

**LATEST NEWS**

# BJC discusses impact of CARES Act, other new laws on houses of worship



by Don Byrd | Apr 4, 2020

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Recently enacted legislation addressing the economic impact of the COVID-19 public health crisis makes a number of funding relief mechanisms available to nonprofit organizations. These include [payroll tax credits for paid sick leave](#), a forgivable loan program designed to keep employees of small businesses on the payroll, and new charitable giving incentives.

In a [new article posted on Medium](#), BJC General Counsel Holly Hollman walks through these new programs and discusses their potential application to houses of worship. While the benefits may be attractive and helpful during this time of crisis, she warns that churches should consider thoughtfully the ramifications of accepting government funds. After all, taxpayer funding of religious organizations always raises important church-state questions.

After reviewing the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), for example, Hollman [concludes](#) that although funding religious entities through the Paycheck Protection Program is likely to be found constitutional, the loan forgiveness provisions raise some troubling concerns. Specifically, it could provide government subsidies for ministerial payroll and church mortgage payments, two areas that are traditionally off-limits to taxpayer funds.

There may be other drawbacks as well, as she explains:

[D]epending on its specific terms and application, a general loan forgiveness program may raise unintended practical problems for a church. Qualifying for the payroll tax credit or government-backed loan will inevitably require some form of certification regarding the church's financial condition and some accounting for the proper use of taxpayer funds.

Other government requirements to ensure accountability may conflict with a church's mission. For example, the application includes two pages of boilerplate language that applicants agree to, including references to

requirements that prohibit religious discrimination in how the applicant provides goods, services and accommodations.

Read the [whole thing](#).

And for more on this important issue, give a listen to the latest episode ([released April 2, 2020](#)) of the essential BJC podcast, [Respecting Religion](#). It includes a fantastic and helpful discussion on this topic featuring Hollman and BJC Executive Director Amanda Tyler.



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