



The Commonwealth of Massachusetts

Division of Marine Fisheries

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CARES ACT Relief Round 2: For-Hire Fishing Working Group Meeting Summary for April 15, 2021

Attendees

Industry Members: Mike Pierdinock (F/V Perseverance), Willy Hatch (F/V Machacha), Don Cianciolo (F/V Laura-Jay), Tim Brady (F/V Mary Elizabeth), Joe Huckemeyer (Helen H Fleet).

DMF Staff: Dan McKiernan, Director; Mike Armstrong, Co-Chair; Nichola Meserve, Co-Chair; Kevin Creighton; Stephanie Cunningham; Maggie Nazarenius; Matt Ayer; John Boardman; Dave Martins; Jeff Kennedy.

Background

The Commonwealth of Massachusetts has been allocated an additional \$23M 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 Department of Commerce. 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 the necessary Fisheries Relief 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 For-Hire Working Group held its first Round 2 meeting on April 15, 2021 to review the outcome of the Round 1 for-hire program and advise the Division on any recommended revisions to the program for Round 2.

The working group reviewed how roughly \$1 million (of a total \$28 million state allocation) was awarded to the for-hire sector in Round 1 including the general eligibility criteria, the permit-specific vessel size and activity level tiering system, the status of applications mailed, submitted, appealed and paid out, and how the amount of payments compared to the reported revenue loss of funded applicants. Refer to the meeting presentation for full details.

For Round 2, eligibility criteria that were based on the enabling legislation or NOAA Fisheries' directive will still need to apply including: a minimum 35% revenue loss requirement, although the specific time period within 2020 for comparison to the prior five-year average is at DMF's discretion; the "not made more than whole" requirement for annual 2020 revenue; the minimum age of 18 years at time of application; the need to be in good standing with the State and Federal government; and the state residency requirement (except for non-residents who don't hold a permit in another state may qualify). Programmatic elements that could change include the apportionment of the state's allocation among the four sectors (Round 1 was 49.6% to seafood processors, 42.6% to commercial harvesters, 4.15% to

aquaculturists, and 3.6% to for-hire fishing operators); the requirement to have held a MA 2020 Charter Boat or Head Boat permit by June 1 as specified in Round 1; and the specifics of the activity and vessel size tiering and associated payment shares utilized in Round 1.

The working group began by discussing the impacts of COVID-19 on the for-hire fleet in 2020. For some, the first half of the year represented the greatest losses because the restrictions on gathering had been at their most restrictive then, while others that typically focus their activities on the summer months likely felt their greatest losses then. Additional differences among the fleet, such as reliance on out-of-state tourists or overnight trips and typical group size and type, resulted in variable loss percentages. With additional interest in outdoor activities, some operators may have had above average years, while other operators cancelled all trips for the year and had 100% losses.

Due to the variability in the timing of revenue loss in 2020, the working group supported an approach for the revenue loss calculation period that would use the same period as Round 1 for anyone that had already qualified (March 1–June 30), yet provide a second, longer period (e.g., March 1–December 31) for additional applicants to potentially qualify. In so doing, the deadline to have had a 2020 MA for-hire permit will change from June 30 in Round 1 to December 31 in Round 2. The working group also reconfirmed their support for the previously used trip count and vessel size qualifiers to target the funding towards more full-time for-hire fishing operations as well as those with higher fixed costs.

The working group appreciated how the Division had factored in revenue loss expectations to increase the for-hire allocation in Round 1 above the percent based on NOAA Fisheries' estimated revenue history alone, and supported a similar approach for Round 2. They were receptive to the Division's idea to establish a set-aside that would be distributed among the four sectors based on the greatest remaining needs as identified in data collected during the application process.

For the within-sector split to charter and head boats, the working group reviewed how the Round 1 split was determined (by expediting the initial allocation amount to head boats, and providing the balance of \$1M to charter boats). While the Round 1 application data indicated that payments made to head boats represented a smaller portion of lost revenue than for charter boats, the working group did not make any specific recommendations to change the within-sector split. The set-aside approach could be used to address any ongoing discrepancy in Round 2, or DMF may consider making a revision to the within-sector split given working group input on the differences in continued losses between the two permit categories.

It was also explained to the working group how eligible applicants' payments will be capped in Round 2 by the "made more than whole" restriction. Applicants will have to provide the specific amounts of traditional and COVID-related revenue sources in 2020, and their average 2015-2019 annual revenue for comparison. Any capped payments will result in more funds available for others in the for-hire pool.

By meeting's end, it appeared unlikely that the working group would need to be formally reconvened unless specific questions arise that can't be handled by email. Representatives from the for-hire working group will attend the industry advisory panel meeting, consisting of individuals from each sector, once all working groups have met.