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COMMITTEE ON ARMED SERVICES
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April 9, 2020

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
H-232, The Capitol Building
Washington, D.C. 20515

Dear Speaker Pelosi:

We write to respectfully request that additional small non-profit organizations be granted relief under the Paycheck Protection Program (PPP).¹ Currently, only 501(c)(3) and 501(19) organizations are eligible, and broader relief is desperately needed. All organizations exempt under sections 501(c), (d), or (e) of the Internal Revenue Code with 500 employees or fewer, and that meet the North American Industry Classification System (NAICS) small business size classification criteria, should be given the ability to access this much needed source of capital.

While we greatly appreciate that the CARES Act provided important support to the tax- exempt sector, we are hearing daily from small local nonprofits—our trade associations and advocacy organizations—about their strong desire to access the PPP. For example, small 501(c)(6) non-profit organizations such as local chambers of commerce are negatively impacted by the COVID-19 (coronavirus) pandemic. For many of these tax-exempt organizations, forgiveness of the PPP loan in many circumstances would be more beneficial than the employee retention tax credit. It would allow them to continue operations and maintain their payrolls at a time when their sources of revenue (e.g. dues and contributions) are uncertain as conferences and fundraising events are being cancelled or postponed.

These organizations, which are important to both economic and industry growth, are facing financial hardship and making difficult decisions about how and whether to keep employees on payroll. Expanding the eligibility to additional non-profits would help provide funds to cover the costs of retaining employees, costs related to the continuation of group health care benefits, and payments on rent or mortgage obligations. In essence, these loans may help these nonprofits

¹ Section 1102 of the CARES Act

survive this period of great uncertainty. As the PPP expands in size, we respectfully request that it also expand in scope to help America's small nonprofits.

Sincerely,

A handwritten signature in blue ink, appearing to read "Seth Moulton", with a horizontal flourish extending to the right.

Seth Moulton
Member of Congress