

NOTE: This guide is intended for informational purposes. Interested businesses should carefully consult the guidance, regulations, and requirements issued by the administering federal agencies for authoritative information on eligibility, amounts of assistance, and other matters related to the programs outlined herein.

RESOURCES FOR HAWAII'S AGRICULTURE INDUSTRY

RECENTLY ENACTED FEDERAL LEGISLATION PROVIDES RESOURCES AND INITIATIVES TO ASSIST BUSINESSES IMPACTED BY THE COVID-19 PANDEMIC.

THIS GUIDE PROVIDES SUMMARY INFORMATION ABOUT MAJOR PROVISIONS THAT COULD OFFER CRITICAL SUPPORT TO HAWAII'S AGRICULTURE INDUSTRY AND WILL BE UPDATED PERIODICALLY (CURRENT AS OF MARCH 29 2021).



MAZIE K. HIRONO
• A VOICE FOR HAWAII IN THE U.S. SENATE •

RESOURCES FOR HAWAII AGRICULTURE AND FOOD SUPPLY - US DEPARTMENT OF AGRICULTURE

The American Rescue Plan provides more than \$5 billion to the U.S. Department of Agriculture (USDA) to support America's farmers and food sectors. At this time USDA has not announced details for how they will administer these funds, so updates will be provided when available.

Additionally, you can visit <https://www.usda.gov/coronavirus/farmer-resources> to access information and updates on farmer resources.

Food Supply Chain:

USDA will allocate \$3.6 billion for activities that include:

- Purchasing and distributing food and agricultural commodities, which include produce, dairy, seafood, eggs, and meat, to families in need in coordination with nonprofits, restaurants, and other food related entities that may receive, store, process, and distribute food.
- Providing grants and loans to small and mid-sized food processors/distributors, seafood processing facilities/processing vessels, farmers markets, and producers to respond to and protect workers from COVID-19.
- Providing grants and loans to increase resiliency throughout the food supply chain.

USDA will provide \$100 million to support federally-inspected small and very small meat, poultry, and egg products processors by reducing the amount of overtime inspection costs incurred through fiscal year 2030.

Additionally, USDA will administer \$300 million to monitor COVID-19 in animals.

***These resources are in addition to the \$13 billion provided by Congress in the 2020 end-of-year COVID-19 Emergency Relief Package for direct payments, purchases and loans to farmers and ranchers who have suffered losses due to the pandemic, as well as funds to support the food supply chain through food purchases, donations to food banks, and support for local food systems.**

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Socially Disadvantaged Farmers and Ranchers:

USDA will provide farm loan payments equal to 120 percent of outstanding indebtedness, as of January 1, 2021, for socially disadvantaged farmers or ranchers who have either USDA direct or guaranteed loans.

USDA will allocate over \$1 billion for activities that include:

- Providing outreach, mediation, and training (financial, capacity building, cooperative development and support), and other technical assistance on food, agriculture, agricultural credit, agricultural extension, rural development, or nutrition to socially disadvantaged farmers, ranchers, forest landowners, or other socially disadvantaged groups.
- Providing grants and loans to improve access to land for socially disadvantaged farmers, ranchers, and forest landowners.
- Supporting/supplementing research, education, extension, scholarships, and programs to provide pathways to Federal employment at colleges and universities that serve socially disadvantaged groups, including Native Hawaiian serving institutions and insular area institutions of higher education.
- Providing financial assistance to socially disadvantaged farmers, ranchers, or forest landowners who are former farm loan borrowers that faced past discrimination, bias, or related actions in USDA programs.

USDA will also administer \$5 million to support equity commissions to address racial equity issues within USDA and its programs.

US SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM (PPP)

Summary of Assistance: Congress created PPP to provide forgivable loans for businesses and nonprofits that need assistance with payroll costs and related expenses due to COVID-19. Loan proceeds may be used for payroll, rent, utilities, and certain other expenses. Given the high demand for loans, Congress has extended PPP. Businesses and nonprofits interested in receiving loans should contact their lenders as soon as possible, as the deadline to apply for loans is May 31, 2021.

Responsible Federal Agency: U.S. Treasury Department (Treasury), U.S. Small Business Administration (SBA)

Note: Financial assistance is provided through banks, credit unions, and other financial institutions.

Type of Assistance: Loans to cover payroll costs and related expenses that may be forgiven if businesses and nonprofits meet certain requirements. Maximum loan: \$10 million.

Eligibility Entities: The following entities may be eligible for “First Draw” loans through PPP:

- Small businesses, 501(c)(3) nonprofit organizations, 501(c)(19) veterans organizations, tribal businesses, and small agricultural cooperatives with no more than 500 employees, and certain businesses that otherwise meet the applicable North American Industry Classification System (NAICS) size standards.
- Sole proprietors, independent contractors, and eligible self-employed individuals.
- Housing cooperatives, eligible 501(c)(6) nonprofit organizations, and eligible destination marketing organizations with no more than 300 employees.
- Newspapers, TV and radio broadcasters, and nonprofit public broadcasters.
- Seasonal employers that meet certain requirements.

