

May 22, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, D.C. 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Pelosi and Minority Leader McCarthy:

The American Farm Bureau Federation is grateful for your leadership to bolster the agricultural sector through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Paycheck Protection Program and Health Care Enhancement Act. Even as the economy gradually begins to reopen, farmers and ranchers continue to encounter enormous volatility as markets and supply chains rapidly react to the impact of the pandemic. As you discuss the next relief bill, Farm Bureau recommends additional funding for the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan Program (EIDL).

While the PPP is providing vital assistance to farmers and ranchers who were able to receive loans, more funding is needed to support those shut out of the program. As for the EIDL, agricultural enterprises only became eligible on May 4 and these low-interest loans promise to provide an additional option for assistance. Several significant changes are necessary for agricultural producers to fully participate in the PPP.

- Farm Bureau recommends that in addition to profits shown on Schedule F, income from farm equipment trades, breeding livestock, and all rental income should be included in the calculation of income for loan availability. The calculation should also include wages received in-kind such as commodity wages and other documented sources of income. This change is needed because Schedule F alone is not an accurate indicator of farm income and having a “zero or negative” net farm income has made many farmers ineligible for PPP benefits.
- Farm Bureau asks for certainty that all H-2A workers in the United States qualify as an employee upon satisfaction of a “principal place of residence” test that includes living in the U.S. for more than half a year. Additionally, clarification is needed about how seasonal guest workers should be accounted for in determining the employee count for

purposes of program eligibility. Wages paid to H-2A workers are a considerable expense for non-mechanized commodities and excluding them is counter to helping businesses with high payroll expenses.

- Farm Bureau believes that rental payments for all business-related items should be included in the calculation for determining loan forgiveness. This should include rent on a variety of business-related items including equipment, land, and buildings. In addition, utility cost of guest worker housing should be counted as an eligible utility expense.
- Farm Bureau asks Congress to clarify that expenses incurred while operating a business under a PPP loan are deductible as normal and customary business expenses for income tax purposes. To do otherwise would have the effect of taxing the loan amount and interest loan assistance as income, the exact opposite of congressional intent.
- Farm Bureau requests extending the covered period of the PPP through December 31, 2020. This extension would provide additional flexibility for farmers and ranchers whose business needs the loans outside the current 8-week window and offer additional time for farmers to seek forgiveness of the loans.
- Farm Bureau urges Congress to remove the forgiveness requirement that 75 percent of loan proceeds be used for payroll. Limiting the forgivable portion of non-payroll expenses to 25 percent prevents many farmers and ranchers from participating in this program. In addition, employer compensation and in-kind commodity wages should be included in the amount considered to be wages.
- Farm Bureau recommends that farmers be allowed to file IRS Form 943, which is the form agricultural employers report payroll deposits, for loan forgiveness. The current loan forgiveness form requires participants file IRS Form 941, which is a form that farmers do not complete.
- Farm Bureau asks Congress to extend the loan period to 5 years and accruing interest on a simple-basis. These changes will lower the monthly payments and provide an additional cost-savings to farmers and ranchers who participate in the program.
- Farm Bureau requests Congress include the Farm Credit institutions among those allowed to access to the set-aside for small financial lenders.

While the CARES act as written makes 501(c)(3) charitable organizations eligible for PPP benefits, it fails to make non-profit 501(c)(5) agricultural organizations like Farm Bureau eligible. We ask that 501(c) agricultural organizations be eligible for the PPP program. Farm Bureau organizations at the national, state and county levels provide valuable services to farm and ranch businesses and disseminate important information needed by them to manage their business, access financial aid and deal with the emotional stress surrounding the current crisis. In addition, county and state Farm Bureaus are themselves small businesses struggling to pay employees and cover expenses.

Thank you for your consideration of these requests. We applaud your leadership and commitment and stand ready to work with you as our nation meets this unique challenge.

Sincerely,

A handwritten signature in cursive script that reads "Zippy Duvall". The signature is written in black ink and is positioned above the printed name.

Zippy Duvall
President

CC: Sen. Pat Roberts
Sen. Debbie Stabenow
Sen. Marco Rubio
Sen. Ben Cardin
Sen. Susan Collins
Sen. Jeanne Shaheen
Rep. Collin Peterson
Rep. Michael Conaway
Rep. Nydia Velazquez
Rep. Steve Chabot