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Nutrition, Agricultural, Small Business, Individual Tax, and Other Selected Provisions of the American Rescue Plan Act of 2021

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The American Rescue Plan Act of 2021 (ARPA), signed by President Biden on March 11, 2021, provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. Specifically, the bill provides funding for:

- agriculture and nutrition programs, including the Supplemental Nutrition Assistance Program (SNAP);
- schools and institutions of higher education;
- child care and programs for older Americans and their families;
- COVID-19 vaccinations, testing, treatment, and prevention;
- mental health and substance-use disorder services;
- emergency rental assistance, homeowner assistance, and other housing programs;
- payments to state, local, tribal, and territorial governments for economic relief;
- multi-employer pension plans;
- small business assistance, including specific programs for restaurants and live venues;
- programs for health care workers, transportation workers, federal employees, veterans, and other targeted populations;
- international and humanitarian responses;
- tribal government services;
- scientific research and development;
- state, territorial, and tribal capital projects that enable work, education, and health monitoring in response to COVID-19; and
- health care providers in rural areas.

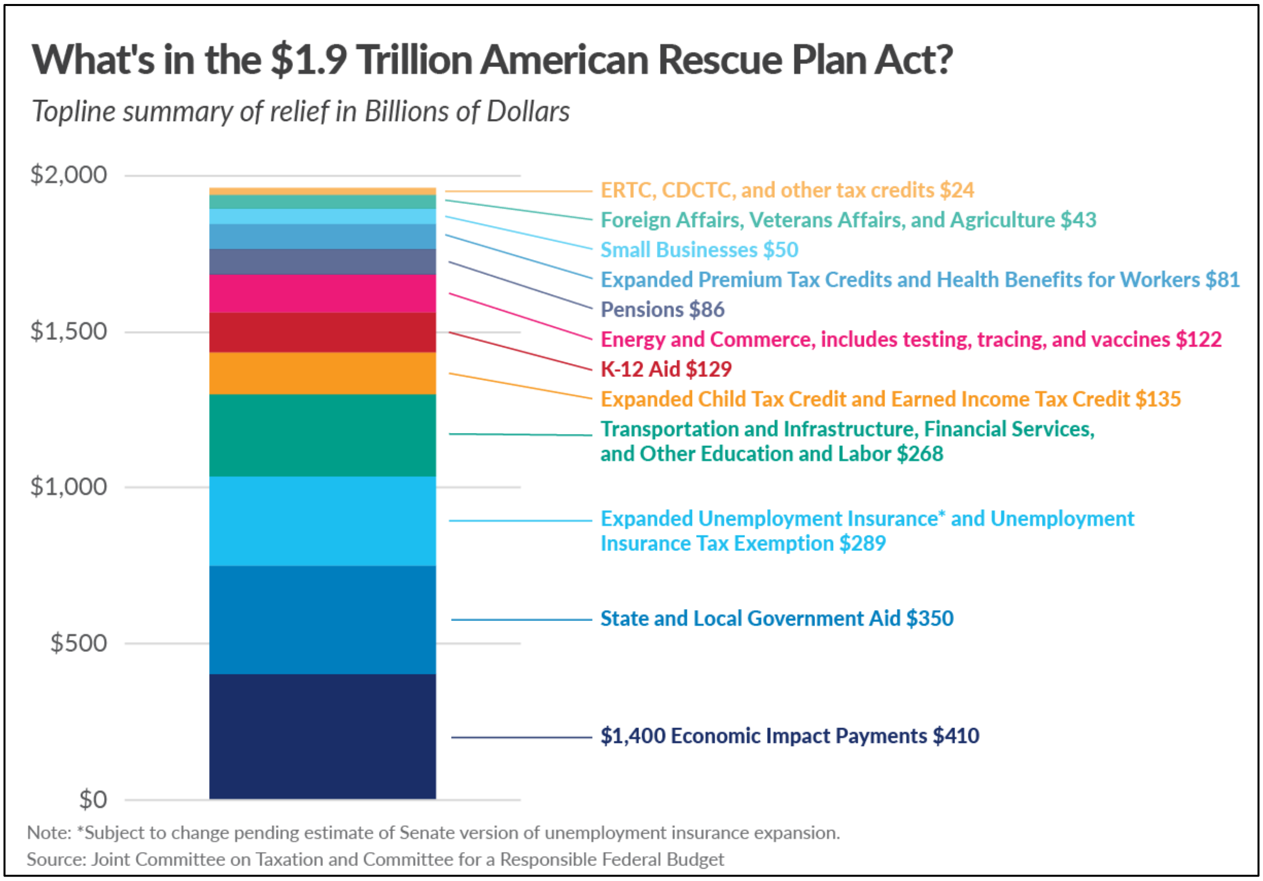
The bill also includes provisions that:

- extend unemployment benefits and related services;
- make up to $10,200 of 2020 unemployment compensation tax-free;
- make student loan forgiveness tax-free through 2025;
- provide a maximum recovery rebate of $1,400 per eligible individual;
- expand and otherwise modify certain tax credits, including the child tax credit and the earned income tax credit;
- provide premium assistance for certain health insurance coverage; and
- require coverage, without cost-sharing, of COVID-19 vaccines and treatment under Medicaid and the Children's Health Insurance Program (CHIP).

A complete list of bill titles is presented in Table 1 and is coupled with an illustration of relief funds in Figure 1. However, **a majority of this policy report highlights several sections (Titles) of potential interest to agricultural producers, other small business owners, and agricultural professionals.**

Table 1. Legislative titles contained in the American Rescue Plan Act of 2021.

Title I	Agriculture and Nutrition
Title II	Health, Education, Labor, and Pensions
Title III	Banking, Housing, and Urban Affairs
Title IV	Homeland Security and Governmental Affairs
Title V	Small Business and Entrepreneurship
Title VI	Environment and Public Works
Title VII	Commerce, Science, and Transportation
Title VIII	Veterans' Affairs
Title IX	Finance
Title X	Foreign Relations
Title XI	Indian Affairs

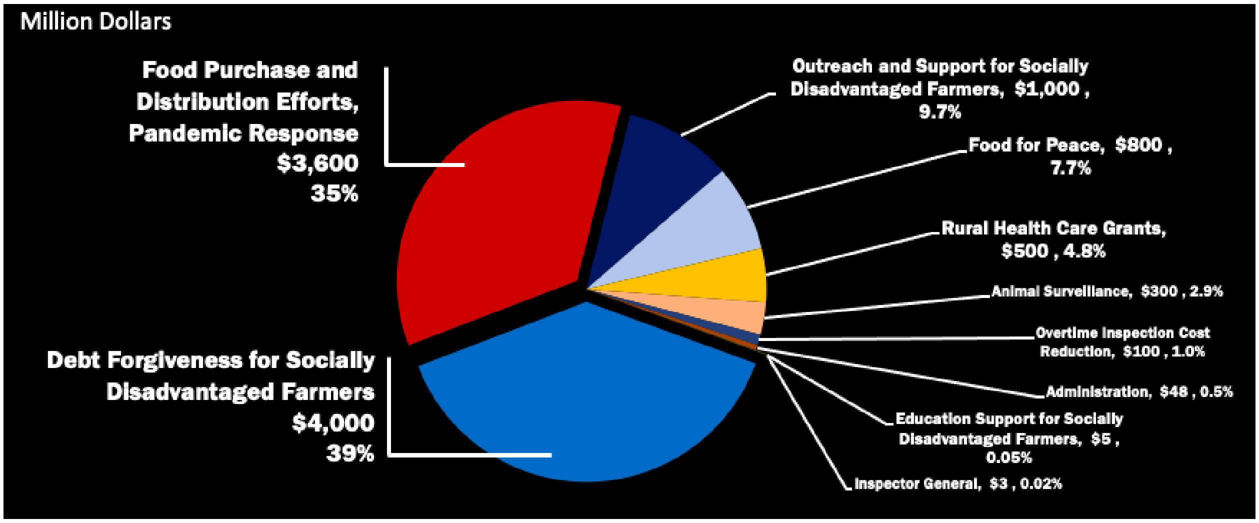


Source: Tax Foundation.

Title I focuses on funding for the United States Department of Agriculture (USDA) and is separated into two subtitles: agriculture and nutrition. When combined, the nutrition and agricultural provisions are estimated to total $22.7 billion. Title V involves modification of small business relief programs, including minor changes to the Paycheck Protection Program (PPP), Economic Injury Disaster Loans (EIDL), and Targeted EIDL Advances. Lastly, Title IX involves Treasury appropriations, such as unemployment benefits and individual tax credits and rebates, including a third round of economic stimulus checks to individuals and families.

