



Pandemic Assistance for Timber Harvesters and Haulers (PATHH)

Farm Service Agency



Introduction

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- Don't hear audio through your device? Audience phone bridge is available
- Questions should be submitted through the chat box
- Questions as applicable, will be answered and added to the PATHH FAQ page: https://www.farmers.gov/pathh



Today's Discussion

- Funding Authorization
- The Path to PATHH
- Terms & Eligibility
 Requirements
- Application Process
- Payment Formula
- Payment Scenarios
- Resources

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Authorization

The Pandemic Assistance for Timber Harvesters and Haulers (PATHH) Program is authorized through the Consolidated Appropriations Act of 2021:

- Up to \$200,000,000
- For relief to COVID-19 impacted timber harvesting and timber hauling businesses
- Experienced a loss of not less than 10% gross revenue beginning 1/1/2020 and ending 12/1/2020 compared to gross revenue of business between 1/1/2019 -12/1/2019.



What is PATHH?

- Payment program implemented by FSA
- Program collaboration with US Forest Service
- Provides support to timber harvester and hauler businesses impacted by COVID-19 pandemic.
- Available through application signup at FSA offices from July 22 – October 15, 2021.



The Path to PATHH

- Production curtailments
- Severe decline in labor force participation and spike in unemployment
- Decrease in commercial paper demand
- Decrease in forest product exports due to tariffs, European salvage roundwood exports, and virusrelated supply chain constraints





Timber Harvesting Business

A business, also known as a logging business, with its gross revenue derived from one or more of the following:



- Cutting timber;
- Cutting and transporting timber; or
- Producing wood chips on forest land

NOTE: The business must be classified under NAICS Code 113310 for tax purposes.

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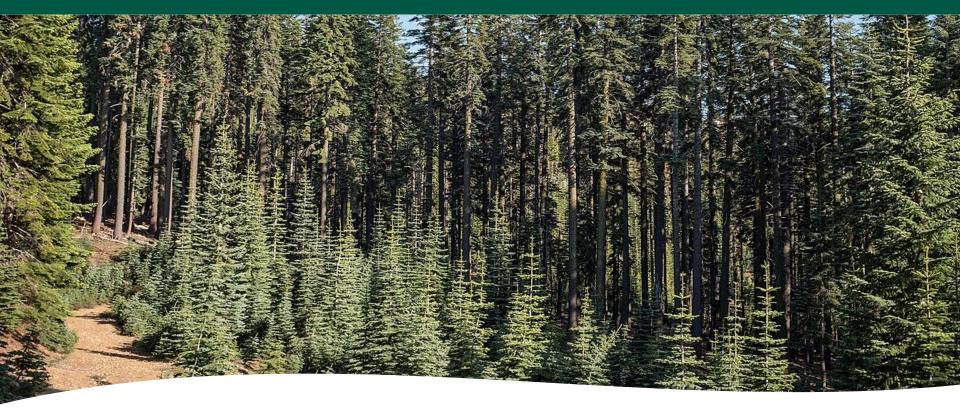


Timber hauling business — means a business, also known as a log hauling business, with its gross revenue derived from transporting products harvested from forest land with vehicles registered as highway motor vehicles used in the transportation of timber.

NOTE: The business must be classified under NAICS Code 484220 or 484230 for tax purposes and have filed IRS Form 2290 specifically for logging vehicles for 2019 and 2020.

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Timber are trees or logs harvested from forest land. It includes trees or logs that have been minimally processed onsite in the forest before transportation from the forest land.

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Gross Revenue & Receipts

Gross Revenue means the business' gross receipts.

Gross Receipts are the total amounts the timber harvesting business or timber hauling business received from timber harvesting and timber hauling activities, without subtracting any costs or expenses. Do not include sale of physical assets, such as machinery or equipment, when calculating gross revenue.



Principal business code is a six-digit number that classifies the main type of product a business sells or service offered.

NAICS is the 2017 North American Industry Classification System. It is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.





ELIGIBLE APPLICANTS

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Eligibility

To be eligible for payment, persons or legal entities must:

- Be in operation as a timber harvester or timber hauler during some portion of both:
 - January 1, 2019 through December 1, 2019; AND
 - January 1, 2020 through December 1, 2020

NOTE: Timber operations that experience normal seasonal fluctuations during the applicable time periods will be considered in operation during the entire applicable PATHH period.



Eligibility

 The business must have had at least a 10 percent gross revenue loss when comparing the 2020 period with the 2019 period.

