

Nonprofits Now Eligible for Paycheck Protection Program Under The Consolidated Appropriations Act, 2021

Article
12.30.2020

Related Attorneys

Jacqueline Bozzuto

The Consolidated Appropriations Act, 2021 (the “Act”), which was recently signed into law by President Donald Trump, provides, that for the first time, Section 501(c)(6) not-for-profit organizations will be eligible to receive PPP loans. Such organizations are not organized for profit and no part of the net earnings benefit any private individual.

To be eligible, such organizations must meet the following criteria:

- The organization must not employ more than 300 employees;
- The organization does not receive more than 15% of receipts from lobbying;
- The lobbying activities do not comprise more than 15% of total activities; and
- The cost of lobbying activities of the organization did not exceed \$1,000,000 during the most recent tax year that ended prior to February 15, 2020.

In addition to first-time eligibility for Section 501(c)(6) not-for-profit organizations, destination marketing organizations and housing cooperatives have also been made eligible.

Please note that guidance and regulations related to this second round of PPP have not yet been issued. The SBA is required to provide these regulations within 10 days of the enactment of the Act. We will continue to provide relevant updates as such guidance and regulations become available.