
  - Acknowledgment of any controlling local “essential” business classification;
  - Flexibility for additional services or operations to be added at a later time; and
  - Continuing to encourage essential workers to employ social distancing practices.

These directives also include the following:

- Timelines for when the directive goes into effect;
- Timeline for how long such order will stay in effect, if appropriate;
- Statutory references for authority;
- Reference to enforcement mechanisms in other statutes; and
- Satisfying any public notice or administrative requirements (which may look different under emergency declarations).

As noted above, some orders include both business closure and stay at home provisions, while others address those issues in separate actions (or have issued an order for one and not the other). Some specifically delineate essential activities, essential government functions, and essential business operations, while others define what constitutes nonessential services. In addition to drafting variances, some outline considerations for homeless populations, vulnerable (e.g., elderly, infirm) individuals, domestic violence concerns, prohibited activities, continued social distancing requirements, and enforcement. Some orders have been issued with joint statements from state legislative leadership and local leaders (e.g., mayors, county commissioners).

b. Implementation and Enforcement

States are exercising their police powers to reduce social interaction by encouraging or placing restrictions on movement. As mentioned above, these restrictions may include social distancing, business closures, shelter in place/stay at home orders, curfews, limiting the number of individuals at a social gathering, isolation/quarantine, among others. With the unprecedented emergency actions taken by 55 states and territories for COVID-19, it is important to understand these social
distancing tools, how these orders are enforced, and potential legal considerations. This section briefly discusses implementation and enforcement of business closures, shelter in place orders, and curfews broadly.

Governors have taken a number of actions affecting businesses in their state, including temporarily closing establishments where mass gatherings take place (e.g., gyms, some retail stores, bars, restaurants), and thereby signaling or requiring a distinction between essential and nonessential businesses across their states. States that have outlined essential businesses designations to date have, in their orders, generally allowed for potential addition to the initial list of essential businesses and workers as the situation continues to evolve. Incorporating this type of flexibility provides the opportunity for governors and state leaders to actively engage their business community in feedback and dialogue on what constitutes essential business in their state. Governors can continue to work with localities and private sector partners on clearly communicating business closure information.

For the purpose of this memo, the terms shelter in place and stay at home will be used in conjunction. Shelter in place orders for residents to stay in their current locations for a set period of time are often used during weather-related events (e.g., tornadoes, hurricanes, snowstorms), biological, chemical, radiological incidents, and security threats. Such measures have been shown to be effective in reducing morbidity and mortality during chemical spills. Models reveal their efficacy in preventing exposure to airborne agents during biological events. Shelter in place orders have been the historical mechanism for urging residents to stay put, but in response to COVID-19, many governors have issued orders to stay at home. Other governors continue to call on residents to voluntarily stay home. These orders to stay home or shelter in place are intended to work in tandem with other calls for social distancing and limitations on social gatherings.

Curfews are another social distancing tool. Currently, most curfews in response to COVID-19 are locally implemented and apply either to all ages or are limited to juveniles. Some states have encouraged residents to follow a voluntary curfew, while one territory has implemented a mandatory curfew. Localities vary in their use of police to enforce curfews. Most jurisdictions have not specifically stated what the penalty is for failure to comply, although some have stated that individuals could face penalties of a misdemeanor charge or fine.

Enforcement issues arise concerning business closure and stay at home/shelter in place orders. Statutory penalties for violating administrative orders may include civil penalties (e.g., fines) or criminal penalties (e.g., imprisonment). Specific to COVID-19 business closures, some states have allowed for mandatory closures for businesses that do not comply with policy. Some local law enforcement has noted that educating and informing the public of these orders is their main priority.

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6 Id.
7 Curfews have been implemented in a number of localities including Gadsden Etowah County, AL, Little Rock, AR, Miami, FL, Palm Beach, FL, Laurens County, GA, Kauai, HI, Portland, ME, Binghamton, NY, Hoboken, NJ, Monroe, NC, and Columbia, SC. Please note this is not an exhaustive list.
8 New Jersey issued a voluntary statewide curfew on March 16 from 8 p.m. to 5 a.m. with the exception of essential travel. This is in effect until the foreseeable future. Puerto Rico enacted an island-wide overnight curfew from 9 p.m. to 5 a.m. through March 31. Violators could face a fine of up to $5000 or six months in jail.
(as opposed to enforcing civil or criminal penalties). As such, voluntary compliance is essential. Communication will continue to be key, as well as consistency of that communication.