The agricultural provisions in ARPA appropriate an estimated $10.4 billion for programs designed to strengthen the agricultural and food supply chains, e.g., animal surveillance or COVID-19 mitigation efforts for agricultural workers; additional resources to purchase and distribute agricultural commodities to nonprofits, restaurants or other food-related entities; increase access to health care in rural communities; and provide debt relief and other support programs for socially disadvantaged farmers and ranchers. Figure 1.

Figure 1. Agricultural provisions of the American Rescue Plan Act of 2021.



Source: American Farm Bureau Federation, American Rescue Plan Act of 2021.

Nutrition

Similar efforts through the Farmers to Families Food Box program (https://www.ams.usda.gov/selling-food-to-usda/farmers-to-families-food-box) have resulted in the delivery of over 140 million food boxes including dairy products, fluid milk, fruits, vegetables and pre-cooked meats. This package differs in that food donation efforts are *now expected to also include other distribution channels* such as restaurants and food-related entities that can receive, store, process and distribute food items. Information on where Farmers to Families Food Boxes will be available and/or a list of non-profit food assistance agencies is available at https://www.ams.usda.gov/selling-food-to-usda/farmers-to-families-food-box/approved-contractors-round-five.

The act appropriates $3.6 billion, approximately 35% of total agricultural expenditures, for the USDA to purchase and distribute agricultural commodities and fund COVID-19 mitigation efforts for agricultural and supply chain workers. Funds are provided to the USDA Secretary to purchase food and agricultural commodities (fresh produce, dairy, seafood, eggs, and meat) for distribution to individuals in need. USDA will also make grant and loan for small and midsized food processors, distributors, producers, or other organizations to respond to COVID. Funds are provided to the USDA for loans and grants to maintain and improve food and agricultural supply chain resiliency.

Other efforts to protect the food and agricultural supply chain include $300 million for animal monitoring and surveillance efforts for the incidence of SARS–CoV–2. Another $100 million is appropriated to reduce fees associated with overtime inspection costs at federally inspected small and very small meat, poultry and egg processing facilities.

ARPA contains changes that extend the temporary increase to SNAP benefit maximum allotments, allocate new administrative funding, and provide support for SNAP online purchasing https://www.fns.usda.gov/snap/provisions-american-rescue-plan-act-2021.

Provisions of ARPA extend the 15% increase in the Supplemental Nutrition Assistance Program (SNAP) through September 30, 2021. Of the $1.5 billion for SNAP, these funds include $1.135 billion for grants to each state agency for fiscal years 2021-203. 75% of these funds will be distributed based on the share of each state's households that participate in the program for the most recent 12-month period. The remaining 25% of the funds will be distributed based on the increased number of households that participate in the program for the most recent 12-month period.

SNAP is the nations most important anti-hunger program. In Louisiana, almost 73% of SNAP participants are in families with children (2019 FY data). More than 36% are in families with members who are elderly or who have disabilities, and more than 37% are in working families (https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_louisiana.pdf). A 43% share of participants in Louisiana have a household income level at or below 50% of poverty. Information from the Louisiana Department of Children and Family Services regarding SNAP can be accessed at http://www.dss.state.la.us/page/93.

The amount of SNAP a Louisiana household receives depends on the number of people in the SNAP household and by their net income. The table below shows the maximum SNAP allotments by household size in Louisiana. SNAP maximum allotments are temporarily increasing by about 15% due to the ongoing coronavirus pandemic (column 5 of Table 2). The increased allotments were approved under the Consolidated Appropriations Act of 2021.

Table 2. SNAP allotment amounts for Louisiana households.

Household Size	Max. Gross Monthly Eligibility Std.	Max. Net Monthly Income Eligibility Std.	Max. SNAP Allotment	Max Allotment for January-June 2021
1	$1,383	$1,064	$204	$234
2	$1,868	$1,437	$374	$430
3	$2,353	$1,810	$535	$616
4	$2,839	$2,184	$680	$782
5	$3,324	$2,557	$807	$929
6	$3,809	$2,930	$969	$1,114
7	$4,295	$3,304	$1,071	$1,232
8	$4,780	$3,677	$1,224	$1,408
Each Add. Member	$486	$374	$153	$176

Source: Louisiana Department of Children and Family Services.

Under ARPA, additional assistance for SNAP online purchasing and technology improvement provides $25 million to make technological improvements to online purchasing, modernize electronic benefit transfer technology, support mobile technologies demonstration projects, and provide technical assistance to educate retailers on the online acceptance of SNAP benefits.

ARPA also provides $37 million for the commodity distribution program to maintain the traditional levels of assistance for food assistance programs, including, but not limited to, distribution to institutions (including hospitals and facilities caring for needy infants and children), supplemental feeding programs serving women, infants, and children (WIC) or elderly persons, disaster areas, and summer camps for children.

