

Ag Policy & Market Outlook Forums

... a series from Virginia Tech & Virginia Cooperative Extension

Are you ready for 2020 and the
coming decade?

Get ready with Virginia Tech experts ...



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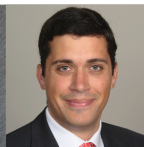
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Learn about:

Agricultural, farm, and food policy
International trade and the trade war
Outlook for commodity markets

The Stimulus Package and Virginia Ag Policy

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Disclaimer: This presentation does not constitute legal or medical advice.

Stimulus Package: Aid to Farmers

- ▶ \$2 trillion package passed and signed last week
- ▶ \$23.5 billion for farmers:
 - ▶ \$14 billion for Commodity Credit Corporation
 - ▶ To be used to make payments to farmers hurt by COVID-19
 - ▶ CCC also disbursed funds to farmers during Trade War (2018–19)
 - ▶ \$9.5 billion to USDA Secretary to be used to support producers of livestock, dairy, and specialty crops, and producers who support local food systems
- ▶ \$100 million for rural broadband grants through USDA's ReConnect program
- ▶ Farmers who donate commodities to charity may deduct up to 25% of the commodity's value from income, an increase from 15%

Stimulus Package: Aid to Individuals and Families

- ▶ Checks/direct deposits: up to \$1200 per adult and \$500 per child (if individual adult's income is less than \$75,000 or married couple's income is less than \$150,000)
 - ▶ Phased out so that individuals making more than \$99,000 (couples making more than \$198,000) do not receive payments
 - ▶ \$5 decrease for each \$100 in income over \$75k/\$150k
 - ▶ Based on 2019 tax return, if filed; otherwise, based on 2018 tax return

Stimulus Package: SBA Paycheck Protection Program

- ▶ Loans that will be forgiven if all employees are kept on the payroll for 8 weeks and the money is used for payroll, rent, mortgage interest, or utilities
- ▶ Available through June 30, 2020
- ▶ Eligible businesses: those with fewer than 500 employees
 - ▶ Including hospitality / food businesses with fewer than 500 employees in a given location
 - ▶ In some industries, businesses with more than 500 employees are eligible
- ▶ Lenders may begin processing applications by tomorrow
- ▶ Loan has a maturity of 2 years and an interest rate of 0.5%

Stimulus Package: SBA Paycheck Protection Program (more details)

- ▶ How is loan amount calculated?
 - ▶ Average monthly payroll in 2019 \times 2.5, up to \$10 million
 - ▶ Cap each employee's salary at \$100,000 per year (\$8,333.33 per month)
 - ▶ “Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than twenty-five percent (25%) of the forgiven amount may be for non-payroll costs.”
 - ▶ Only one loan per business
- <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>

Stimulus Package: SBA Economic Injury Disaster Loan (EIDL)

- ▶ Issued directly by SBA @ 3.75% interest
 - ▶ Up to \$2 million, maturity up to 30 years
 - ▶ Borrowers are not able to receive EIDL loans for same purpose as Paycheck Protection Program loans
 - ▶ Personal guarantees are not required for EIDL loans less than \$200,000
 - ▶ Available for small businesses until Dec 31, 2020
 - ▶ May be used to pay fixed debts, payroll, accounts payable
 - ▶ May not be used to refinance debt
 - ▶ Loan advances of up to \$10,000 can be paid within 3 days and do not have to be repaid if the loan application is denied
- <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

Stimulus Package: Additional help for small businesses

- ▶ Businesses that do not take out an SBA loan may receive a tax credit for keeping employees on payrolls
 - ▶ Credit will be for 50% of employees' wages, up to \$10,000 in wages per employee per quarter
 - ▶ Businesses must document a 50% reduction in gross receipts, relative to the same quarter in the previous year
 - ▶ Effective starting with the Jan-Mar 2020 quarter
- ▶ SBA will pay principal, interest, and fees on certain pre-existing SBA loans for 6 months
- ▶ Self-employed individuals and employers may defer the 6.2% payroll tax and pay it over 2021 and 2022
 - ▶ Half must be paid in 2021

COVID-19 and Farm Labor

COVID-19 and Farm Labor

- ▶ Some farmers have expressed concerns about guest workers not being able to cross the border during the pandemic
- ▶ Agricultural guest workers are considered essential and may cross the border
- ▶ In-person interviews for H-2A visas will be waived
 - ▶ US consulate in Mexico is still operating

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