II. State Considerations around Essential Business Designations During COVID-19

To help mitigate the spread of COVID-19, governors have taken a number of actions affecting businesses in their state, including, but not limited to, closing establishments where mass gatherings take place (e.g., gyms, some retail stores, bars, restaurants), and thereby signaling or requiring a distinction between essential and nonessential businesses across their states. Federal and state governments have issued guidance and/or orders to address such distinctions. In addition, private sector partners are flagging potential clarifications that may assist efforts to suppress the spread of COVID-19 while ensuring continuity of essential operations. State officials may also want to consult with private sector partners to fully anticipate secondary and tertiary impacts of the designations. Communicating clear and consistent guidance around essential and nonessential business designations at the outset of the order may help mitigate potential issues down the road.

a. Federal Guidance and Jurisdictional Classification of Essential Workers

Delineating essential workers that conduct a range of operations and services that are essential to continue critical infrastructure viability is a crucial determination for governor’s offices. As discussed below, federal officials have supported defining critical infrastructure through guidance, which certain states have acted on.

Federal officials have sought to support states through official guidance from the Department of Homeland Security (DHS). The Cybersecurity and Infrastructure Security Agency (CISA) executes the Secretary of Homeland Security’s responsibilities as assigned under the Homeland Security Act of 2002 to provide strategic guidance, promote a national unity of effort, and coordinate the overall federal effort to ensure the security and resilience of the country’s critical infrastructure. On March 19, 2020, CISA promulgated a Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, which contains Guidance on the Essential Critical Infrastructure Workforce: Ensuring Community and National Resilience in COVID-19 Response.11 The guidance contains considerations for states and identifies a list of essential critical infrastructure workers, developed in coordination with other federal agencies and the private sector, as a guide to help state policymakers ensure continuity of essential functions and critical workforces when implementing COVID-related restrictions in certain communities (e.g., shelter in place).

CISA identifies the following 14 sectors as essential critical infrastructure. Please see the full CISA guidance for more detailed descriptions of each sector:12

1. Healthcare/Public Health (e.g., physicians, nurses, pharmacy, workers providing testing/clinical research, medical equipment/PPE manufacturers, funeral homes, food shelters, community public health workers, etc.)

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12 Id.
2. **Law Enforcement, Public Safety, and First Responders** (e.g., police, 911, corrections, fusion center, digital emergency service operators, etc.)

3. **Food and Agriculture** (e.g., groceries, restaurant carry-out, farm workers, workers essential for food assistance programs, agricultural equipment manufacturers, etc.)

4. **Energy** (e.g., electricity, nuclear plants, petroleum workers, gas stations, truck stops, natural and propane gas workers, etc.)

5. **Water and Wastewater** (e.g., water authorities, wastewater treatment facilities, chemical disinfectant suppliers, etc.)

6. **Transportation and Logistics** (e.g., maintenance and repair technicians, truck and rest stop workers, mass transit workers, truck drivers, maritime ports, etc.)

7. **Public Works** (e.g., dams, bridge workers, water and sewer main breaks, plumbers, electricians, exterminators, waste removal etc.)

8. **Communication and Information Technology** (e.g., maintenance of public/private communications infrastructure, radio, television, media service, customer service, information technology command centers, cybersecurity staff, janitorial/cleaning personnel, etc.)

9. **Other Community-based Government Operations and Essential Functions** (e.g., security staff, elections personnel, weather forecasters, digital systems infrastructure, educators, hotel workers where hotels are used for COVID-19 mitigation, etc.)