The Louisiana Commodity Supplemental Food Program (LA CSFP) is one of forty-three CSFP state programs nationwide, it is currently the third largest CSFP in the country. As of 2020, one sole local agency, Food for Families/Food for Seniors, is allowed to serve a maximum of 51,098 clients each month. The CSFP is designed to improve the diets and health of low-income persons at least sixty years of age (https://ldh.la.gov/index.cfm/page/998).

WIC is a supplemental nutrition program which has been established by USDA to serve eligible pregnant, breastfeeding, and postpartum women, infants and children less than 5 years of age. The Louisiana WIC Program (https://louisianawic.org/) is funded by the USDA and is administered by the Department of Health and Hospitals, Office of Public Health, Nutrition Services (https://ldh.la.gov/index.cfm/page/942).

Other provisions affecting SNAP are contained (Title IX) pertaining to the extension of pandemic unemployment assistance, unemployment compensation, and emergency unemployment compensation.

Unemployment Benefits

ARPA also extends the three federal unemployment insurance expansions first created by the CARES Act through September 6, 2021. The act also increases the total number of weeks of benefits available to individuals who cannot return to work safely from 50 to 79, matching the expiration of the broader unemployment benefits https://www.dol.gov/newsroom/releases/eta/eta20210316.

The law maintains the federal supplement at its current level of $300 a week for weeks beginning after March 14 and before September 6, 2021. The American Rescue Plan provides 53 weeks of federal unemployment benefits after the state benefits end, up from 24 weeks.

ARPA contains a new provision to exempt $10,200 of unemployment benefits received in 2020 from income taxes. The exclusion is retroactive, applying to unemployment insurance benefits received last year, largely to reduce the issue of surprise tax bills. It only applies to individuals with incomes below $150,000. This law will provide tax relief for Americans who lost their jobs and utilized unemployment benefits last year- allowing millions of workers to focus their benefits on covering essentials during the COVID-19 pandemic https://home.treasury.gov/system/files/136/Fact-Sheet-03-18-21.pdf.

Agriculture

ARPA does not have an agricultural commodity ad-hoc payment program. The $11 billion implementation of the Coronavirus Food Assistance Program (CFAP) "CFAP 3" was funded via the previous COVID-19 relief package passed in late December 2020. At present, there have been no specific details as to what the program mechanics of CFAP 3 are or when it will be administered. In 2020, the USDA conducted two separate rounds of CFAP, but the agency had $2.3 billion remaining after providing these payments. On January 15, 2021, the USDA announced it would offer a third round of payments to certain producers with the remaining funds. However, the new Biden Administration has placed a 'Regulatory Freeze Pending Review' memorandum on the $2.3 billion to be used for the third round of CFAP payments, which means USDA is not currently sending payments to producers.

The USDA states "The review of CFAP is ongoing and we anticipate a decision in the weeks ahead. Payments under the CFAP 2 signup that ended December have not been impacted in any way. The deadline of February 26 has been eliminated and the USDA's Farm Service Agency will continue to accept applications during the evaluation period." https://www.farmers.gov/cfap

In addition to the $11 billion earmarked for CFAP 3 in December, another $2 billion to various USDA agricultural programs was authorized in the previous law and is awaiting disbursement.

While ARPA does not appropriate funds directly, it's estimated that $4 billion will be used to provide direct payments of up to 120% of a socially disadvantaged (SDA), e.g., Black, Hispanic, Native American or Asian American farmer's or rancher's outstanding debt as of January 1, 2021. Loans qualifying for payment relief must be already existing as of January 1, 2021. In other words, loans made after January 1, 2021 do not qualify for this debt relief.

The loans include USDA Farm Service Agency (FSA) direct farm loans, USDA guaranteed loans and Commodity Credit Corporation farm storage loans, among others. The additional 20% is intended to pay off the taxes associated with the amount of the direct payment related to the outstanding debt.

An SDA farmer or rancher is a group whose members have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups consist of American Indians or Alaskan Natives, Asians, Blacks or African-Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women. According to the legislation, the term "socially disadvantaged farmer or rancher" has the meaning given to the term in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)).

