The OSU Extension FARM OFFICE IS OPEN

Today's session will include updates on the CAUV, Dicamba legislation, Prop 12, CARES Act, CFAP, renewable fuel standards, ARC/PLC and other emerging legal and economic issues.

OSU Extension's Farm Office Team

Ben Brown
Peggy Hall
David Marrison
Dianne Shoemaker
Julie Strawser
Barry Ward

June 25, 2020 9:00 to 10:30 a.m.

Your farm's ag law and farm management resource center: https://farmoffice.osu.edu



Farm Office Team















CAUV Update

Robert Dinterman
Post-Doctoral Researcher
Department of Agricultural, Environmental, and
Development Economics The Ohio State University

Dicamba Update

Ninth Circuit Court of Appeals

- 1. **Denied** emergency motion by plaintiffs National Family Farm Coalition et al asking court to prevent further use of dicamba and to hold EPA in contempt.
 - Ohio's allowance to use existing stocks until June 30 stands.
- 2. Granted "friend of the court" status to CropLife America and American Farm Bureau Federation.
- 3. Granted right to intervene to BASF and DuPont.
- 4. Scheduled briefs on a BASF motion to recall the court's cancellation mandate due June 23 and 24.



Bayer Settlements

Settlements by Bayer announced June 24

- Dicamba drift litigation
 - Up to \$400 million
- Roundup product liability litigation (non-Hodgkin Lymphoma cases)
 - \$8.8 to \$9.6 billion
 - Resolving 125,000 claims, sets parameters for remaining claims
 - \$1.25 billion and process to resolve future claims
- PCB water litigation
 - \$820 million

California's Proposition 12

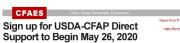
National Pork Producers Council and American Farm Bureau Federation v. Ross

California's Proposition 12

- Passed by 63% of voters in 2018
- Regulates production of veal, pork, eggs per housing standards
- For hogs, beginning December 31, 2021, forbids sale of pork in California from the young of sows not housed according to confinement standards (stand up-turn around 24 sq. ft. group pens)
- Nat'l Pork Producers and AFBF challenge constitutionality
 - Argue violation of interstate commerce clause
- Federal District Court granted defendant's motion to dismiss
 - Regulates in-state and out-of-state equally
 - No substantial burden on interstate commerce
- Plaintiffs file appeal: June 17

THE OHIO STATE UNIVERSITY COLL

Coronavirus Food Assistance Program (CFAP)



nos the enactment of the Concentrius Aid, Relef, and commonissecurity (CARES) Act on Manch 27, 2000 and the nonuncement of the Concentrus Food Assistance organ (CFAP) in Aget 17, 2000, producers in Other and roses the country have been amoustly awarting additional table on how the Commentius Food Assistance Program FAP) will provide financial assistance for losses pervised as a result of lost demand, standard remapply and singoring better descriptions canned by provide financials.

farmoffice.osu.edu

CFAP Upcoming Events Leasing Your Land for Shale & Solar The Farm Office is Open!

