Pandemic Assistance for Timber Harvesters and Haulers Program (PATHH)
1. Welcome: Cody Desautel, ITC
2. Invocation: Don Motanic, ITC
3. Presentation:
   • Julie Tucker, USDA Forest Service
   • Jody Kenworthy, USDA Farm Service Agency
4. Question and Answer Time

Others supporting the webinar today:
• Laura Alvidrez, ITC
• Reed Robinson, USDA Forest Service Office of Tribal Relations
• Sherri Wormstead, USDA Forest Service
“Like many facets of the agriculture industry, the logging industry has experienced its share of financial hardships throughout the pandemic,” said FSA Administrator Zach Ducheneaux.

“We’re happy to work with the U.S. Forest Service to develop this new program to provide critically needed support.”
“We’ve heard from loggers and truckers whose livelihoods were significantly impacted this past year by the COVID-19 pandemic, and we are pleased that USDA can help alleviate some of the financial burden,” said former Forest Service Chief Vicki Christiansen.

“I encourage those logging and log-hauling businesses hardest hit by the pandemic to learn more about the assistance offered through this new program.”
Farm Service Agency and U.S. Forest Service are grateful for Intertribal Timber Council’s contributions to develop a program that is responsive to the needs of tribal businesses.
The Secretary of Agriculture may use not more than $200,000,000 to provide relief to timber harvesting and timber hauling businesses that have, as a result of the COVID–19 pandemic, experienced a loss of not less than 10 percent in gross revenue during the period beginning on January 1, 2020, and ending on December 1, 2020, as compared to the gross revenue of that timber harvesting or hauling business during the same period in 2019.
A decrease in wood raw material consumption and delivered prices resulted in a 13.0% drop in total US delivered value from January to July 2020 compared to the same period in the prior year.
Impact to Delivered Wood Raw Material

Reductions during pandemic:

$1.83 Billion (-13.0%)

21.4 Million Tons (-6.7%)
Definitions for PATHH
For PATHH, the following definitions apply:

- **Gross Revenue** - means the business’s 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.
• *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.
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.
• *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 for logging vehicles for 2019 and 2020.*
Eligible Applicants
Distribution of logging and log hauling establishments

Logging Businesses

- Sole Proprietor: 88%
- 1 to 4 employees: 1%
- 5 to 9 employees: 1%
- 10 to 19 employees: 3%
- 20 or more employees: 7%

Log Hauling Businesses

- Sole Proprietor: 84%
- 1 to 4 employees: 1%
- 5 to 9 employees: 1%
- 10 to 19 employees: 2%
- 20 or more employees: 11%
Eligible Applicants

• **Timber Harvesters (aka Loggers)**
  Loggers are workers who perform the initial harvesting and transport of trees for ultimate processing into forest products. The process of cutting, processing, and moving trees includes skidding, on-site processing, and loading of trees or logs onto trucks or rail cars.

• **Timber Haulers (aka Log Truck Drivers)**
  Log truck drivers use semi trucks, 18-wheelers and other large vehicles to transport unprocessed wood, logs and other lumber products. Log truck drivers often work for lumber producers, mills and logging companies. They can also work as independent owner-operators of their own trucks and contract their services to different businesses.
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 PATHH applicable period.
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
Be one of the following:

- **Citizen** of the United States
- **Resident alien**, which for PATHH purposes means “lawful alien as defined in 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
- **Indian Tribe or Tribal organization**

**NOTE:** Minor children **NOT** are eligible for a payment under PATHH.
Applicants are required to provide the name and taxpayer identification number of each person and/or legal entity that holds an ownership interest ("members" of a business).
Ineligible Applicants
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
The following businesses are ineligible for PATHH:

Residential or commercial tree care
(aka Arborist, Tree Experts, etc.)

Residential or commercial tree care is the application of arboricultural methods like pruning, trimming, and felling/thinning in residential and/or commercial built environments.
Landscape Services

Landscaping services are the construction, installation and maintenance of lawns, trees, yards, shrubs, gardens, patios, related grounds and other outdoor areas which are owned by others.
Timber Broker

Timber brokers/buyers are people who buy and sell standing timber and logs.
They can work independently or directly for mills.
Ineligible Applicants

• Trucking businesses that do not transport trees or logs.

• United States Federal, State, and local governments, including public schools as defined in 5-PL.
Applying For PATHH
Getting Started!

FSA-1118 PATHH Program Application and Other Documents

- AD-2047 Customer Data Worksheet
- CCC-901, as applicable
- AD-2106, optional
- AD-1026, applicant and affiliates as applicable
- 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.
FSA-1118 PATHH Program Application may be submitted using any of the following methods:

- In person [https://www.farmers.gov/working-with-us/service-center-locator](https://www.farmers.gov/working-with-us/service-center-locator)

- By mail (must be postmarked by October 15, 2021)

- Electronically by:
  - FAX, Scan, or Email signed FSA-1118
  - [www.farmers.gov](http://www.farmers.gov) online application
  
  
- Box, OneSpan
**PART A -TIMBER HARVEST STERNSHAULIER AGREEMENT**

1. A timber harvest will be in accordance with the requirements of the Forest Service or the appropriate land management agency.

