



The Commonwealth of Massachusetts

Division of Marine Fisheries

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CARES ACT Relief Round 2: Commercial Fishing Working Group Meeting Summary for April 26, 2021

Attendees

Working Group: Edward Barrett, Beth Casoni, Albert Cottone, Shelley Edmundson, George Krikorian, Drew Minkiewicz, Jackie Odell, and Daniel Orchard.

DMF Staff: Melanie Griffin (Sector Co-chair), Jared Silva (Sector Co-chair), Maren Budrow, Kevin Creighton, Stephanie Cunningham, Erich Druskat, Julia Kaplan, Jeff Kennedy, Maggie Nazarenus, Christian Petitpas, Story Reed, and Anna Webb.

Background

The Commonwealth of Massachusetts has been allocated an additional \$23.3M in fisheries assistance funding for seafood processors, commercial harvesters, aquaculturists, and for-hire fishing operators negatively impacted by the COVID-19 pandemic in 2020. A total of \$255M in funding was provided by the Consolidated Appropriations Act of 2021 in support of activities previously authorized under Sec. 12005 of the Coronavirus, Aid, Relief, and Economic Securities Act (“CARES Act”), for which the states’ allocations were determined by the US Commerce Department. For this “Round 2” funding, the Massachusetts Division of Marine Fisheries (DMF) will again utilize input from its industry advisory panel and sector working groups to finalize a spending plan. Complete details, including working group presentations and meeting summaries, are being provided as they become available at:

<https://www.mass.gov/service-details/mass-cares-act-fisheries-relief>.

Meeting Summary

The Commercial Fishing Working Group held its first Round 2 meeting on April 26, 2021, to review the Round 1 CARES program and advise DMF on any recommended revisions to the program for Round 2. Suggested revisions included: 1) the time period used for calculating a 35%+ revenue loss; 2) inclusion of tariff relief in calculating a 35%+ revenue loss; 3) expanding the application process to be more inclusive of those individuals who may have had health or vessel issues during the five-year (2015-2019) qualifying lookback period; and 4) providing applicants with a calculation of their “made more than whole” limit. The Working Group was generally supportive of DMF’s suggested plan for Round 2 and agreed to meet again to review a more fully developed approach.

Round 1 Summary

The Working Group first reviewed the Round 1 Commercial Fishing CARES Act program and the outcomes of Working Group decisions made during the initial stages of the program. Round 1 eligibility criteria included that applicants must have held a 2020 MA Commercial Fishing permit, must have suffered a 35% revenue loss between March 1 and July 31, as compared to average revenue from the same dates over the previous five years, must have made at least \$15,000 in ex-vessel income in any year from 2017 to 2019, must have been a MA resident or a non-resident that held a MA permit and did not hold a permit in their home state. Ex-vessel income was used to sort eligible applicants into six tiers for payment.

DMF sent blank applications to all 2020 MA Commercial Fishing Permit Holders and ultimately accepted 566 applications for payment. A total of 257 applications submitted to DMF were ineligible for reasons including not meeting the 35% revenue loss threshold, appeal denials, and incomplete applications. One commercial permit holder returned part of their Round 1 payment because they were made “more than whole”. The returned money will be used to recover administrative costs, as DMF did not budget for most of the labor costs incurred by managing this program.

Round 2 Allocation of Funds Among Sectors

DMF proposed each sector (commercial, processors, aquaculture and for-hire) receive 75% of the funds allocated to them in Round 1, leaving about 10% of the overall \$23.3 million allocation to be set-aside for eventual distribution to the sector(s) with the greatest need. This equates to an approximate minimum allocation of \$8.9 million for the commercial fishing sector. For this to happen, DMF would run the application process for all four sectors simultaneously.

Round 2 Time Period(s) for Calculating Revenue Loss

DMF suggested that all individuals eligible in Round 1 could be automatically qualified for Round 2, as they already have met program criteria, specifically the 35% revenue loss compared to the initial qualifying period (March 10 – July 31) during the prior five years. The new legislation did not alter this 35% loss federal mandate. The group agreed with pre-qualifying individuals eligible under Round 1 and discussed adding an additional time period that could be used for the revenue loss calculation to be as inclusive as possible.

While some members supported adopting a qualifying period that extended past July 31, other members—and DMF data—suggested the most severe losses were seen in early 2020 and revenues in many fisheries had recovered by the last quarter of 2020. The group discussed the strategy of participants choosing their own time period for the revenue loss calculation. This approach was not supported by DMF due to the administrative burden it would present and noted other states that adopted this approach in the initial program are now facing a high number of repayments after recipients found themselves made more than whole. It was ultimately decided that shortening the qualification period for new applicants would likely be the most inclusive approach. DMF would analyze this data for the second meeting.

Round 2 Traditional Revenue Calculation

DMF will seek NOAA guidance about including income from the Seafood Trade Relief Program as 2019 revenue when calculating traditional revenue.

DMF and the Working Group agreed to explore the exclusion of certain years from the revenue loss comparison in the case of events like medical hardships or vessel breakdowns. During Round 1, DMF had not allowed for exceptions in the calculation, as instructed by NOAA Fisheries, but noted that other states included such exceptions in their spending plans.

Round 2 “Made More than Whole” Calculation

In response to requirements that applicants are not to be “made more than whole” by their 2020 revenue as compared to a traditional year, DMF proposed to include a calculation worksheet in Round 2 applications to help applicants determine what their maximum payment could be under Round 2. The Working Group asked DMF to pursue federal guidance from the Office of Management and Budget (OMB) or NOAA Fisheries on what income must be included.

Next Steps

The Working Group will meet in the coming weeks to finalize the period(s) used in the revenue loss calculation and to review any further NOAA guidance on the “made more than whole” mandate and use of tariff relief funds in the loss calculation.