

COVID-19 Update

April 3, 2020



USDA FUNDING & THE CARES ACT

As you have likely heard by now, the recently enacted Coronavirus Aid, Relief, and Economic Stabilization (CARES) Act includes \$9.5 billion in funding to USDA to provide relief for livestock producers, specialty producers and local food providers.

SDCA has fielded several phone calls from members inquiring how producers can apply for assistance through USDA as a result of this funding package. ***The short answer is, we don't yet know.*** This is new ground we are ploughing for our industry and USDA is not yet sure how they will deliver the assistance for cattlemen and women.

We will, of course, keep our members apprised as more information becomes available. If you haven't already done so, be sure to follow us on Facebook (@SouthDakotaCattlemen), Twitter (@SDCattlemen) and Instagram (@SouthDakotaCattlemens) for timely updates.

SBA'S PAYCHECK PROTECTION PROGRAM

On April 2, the Small Business Administration (SBA) issued an interim final rule providing additional implementation guidelines and requirements for its Paycheck Protection Program (PPP) authorized by the CARES Act. Below are some key highlights for agriculture:

- **Agricultural producers are eligible for PPP.** However, not all financial institutions will be participating.
- Loans of up to \$10 million will be made available to cover 2.5 times the average monthly cost of payroll, which is measured by payroll costs of the 12 months preceding the loan origination date, plus an additional 25% for non-payroll costs. This includes salaries, employee benefits (including health care and retirement), mortgage interest payments (but not prepayments or principal payments), rent, utilities, interest payments on any other debt obligations that were incurred before February 15, 2020; and/or refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020. *At least 75% of the loan must be used for payroll costs.*
 - One potentially limiting factor to note: payroll expenses cannot include salaries for foreign workers or independent contractors (independent contractors are eligible to apply for PPP individually).
- PPP is retroactive to February 15, 2020 and loans will be available through June 30, 2020. PPP funds used during this eight-week period of time can be 100% forgiven, as long as this funding is used on approved expenses and employees aren't terminated/wages aren't reduced. Any loan proceeds in excess of this amount are subject to repayment rate of 1%. *Employers will need to keep careful documentation of these expenses in order to apply for loan forgiveness.*
- ***While the program is open until June 30, loans will be available on a first come, first serve basis. Individuals who are interested in applying for PPP should contact their lenders ASAP.***

For additional information and the application for PPP, please visit the SD GOED or SBA websites linked below.

SD Governor's Office of Economic Development: <https://sdreadytowork.com/covid-19/>

Small Business Administration: <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

SBA Map of Eligible Lenders:

OTHER ITEMS OF NOTE

- **EIDL**: While it appears the intent of Congress was for agriculture to be eligible for the Economic Injury Disaster Loan (EIDL) program through the CARES Act, at the time of this writing, the Small Business Administration continues to interpret the legislation in a way that precludes agriculture producer eligibility.
- **Packing Plants**: At the time of this writing, rumors are circulating about packing plant closures. We can verify that, as of today at least, the major packing plants are working to implement additional worker safety measures relative to COVID-19 but do not currently have plans to shut down.