farmers.gov/cfap

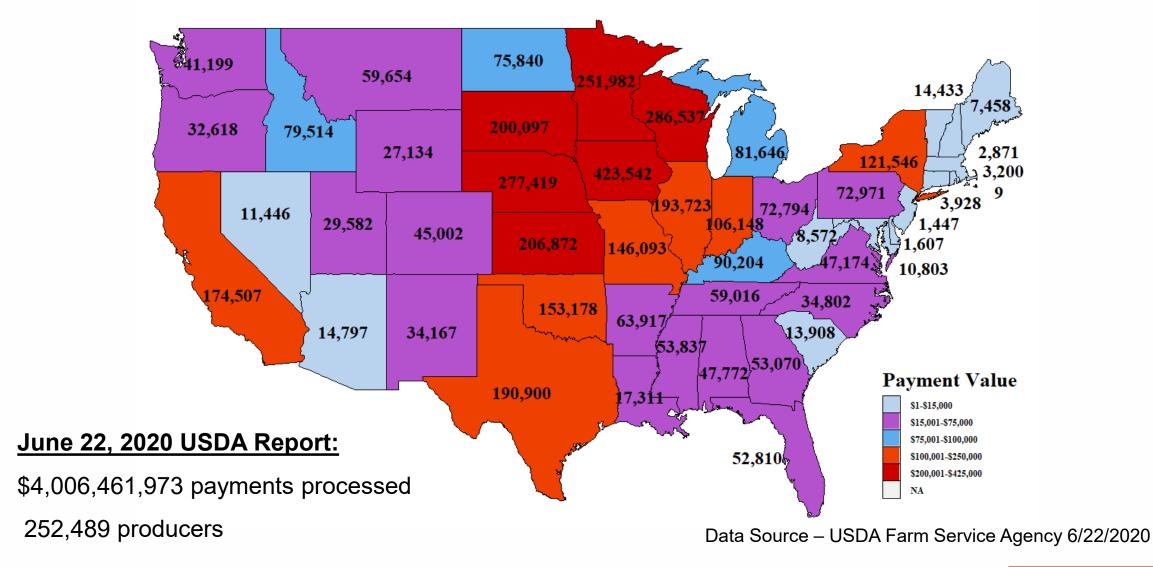
CFAP:

- Providing financial assistance to farmers impacted by the COVID-19 pandemic.
 - \$16 billion available for assistance
- Program sign-up May 26, 2020 through August 28, 2020.
 - Apply at any USDA Farm Service Agency (FSA) Service Center
- Progress reported each Monday at farmers.gov/cfap

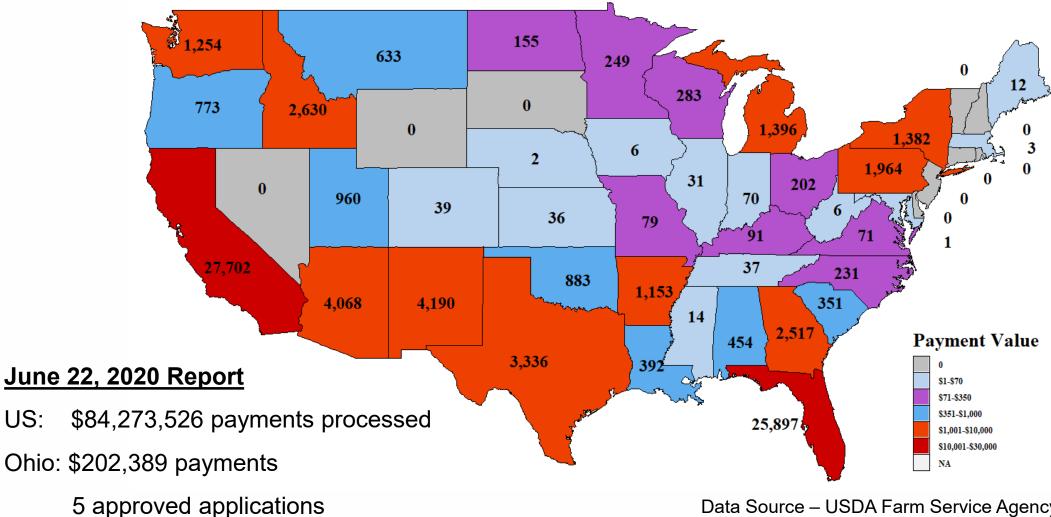




Coronavirus Food Assistance Program- Total Payments in Thousand Dollars (\$1,000)