The USDA FSA makes and guarantees loans to eligible SDA farmers to buy and operate family-sized farms and ranches. Each fiscal year, FSA targets a portion of its direct and guaranteed farm ownership (FO) and operating loan (OL) funds to SDA farmers. Non-reserved funds can also be used by SDA individuals. Direct FO loans and OLs are made by FSA to eligible farmers. Guaranteed FO loans and OL's are made by lending institutions subject to federal or state supervision (banks, savings and loans, and units of the Farm Credit System) and guaranteed by FSA. Typically, FSA guarantees 90 percent of any loss the lender might incur if the loan fails. FO funds may be used to purchase or enlarge a farm or ranch, purchase easements or rights of way needed in the farm's operation, erect or improve buildings, implement soil and water conservation measures, and pay closing costs. Guaranteed FO funds also may be used to refinance debt. OL funds may be used to purchase livestock, poultry, farm equipment, feed, seed, fuel, fertilizer, chemicals, insurance, and other operating expenses. The funds also may be used for training costs, closing costs, and to reorganize and refinance debt. Information regarding loans for SDA farmers and ranchers can be accessed at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2019/sda_loans-fact_sheet-aug_2019.pdf .

The language of ARPA indicates all loans to minority farmers would be eligible for forgiveness. In fiscal year 2020, FSA had 6,852 outstanding loans totaling $1.088 billion in direct loans and guarantees for farmers classified as socially disadvantaged. Oklahoma is the largest state for FSA lending for socially disadvantaged farmers, with 1,189 loans totaling just under $177 million. California has more loan volume, but Texas (428 loans for $88.9 million) and Arkansas (412 loans for $93.8 million) come in higher than California's 446 loans worth $49.1 million. South Carolina ranks fifth on the number of loans with 269, but Louisiana with 242 loans for $65.9 million exceed South Dakota's loan value of $33.1 million. These six states ($507.8 billion) make up nearly 47% of all FSA loans and loan guarantee amounts to SDA classified farmers and ranchers. Program data on FSA Farm Loan Programs can be accessed at https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/program-data/index. Among SDA FSA loan obligations, Louisiana ranks first in guaranteed operating loans with 86 valued at over $46 million. Table 3.

Table 3. FSA Farm Loan Programs for SDA obligations (FY 2020).

State	Direct OL (No.)	Guarantee OL (No.)	Direct FO (No.)	Guarantee FO (No.)	Total Loans (No.)	Total Amount
Oklahoma	648	38	425	78	1,189	$176,834,104
California	354	29	40	23	446	$49,155,562
Texas	293	12	84	39	428	$88,878,739
Arkansas	263	16	79	54	412	$93,859,289
South Dakota	205	17	39	8	269	$33,149,633
Louisiana	133	86	16	7	242	$65,954,646

Source: USDA FSA.

In addition to debt forgiveness, the act appropriates $1.01 billion to provide outreach, training, education, technical assistance, grants and loans, and funding to educational institutions to help improve land access for socially disadvantaged farmers and ranchers and address heir's property issues, among other issues. Of that total, the department must use at least 5% of the fund for outreach, training, and other technical assistance; at least 5% for grants and loans to improve land access and resolve title issues; at least 5% to support agricultural research and scholarship programs by minority-serving institutions, including those in the U.S. territories; and at least 5% to provide assistance to socially disadvantaged farmers and ranchers that experienced adverse actions or discrimination related to farm loans. At least $5 million is allocated to establish commissions to address racial equity issues within the USDA.

To address hunger, food insecurity and support humanitarian efforts around the world, the American Rescue Plan Act of 2021 provides $800 million to the Food for Peace program.

The act provides $500 million for a variety of rural health care efforts, including but not limited to increasing capacity for vaccine distribution, improving access to medical supplies, increasing telehealth capabilities, supporting staffing needs for vaccine distribution or COVID-19 testing and providing nutrition assistance to vulnerable communities.

Small Business Relief

The modification of Small Business Administration (SBA) programs continues, the passage of ARPA brings more changes to the Paycheck Protection Program (PPP) https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program and Economic Injury Disaster Loans (EIDL) https://www.sba.gov/funding-programs/loans/covid-19-relief-options/covid-19-economic-injury-disaster-loan. However, compared to December's Consolidated Appropriations Act, 2021, the SBA changes in this law are relatively minor for those in agriculture.

Title V implements the changes to SBA including an additional $7.25 billion for PPP and increased eligibility for non-profits, an additional $15 billion for targeted EIDL advance grants for severely impacted small businesses of less than 10 employees,, $28.6 billion for a newly funded program for restaurants and food establishments, $175 million for community navigator programs related to accessing funding, an additional $1.25 billion in funding to the shuttered venues grant, and $840 million to SBA to administer programming related to COVID-19, as well as $460 million to administer 7(b) disaster loans.