- The business must have 50 percent or more of its gross revenue derived from timber harvesting, timber hauling, or both during the periods of
 - January 1, 2019 through December 1, 2019;
 AND
 - January 1, 2020 through December 1, 2020



Eligibility

- Be one of the following:
 - Citizen of the United States;
 - Resident alien, which for PATHH purposes means "lawful alien as defined in FSA Handbook 5-PL;
 - Partnership of citizens or resident aliens of the United States;
 - Corporation, limited liability company, or other organizational structure organized under State law and solely owned by U.S. citizens or resident aliens; or
 - Indian Tribe or Tribal organization

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Payment Provisions

- Administrative offsets do not apply.
- Bankruptcy doesn't exclude an applicant from applying for 2020 PATHH benefits.

PATHH payments will be in dollars and cents.





INELIGIBLE APPLICANTS

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Ineligible Applicants:

The following types of applicants are ineligible for PATHH:

- Any person who is not a citizen of the U.S. or a lawful alien.
- Any legal entity or joint operation with a member at any level of ownership who is not a citizen of the U.S. or a lawful alien.
- Any person or legal entity that fails to provide names and tax identification numbers.
- Minor children



Ineligible Applicants:

The following businesses are ineligible for PATHH:

- Residential or commercial tree care (Arborist, Tree Expert, etc.
- Landscape Services
- Timber Brokers
- Trucking businesses that do not transport trees or logs.
- United States Federal, State, and local governments, including public schools as defined in FSA Handbook 5-PL.
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APPLYING FOR PATHH

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FSA-1118 PATHH Program Application and Other Documents

- AD-2047 Customer Data Worksheet
- CCC-901, as applicable
- AD-1026, applicant and affiliates as applicable
- SF-3881 Direct Deposit Form
- FSA-1118 for all timber harvesting and/or hauling operation interests nationwide
- IRS 2290 Heavy Highway Vehicle Use Tax Return for 2019 and 2020, for timber haulers only.
- Principle Business code (NAICS)



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Timber Haulers applying for PATHH must submit:

 IRS-2290 Heavy Highway Vehicle Use Tax Return for logging vehicles for 2019 and 2020

Information and an example of this form on IRS website link: https://www.irs.gov/forms-pubs/about-form-2290

Exception: If a timber hauling business is only operating on Tribal land, Form 2290 is not required.



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	To comply with applicant eligibility and payment limitation provisions: • AD-2047, Customer Data Worksheef, I applicable • CCC-991, Member Information for Legal Entities, if applicable • CCC-991, Member Information for Legal Entities, if applicable To comply with the provisions of the Food Beauty Act of 1985 and protect highly erodible land and wetlands: To comply with the provisions of the Food Beauty Act of 1985 and protect highly erodible land and wetlands: any faming infarests, the applicant can certify to box 5a on the AC-1020. If the applicant is a Timeth Haufer: • IRS Form 2200, Heavy Highway Vehicle Use Tax Return, for logging vehicles for 2019 and 2020. MOTE: A copy of these forms must be summitted to the Fami Service Agency.									Persons with disabilities into require alternative means of communication for program information (e.g., Eraile, laye grint, audictage. American Sign Language, etc.) should contact the responsible sepancy or USDA's TARGET Center (202) 720-7200 (loste and TTY) or contact USDA through the I field program discrimination or complaint, complaint, complaint for make available in anguages other than Englan. To fire a program discrimination complaint, complaint, complaint to program Discrimination Complaint Form, AD-3027, found online at into purpose and complaint for the complaint form, and contact the complaint form of the complaint form. AD-3027 found online at into purpose the late of the into purpose the late of the into purpose the complaint of the into purpose the late of the into purpose								
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PART C -	TIMBER H	ARVESTER/H	AGENCY USE ONLY							
6. Timber Business Type	7. Principal Business Code	8. 2019 Gross Revenue (Jan 1, 2019 – Dec 1, 2019)	9. 2020 Gross Revenue (Jan 1, 2020 – Dec 1, 2020)	10. Origination Date 2019 (Only complete if business operation originated after January 1, 2019)	11. Dissolution Date 2020 (Only complete if business operation dissolved prior to December 1, 2020)	12. Agency Adjusted 2019 Revenue	13. Agency Adjusted 2020 Revenue	14. Agency Adjusted 2019 Origination Date	15. Agency Adjusted 2020 Dissolution Date	
Harvester (Only)										
Hauler (Only)										
Harvester & Hauler										



Applicant is required to **certify** timber harvesting/hauling **Gross Revenue** received for the respective 11-month periods

- 2019 Gross Revenue received 1/1/2019 thru 12/1/2019
- 2020 Gross Revenue received 1/1/2020 thru 12/1/2020

Certification is subject to spot check

- Applicant will retain revenue documents for 3 years
- May be asked to provide documentation by County Committee (COC)