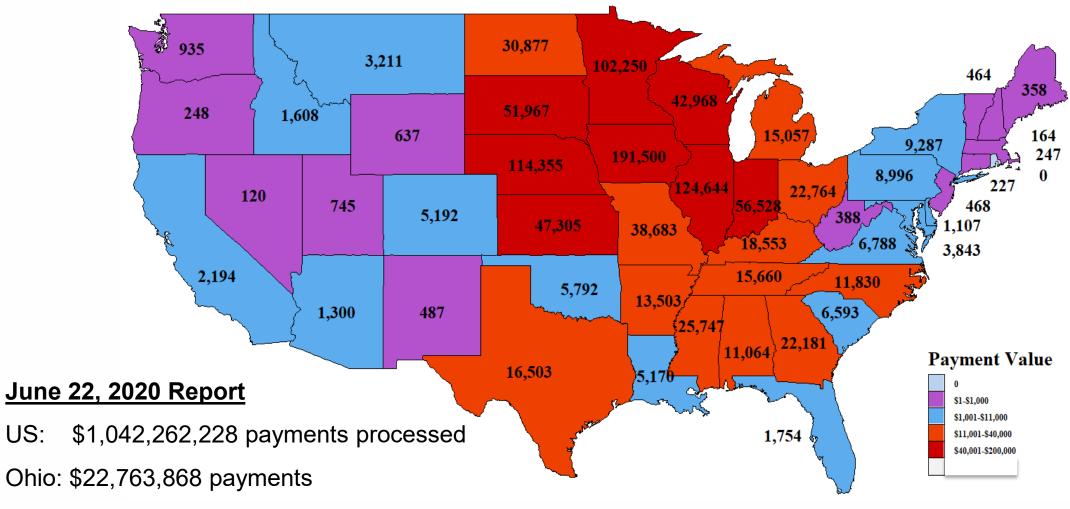
Coronavirus Food Assistance Program- Specialty Payments in Thousand Dollars (\$1,000)



Data Source – USDA Farm Service Agency 6/22/2020



Coronavirus Food Assistance Program- Non-Specialty Payments in Thousand Dollars (\$1,000)

