

## Small Business Paycheck Protection Program Additional Funding Bill

*The bill, which passed on 4/22 by unanimous consent and is expected to be signed into law, provides an additional \$310 billion to the PPP and \$60 billion in SBA disaster relief loans and grants (EIDL). Farms are now eligible for the SBA EIDL program.*

The Small Business Administration will resume accepting PPP loan applications on Monday, April 27 at 10:30AM EDT from approved lenders on behalf of any eligible borrower. This will ensure that SBA has properly coded the system to account for changes made by the legislation.

The PPP has supported more than 1.66 million small businesses and protected over 30 million jobs for hardworking Americans. With the additional funds appropriated by Congress, tens of millions of additional workers will benefit from this critical relief.

The SBA encourages all approved lenders to process loan applications previously submitted by eligible borrowers and disburse funds expeditiously. All eligible borrowers who need these funds should work with an approved lender to apply. Borrowers should carefully review PPP regulations and guidance and the certifications required to obtain a loan. More information and applications can be found at [www.sba.gov](http://www.sba.gov).

### Now Farms Have Two SBA Options

	EIDL + Advance	PPP
Max Loan Amount	\$2 million	2.5 x avg monthly payroll up to \$10 million
Interest Rate	3.75% (2.75% non profit)	1%
Forgivable Amount (grant)	\$10,000 – even if loan is not approved	8 weeks of payroll + $((8\text{wkamt}/.75)*.25)$
Repayment Period	up to 30 years	2 years
Allowable uses	working capital	payroll, mortgage interest, rent, utilities
Who is the Lender?	SBA	commercial banks

- You can apply for both programs, but cannot use for the same purpose. IE if you apply for PPP for salary you cannot also apply to EIDL for salary as well.
- The Paycheck Protection Program provides small businesses with loans for pay payroll costs including benefits. PPP funds can also be used to pay interest on mortgages, rent, and utilities. Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a

seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 (annualized) for each employee.

- Payroll costs, including benefits and also including the income of owners, and sole-proprietors; Interest on mortgage obligations, incurred before February 15, 2020; Rent, under lease agreements in force before February 15, 2020. This includes vehicles used for the business; and Utilities, for which service began before February 15, 2020. This includes fuel for work vehicles. For sole proprietors and self-employed who use the schedule C or F from 2019 to calculate net income for PPP, the expenses for rent, mortgage and utilities must also have been reported on schedule C or F (2019)

- 100% of the Loan can be Fully Forgiven

- The portion of the loan that meets the following conditions can be forgiven:

Payroll costs paid in the first 8 weeks after receiving the funding. Payroll includes the income of the business owners or partners. The first 8 weeks of payroll will comprise at least 75% of the forgivable amount. Mortgages, rent, and utilities expenses, up to 25% of the forgivable amount can be included.

- 8 weeks of payroll +  $((8\text{wkamt}/.75)*.25)$  This is the most that can be forgiven for other uses
- Funds that are used for allowable purposes, but do not meet the conditions for forgiveness, will be a 1% loan, payable within 2 years.
- Forgiveness is currently 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 compared to prior year