2. The applicant agrees to comply with all applicable laws, rules, and regulations.

3. The applicant will provide the necessary permits and documentation to harvest the timber.

4. The applicant will provide the necessary equipment and personnel to perform the harvest.

5. The harvest will be conducted in an environmentally sensitive manner.

**PART B - TIMBER HARVEST STERNSHAULIER INFORMATION**

- **Harvester Name:** [Harvester Name]
- **Type of Equipment:** [Type of Equipment]
- **Number of Harvesters:** [Number of Harvesters]
- **Estimated Harvested Volume:** [Estimated Harvested Volume] cums

**PART C - TIMBER HARVEST STERNSHAULIER REVENUE**

- **Truck Type:** [Truck Type]
- **Payload Capacity:** [Payload Capacity] cums
- **Average Load:** [Average Load] cums
- **Revenue per Load:** [Revenue per Load]

**PART D - TIMBER HARVEST STERNSHAULIER ADDITIONAL INFORMATION**

- **Date of Harvest:** [Date of Harvest]
- **Location:** [Location]
- **Contact Person:** [Contact Person]
- **Phone Number:** [Phone Number]
Applying for PATHH

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.

1. 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.
2. 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.
3. 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 (HEL) 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.
5. 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.
Applying for PATHH

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
  - Item #8 of Part C of the FSA-1118
- 2020 Gross Revenue received 1/1/2020 thru 12/1/2020
  - Item #9 of Part C of the FSA-1118

Certification is subject to spot check

Applicant will retain revenue documents for 3 years
COC may request documentation
Businesses applying for PATHH that either:

- Started operations in 2019 and/or,
- Closed in 2020

Must report:

- origination date and/or,

  (Item #10 of Part C of the FSA-1118)

- dissolution date

  (Item #11 of Part C of the FSA-1118)
Applying for PATHH

By 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, 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
What else does the Applicant need to provide at the time of application?

- Principle Business code (NAICS)
- IRS-2290 Required for Timber Haulers
Applying for PATHH

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.
The following documentation will support an applicant’s claim that 50% or more of their gross income came from timber harvesting or hauling. Any of the primary documentation maybe provided on its own to support this, while secondary documentation must be provided with primary documentation to support an applicant’s eligibility.
Primary documentation

• Documents showing detailed timber harvesting equipment or log-hauling truck(s) showing ownership, bank loan or mortgage, lease, ad valorem tax documents, and/or insurance coverage.

• For loggers & haulers that work on federal lands in the West, Forest Service or BLM documentation, e.g., contracts, scale tickets, or other documents such as insurance or safety inspection documents.

• For businesses that work solely with private lands/timber, similar/equivalent documentation could be available from private landowners or the mills that they do business with-- receipts or scale tickets indicating they harvested or hauled certain amounts of logs on particular dates, purchased timber access from a landowner, and/or sold or delivered logs to mills.
Secondary documentation

- Letter from CPA noting their business structure and guidance for deviating from the NAICS code
- Logger safety training certification
- Professional logging association membership
- State employment job worker’s compensation classifications of employees
The FSA-1118 will not be approved 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
- 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, take no action on FSA-1118. It is not considered filed unless it is signed.
- Payment Limitation is $125,000

- Indian Tribe or Tribal Organization is not subject to $125,000 cap
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%.
• Initial payment
• Final payment
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.
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.
Final Payment

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

This payment be equal to:

(\text{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%}) \text{ minus the $2,000 of the initial payment}
Payment Calculation Examples
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%.
EXAMPLE 1

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

($600,420 - $235,000) x 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 minus $2,000 (initial payment).
The final payment = $123,000.
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 8 and 9 in Part C of the FSA-1118.
EXAMPLE 3

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

($300,000 - $150,000) x 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
EXAMPLE 4

A business originated in 2019

• Timber Business A was created on July 17, 2019, and is still in operation today;

• therefore, it was in operation during PATHH program periods Jan 1, 2020 – Dec 1, 2020 (336 days) and from July 17, 2019, to December 1, 2019 (138 days).

• The gross revenue for the business is $140,000 for 2019 and $200,000 in 2020.

• The business had a gross revenue loss of 41%. 

EXAMPLE 4

Payment Calculation: (2019 Gross Revenue (proportioned to be equal to 11 months (335 days)) – 2020 Gross Revenue) x 80%

$$\left(\frac{140,000}{138 \text{ days}} \times 335 \text{ days}\right) - 200,000 \times 80\%$$

($339,855.072$ (not rounded) - $200,000) x 80% = $111,884.06

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

Initial Payment = $2,000

Final Payment = $111,884.06 - $2,000 = $109,884.06.
Questions?

Pandemic Assistance for Timber Harvesters Program Webpage: https://www.farmers.gov/coronavirus/pandemic-assistance/pathh

Locations of Farm Service Agency Service Centers: https://www.farmers.gov/working-with-us/service-center-locator