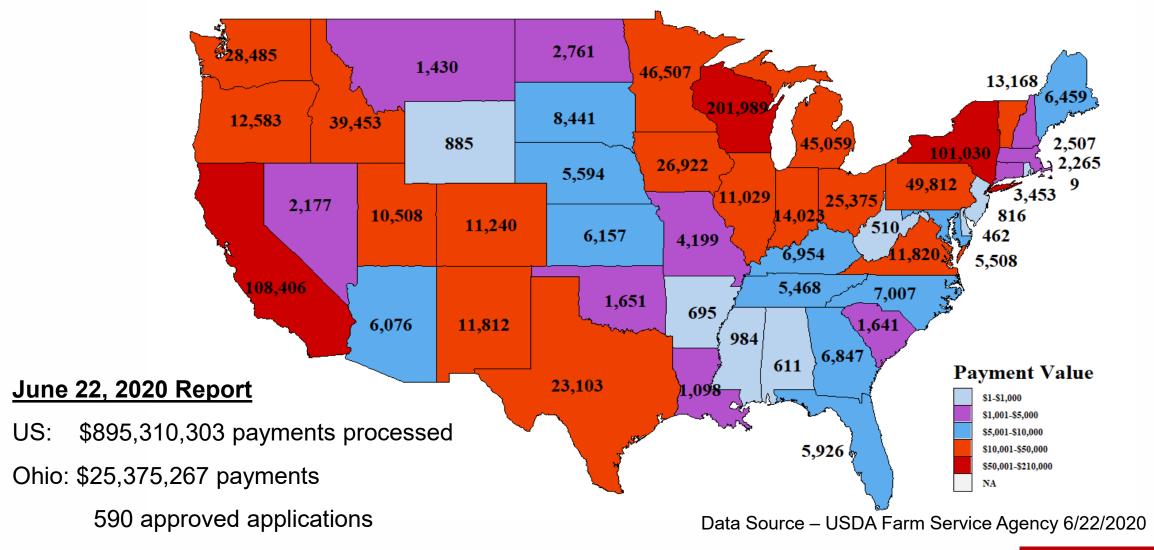


Data Source – USDA Farm Service Agency 6/22/2020

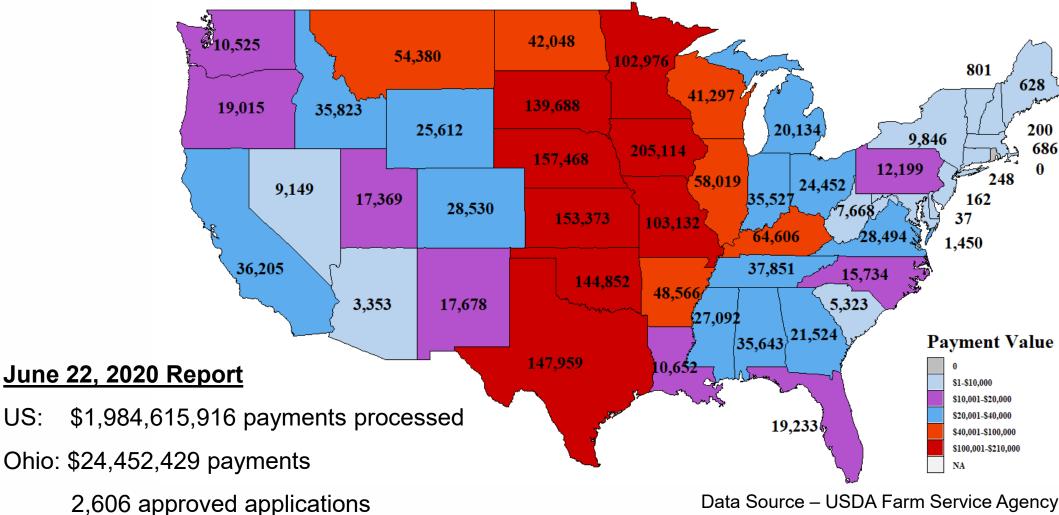


4,282 approved applications

Coronavirus Food Assistance Program- Dairy Payments in Thousand Dollars (\$1,000)



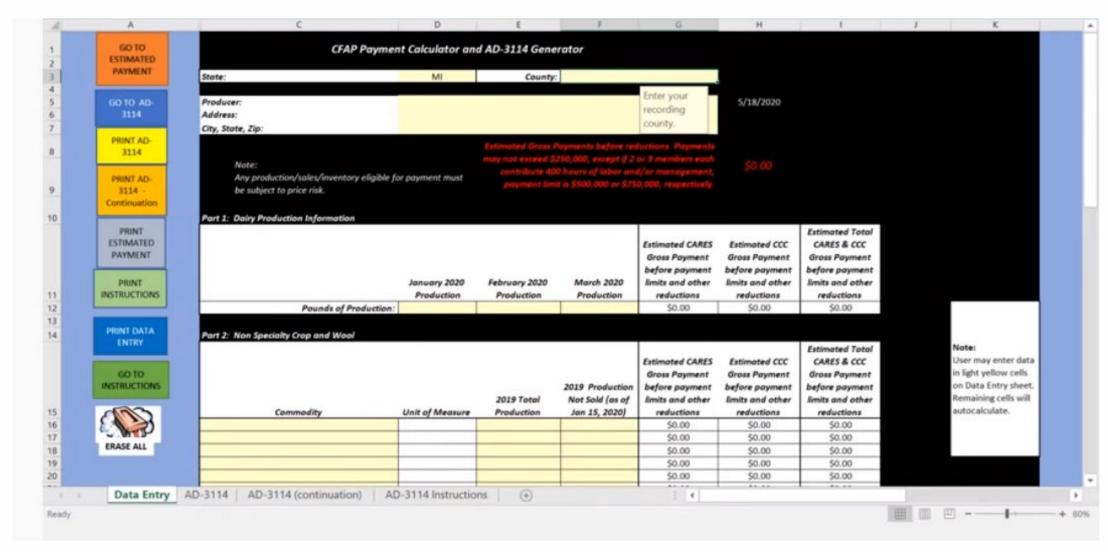
Coronavirus Food Assistance Program- Livestock Payments in Thousand Dollars (\$1,000)