The $1.25 billion in additional funding set aside for the shuttered venues grant comes on top of the $15 billion funded in the Consolidated Appropriations Act, 2021. While a narrow segment of the agricultural industry, farms with agritourism or on-farm eating establishments which have been adversely affected by COVID-19 may wish to explore this well-funded grant if they have not already accessed PPP.

Individual Tax Relief

Most Americans, including farmers, can expect a third round of COVID-19 stimulus checks. "Recovery rebate" payments are $1,400 per individual, with an additional $1,400 allocated per dependent (Title IX) https://www.irs.gov/newsroom/recovery-rebate-credit and https://home.treasury.gov/news/featured-stories/fact-sheet-the-american-rescue-plan-will-deliver-immediate-economic-relief-to-families. Dependents may be adults. While these stimulus payments are larger than were issued in April and December 2020, the phase-out based on Adjusted Gross Income (AGI) is much faster this time around. Normally, a taxpayer will qualify for the full amount if they have an adjusted gross income of up to $75,000 for singles and married persons filing a separate return, up to $112,500 for heads of household, and up to $150,000 for married couples filing joint returns and surviving spouses. Payment amounts are reduced for filers with incomes above those levels.

Congress increased the 2021 child tax credit to "$3,000 ($3,600 in the case of a qualifying child who has not attained age 6 as of the close of the calendar year in which the taxable year of the taxpayer begins)" and the age for 2021 eligibility increased from children under 17 to children under 18 at year end https://www.kiplinger.com/taxes/602431/child-tax-credit-2021-who-gets-3600-will-i-get-monthly-payments-and-other-faqs. Like stimulus checks, the child tax credit increase is phased out for households with higher AGI's. Advance payments of the child tax credit are now available. Child tax credits are fully refundable in 2021, meaning you can generate a credit in excess of tax liability.

For those that use the earned income tax credits https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc, changes were made to strengthen the 2021 credit, in particular for taxpayers without qualifying children and those not previously meeting the prior defined age requirements. Taxpayers as young as 19 may qualify and there is no age limit in 2021 under the change.

Business Tax Credits

Congress extended use of the Families First Coronavirus Response Act paid sick time and paid family leave tax credits from March 31 to September 30 (Title IX). https://ldh.la.gov/index.cfm/page/3907 and https://www.dol.gov/agencies/whd/ffcra/benefits-eligibility-webtool The credits are available for qualifying small businesses to provide qualifying COVID-19 related paid time off to employees and/or owners. Providing paid time off to receive a vaccine is also now allowed under these credits. Further, Congress reset the limit on the number of sick-leave days. According to the Budget Committee, "the current ten-day limitation runs from the start of the credits in 2020 through March 31, 2021. The new ten-day limitation applies to sick days after March 31, 2021. For self-employed individuals, the ten-day limitation resets on January 1, 2021." The tax credits are available for optional qualifying COVID-19 paid sick and family leave, but the mandatory requirement for small businesses to offer COVID-19 paid leave expired as December 31, 2020.

The Employee Retention Credit https://www.irs.gov/coronavirus/employee-retention-credit also underwent further changes in this law. Congress extended the retention credit provision "through December 31, 2021 [and] modifies the credit such that, beginning after June 30, 2021, the credit will be structured as a refundable payroll tax credit against the hospital insurance tax."

ARPA extends a number of critical tax benefits to small businesses that are intended to help businesses through to the recovery while keeping up their payrolls and still taking steps to protect health outcomes for employees https://home.treasury.gov/news/featured-stories/fact-sheet-the-american-rescue-plan-will-deliver-immediate-economic-relief-to-families.

The Plan extends the availability of the Employee Retention Credit for small businesses through December 2021 and allows businesses to offset their current payroll tax liabilities by up to $7,000 per employee per quarter. This credit of up to $28,000 per employee for 2021 is available to small businesses who have seen their revenues decline, or even been temporarily shuttered, due to COVID.

The Plan also extends through September 2021 the availability of Paid Leave Credits for small and midsize businesses that offer paid leave to employees who may take leave due to illness, quarantine, or caregiving. Businesses can take dollar-for-dollar tax credits equal to wages of up to $5,000 if they offer paid leave to employees who are sick or quarantining. Paid Leave Credits are a powerful incentive to encourage the offer of paid sick and family leave, which will help keep the virus under control by ensuring sick employees can stay home.

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