

Economic Injury Disaster Loans Available to Labor Unions As Part of COVID-19 Relief

The Small Business Administration (SBA) has reopened the Economic Injury Disaster Loan (EIDL) program that makes funds available to nonprofit organizations, including labor organizations. Federal regulations require that applicants certify, under oath, that they are “not in the business of lobbying.” However, this provision most likely means that the loan applicant is not *primarily engaged* in political or lobbying activities.

Because the EIDL application is geared towards for-profit business applicants, some of its language may be confusing to labor unions. Labor union loan applicants should apply by filling out the following criteria:

- Organization Type: Labor unions should choose “other.”
- Date Business Establishes/Current Ownership Since: labor unions should use the same date in each field.
- Business Activity: Labor unions should choose “Personal Services,” which will generate the options in the next question.
- Detailed Business Activity: Labor unions should choose “Annual Memberships” from the drop-down menu that appears when “Personal Services” is selected in the question above.
- Individual Owner/Agent: Labor unions should provide the information for an elected officer
 - Title/Office: Labor unions should select “Other”
 - Ownership Percent: Requires a number (cannot enter “N/A”); labor unions should input “0”

EIDL loans can be worth up to \$2 million and may be used for expenses that labor unions are unable to make due to the economic impact of COVID-19. The interest rate on these loans is 2.75%. In certain circumstances, repayments may be deferred for up to four years. EIDL applicants may also request up to \$10,000 in immediate assistance grants. These grants do not need to be repaid, even if the loan application is ultimately denied.

The CARES Act makes EIDL loans and grants available to all private nonprofit organizations, including labor unions, that currently have tax-exempt status with the IRS. For local unions this may include having applied for tax exempt status in the past, or that it falls within a group exemption held by the labor union’s national or international.)

An application for the loan is available here: <http://covid19relief.sba.gov>.

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