



Paul J. Diodati
Director

Commonwealth of Massachusetts

Division of Marine Fisheries

251 Causeway Street, Suite 400

Boston, Massachusetts 02114

(617)626-1520

fax (617)626-1509



Deval Patrick
Governor

Maeve Valley Bartlett
Secretary

Mary B. Griffin
Commissioner

Phase 1 Groundfish Disaster Relief Assistance Cap on the Amount of Assistance that may be Received by a Single Entity

Background

On September 12, 2012, the Department of Commerce declared a groundfish disaster for the Northeast Multispecies Fishery for the 2013 fishing year in the states of Massachusetts, Maine, New Hampshire, Rhode Island, Connecticut and New York. The request for this disaster declaration was made by Governor Patrick and other elected officials in response to the documented economic hardships faced by the Northeast groundfish industry. As part of the FY 2014 federal budget, Congress approved \$75 million in fishery disaster aid, of which \$32.8 million is to be distributed as grant funds to the above states affected by the Northeast groundfish disaster. Under the May 2014 distribution plan agreed to by the New England states, in partnership with NOAA, the Commonwealth of Massachusetts will receive a total of \$14.5 million, to be distributed in two phases:

- \$6.3 million in direct subsidies to pre-identified active commercial groundfishermen (Phase 1) ; and
- \$8.2 million to fund additional assistance strategies in a state program (Phase 2).

Under Phase 1, permit holders whose vessel(s) landed at least 5,000 pounds of groundfish in any one of the past four fishing years (FY 2010-2013) are eligible to receive as much as \$32,500 for each qualifying Moratorium Rights Identifier (MRI)¹. The National Marine Fisheries Service (NMFS) allows a state's funding allocation plan to be more restrictive than the federal criteria, which may include a state's imposition of a cap on the total amount of aid that any one single entity may receive under the Phase 1 program. For the reasons summarized below, the Commonwealth has determined that such a cap is a necessary component of its Phase 1 funding allocation program.

The Phase 1 Cap

Justification

Although the Commonwealth is receiving the majority of the disaster relief funds allocated to the Northeast states, this amount is still not enough to make financially whole all of the potentially eligible Massachusetts groundfishermen and communities impacted by the fisheries disaster.

¹ A Moratorium Rights Identifier (MRI) is a unique NMFS-issued number that identifies the unique permit history that qualifies for a specific groundfish quota. Only a single MRI can be assigned to a permitted vessel. NMFS qualified eligible permit holders in Phase 1 at the MRI level.

Moreover, it is not uncommon for a single fisherman to have a common ownership interest in multiple permitted vessels that are attributed to different legal owners such as corporations. As was the case with the federal disaster aid program administered by the Commonwealth in 2008, a cap on the total funding received by a single entity is necessary to ensure that the limited funds allocated to the Commonwealth are distributed to the greatest number of eligible fishermen, crew and communities affected by the groundfish disaster. Consistent with the objectives of these federal disaster relief funds, the application of a funding cap also promotes the Commonwealth's goals of minimizing socio-economic impacts on the Commonwealth's fishing industry and communities and effectuating an equitable distribution of access to our fisheries.

Definition of "Single Entity"

For the purposes of the cap, a "single entity" means the existence of a common ownership interest, as determined by DMF, in two or more eligible permits that warrants attributing such permits to a single "owner," notwithstanding that the permits may be held in the name of separate corporations or other legal owners. In making such a determination, DMF will consider all relevant information including, but is not limited to:

- the name of the holder of permits issued by the National Marine Fisheries Service (NMFS) and/or DMF associated with the eligible Moratorium Right Identification (MRI) landings history data;
- the existence of a common ownership interest in two or more entities based on a review of the articles of incorporation and/or other corporation documents on file with the Commonwealth of Massachusetts's Corporation Database;
- the identity of the sector member on the associated sector operations plan for the eligible MRI;
- the identity of the vendor on the state contract pursuant to DMF will distribute the Phase 1 funds to an eligible entity;
- whether two or more legal owners seeking assistance are members of the same family household.

The Amount and Application of the Phase 1 Cap

No single entity, as determined by DMF, may receive Phase 1 disaster aid in excess of an amount equivalent to \$354,198, which also translates to a payment of up to \$32,500 for 10.9 eligible MRIs attributed to a single entity. This \$354,198 cap amount represents the average, annual revenue earned by an active vessel from groundfish trips during the fishing years (FY) 2009 to 2012, excluding skiffs (i.e. vessels <30' in length), and is derived from data in the "*2012 Final Report on the Performance of the Northeast Multispecies (groundfish) Fishery (May 2012 – April 2013)*".

If a single entity has 10.9 eligible MRIs or less, it will receive \$32,500 in disaster relief funds for each MRI. If a single entity has more than 10.9 eligible MRIs, each of those MRIs will be allocated an equal payment of less than \$32,500, with the total amount paid to the single entity not to exceed the cap of \$354,198.