By signing FSA-1118, the applicant is **Agreeing to Part A:**

PART A - TIMBER HARVESTER/HAULER AGREEMENT

The Department of Agriculture (USDA) will make PATHH payments to eligible timber hauling and harvesting businesses that meet the requirements of the program. The following information is needed in order for USDA to make a determination that the applicant is eligible to receive a PATHH payment. By submitting this application, and upon its approval by USDA, the applicant agrees:

- To comply with, and acknowledges the applicant is subject to, all provisions of PATHH as published in the Notice of Funds Availability published in the Federal Register, and all applicable rules and regulations.
- That the applicant meets the definition of a timber harvesting business or timber hauling business and 50 percent or more of the business's gross revenue is derived from harvesting and/or hauling timber
- The applicant's gross revenue between January 1, 2020 and December 1, 2020, declined 10% or more compared to gross revenue between January 1, 2019, and December 1, 2019. NOTE: The time periods are not full calendar years.
- 4. To complete and submit the following forms applicable to the PATHH program:

To comply with applicant eligibility and payment limitation provisions:

- AD-2047, Customer Data Worksheet, if applicable
- . CCC-901, Member Information for Legal Entities, if applicable

To comply with the provisions of the Food Security Act of 1985 that protect highly erodible land and wetlands:

 AD-1026, Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification. NOTE: If the applicant does not have any farming interests, the applicant can certify to box 5a on the AD-1026.

If the applicant is a Timber Hauler:

- IRS Form 2290, Heavy Highway Vehicle Use Tax Return, for logging vehicles for 2019 and 2020. NOTE: A copy of these forms must be submitted to the Farm Service Agency.
- To provide to USDA all information necessary to verify that the information provided on this form is accurate upon request, allow USDA representatives access to all documents and records of the applicant for the purpose of confirming the accuracy of the information provided, and submit all required documents within 60 days from the date the applicant submits this application. Failure of an individual, entity, or member of an entity to timely submit all information required may result in no payment or a reduced payment.

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By checking the boxes and signing FSA-1118, Part D, the applicant is **certifying**:

- ✓ Applicant and all members, if a joint operation or legal entity are US citizen(s) or legal alien(s); or a Tribal entity or Organization
- ✓ Have provided IRS-2290 forms (2019 and 2020), as applicable
- ✓ All information is true and correct to the best of their knowledge
- ✓ Are not an ineligible applicant
 - Residential or commercial tree care service
 - Landscape service
 - Trucking business not hauling logs/timber
 - Timber Broker
 - Federal, State or local government
 - Minor

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FSA-1118 PATHH Program Application may be submitted using any of the following methods:

- > In person
- By mail (must be postmarked by October 15, 2021)
- > Electronically by:
 - > FAX, Scan, or Emailed signed AD-3117
 - www.farmers.gov online application,
 - Box, OneSpan
 - Reminder: Individual applicants can register for a Level 2 eAuthentication account at www.eauth.usda.gov



Applicant Eligibility

Deadline to file Required forms

Applicants are required to file all eligibility documents within 60 calendar days from the date of signing the FSA-1118.

Failure to do so may result in a reduced payment or no payment at all.





Disapprovals

FSA's County Committee (COC) will disapprove FSA-1118 if any of the following occur:

- program eligibility requirements are not met
- person or legal entity applying for PATHH is determined to not to be an eligible applicant
- signature requirements were not met according to 1-CM
- the applicant intentionally misrepresented their total gross revenue

Note: If FSA-1118 was completed but never signed by the applicant or someone on behalf of the applicant, no action will be taken on FSA-1118. It is not considered filed unless it is signed.

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PAYMENT FORMULA

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Payment Limitations

- Payment Limitation is \$125,000
- Indian Tribe or Tribal Organization is not subject to \$125,000 cap



Payment Formula

Payments will be calculated as follows:

The gross revenue for the period of 1/1/19 through 12/1/19,

minus

the gross revenue for the period of 1/1/20 through 12/1/20,

multiplied

by 80%

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Payment Calculation

Initial payment

 Will be made as applications are approved and all eligibility forms are processed.

Final payment

• Will be issued, if the applicant is eligible, after the application period ends.



Payment Calculation

Please note, there is a \$200 million limit to the funding for PATHH.

If the total calculated final payments (in combination with the initial payments) exceed the \$200 million, the final payment amounts may be factored or the maximum payment limitation (\$125,000) may be reduced to stay within the available funding.



Payment Formula

Initial Payment

FSA will issue an initial payment equal to the lesser of:

- The gross revenue for the period of 1/1/19 through 12/1/19, minus the gross revenue for the period of 1/1/20 through 12/1/20, multiplied by 80%; or
- \$2,000

If the initial payment is \$2,000, exactly or less, there will be no final payment or reduction applied.

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Final Payment

After the close of the application period, FSA will issue a final payment.

