



## KEY PROVISIONS: DEC. 2020 COVID-19 RELIEF PACKAGE

*\*The information below is not all inclusive but represents the best information NEFB has as of December 22, 2020. Please speak with your local FSA office or tax professional before making any program or tax filing decisions.*

### Background

On December 21, Congress passed a \$900 billion COVID-19 relief package as part of a larger deal that included reauthorization for several tax provisions, in addition to allocating \$1.4 trillion to fund the federal government through September 2021. The following is a breakdown of the COVID-19 relief package. Please note, stimulus payments could be distributed as early as the week of December 27. Sign-up for other assistance programs will likely occur after Jan. 1, 2021.

### General

- Includes \$600/person stimulus payments. Individuals making up to \$75,000/year will receive a payment of \$600, while couples making up to \$150,000 will receive \$1,200, in addition to \$600/child.
- Jobless workers will get an extra \$300 per week in federal cash through March 14. Employment benefits are extended to self-employed individuals, gig workers, and those who've exhausted state benefits.
- Small businesses would see a total of \$325 billion, including \$284 billion in loans through the Paycheck Protection Program (PPP), \$20 billion for businesses in low-income communities, and \$15 billion for struggling live venues such as movie theaters and museums.
- The agreement includes \$7 billion to expand broadband access, including \$300 million for rural broadband, \$250 million for telehealth, and authorizes a new emergency broadband benefit to help students, families, and unemployed workers afford high-speed internet service during the pandemic.
- The bill also includes a variety of payments for the transportation sector including \$15 billion to help airlines, \$14 billion for mass transit, \$10 billion for state highways, \$2 billion for airports, and \$1 billion for Amtrak.

### Agriculture

- The bill changes the rules under the Small Business Administration's Paycheck Protection Program (PPP) allowing farmers, ranchers, and other business owners to deduct business expenses paid for by using PPP loan funds. The Internal Revenue Service (IRS) had opposed this move during the program's initial rulemaking earlier this year, which would have subjected those who utilized PPP to a "surprise" tax bill as these expenses had always been tax deductible.
- Provides \$26 billion to USDA with \$13 billion going to programs targeted to farmers and ranchers.
- For farmers, the bill provides another round of Coronavirus Food Assistance Program 2 (CFAP 2) payments of \$20 per planted acre of non-specialty crops. This is expected to hit a total cost of \$5 billion.
- Livestock producers are expected to receive support totaling \$3 billion divided between cattle producers, contract livestock and poultry growers, dairy farms, and producers who were forced to euthanize livestock or poultry due to disruptions in processing plants.
- For cattle producers, the bill provides an inventory top-up payment to address a portion of the gap in support provided by both CFAP and CFAP 2 for those who sold cattle before April 15, 2020, as well as those who sold cattle after. American Farm Bureau Economist John Newton estimates the additional top-up assistance to cattle producers based on CFAP 1 and CFAP 2 inventory rates at \$63.00 per-head for slaughter cattle: fed cattle, \$14.75 per-head for slaughter cattle: mature cattle, \$25.50 per-head for feeder cattle: 600 pounds or more, \$7.00 per-head for feeder cattle: less than 600 pounds, and \$17.25 per-head for all other cattle.
- For producers who had to depopulate animals due to insufficient processing capacity, payments will be made at 80 percent of fair market value of the animal plus the cost to depopulate, minus money received from the Natural Resources Conservation Service (NRCS) Environmental Quality Incentives Program (EQIP) or from state assistance.



- Also included was language to provide up to 80 percent of lost revenue for contract growers who were affected by cancelled or delayed contracts.
- The bill gives the USDA Secretary the ability to aid biofuels producers.
- Small meat processors also received aid to help them make improvements to their facilities in order for them to move to federal inspection or state inspection that allows them to sell product over state lines.
- Lastly, the bill establishes a livestock dealer trust to give unpaid sellers of livestock priority in collecting receivables in the event of a dealer default.