Data Source – USDA Farm Service Agency 6/22/2020



Prepare using the FSA calculator: farmers.gov/cfap



CFAP: Reminders

- ❖ Program sign-up started May 26, 2020 and ends August 28, 2020.
- Apply at any USDA Farm Service Agency (FSA) Service Center
 - Currently not available for walk-in appointments
 - Applications can be filled out online, downloaded, signed and then submitted either by mail, fax, or other electronic means.
 - Please call your local office before mailing in applications.
 - Applicants have 60 days after submitting CFAP application to get all related forms completed.
- Tools and resources including applications, first time participant videos, frequently asked questions, and CFAP calculator can be found at farmers.gov/cfap





ARC/PLC Reminders

ARC/PLC: Reminders

2020 ARC/PLC Contracts need to be signed by June 30, 2020

- You do not get to change your election between ARC/PLC
- ❖ Even if you signed a 2019 contract you need one for 2020.

Producers have till **September 30, 2020** to update Price Loss Coverage Yields

- Many counties did not allow producers to do a yield update at enrollment. Don't forget to do it as there might not be another change.
- ❖ Those that update yields for 2020 or change the make-up of their operation will likely need to sign a new 2020 enrollment form.

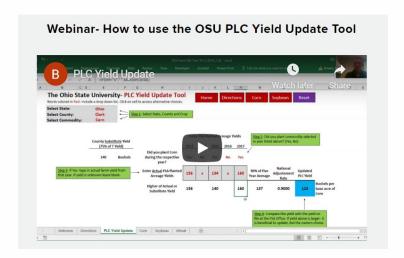
OSU Yield Update Tool

Farmoffice@osu.edu

Farm Management -> Farm Bill -> Decision Tools



USDA is an equal opportunity provider, employer, and lender.





ARC/PLC: Yield Update Reminder

This is the **Landowners** decision. Power of Attorney is allowed

At Least one owner must sign- farms owned by multiple people

Why is it Important to Look at Your FSA Yields?

- 1. Yield Updates are not allowed every Farm Bill
 - a) Allowed in 1985, 2002, 2008, 2014, and now 2018
- 2. You participated in ARC-CO during last Farm Bill and didn't think it was important to update PLC Yields.
 - a) Humor me and just check!
- 3. They do not change after the enrollment period and stay with you for the rest of the Farm Bill and any future Farm Bills.
 - a) PLC Yield Update Deadline- September 30, 2020

