

NOTICE:

Farmers and Ranchers are eligible to participate in the Small Business Administration's PAYCHECK PROTECTION PROGRAM

Agricultural producers are eligible to participate in the Paycheck Protection Program (PPP) and should reach out to their bankers and/or agricultural lenders to apply immediately. While the Small Business Administration (SBA) still needs to confirm some administrative details, loans will be provided on a first-come, first-serve basis and producers can get started on the application now.

Below please find additional details about the PPP. The National Association of State Departments of Agriculture (NASDA) will provide additional updates once outstanding questions are answered by the SBA.

1. Program Eligibility
 - a. All businesses (including farm and ranch businesses) are eligible for a PPP loan if they (1) have fewer than 500 employees; (2) meet the definition of a “small business concern”; and (3) are subject to the SBA’s affiliation rules (unless those rules were specifically waived in the CARES Act).
 - i. Waiting on the SBA to clarify the definition of “small business concern” – do not anticipate any undue restrictions.
 - ii. Waiting on the SBA to confirm whether H-2A workers are counted as “employees” for the purposes of determining size.
 - b. Financial institutions, including the Farm Credit System, will be responsible for processing loan applications and administering the loan.
2. Loan Terms
 - a. Loan amounts are calculated based on the payroll costs for all employees whose “principal place of residence” is in the U.S. Please note that this definition excludes H-2A workers, which will likely reduce the loan amount available to some agricultural producers.
 - b. This loan has a maturity of 2 years and an interest rate of 1%. Loan payments will be deferred for the first six months.
 - c. The loan will be fully forgiven if at least 75% of the funds are used for payroll costs, and the remainder is used for interest on mortgages, rent, and utilities.
 - i. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.