This payment be equal to:

(the gross revenue for the period of 1/1/19 through 12/1/19, minus the gross revenue for the period of 1/1/20 through 12/1/20, multiplied by 80%) minus \$2,000 of the initial payment

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Operations that Originated in 2019 or Dissolved in 2020

For applicants for which the business

- originated in 2019 after January 1, 2019, and/or
- dissolved in 2020 before December 1, 2020,

the applicant must report the date their business originated and/or dissolved during the eligible period on their FSA-1118 and

FSA will adjust the gross revenue proportionally for the purpose of the payment calculation.



EXAMPLE 1

A business that has been in operation for all of 2019 and 2020

- Timber Business N was created in 1987 and is still in operation today.
- The gross revenue for the business is \$600,420 for 2019 and \$235,000 in 2020.
- The business had a gross revenue loss of 61%.

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EXAMPLE 1

Payment Calculation: (2019 Gross Revenue – 2020 Gross Revenue) x 80%

 $(\$600,420 - \$235,000) \times 80\% = \$292,336$

Initial Payment = lesser of \$2,000 or the payment amount
Initial Payment = \$2,000

Final Payment = \$292,336 - \$2,000 = \$290,336.

Will be reduced to payment limitation, which is equal to \$125,000 - \$2,000 (initial payment). The final payment = **\$123,000**.



EXAMPLE 2

A business that has been in operation for all of 2019 and 2020

- Timber Business L was created in 1943 and is still in operation today.
- The gross revenue for the business is \$5,672 for 2019 and \$4,389 in 2020.
- The business had a gross revenue loss of 23%.

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EXAMPLE 2

Payment Calculation: (2019 Gross Revenue – 2020 Gross Revenue) x 80%

 $(\$5,672 - \$4,389) \times 80\% = \$1,026.40$

Initial Payment = lesser of \$2,000 or the payment amount.

Initial Payment = \$1,026.40

There will be no final payment because the initial payment is less than (or equal to) \$2,000.

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EXAMPLE 3

A seasonal timber business

- ABC Logging was in business for the entire year of 2019 and 2020.
- ABC Logging was unable to complete any timber harvesting or hauling due to "mud season" in the month of March of 2019 as well as during part of February and March of 2020.
- They certified gross revenue in 2019 of \$300,000, and a gross revenue in 2020 of \$150,000.
- The business had a gross revenue loss of 50%.

Note: Because the business was seasonal, but in existence during all of 2019 and 2020, the gross revenue for each year does not need to be adjusted due to the seasonality. The business should certify items and 9 in Part C of the FSA-1118.

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EXAMPLE 3

Payment Calculation: (2019 Gross Revenue – 2020 Gross Revenue) x 80%

 $(\$300,000 - \$150,000) \times 80\% = \$120,000$

Initial Payment = lesser of \$2,000 or the payment amount.

Initial Payment = \$2,000

Final Payment = \$120,000 - \$2,000 = **\$118,000**



Payment Formula Agriculture

EXAMPLE 4

A business dissolved in 2020

- Timber Business B started operating in 1979, due to the pandemic the business dissolved on August 23, 2020.
- The gross revenue for the business in 2019, which was in operation for the entire 335-day PATHH period in 2019, was \$500,000 and its gross revenue in 2020 for the 236 days from January 1, 2020, to August 23, 2020, was \$100,000.
- The business has a gross revenue loss of 72%.



EXAMPLE 4

Payment Calculation: (2019 Gross Revenue – 2020 Gross Revenue (proportioned to be equal to 11 months (336))) x 80%

(\$500,000 – ((\$100,000 / 236 days) x 336 days) x 80%

 $(\$500,000 - \$142,372.881 (not rounded)) \times 80\% = \$286,101.70$

Initial Payment = lesser of \$2,000 or the payment amount
Initial Payment = \$2,000

Final Payment = \$286,101.70 - \$2,000 = \$284,101.70.

Will be reduced to payment limitation, which is equal to \$125,000 - \$2,000 (initial payment). The final payment = **\$123,000**.

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Utilizing the Customer Call Center

- FSA applicants can call: **877-508-8364**
- Work one-on-one with an employee and get a direct transfer to the applicable service center.

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Limited English Proficiency Resources

FSA offices offer language interpretation services for customers with Limited English Proficiency.

Customers need only to ID their language to the office employee.

Call Center: Press 2 for Spanish



Stakeholder Toolkit

Available on www.farmers.gov/pathh



Contents to help you amplify the program:

- Key Messaging Points
- Newsletter Article
- Sample posts for social media activity
- FSA Office Locator: www.offices.usda.gov



FSA State Outreach Coordinators Partnering with State Foresters





COORDINATED WEBINARS FOR TIMBER HARVESTERS/HAULERS

Visit: www.fsa.usda.gov/outreach
Click on State Outreach Coordinators

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