CCC-867	7		DADTHENT	05 4 0010	TUDE							
(07-23-19)				1. Program Years: 2020 through 2023								
(07-23-18)	17-23-19) Commodity Credit Corporation							2A. County FSA Office Name and Address (Including Zip Code)				
YIELD UPDATE FOR THE						DAKOTA COUNTY - MN 4100 220th St. W Suite 104 FARMINGTON MN 55024-0129						
PRICE LOSS COVERAGE (PLC) PROGRAM										nty FSA Office FAX No.		
Y .						(651)463-8626 x2			(855)739	,		
						(001)403-0020 X2				-3601		
						3. State Code	4. County Code	5. Farm No.	6. Co	vered Commodity		
						27	037		Co	m		
									"			
NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information												
identified on this form is the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Apricultural Act of 2014 (7 U.S.C. 9015) as amended by the Agriculture Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR Part 1412. The information will be used to determine eligibility to participate in and receive benefits under the Agriculture Risk Coverage Program and Price Loss Coverage Program In Information collected on this form may be disclosed to other Federa; State, Local government agencies, Inbal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA PSA-2, Farm Records File (Automated). Providing the requested information is solutinarly. However, failure being information will result in a determination of ineligibility to participate in and receive benefits under the Agriculture Risk Coverage Program and Price Loss Coverage Program. Paperwork Reduction Act (PRA) Statement: The information collection is exempted from the Paperwork Reduction Act as specified in 7 U.S.C. 9091(c)(2)(B). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.												
THE FARM PLC YIELD UPDATE DECISION is made by an owner of the farm identified in Item 5 above. If FSA receives												
conflicting yield update from another owner, owners will be required to resolve their dispute providing CCC with written evidence of the dispute resolution by the end of the yield update period.												
FARM YIELD UPDATE												
7. I agree to update the PLC yield for the covered commodity, identified in Item 6 above, based on 9 percent of the farm's 2013 through 2017 average yield per planted acre, excluding any yearis(s) when no acreage was planted times a national factor determined by dividing the 2008-12 national yield by the 2013-2017 national yield. The covered commodity's national yield factor is0.9000												
7A.	7B.	7C.	7D.	7E.	7F.		G.	7H.	71.	7J.		
2013 Yield	2014 Yield	2015 Yield	2016 Yield	2017 Yield	Tota		rage Mu eld (it	Itiplied by 2.4 Seed Cotton)	Multiplied b 90%	Multiplied by yield factor (PLC Yleid)		
250.00	250.00	240.00	240.00	260.00	1240.0	00 24	3.00		223.20	201		
8. Or Name and Address (including Zip Code)												
9A. Signature of Owner (By) 9B. Title/Relationship of the Individual Signing in the										9C. Date (MM-DD-YYYY)		
Representative Capacity												
10A. Signati	ure of CCC Re	presentative								10B. Date (MM-DD-YYYY)		
In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in o												

Update of the CARES ACT Paycheck Protection Program

CARES Act Paycheck Protection Program

- Paycheck Protection Program (PPP) Flexibility Act June 5, 2020
- Interim Final Rule Revisions to the Third and Sixth Interim Final Rules – June 16
- 3. Revised Loan Forgiveness Applications (Shorter EZ Application Added) June 16
- Interim Final Rule Paycheck Protection Program Revisions to Loan Forgiveness Interim Final Rule and SBA Loan Review Procedures Interim Final Rule – June 22



Paycheck Protection Program Flexibility Act

More guidance on amount eligible for forgiveness since our last Farm Office Live

- Payroll costs for 24-week covered period set at maximum of \$46,154 per employee; 8-week remains at \$15,385
 - Plus health care costs, state payroll taxes by employer, retirement
 - Limits on these contributions for self-employed, general partners, S-corp
- Owner compensation replacement limit for 8-week period is 8/52 of 2019
 net profit (up to \$15,385) and is restricted to 2.5 months (2.5/12) for 24-week period (up to \$20,833)
- Mortgage interest, rent payments on lease agreements and utility payment costs are eligible to the extent that they would be deductible as business mortgage, rent and utility payments on Form 1040 Schedule F.
 - But such costs are not actually deductible if forgiven.
- See yesterday's blog post on Ohio Ag Law Blog



CARES Act Paycheck Protection Program

Applying for Loan Forgiveness

- 1. Borrower may submit a loan forgiveness application any time on or before the maturity of the loan including before the end of the covered period.
- 2. Two new forgiveness applications released that comply with the PPP Flexibility Act:
 - a. PPP Loan Forgiveness Application (Revised June 16) "Full Application"
 - b. PPP Loan Forgiveness Application Form 3508EZ
- 3. The PPP Loan Forgiveness Application Form 3508EZ can be used if:
 - a. You are self-employed and have no employees or
 - b. You didn't reduce salaries or wages for employees by more than 25% and didn't reduce numbers or hours of employees or
 - c. You didn't reduce salaries or wages for employees by more than 25% and you experienced reductions in business activity as the result of health directives related to COVID-19



