

Amendment to the Small Business Act to Ensure the Inclusion of Certain 501(c)(6) Organizations in Coronavirus Relief Packages

ISSUE: In the Coronavirus Aid, Relief, and Economic Security (CARES) Act, 501(c)(6) organizations were not included in the Paycheck Protection Program. However, a contingent of this group assist small businesses in navigating normal day-to-day operations and are especially critical in providing guidance during times of crisis. By including certain 501(c)(6) organizations while also prohibiting others, the spirit of the CARES Act remains intact.

PROPOSED BILL LANGUAGE:

- (a) IN GENERAL.—Section 7(a) of the Small Business Act ([15 U.S.C. 636\(a\)](#)) is amended—
- (A) In paragraph (36) by striking subsection (vii) and inserting the following new section:
1. “(vii) the term ‘nonprofit organization’ means an organization that is described in:
 - a. Section 501(c)(3) of the Internal Revenue Code of 1986 and that is exempt from taxation under section 501(a) of such Code; or
 - b. Section 501(c)(6) of the Internal Revenue Code of 1986 and that is exempt from taxation under section 501(a) of such Code except as described in subsection (A).
- (A) Prohibited 501(c)(6) organizations from participating:
- i. Professional sports organization as described in section 3701 of title 28, United States Code ([28 U.S.C. 3701](#));
 - ii. Any (501)(c)(6) organization with more than 50 employees.
- (B) In paragraph (36) section (viii) subsection (II), after subsection (ee), inserting:
- “(ff) any compensation of an employee or payment to a contractor for lobbying activities as defined in section 1602 of title 2, United States Code ([2 U.S.C. 1602](#)).
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