



International Association of Fire Chiefs

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June 5, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Carranza:

On behalf of the more than 13,000 chief fire and emergency medical service (EMS) officers of the International Association of Fire Chiefs (IAFC), I urge you exempt volunteer fire departments, recognized under Section 501(c) of the Internal Revenue Code (IRC), from the requirement that applicants for Economic Injury Disaster Loans (EIDL) receive no more than one-third of their revenue from legal gaming. Private nonprofit fire departments often receive limited funding and rely upon revenue from bingo games and raffles to support their operations. These forms of fundraising are classified as legal gaming and prohibit these agencies from qualifying for EIDL assistance. The unprecedented economic downturn and stay-at-home orders have decimated the ability of these agencies to meet their fundraising needs. The IAFC urges the Small Business Administration (SBA) to waive this requirement for these agencies and support private nonprofit fire departments in their work to answer calls for emergency service.

According to the U.S. Fire Administration, 70% of U.S. fire departments rely solely upon volunteer personnel to respond to emergencies. Many of these agencies serve rural communities with limited tax bases. As a result, these agencies often are incorporated under Section 501(c) of the IRC and rely upon community support to sustain their operations. Some of the most common forms of fundraisers include bingo games and raffles. The spread of the SARS-CoV-2 virus and ensuing stay-at-home orders and economic downturn have eliminated the ability of fire departments to rely on these community-based fundraisers. Even as stay-at-home orders are lifted, it is unlikely that individuals will return readily to social gatherings such as bingo games. Volunteer fire departments are facing an unprecedented challenge in maintaining their routine operations and responding to the SARS-CoV-2 pandemic while having their fundraising abilities essentially eliminated.

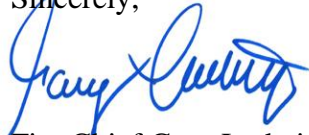
The EIDL program is an important mechanism to support private entities reeling from the financial impacts of the SARS-CoV-2 pandemic. In implementing the EIDL program, the SBA has deemed that entities are ineligible for assistance if they receive more than one-third of their revenue from legal gaming. As you know, the Internal Revenue Service classifies bingo games

and raffles held by private nonprofit organizations to be a form of legal gaming.¹ While this determination may not have been intended to preclude volunteer fire departments from receiving this critical assistance, many of the most acutely impacted private nonprofit fire departments are unable to request the assistance that they desperately need.

Given the need that these fire departments are experiencing, the IAFC urges the SBA to exempt private nonprofit fire departments, organized under Section 501(c) of the IRC, from 13 CFR §123.301. Providing this exemption for private nonprofit fire departments will enable these agencies to seek EIDL assistance to maintain their vital operations. In late April, the SBA published an interim final rule, Docket Number SBA-2020-0015, which waives this cap on legal gaming revenues for private entities seeking assistance through the Paycheck Protection Program (PPP). Unfortunately, this change provides little assistance to private nonprofit fire departments as they often utilize volunteer personnel and own their property outright. The IAFC fears that these private nonprofit fire departments may be unable to maintain their emergency response operations if a similar exemption is not also made for the EIDL program.

Thank you for your work to support private nonprofit organizations in the wake of the SARS-CoV-2 pandemic. The IAFC looks forward to working with you to ensure that private nonprofit fire departments can continue their vital work of responding to fires, medical emergencies, and other calls for emergency assistance.

Sincerely,



Fire Chief Gary Ludwig
President and Chairman of the Board

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¹ *Publication 3079: Tax Exempt Organizations and Gaming*. Internal Revenue Service. P. 2.
<https://www.irs.gov/pub/irs-pdf/p3079.pdf>