

NEW SBA GUIDELINE INCLUDES ELECTRIC COOPERATIVES FOR PPP ELIGIBILITY



While many small businesses have been able to utilize the Small Business Administration's (SBA) Paycheck Protection Program (PPP), there has been some confusion regarding eligibility and guidelines.

A new interim final rule released by the U.S. Department of the Treasury specifically addresses the eligibility of certain electric cooperatives.

According to the SBA, businesses that are eligible for PPP loans include "business concerns" and certain nonprofit organizations. A "business concern" is defined by the SBA as "a business entity organized for profit," which is subject to some limitations. Because electric cooperatives are generally owned and controlled by members who receive net profits as savings and are often eligible for tax exemption, there has been some uncertainty surrounding eligibility for PPP loans.

The new guidelines have cleared up some of the confusion for electric co-ops.

The new rule allows electrical cooperatives that are exempt from federal income taxation to be considered as "a business entity organized for profit" for the purposes of PPP, therefore making such organizations eligible for the program as long as they meet the other requirements for eligibility.

While the new guideline is still in the interim phase and open for public comment for 30 days, it is already in effect for the purposes of PPP application. Any electrical cooperative that seeks to apply for a PPP loan should start the application immediately to expedite the process. The last day to apply for and receive a loan is June 30, 2020.

For more information, see the latest release from the [U.S. Treasury Department](#). If you have questions or need to get started on the PPP application process, contact Rodefer Moss today.