CARES Act Paycheck Protection Program

Paycheck Protection Program (PPP) Questions & Uncertainties

- 1. There is still uncertainty as to whether a self-employed person needs to write a check to themselves to qualify for forgiveness based on the owner compensation replacement portion of the PPP Loan. The safe alternative would be to write this check even if the check is deposited back into the same account.
- 2. According to some sources there is ongoing discussion regarding legislation that would grant forgiveness to all PPP loans under \$150,000. This discussion of a safe harbor based on the size of the PPP loan is apparently being advanced by certain banks.
- 3. Expenses included in PPP Loan Forgiveness are not tax deductible.



Renewable Fuel Standards

Renewable Fuel Standard: Waivers

Important Reminders:

❖ Percent Standard= EPA volume requirement ÷ by total estimated motor fuel and diesel demand - small refiner exemptions

❖ Obligation= Parties total gasoline and diesel sales x percent standard

Timeline:

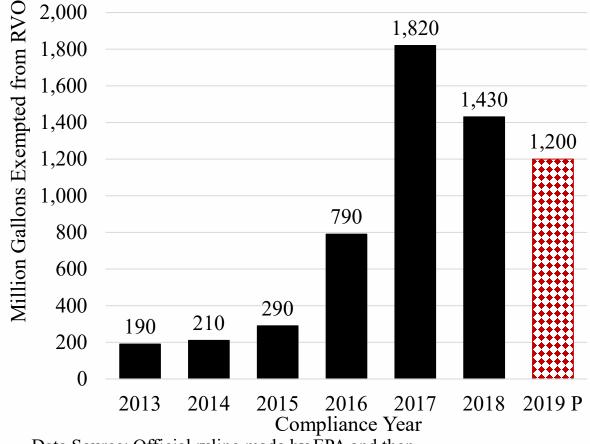
- ❖ The Clean Air Act waived all small refiner exemptions up to 2011.
- ❖ EPA could extend waivers two years to 2013 compliance year.
- Starting in 2013, small refiners could file for an extension to their waiver annually if they could show economic hardship as result of the RFS mandate.
- ❖ Approved small refiner waivers grew from 7 in 2015 to 35 in 2017 and 31 in 2018.
- ❖ In January 2020, US Corn Growers Association and others sued EPA for "overstepped authority by granting waivers that were not continuous exemptions" in 10th Circuit Court.
- ❖ June 18, 2020, EPA announced that they were considering 52 "gap" waivers from 2011-2018 on top of the 27 currently submitted for 2019.



Location of Small Refiners

SREs: Impact

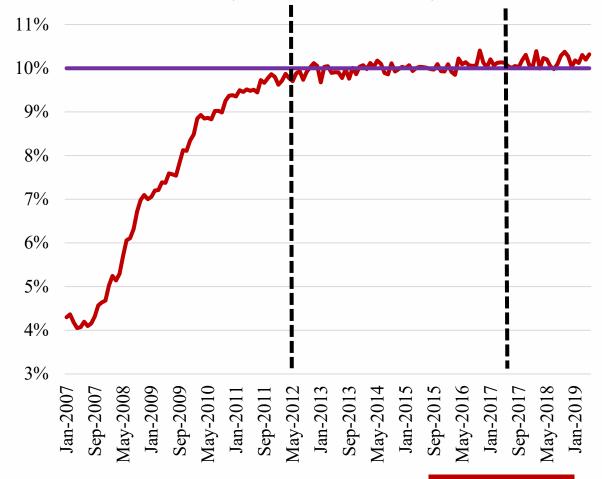
Million Gallons waved by the Small Refiner Exemptions



