

June 10, 2020

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

The Honorable Pat Roberts  
United States Senate  
Washington, D.C. 20510

The Honorable Charles Schumer  
United States Senate  
Washington, D.C. 20510

The Honorable Debbie Stabenow  
United States Senate  
Washington, D.C. 20510

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Roberts and Ranking Member Stabenow:

The American Farm Bureau Federation commends your ongoing work to assist Americans affected by the COVID-19 pandemic. Bipartisan efforts in Congress have delivered critical resources and support to individuals and American businesses impacted by the ongoing economic crisis, including funding to USDA to craft relief programs for agriculture, critical tax credits and innovative Small Business Administration grant and loan programs. Despite these efforts, farmers, ranchers and the agricultural supply chain continue to endure significant hardships that will require further congressional action.

The economic losses across the U.S. agriculture sector are broad-based, directly impacting farmers and ranchers and their supply chain partners – from input providers to end users. Producers have witnessed their markets shrink overnight or even disappear, while supply chains have been stretched to the limit in response to the pandemic. The widespread closures at the retail level are impacting consumer demand and purchasing patterns in ways that the industry has never experienced. The disruptions and logistical challenges in the supply chain are adding unprecedented costs and risks in the marketing system. USDA's most recent World Agricultural Supply and Demand Estimates suggest that the decline in commodity value alone for 2019, 2020 and 2021 production is nearly \$60 billion. This does not include all of agriculture's losses, which would be billions more.

As the Senate works to develop a new round of bipartisan COVID-19 relief, Farm Bureau has identified ongoing economic pressures across the supply chain, including funding requirements, numerous technical corrections and other issues not addressed in the CARES Act. AFBF urges you to include the following items in any future COVID-19 related relief measures.

### **Relief Funding for Agricultural Producers**

- The current relief program for farmers only covers losses until April 15. AFBF urges Congress to ensure that adequate funding is available to provide relief for farmers who have already encountered losses due to COVID-19 as well as those for whom the economic damage of the pandemic will impact planting and harvesting in the coming weeks and months. Funds should be available for all crops, including specialty crops,

horticulture, floriculture, aquaculture and apiculture.

- Support replenishment of Commodity Credit Corporation (CCC) funding to \$68 billion. The CCC plays a significant role in providing support to U.S. agriculture, particularly in times of distress and uncertainty.
- Provide additional resources to the Secretary of Agriculture for COVID-19 response by incorporating provisions from H.R. 6611, which would appropriate additional dollars to the Office of the Secretary for producer relief in response to the COVID-19 pandemic and waives any payment limit caps
- Include S. 3785, the Farming Support to States Act, to efficiently provide resources to local partners such as State Departments of Agriculture to address local and regional challenges.
- Support biofuel production facilities and other aspects of the food, feed and fiber supply chain to ensure the long-term economic stability of rural communities.

### **Support for Livestock Producers**

- Provide aid to independent and contract poultry producers whose operations have suffered greatly due to COVID-19.
- Open Conservation Reserve Program (CRP) acres for emergency haying and grazing. Allowing for emergency haying and grazing of CRP acres will help producers ensure adequate forage for the livestock they are having to keep longer than expected due to low prices and meat processing capacity shortfalls resulting from the COVID-19 pandemic. AFBF supports S. 3893.
- Waive the overtime fees for Food Safety and Inspection Service meat inspectors in small and medium-sized packing plants. AFBF supports S. 3797.

### **Legal Protections:**

AFBF supports the inclusion of targeted, limited liability reforms that protect small businesses against abuses of our legal system, to help them thrive during this recovery. These provisions will protect farmers and ranchers, who are doing their best to protect their workforce during this crisis, from unjustified litigation that cripples our industry's ability to provide essential food, fuel and fiber.

### **Rural Health Care:**

Community Health Care Centers (CHC) provide an affordable health care option for millions of Americans living in rural America, where access to health care is low and the need for medical attention is high. We recognize that Congress provided funding for the CHC program in each of the previous COVID-19 relief packages; however, more support is needed to keep health centers

fully operational at a time when they are most needed. We urge continued support for this important program by meeting critical funding needs.

### **Small Business Administration**

Farm Bureau recommends additional funding for the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan Program (EIDL). While the PPP and EIDL are providing vital assistance to farmers and ranchers who were able to receive loans, the agriculture, forestry, fishing, and hunting sectors combined received a meager 1.49 percent of the total approved funding, according to SBA data. Several significant changes are necessary for agricultural producers to fully participate in the PPP:

- Farm Bureau recommends that the calculation used to determine a sole proprietor's maximum PPP loan amount, when using Schedule F, expand beyond net farm income for determining owner compensation. 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.
- Every H-2A worker residing in the United States for more than six months should qualify as an employee whose "principal place of residence" is the U.S. Additionally, clarification is needed about how seasonal guest workers should be accounted for in determining the employee count for purposes of program eligibility and loan forgiveness. Wages paid to H-2A workers are a considerable expense for non-mechanized commodities, and to exclude them is counter to helping business 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 for clarification 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 supports the removal of the forgiveness requirement that 60 percent of loan proceeds be used for payroll. Limiting the forgivable portion of non-payroll expenses to 40 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 on which 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 that accruing interest be based on a simple basis. This will lower the monthly payments and provide an additional cost-savings to farmers and ranchers who participate in the program.
- Farm Bureau requests that Farm Credit institutions be among those allowed to access 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)(5) 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.

### **Rural Broadband**

With more than 19 million rural Americans not having broadband access, there are multiple concerns for farm families during this public health crisis. Farm Bureau asks Congress to appropriate significant funding for rural broadband deployment that erases the digital divide and provides universal service to all areas of the country.

- AFBF supports funding to expedite the implementation of the Broadband DATA Act, which would improve the accuracy of broadband coverage maps and better direct federal funds for broadband buildout. More granular and accurate maps are critical to successfully target and distribute federal broadband programs and help expand coverage in rural areas.
- AFBF asks Congress to modernize the contribution rates of the Federal Communication Commission's Universal Service Fund by expanding contributions to include broadband services, similar to H.R. 6723, the *Universal Broadband Act*.
- AFBF supports allowing distressed communities access to Economic Development Administration grants for broadband deployment, similar to H.R. 6491, the *Eliminating Barriers to Rural Internet Development Grant Eligibility (E-BRIDGE) Act*.

### **Agricultural Labor and Worker Safety**

- AFBF supports additional funding to offset costs of providing additional housing to farm workers (H-2A or other) to accommodate social distancing guidelines and comply with new farm worker safety requirements. This funding will be critical in states contemplating mandatory requirements, but should be available to all of agriculture

equally.

- AFBF requests funding to offset the costs of PPE and sanitizing supplies. Maintaining the food supply is a vital part of our nation's COVID recovery, and federal policy should ensure that agriculture and the food supply chain have priority access to PPE. Additionally, many employers have supplied PPE to their employees and have incurred unplanned expenses in doing so.
- Disruptions caused by immigration enforcement would undermine the agriculture industry's efforts to provide a stable food supply. AFBF requests protections for undocumented agricultural workers who are part of the critical infrastructure workforce, to ensure they will not be subject to enforcement activities related to their immigration status during this health crisis.

We stand ready to support and assist you in any way, and we appreciate your consideration of these recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Zippy Duvall". The signature is written in a cursive, flowing style.

Zippy Duvall  
President