



Extension

UNIVERSITY OF WISCONSIN-MADISON

Paycheck Protection Program – Farmer eligibility and sign up begins today

The Paycheck Protection Program (PPP) provides forgivable loans to small businesses to pay their employees during the COVID-19 crisis. Farmers are eligible for PPP loans through the Small Business Administration (SBA). Farmers must have fewer than 500 employees and less than \$1 million in net revenue. If farmers already have a relationship with the USDA Farm Service Agency (FSA), the SBA is encouraging those farmers to work with FSA first.

Applications opened today, April 3, 2020 for small businesses.

What costs are covered?

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020

Loans will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained.

Loans can be up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount, capped at \$10 million.

The PPP loan cannot cover pay for those employees whose principal address is not within the United States, nor can it cover their costs of paying independent contractors (those who get 1099s instead of W2s). Independent contractors and other self-employed individuals can apply for their own PPP loans starting on April 10, 2020.

Applicants for these loans must already have a lender relationship with a bank or institution that have a relationship with SBA. Therefore, the first recommendation is for farmers to call their current lender(s) to see if they have that SBA relationship and ask if they are ready to accept PPP applications. Make that call today if possible.

You will need to provide your lender with payroll documentation such as payroll processor records or payroll tax filings. Independent contractors will have to provide their 1099-MISC forms. Self-employed individuals will have to provide their income and expenses from their sole proprietorship.

To read more from DATCP regarding PPP visit:

https://datcp.wi.gov/Pages/News_Media/DATCPWEDCPPPRelease.aspx

Here are links for more information from the U.S. Treasury:

[General Information about the Paycheck Protection Program](#)

[Paycheck Protection Program Borrowers Information Sheet](#)

[Paycheck Protection Program Borrower Application Form](#)

Authors: Joy Kirkpatrick, Farm Succession Outreach Specialist, UW Center for Dairy Profitability and Paul Mitchell, Professor of Agricultural and Applied Economics and Extension Agriculture Economics Specialist.

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