

SBA Programs Available for Producers Affected by COVID-19

Agricultural enterprises that employ 500 or fewer employees whose principle place of residence is in the United States are now able to apply for assistance through the Paycheck Protection Program from the Small Business Administration.

Paycheck Protection Program (PPP):

The Paycheck Protection Program (PPP) is a new guaranteed loan program included in the CARES Act that authorized up to \$349 billion for small businesses to keep their employees on the payroll.

Loans are capped at \$10 million to cover 2.5 times the average monthly payroll costs, measured over the 12 months preceding the loan origination date, plus an additional 25% for non-payroll costs.

Payroll costs include:

- Salaries
- Commissions and tips
- Employee benefits (including health insurance premiums and retirement benefits)
- State and local taxes
- Compensation to sole proprietors or independent contractors.

Non-payroll costs include:

- Mortgage interest incurred before February 15, 2020
- Rent, under lease agreements in force before February 15, 2020
- Utilities, for which service began before February 15, 2020.

The portion of the loan that covers eligible expenses within an eight-week period from Feb. 15, 2020 – June 30, 2020 will be forgiven if:

- All employees are kept or quickly rehired and compensation levels are maintained for eight weeks (payroll costs are capped at \$100,000 on an annualized basis for each employee)
- The funds are used for:
 - Payroll and benefits
 - Mortgage interest incurred before February 15, 2020
 - Rent, under lease agreements in force before February 15, 2020
 - 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 8 weeks after getting the loan.
- More than 25 percent of the loan is used for non-payroll costs.
- Staff and payroll are not maintained.

Farmers can apply for the PPP through any existing SBA 7(a) lenders or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. To find an eligible lender click [here](#).

Click [here](#) for a PPP Borrower Application Form.

Click [here](#) to get information on calculating loan amounts.

Click [here](#) for FAQs related to PPP.