

## **New Jersey Farm Bureau Summary of Major CARES Act Provisions**

### **USDA Funding**

#### Agricultural Assistance (\$24B):

- \$14 billion to replenish the Commodity Credit Corporation (CCC), which is used to stabilize, support, and protect farm income and prices through initiatives like the Market Facilitation Program (MFP).
- \$9.5 billion to help specialty crop growers, farmers who support local food systems, dairy farmers, and livestock producers.
- A temporary three-month extension on repayment of commodity marketing assistance loans, from nine months to a year.

#### Nutrition Assistance (\$24B):

- \$15.5 billion in additional funding for the Supplemental Nutrition Assistance Program (SNAP) to assist more participants. This will not increase benefit levels for individuals.
- \$8.8 billion in additional funding for Child Nutrition Programs.
- \$450 million for the Emergency Food Assistance Program.

#### Small Business Administration:

- \$349 billion for forgivable loans to small businesses to pay employees and keep them on the payroll. o These loans are open to most businesses under 500 employees, non-profits, the self-employed, startups, and cooperatives.
- \$10 billion for the SBA Economic Injury Disaster Loans (EDIL). AFBF staff is speaking with the SBA to clarify if farms will qualify for SBA EDILs.

### **Non-USDA Programs and Benefits**

#### Employee Retention Benefits:

- Establishes a refundable credit against employer payroll for certain employers that are hurt by the coronavirus but retain their employees. The credit would be for 50% of eligible employee wages paid after March 12, 2020, and before Jan. 1, 2021. It would be provided for as much as \$10,000 of compensation, including health benefits.
- Employers could receive the credit if a government order related to the pandemic requires them to partially or fully suspend operations, or if their gross receipts declined by certain thresholds.

#### Unemployment benefits:

- Creates a temporary Pandemic Unemployment Assistance program through December 31, 2020, to provide payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency.
- Provides an additional \$600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months.
- Provides an additional 13 weeks of unemployment benefits through December 31, 2020, to help those who remain unemployed after weeks of state unemployment benefits are no longer available.
- Unemployment benefits under these programs would be available to individuals who are in quarantine, caring for a diagnosed family member, or out of work because their employer closed due to the coronavirus. It also would be available to those who are self-employed, have limited work history, or otherwise wouldn't qualify for unemployment benefits. Benefits wouldn't be provided to individuals who can telework with pay or who are receiving other paid leave benefits.
- Provides full funding to states who provide "short-time compensation" programs, where employers reduce employee hours instead of laying off workers and the employees with reduced hours receive a pro-rated unemployment benefit. This provision would pay 100 percent of the costs they incur in providing this short-time compensation through December 31, 2020.
- Unemployment benefits would not apply to seasonal or temporary workers.

#### Recovery Rebates for Individuals:

- The government will provide recovery rebates (cash payments) of \$1200 per individual/\$2400 per couple. The amounts increase by \$500 per child. The payments start to phase out when income exceeds \$75,000 per individual/\$150,000 per couple. The payment is completely phased out when a single taxpayers' income exceeds \$99,000 or \$198,000 for couples. Individuals who file/filed an income tax return in 2018 or 2019 will receive payments automatically. An alternate method of payment will be set up for people who did not file tax returns.

#### TAX PROVISIONS IMPORTANT TO AGRICULTURAL EMPLOYERS

##### Delayed payment of employer payroll taxes:

- Employers will be able to defer the employer share (6.2 percent) of Social Security payroll taxes that would have been due throughout 2020. Self-employed individuals will also be able to defer 6.2 percent of Social Security taxes owed. Half the deferred amount will be due on December 31, 2021, with the other half due on December 31, 2022. The delay in tax payments will allow employers to retain more of their earnings to cover expenses and meet payroll.

#### Tax credits for employee retention:

- Starting March 13 and through 2020, employers are granted credits against payroll taxes for 50 percent of up to \$10,000 of wages (including health benefits) per employee. To be eligible a business had to have partially or fully shut down OR experienced a 50 percent reduction in gross receipts. Calculations are determined quarterly. For employers with more than 100 full-time employees, qualified wages are wages paid to employees when there is a business shut-down. For employers with 100 or fewer employees, employee wages qualify for the credit whether the business is operating or not. If the credit exceeds the amount of payroll taxes owed, a government payment will be issued to the employer. This provision will help employers retain employees and cover payroll when income is reduced or nonexistent.

#### OTHER TAX PROVISIONS FOR INDIVIDUALS

##### Penalties waived for retirement fund withdrawals:

- Individuals will be able to withdraw up to \$100,000 from retirement accounts without penalty. Taxes on the withdraw would be payable over three years or individuals have the option to recontribute the sum within three years.

##### No mandatory withdrawals from retirement plans:

- Individuals will not be required to make mandatory withdrawals from retirements accounts in 2020 so that they are not forced to liquidate investments at low values.

##### Deductions for charitable contributions:

- Individuals will receive a tax benefit for charitable contributions of up to \$300 regardless of whether or not they itemize their deductions. The limitation on individual charitable donations by those who itemize does not apply for 2020. The deduction for contributions of food inventory is increased from 15 percent to 25 percent.