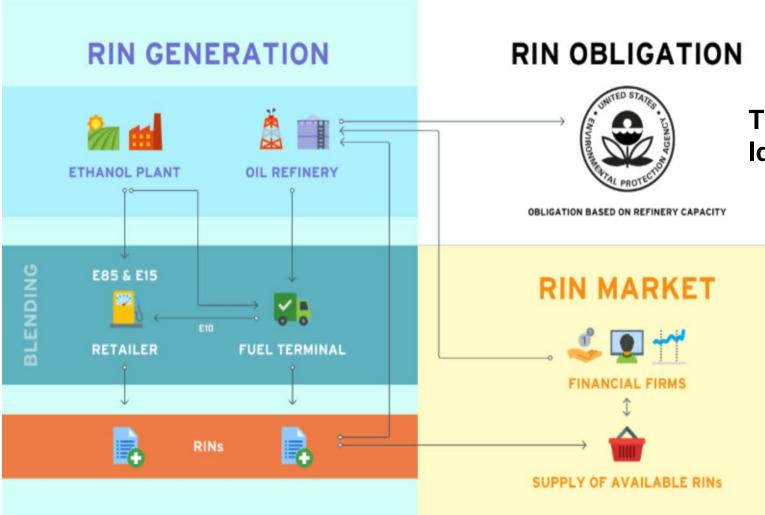
Data Source: Official ruling made by EPA and then projections calculated from EIA and standard ruling.

Blend Rate= Share of Refinery and Blender Net Input of Total Consumption of U.S. Finished Motor Gasoline

(Jan. 2007- Nov. 2019)



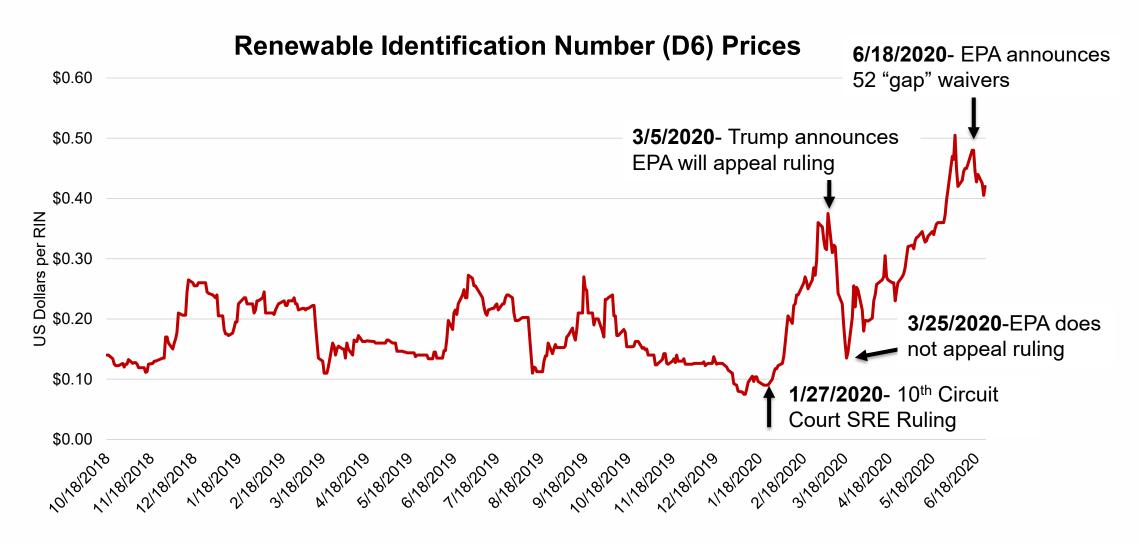
Small Refiner Exemptions: RINS



Three Steps to Renewable Identification Number Lifecycle:

- 1. A RIN is attached to a gallon of qualifying renewable fuel once it is produced,
- 2. the RIN is then separated once the renewable fuel is blended with gasoline or diesel fuel, and
- 3. the separated RIN may be submitted for compliance, traded or banked for future use.

RINS are the signal for investment: What is the signal?



OSU Income Tax Schools

Questions?

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