

Summary of 501(c)(6) Eligibility in Pandemic Relief Package Expansion of PPP

The final pandemic relief package restarts the Paycheck Protection Program (PPP) and expands PPP eligibility to include 501(c)(6)s. The language begins on page 2102 (in the PDF) and can be found [here](#). The authority to make new PPP loans will terminate on March 31, 2021. We expect the pandemic relief bill to become law this week.

501(c)(6) organizations are eligible to receive a PPP loan provided:

1. They are not a professional sports league or organized for the purpose of promoting or participating in a political campaign (Note: this will not impact chambers of commerce or trade associations);
2. They do not employ more than 300 employees;
3. They do not receive more than 15% of their receipts from lobbying activities;
4. Lobbying activities do not compromise more than 15% of the organization's total activities; and
5. The cost of the lobbying activities of the organization did not exceed \$1,000,000 during the most recent tax year that ended prior to February 15, 2020.

If an organization fails any of these tests they are NOT eligible to receive a PPP loan.

Similar rules apply to Destination Marketing Organizations.

Lobbying activities are not defined in the section. The Small Business Administration may provide a definition or guidance. Congressional staff have used information available in the 990-tax form when discussing the impact of the 15% lobbying activities limitation. Specifically, staff have compared the lobbying expenses reported on schedule C, Part III-B, Line 2 with the total expenses reported for the year (Page 1, line 18). (Note that these lines may be different if you are using a 990 form vs. 990EZ.)

Absent further guidance, organizations may wish to analyze their most recent 990 to determine whether they may be eligible to apply for a PPP loan and may wish to proceed with their lender if they believe they do qualify.

The bill also expands allowable uses for PPP funds and simplifies the loan process. We will be providing separate information on the other PPP changes.