



## COVID-19 RESPONSE

# CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY (CARES) ACT PROGRAMS FOR FARMERS AND RANCHERS

Details available as of April 14, 2020. Updated as more information becomes available.

The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act contains multiple programs providing aid to businesses, organizations and individuals affected by novel Coronavirus. Many questions are being asked and information is updated frequently, particularly with respect to business aid programs administered by the Small Business Administration (SBA). This document will provide an overview of a few of the program areas in the CARES Act and links to resources on those programs. The links will be updated regularly as new information is made available.

### SMALL BUSINESS AID PROGRAMS ADMINISTERED BY THE SBA

(source: Payment Protection Program Interim Final Rule)

CARES Title 1 “KEEPING AMERICAN WORKERS PAID AND EMPLOYED ACT” contains a variety of programs to aid business and struggling workers. This title contains 14 subsections creating new programs and expanding existing programs, but only a few will be highlighted here:

#### Sec. 1102. Paycheck Protection Program

This is a loan program designed to aid in payroll costs from February 15, 2020 until June 30, 2020 for small businesses, defined as those U.S. businesses with less than 500 employees. Farms and ranches also can qualify for PPP if it meets SBA’s alternative size standard of a maximum net worth of the business not exceeding \$15 million, and the average net income on the previous two fiscal years’ tax returns be less than \$5 million. Non-profits, veterans organizations and tribal businesses are also

eligible. Independent contractors, consultants and those who are self-employed also are eligible provided they had employees and were in operation as of February 15, 2020. The loan program—which is open until June 30, 2020 or until funds are exhausted—is administered through the Small Business Administration’s 7(a) loan program, and is described in detail in the interim final rule ([https://www.sba.gov/sites/default/files/2020-04/PPP--IFRN%20FINAL\\_0.pdf](https://www.sba.gov/sites/default/files/2020-04/PPP--IFRN%20FINAL_0.pdf)). A total of \$349 billion was allocated to this program.

The maximum loan amount is based on a calculation in the interim final rule. For those whose employees all make under \$100,000 and who do not have an EIDL loan (see section 1110), the maximum loan can be generally thought of as the average monthly payroll from the last year multiplied by 2.5. No payments are due for the first six months, and the loan can be forgiven (see section 1106).

#### Sec. 1106. Loan Forgiveness

This section closely ties to the PPP, as it allows for the PPP loan to be forgiven under certain circumstances. In

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essence, it converts the loan to a grant. At least 75% of the PPP loan must be used for payroll purposes.

### **Sec. 1110. Emergency EIDL Grants**

Emergency Injury Disaster Loans (EIDL) existed prior to the CARES Act, but are amended for COVID-19 relief. The EIDL grant program under the CARES Act provides coverage for small businesses from January 31, 2020 until December 31, 2020. The grant program allows for an advance up to \$10,000 to pay expenses, and does not need to be repaid. Agricultural cooperatives may also be eligible for an EIDL. However, farms and ranches do not appear to be eligible for EIDLs at this time.

Additional details can be found in fact sheets from the U.S. Chamber of Commerce, the U.S. Committee on Small Business and SBA that are listed in 'other resources' at the end of this document.

### **Individual Tax Rebate**

All U.S. residents with adjusted gross income (AGI) under \$75,000 for individuals and \$150,000 for married filing jointly (dependents must be under 17) will be eligible.

- \$1,200 per individual (\$2,400 married filing jointly) and \$500 for each child under age 17 that can be claimed as a dependent.

The eligibility AGI is based on a person or couple's 2019 income tax return, unless a 2019 return not yet been filed. This is particularly relevant with the tax filing deadline extended to July 15, 2020. If no 2019 return has been filed yet, then eligibility will be based on the 2018 return.

- This rebate is NOT taxable (a credit on 2020 return)
- This will be automatic – nothing taxpayers need to do.
- If IRS overpays, the excess will not be clawed back.
- If IRS under pays, get the rest when the 2020 tax return is filed (April 15, 2021).
- File a return for 2020 even if you do not have enough taxable income that requires a return to be filed.

Below are examples of how the amount will be estimated for individuals that fall under the eligibility for a full rebate.

- \$1,200 single or filing individually
- \$2,400 married filing jointly
- \$1,700 head of household and one child (\$1,200 + \$500)
- \$2,900 married filing jointly and one child (\$2,400 + \$500)

There will be a formula for providing a reduced amount to those above the AGI eligibility above, up to a certain point.

Additional details can be found through National Law Review, listed in 'other resources' at the end of this document.

### **Agricultural Provisions**

(no details from USDA yet, this is based only on CARES Act language)

The Act provides \$9.5 billion for commodity programs not covered under Title I of the farm bill. Act language specifically targets specialty crop producers, livestock and dairy producers and farmers marketing locally (e.g. farmers markets or local restaurants).

The Act also provides \$14 billion to replenish Commodity Credit Corporation funds, which is the source of payments for Title I programs, and is specifically to cover expenditures exceeding expectations in fiscal year 2020. Civilian Conservation Corps funds are used to pay for programs like:

- Disaster assistance
- Market facilitation program
- Farm bill programs (e.g. ARC/PLC)

Additional details are available from Farm Bureau, listed in 'other resources' at the end of this document.

### **Resources**

PPP Interim Final Rule: <https://www.sba.gov/document/policy-guidance--ppp-interim-final-rule>

U.S. Chamber of Commerce Guide to Economic Injury Disaster Loans: <https://www.uschamber.com/report/guide-sbas-economic-injury-disaster-loans>

U.S. Committee on Small Business and Entrepreneurship Paycheck Protection Program: <https://www.sbc.senate.gov/public/index.cfm/paycheck-protection-program>  
National Law Review; Overview of CARES Act Individual Tax Rebates: <https://www.natlawreview.com/article/inside-cares-act-individual-tax-rebates-under-cares-act-2020>

Farm Bureau; What is in the CARES Act for Agriculture: <https://www.fb.org/market-intel/whats-in-the-cares-act-for-food-and-agriculture>