10. **Critical Manufacturing** (manufacturing of materials and products needed for medical supply chains, transportation, energy, communications, food and agriculture, chemical manufacturing, nuclear facilities, the operation of dams, water and wastewater treatment, emergency services, and the defense industrial base)

11. **Hazardous Materials** (e.g., nuclear, medical waste, hazardous material response/clean up, maintenance of digital systems, etc.)

12. **Financial Services** (e.g., workers that process and maintain systems for processing financial transactions and services, ATMs, financial operations, security operations centers, etc.)

13. **Chemical** (e.g., chemical and industrial gas supply chains, workers who support transportation of these materials, maintenance of facilities, etc.)

14. **Defense Industrial Base** (e.g., U.S. military/subcontractors including aerospace, mechanical and software engineers, manufacturing/production workers, IT support, security staff, security personnel, intelligence support, aircraft and weapon system mechanics, etc.)

Such a list can also inform critical infrastructure decision-making at the state level to determine the sectors, sub-sectors, segments, or critical functions that should continue normal operations, appropriately modified to account for the Centers for Disease Control (CDC) workforce and customer protection guidance.

Given the dynamics of this fast-moving issue, Appendix I (“State and Local Designations of Essential Businesses”) highlights each state to date that NGA has been able to identify as having defined essential businesses in their orders. The Reference Guide that accompanies this memo includes specific language from orders defining “essential business.” In addition to states, localities have also sought to identify essential workers. For a more comprehensive list of essential designations from sample cities, please see Appendix I.
b. State and Local Coordination

As noted previously, localities may implement business closure orders absent state-wide mandates. The special powers municipalities and counties have during emergencies are usually specified in state statutes. State officials can coordinate with county and municipal leaders to streamline local business closure or stay at home/shelter in place orders. This coordination and communication may help reduce confusion among local officials, business owners, and residents if different or conflicting orders are implemented in adjacent jurisdictions.

c. Private Sector Partnership

States are seeking opportunities to collaborate with private sector partners when 1) considering and implementing business closures; 2) classifying “essential” and/or “nonessential” businesses; and, eventually, 3) coordinating and collaborating with stakeholders upon the lifting of closures and designations when it is determined in the public interest to do so.

In collaborating on implementing business closures and classifying essential businesses or sectors, private sector entities seek clarity, require as much business certainty as realistically possible, and can be valuable partners in ensuring the continuity of essential functions and critical workflows. In addition to the above CISA guidance, the following entities can be valuable partners in identifying businesses or sectors to classify as essential, given their deep knowledge of essential functions across sectors, and in efficiently and effectively communicating and implementing business closure policies:

- State Economic Development Agency
- State Economic Development Organization(s)\(^{13}\)
- Chambers of Commerce
- State Workforce Board Private Sector Membership

States that have outlined essential businesses designations to date have, in their orders, allowed for potential additions to the initial list of essential businesses and workers as the situation continues to evolve. Incorporating this type of flexibility provides the opportunity for governors and state leaders to actively engage their business community in feedback and dialogue on what constitutes essential business in their state. It is advised that governor’s offices partner with their state economic development organizations’ leadership to develop statewide essential business designations in accordance with the CISA guidelines. What constitutes essential business may differ based on the industry mix, resources, and other economic factors unique to each state; the state’s economic development organization leaders are well-positioned to identify any additional business sectors that ought to be deemed essential in addition to those outlined in the CISA guidelines.

Governors can then establish a feedback loop with business leaders on essential business designations via chambers of commerce and the private sector members of the state and local workforce boards. Through these entities, the private sector can provide feedback on the comprehensiveness of essential business designations proposed by the state and identify any gaps,

\(^{13}\) A number of states have, in addition to the state agency, an existing public-private partnership for economic development (e.g., Delaware, New Jersey, North Carolina, Virginia, Wisconsin). In many of those (e.g., Florida, Indiana), the governor already chairs or co-chairs with a private leader the partnership, which may be labeled a variety of ways including as an “ED authority” or “ED corporation”.
such as missing entities that are critical to the supply chain for a designated essential good or service. For example, as transportation occupations are recognized as essential to the transport of food and healthcare supplies, support functions for transportation workers will need to also be deemed essential, such as rest stops for long-haul truck drivers. Private sector feedback on essential business designations should be immediately sought and quickly incorporated should additional needs for designated essential businesses be identified.

