Farmers and ranchers will qualify for several relief measures resulting from the President’s signing of the CARES Act in response to COVID-19. As details continue to be rolled out, NEFB will update this guide as new information is available. Here are program details farmers and ranchers should know right now.

**ECONOMIC IMPACT PAYMENT**

Nebraska farmers and ranchers do qualify for the general economic impact payment.

**Payments:**

- A one-time $1,200 check for an individual making up to $75,000 per year or $2,400 for couples earning less than $150,000. After that, payments are scaled down until they reach a $99,000 income threshold for an individual or $198,000 for a couple and then phased out altogether.
- It also provides an additional $500 per child. For individuals finding themselves unemployed, the bill provides an additional $600 boost in unemployment benefits for four months.

**Distribution:**

- Payments will begin in April and will be distributed automatically, with no action required for most people.
- Social Security beneficiaries who are not typically required to file tax returns will not need to file to receive a payment. Instead, payments will be automatically deposited into their bank accounts.
- However, some people who typically do not file returns will need to submit a simple tax return to receive the economic impact payments.

**Full Details:**


**PAYCHECK PROTECTION PROGRAM (PPP)**

Nebraska farmers, ranchers, agriculture businesses are eligible for the Small Business Administration (SBA) Paycheck Protection Program (PPP). The PPP is a new guaranteed loan to provide a direct incentive for small businesses to keep their employees on the payroll.

*Please note SBA continues to update PPP guidance so content on this program will be continually updated*

**Eligibility:**

- Any small business with less than 500 employees, including sole proprietorships, independent contractors, and self-employed persons.
- The PPP will be available through June 30, 2020.
- Funds from the program will be allocated to small businesses on a first-come, first-serve basis.

**Loan Details:**

- Loans are capped at $10 million but can include up to eight weeks of the businesses’ average monthly payroll costs from the last year plus an additional 25 percent for non-payroll costs for businesses that were operational on February 15, 2020.
- Seasonal and new businesses will use different calculations.
Loan Forgiveness:

- The loan will be forgiven if:
  - All employees are maintained, and compensation levels are maintained for eight weeks.
    * Payroll costs are capped at $100,000 on an annualized basis for each employee.
    * 75 percent of the loan should equal the business payroll cost.
  - The funds are used for:
    * Payroll and benefits;
    * Interest on mortgage obligations incurred before February 15, 2020;
    * Rent, under lease agreements in force before February 15, 2020; and
    * Utilities, for which service began before February 15, 2020.
- Borrowers will still owe money if:
  - The loan amount is used for anything other than payroll costs, mortgage interest, rent, and utilities payments over the eight weeks after getting the loan.
  - Due to likely high subscription, it is anticipated that not more than 25 percent of the forgiven amount may be for non-payroll costs.
  - They do not maintain staff and payroll.
- This loan has a maturity of two years and an interest rate of 1 percent.

Application:

- Your first step should be to consult with your lender to determine if they are participating in the program.
- You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. Current eligible lenders can be found searching SBA website HERE.
- To begin preparing an application, you can download a sample form to see the information that will be requested from you HERE.

Timeline:

- Applications can begin on:
  - April 3, 2020, for small businesses and sole proprietorships through existing SBA 7(a) lenders.
  - April 10, 2020, for independent contractors and self-employed individuals through existing SBA 7(a) lenders.

TAX PROVISIONS
The CARES Act also included several tax provisions of assistant to farmers, ranchers, and agriculture employers.

Farmers/Ranchers:

- Modifications for net operating losses (NOL)
  - Businesses will be able to use net operating losses from 2018, 2019, and 2020 to reduce taxes that were paid for the previous five years.
  - The taxable income limitation is lifted to allow the NOL to fully offset income.
  - Currently, net operating losses can only be applied to future tax years except for farming losses that have a two-year carry-back.
Businesses with NOLs will be able to refile their taxes for the previous five years and receive tax refunds from recalculated taxes.

- Business interest deduction increased for larger agriculture businesses.
  - The amount of business interest that large agriculture businesses can deduct is increased from 30 percent of taxable income to 50 percent of taxable income for 2019 and 2020.
  - Currently, farm and ranch businesses with gross receipts of $25 million or less can fully deduct their business expenses.

**Agricultural Employers:**

- Delayed payment of employer payroll taxes.
  - Employers will be able to defer the employer share (6.2 percent) of Social Security payroll taxes that would have been due throughout 2020.
  - Self-employed individuals will also be able to defer 6.2 percent of Social Security taxes owed.
  - Half the deferred amount will be due on December 31, 2021, with the other half due on December 31, 2022.

- Tax credits for employee retention.
  - Starting March 13 and through 2020, employers are granted credits against payroll taxes for 50 percent of up to $10,000 of wages (including health benefits) per employee.
  - To be eligible a business had to have partially or fully shut down OR experienced a 50 percent reduction in gross receipts.
  - Calculations are determined quarterly.
  - For employers with more than 100 full-time employees, qualified wages are wages paid to employees when there is a business shut-down. For employers with 100 or fewer employees, employee wages qualify for the credit whether the business is operating or not.
  - If the credit exceeds the amount of payroll taxes owed, a government payment will be issued to the employer.

**OTHER PROVISIONS**

**USDA Program Funding**
The CARES Act included $14 billion to replenish the Commodity Credit Corporation (CCC) and $9.5 billion in direct funds for utilization under the discretion of the Secretary of Agriculture for livestock, specialty crops, local food systems, and dairy. The CCC Fund was previously utilized to cover costs associated with the Market Facilitation Payments. Details of how USDA will distribute funds under the CCC and the designated $9.5 billion to aid agriculture producers are forthcoming.

**Economic Injury Disaster Loan (EIDL)**
As of today, farmers, ranchers, and agriculture businesses are NOT eligible for the Small Business Administration’s Economic Injury Disaster Loan (EIDL) program included in the CARES Act. However, Nebraska Farm Bureau, members of the Nebraska Congressional, and others are working to secure farmer, rancher eligibility for the program.