Note: SBA affiliation rules have been waived for certain accommodation and food services businesses (NAICS 72), news organizations (NAICS 511110 or 5151), and franchises. Businesses and nonprofits must have been in operation on February 15, 2020.

How to Apply: Given the high demand for loans, businesses, nonprofits and other entities that are interested should contact approved lenders as soon as possible.

Current SBA 7(a) lenders are approved for PPP, and Treasury is responsible for authorizing new lenders. Farm Credit System Institutions are also authorized to issue loans. Guidance is available on the SBA [website](https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/first-draw-ppp-loans), and more information is available here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/first-draw-ppp-loans>. The deadline to apply for loans is May 31, 2021.

Local Resources: Local businesses and nonprofits with additional questions about the program should contact [Hawaii SBA](#), or [Hawaii SBDC](#), for more information.

*****Businesses and nonprofits that have experienced substantial revenue losses may be eligible to receive a second loan through PPP. For more information, please see below under U.S. Small Business Administration Second Draw PPP.*****

US SMALL BUSINESS ADMINISTRATION SECOND DRAW PPP

Summary of Assistance: Congress expanded PPP to provide second round loans for businesses and nonprofits that need assistance with payroll costs and related expenses due to COVID-19. Loan proceeds may be used for payroll, rent, utilities, and certain other expenses. Businesses and nonprofits interested in receiving second round loans should contact their lenders as soon as possible, as the deadline to apply for loans is May 31, 2021. Not all businesses that received first round loans will be eligible for second round loans.

Responsible Federal Agency: U.S. Treasury Department (Treasury), U.S. Small Business Administration (SBA)

Note: Financial assistance is provided through banks, credit unions, and other financial institutions.

Type of Assistance: Loans to cover payroll costs and related expenses that may be forgiven if businesses and nonprofits meet certain requirements. Maximum loan: \$2 million.

Eligibility Entities: The following entities may be eligible for “Second Draw” loans through PPP:

- Small businesses, nonprofit organizations, sole proprietors, independent contractors, self-employed individuals, housing cooperatives, veterans organizations, tribal businesses, and news organizations that:
- Have no more than 300 employees;
- Have used, or will use, the full amount of their First Draw PPP; and
- Have experienced at least a 25 percent reduction in revenue.

Note: Businesses and nonprofits are required to use their First Draw PPP Loans on or before the expected date on which their Second Draw PPP Loan will be disbursed.

How to Apply: Given the high demand for loans, businesses, nonprofits and other entities that are interested should contact approved lenders as soon as possible.

Current SBA 7(a) lenders are approved for PPP, and Treasury is responsible for authorizing new lenders. Farm Credit System Institutions are also authorized to issue loans. Guidance is available on the SBA [website](#), and more information is also available here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/second-draw-ppp-loans>. The deadline to apply for loans is May 31, 2021.

Local Resources: Local businesses and nonprofits with additional questions about the program should contact [Hawaii SBA](#), or [Hawaii SBDC](#), for more information.

U.S. SBA ECONOMIC INJURY DISASTER LOANS (EIDL) PROGRAM

Summary of Assistance: Congress expanded EIDL to provide direct loans for businesses that need assistance due to COVID-19, and recently extended the program through December 31, 2021. Certain businesses may also be eligible for EIDL Advance, which has been updated to provide grants to borrowers in low-income communities.

Responsible Federal Agency: U.S. Small Business Administration (SBA)

Type of Assistance: Direct loans for businesses and nonprofits. Maximum loan: \$2 million. Grants for borrowers in low-income communities. Maximum grant: \$10,000.

Eligibility Requirements: The following entities may be eligible for loans through EIDL:

- Small businesses, nonprofit organizations, sole proprietors, independent contractors, tribal businesses, small agricultural cooperatives and other cooperatives, and employee owned businesses with no more than 500 employees, and businesses that otherwise meet the applicable NAICS size standards.

How to Apply: Businesses and other entities that are interested can apply for EIDL loans on the SBA's website, here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/covid-19-economic-injury-disaster-loans>. More information is also available about EIDL Advance for borrowers in low-income communities.

Local Resources: Local businesses with additional questions about these SBA programs and others should reach out to [Hawaii SBA](#) or [Hawaii SBDC](#) for more information.

RESIDENTIAL MORTGAGE PROVISIONS

Summary of Assistance: The Coronavirus Aid, Relief, and Economic Security (CARES) Act automatically prohibited foreclosures on all federally-backed mortgage loans. Mortgages under these provisions include those purchased by Fannie Mae and Freddie Mac, U.S. Department of Agriculture (USDA) Direct Loans, and those insured by Housing and Urban Development (HUD) Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), or USDA. If your mortgage is backed by any of these entities, your lender or loan servicer cannot foreclose on you until after June 30, 2021.

The law provides hardship forbearance to allow those impacted by COVID-19 to pause or reduce their mortgage payments. If you experience financial hardship due to the pandemic, you may have a right to an initial hardship forbearance of up to 180 days, with possibility for extension(s). Forbearance is not provided automatically – you must contact your mortgage servicer to request these options.

