

Government Program Information for Farmers

AgChoice supports its customer and community during this uncertain time by offering assistance and sharing important information that could be beneficial to you. Below is an overview of federal and state programs that have been released in recent weeks. This list is not all inclusive, but it has many of the programs that AgChoice feels will be of highest importance to our customers and partners.

2020 Recovery Rebates for Individuals (CARES Act; Title II; Section 2201): All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 married), who are not a dependent of another taxpayer and have a work eligible social security number, are eligible for the full \$1,200 (\$2,400 married) rebate. In addition, they are eligible for an additional \$500 per child. Watch for these checks to be direct deposited to your bank account or hit your mailbox in the coming weeks.

Small Business Association (SBA) Paycheck Protection Program (PPP): SBA PPP provides \$350 billion to help prevent workers from losing their jobs and support small businesses due to COVID-19 disruptions. The Paycheck Protection Program provides eight weeks of cash-flow assistance through federally guaranteed loans to small employers who maintain their payroll during this emergency. If the employer maintains its payroll, the portion of the loan used for covered payroll costs, mortgage interest, rent, and utilities would be forgiven. The proposal would be retroactive to February 15, 2020, to help bring workers already laid off back onto payrolls.

Eligibility details include:

- Employers with fewer than 500 employees
- Self-employed individuals
- Loans could equal up to 2.5 times an employer's average monthly payroll, with a maximum of \$10 million
- Covered payroll expenses include salary, wages, and cash tips up to an annual rate of \$100,000 per employee, health insurance, retirement contributions, and covered leave. It excludes sick and family leave wages for which credit is allowed under the Families First Coronavirus Response Act (FFCRA)
- Rent or Lease agreement payments are eligible expenses, as are utilities, and interest on mortgages that were originated before February 15, 2020
- Payments can be deferred for at least six months up to one year
- The loan period runs from February 15, 2020 through June 30, 2020

The borrower is eligible for loan forgiveness equal to the amount spent during an eight-week period after the origination date of the loan on payroll costs, interest payment on any mortgage originated prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020.

Amounts forgiven may not exceed the principal amount of the loan. Eligible payroll costs do not include compensation above \$100,000 in wages per employee. The amount forgiven will be

reduced proportionally by any reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25 percent of their prior year compensation. To encourage employers to rehire any employees who have already been laid off due to the COVID-19 crisis, borrowers that re-hire workers previously laid off will not be penalized for having a reduced payroll at the beginning of the period.

Upon a lender's report of an expected loan forgiveness amount for a loan or pool of loans, the SBA will purchase such amount of the loan from the lender. Canceled indebtedness resulting from this section will not be included in the borrower's taxable income.

SBA has determined that any loan amounts not forgiven at the end of one year is carried forward as an ongoing loan with a total term of two years at 0.5% interest.

Many details and regulations around this program are still being developed. AgChoice will provide updates as more information is received and how AgChoice can be a resource as a lender for this program.

[SBA PPP Borrower Fact Sheet](#)

[SBA PPP Application](#)

SBA Economic Injury Disaster Loans (EIDL): This program is open to small businesses, agribusinesses and farms which add value to their products. EIDL offers up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. Program participants must not have the availability to obtain credit elsewhere.

[SBA EIDL Program Facts](#)

Modifications for net operating losses (CARES Act; Title II; Section 2303): The provision relaxes the limitations on a company's use of losses. Net operating losses (NOL) are currently subject to a taxable-income limitation, and they cannot be carried back to reduce income in a prior tax year. The provision provides that an NOL arising in a tax year beginning in 2018, 2019, or 2020 can be carried back five years. The provision also temporarily removes the taxable income limitation to allow an NOL to fully offset income. These changes will allow companies to utilize losses and amend prior year returns, which will provide critical cash flow and liquidity during the COVID-19 emergency.

Families First Coronavirus Response Act (FFCRA) Leave Expansions

- **Emergency Family and Medical Leave Expansion Act:** Provides 12 weeks of job-protected paid leave for employees who are unable to work or telework so that they may care for children if schools are closed or their daycares are unavailable.
- **Emergency Paid Sick Leave Act:** Employers with fewer than 500 employees will be required to provide full-time employees with 10 days (80 hours) of paid sick leave when the employee cannot work or telework because they are quarantined or caring for

others who are quarantined or if schools are closed. Part-time employees are entitled to the number of hours of paid sick time equal to the number of hours they work, on average, over a two-week period.

[Emergency Family and Medical Leave Expansion Act and Paid Sick Leave Act Information](#)

Pennsylvania Unemployment Compensation: Stay informed with unemployment compensation information.

[PA Unemployment Compensation Benefits and COVID-19 FAQs](#)

CARES Act Unemployment Information:

- **Pandemic Unemployment Assistance (CARES Act; Title II; Section 2102):** A temporary Pandemic Unemployment Assistance program through December 31, 2020 to provide payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency.
- **Emergency Increase in Unemployment Compensation Benefits (Cares Act; Title II, Section 2014):** Provides an additional \$600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months.
- **Pandemic Emergency Unemployment Compensation:** Provides an additional 13 weeks of unemployment benefits through December 31, 2020 to help those who remain unemployed after weeks of state unemployment benefits are no longer available.
[Pandemic Unemployment Assistance Information](#)

Special Rules for Use of Retirement Funds (CARES Act; Title II; Section 2202): The provision waives the 10-percent early withdrawal penalty for distributions up to \$100,000 from qualified retirement accounts for coronavirus-related purposes made on or after January 1, 2020.

Exclusion for Certain Employer Payments of Student Loans (CARES Act: Title II; Section 2206): The provision enables employers to provide a student loan repayment benefit to employees on a tax-free basis. Under the provision, an employer may contribute up to \$5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income.

Delay of payment of employer payroll taxes (CARES Act; Title II; Section 2302): The provision allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. The deferred employment tax required to be paid over the following two years.

Employee retention credit for employers subject to closure due to COVID-19 (CARES Act; Title II, Section 2301): The provision provides a refundable payroll tax credit for 50 percent of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shut-down

order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year.

Due to the impact COVID-19 has had on many businesses, program resources are being depleted quickly. At this time we know that Pennsylvania's Working Capital Access Program offered through economic development organizations has reached its maximum and is now closed.