

# Improving CARES Act Charitable Community Relief

As evidenced in the [Charitable Nonprofit Community letter on COVID-19 Relief and Economic Stimulus Package](#), the broad charitable nonprofit community is united in requesting that the following changes be made to the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, as proposed by Senate Majority Leader McConnell on March 19, 2020:

- 1) **Expressly include charitable nonprofits** in the \$200 Billion loan fund for businesses, including airlines. The charitable sector needs an immediate infusion of \$60 billion and the loan program is a fast way to get cash in the hands of organizations serving immediate needs in communities, yet facing lost and declining revenue due to the pandemic.
- 2) **Improve the above-the-line charitable deduction** by raising the cap to \$2,000 and allowing all taxpayers to immediately claim the deduction on their 2019 taxes (due on July 15), and afterwards through 2021.
- 3) **Clarify that charitable nonprofits of all sizes are able to participate** in the emergency Small Business Loan Program by using the tax-law definition of charitable organizations (Sec. 501(c)(3) public charities) and removing the language that excludes nonprofits that are eligible to receive Medicaid reimbursements.

## Proposed Legislative Text

Because time is of the essence in enacting critical COVID-19 relief and stimulus legislation, we offer the following legislative text:

### Business Loans

#### Section 3102. Emergency Relief through Loans and Loan Guarantees

[Division C, Section 3102, starting at page 84 of HEN20255]

On page 85, line 12, insert after “(3)” the following: “Not more than \$60,000,000,000 shall be available for nonprofit entities qualifying as public charities under Section 501(c)(3) of the Internal Revenue Code” and insert “(4)” before “Not more than \$90,000,000,000 shall be available for other eligible businesses.”

[The revised language would read:

(b) Distribution of Loans and Loan Guarantees.—Loans and loan guarantees made pursuant to subsection (a) shall be made available to eligible business as follows:

...

- (1) Not more than \$50,000,000,000 shall be available for passenger air carriers.
- (2) Not more than \$8,000,000,000 shall be available for cargo air carriers.
- (3) Not more than \$60,000,000,000 shall be available for nonprofit entities qualifying as public charities under Section 501(c)(3) of the Internal Revenue Code.
- (4) Not more than \$90,000,000,000 shall be available for other eligible businesses.]

Insert after line 17 on page 88 the new subsection:

“(h) Notwithstanding the forgoing, the provisions of Section 1105 of this act shall apply to repayments of loans and loan guarantees issued under subsection (b)(3) of this section.

## Above The Line Deductions

### **Sec. 2104. Allowance of Partial Above The Line Deduction For Charitable Contributions.**

[Division \_\_, Section 2104, starting at page 57 of HEN20255]

On line 12 of page 57, strike “2020” and insert 2019, 2020, and 2021”

On line 13 of page 57, strike “\$300” and replace with “\$2,000”

[The revised language would read:

“(22) CHARITABLE CONTRIBUTIONS.—In the case of taxable years 2019, 2020, and 2021, the amount (not to exceed \$2,000) of qualified charitable contributions made by an eligible taxpayer during the taxable year.”.]

On line 3 of page 57 (subsection (c) Effective Date), insert after the period the following: “Donations under this section applicable for taxable year 2019 shall only be available after March 1, 2020 and before July 16, 2020.”

## Small Business Interruption Loans

### **Sec. 1102. 7(a) Loan Program**

[Division \_\_, Section 1102, starting at page 5 of HEN20255]

Beginning on line 4 of page 6, strike “private nonprofit organization, or public nonprofit organization which employs not more than 500 employees” and replace with “nonprofit entity qualifying as public charities under Section 501(c)(3) of the Internal Revenue Code”.

On line 3 of page 6, strike “(1) IN GENERAL.—”

Strike lines 10 through 15 on page 6.

[The revised language would read:

“(b) INCREASED ELIGIBILITY FOR CERTAIN SMALL BUSINESSES AND ORGANIZATIONS.—During the covered period, any business concern or nonprofit entity qualifying as public charities under Section 501(c)(3) of the Internal Revenue Code shall be eligible to receive a loan made under section 7(a) of the Small Business Act (15 U.S.C. 636(a)), in addition to small business concerns.”]