The law also provides up to 90 days of forbearance for owners of multi-family properties experiencing financial hardship. Borrowers who utilize this forbearance are prohibited from evicting tenants or charging late fees to tenants for the duration of the forbearance period. You must contact your mortgage servicer to request this forbearance. Mortgages included under these provisions include loans to real property designed for five or more units that are purchased, insured, or assisted by Fannie Mae, Freddie Mac, or HUD.

USDA Rural Development:

Type of Assistance:

- **Mortgage and Rental Assistance:** The American Rescue Plan provided \$39 million in mortgage assistance for low-income households who purchased their homes through certain USDA programs. It also provided \$100 million in rental assistance for people living in USDA-subsidized rural properties who are struggling to pay rent due to COVID-19. More information about these programs will be available in the coming weeks.
- **Rural Home Loans (Direct Program):**
https://www.rd.usda.gov/sites/default/files/508_RD_FS_RHS_SF502Direct.pdf
- **Single Family Home Loan Guarantees:**
https://www.rd.usda.gov/sites/default/files/SFHGuaranteed_CovidFactSheet508.pdf
- **Multi-Family Housing Direct Loans:**
https://www.rd.usda.gov/sites/default/files/USDARD_COVID19_FactSheet_RHS_MFHDirectLoans.pdf
 - Additional information on Rural Development's response to COVID-19 or to access Spanish-language versions of these documents: <https://www.rd.usda.gov/coronavirus>

Local Resources: USDA Rural Development, Hawaii Local Office Voice: (808) 933-8305 Fax: (855) 878-2460
www.rd.usda.gov/hi

RESIDENTIAL MORTGAGE PROVISIONS

HUD:

Type of Assistance:

- **Homeowner:** <https://www.hud.gov/coronavirus/homeowners>
- **Multi-Family Property Owner:** https://www.hud.gov/coronavirus/property_owners
- **Immediate Assistance with Fair Housing Issues:** Contact HUD at 1-800-699-9777.
- **Immediate Assistance with FHA Single Family Issues:** Email answers@hud.gov or call 1-800-Call-FHA.

Local Resources: For mortgage assistance, contact a local HUD-approved Housing Counseling Agency, found here: <https://www.hud.gov/states/hawaii/homeownership/buyingprgms>.

For additional resources for homeowners and renters, see this guide from the Legal Aid Society of Hawaii: <https://www.legalaidhawaii.org/housing-covid-19.html>.

FEDERAL TAX PROVISIONS

The federal Internal Revenue Service (IRS) will be issuing guidance and other information on both individual and business specific provisions included in the CARES Act online at: <https://www.irs.gov/coronavirus>

NOTE: The following summaries are intended to provide general information about key revisions to federal tax laws enacted by Congress. It is not intended to be authoritative or exhaustive, or to supplant formal guidance from the IRS or tax professionals. For all tax-related matters interested businesses should consult tax professionals.

- **Employee Retention Credit:** Congress has extended the Employee Retention Tax Credit (ERTC) for businesses and other entities that have experienced mandatory closures or economic hardship due to COVID-19. The credit is available to businesses, nonprofits, and certain other employers whose operations have been fully or partially suspended due to government orders limiting commerce, travel, or group meetings, or who have experienced substantial revenue declines during the calendar quarter.

Starting January 1, 2021, the credit rate will be increased to 70 percent of qualified wages paid by eligible employers to certain employees during COVID-19. The credit will also be expanded to reduce the required year-over-year quarterly revenue declines to 20 percent. Businesses with 500 or fewer full-time employees are able to claim all wages paid to employees regardless of whether employees are furloughed. The credit is provided for wages and compensation, including health benefits, up to \$10,000 per employee per quarter, and is available to employers through June 30, 2021.

- **Paid Sick and Family Leave Tax Credit:** Congress has extended the refundable payroll tax credit for paid sick and family leave, enacted in the Families First Coronavirus Response Act (FFCRA), through March 31, 2021. Employers who elect to provide paid leave may receive the payroll tax credit for such leave. More information is available on the IRS [website](#).
- **Employer Payroll Taxes:** Congress previously allowed taxpayers to defer paying the employer portion of certain payroll taxes through December 31, 2020, with all deferred amounts due in two equal installments—one at the end of 2021, and the other at the end of 2022. Payroll taxes that can be deferred include the employer portion of Federal Insurance Contributions Act (FICA) taxes, the employer and employee representative portion of the Railroad Retirement taxes (that are attributable to the employer FICA rate), and half of Self-Employed Contributions Act (SECA) tax liability.
- **Clarification of Tax Treatment of Paycheck Protection Program (PPP) Loans:** Congress has clarified that loans forgiven through PPP will not be included in taxable income, and that otherwise allowable deductions are allowed for expenses paid with proceeds of a forgiven PPP loan. The same tax treatment also applies to Economic Injury Disaster Loan (EIDL) grants, grants for shuttered venues, and certain other loan repayment assistance programs.