Throughout the crisis response period and particularly in the event of significant limitations to or closures of business operations, the governor’s office and state economic development organization will need to clearly communicate regulations and available relief resources to impacted businesses. Several states quickly stood up websites that lay out current regulations and direct businesses to a variety of local, state and federal resources that can support impacted businesses and workers. Through these platforms and other public communication channels, governors should encourage small businesses in their state to seek available federal resources such as US Small Business Administration Economic Injury Disaster Loans (EIDLs).

Governors may also consider offering state-funded no- or low-interest loans for impacted businesses through their state economic development organizations. It is important that governors ensure the clear communication of available resources through the state economic development organization and through private sector partners in chambers of commerce and industry associations, including resources that are leveraged through private business and nonprofits. As such a list is developed, any businesses or nonprofits able to provide such relief must, in turn, be added to the list of designated essential businesses if they are not already included, and should be prioritized for financial relief, as well.

During the crisis response period, governors may also establish public-private partnerships that lay the groundwork for a strong economic recovery as closures and designations are lifted. One such strategy that governors can foster public-private partnerships for the provision of resources and leverage expertise to response and recovery efforts is by establishing a State Disaster Relief Fund (DRF). Through this type of fund, private funds are resourced in order to meet unmet needs. Governors may wish to publicly appoint a recognized business leader to chair this fund in order to bring credibility, executive experience, and stewardship to the recovery effort. This fund also offers external and internal donors to a single resource for financial contributions, to maximize effective stewardship of funds. This individual, as well as private sector leadership from chambers of commerce and workforce boards, should also be partners in the development of a long-term

\[\text{\textsuperscript{14}For example, in California, Maryland, New Jersey, and New York, the state’s economic development organization set up online information pages for the business community and contact points for questions. New Hampshire and Washington State have additionally required state insurance offices to address business insurance questions on their websites, to improve transparency of information available to impacted businesses.}\]


\[\text{\textsuperscript{16}For example, Massachusetts established a $10 million Small Business Recovery Loan Fund offering up to $75,000 per business, and New Mexico established a COVID-19 business loan guarantee program and zero interest business loans from the New Mexico Economic Development Department.}\]

\[\text{\textsuperscript{17}For example, in Washington, the governor’s webpage on COVID-19 resources for businesses and workers notes that “the state is working to compile a larger list of local bankers, financial associations, telecoms, utilities and major employers that may be able to provide relief.” COVID-19 Resource List for Impacted Washington Businesses and Workers (accessed Mar. 23, 2020) available at https://www.governor.wa.gov/issues/issues/covid-19-resources/covid-19-resources-businesses-and-workers.}\]
community recovery plan, to ensure that such a plan accurately assesses the long-term impacts of COVID-19 on businesses; coordinates volunteer goods and services, including those provided by the private sector; and coordinates to meet the unmet needs of businesses affected by COVID-19 that may be ineligible or insufficiently supported via state or federal resources.\textsuperscript{18}

Appendix I:
State and Local Designations of Essential Businesses
(as of March 24, 2020)

<table>
<thead>
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<th>Jurisdiction</th>
<th>Date Issued</th>
<th>Designations of Essential Businesses</th>
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<tr>
<td>California</td>
<td>March 19, 2020</td>
<td>Executive Order N-33-20</td>
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<tr>
<td></td>
<td>March 16, 2020</td>
<td>*San Francisco, CA Public Health Order Requiring Residents Stay at Home Except for Essential Needs</td>
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<td>Connecticut</td>
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<td>• Governor Hogan Announces Closure of All Non-Essential Businesses, $175 Million Relief Package for Workers and Small Businesses Affected By COVID-19</td>
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<td>Nevada Health Response Covid-19 Risk Mitigation Initiative</td>
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<td>New Mexico</td>
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<td>State enacts further restrictions to stop spread, including stay-at-home instruction</td>
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<td>New Jersey</td>
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<tr>
<td>Wisconsin</td>
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*A city that has designated essential businesses.*