



The Commonwealth of Massachusetts

Division of Marine Fisheries

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Director

CARES ACT Relief For-Hire Fishing Working Group Meeting #2 Summary: June 24, 2020

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), Chris Charos (Captain’s Fishing Parties).

DMF Staff: Dan McKiernan, Director; Mike Armstrong, Co-Chair; Nichola Meserve, Co-Chair; Kevin Creighton; Stephanie Cunningham; Maren Budrow; Jared Silva; Story Reed; Matt Ayer; John Boardman; Dave Martins; Greg Skomal; Julia Kaplan.

Background

The Division of Marine Fisheries (DMF) has been tasked with distributing \$28M in fisheries disaster relief from the Coronavirus, Aid, Relief, and Economic Securities Act (“Cares Act”) to four affected sectors: seafood processing, commercial fishing, aquaculture, and for-hire fishing (party and charter). The for-hire sector will receive \$1M. DMF assembled an industry advisory panel to guide the development and administration of the relief program, as well as four working groups to develop sector-specific spending plans. Some of the considerations for each working group include minimum eligibility criteria; whether and how to tier payments to the eligible applicant pool; and any further restrictions on payments. The For-Hire Working Group held its second meeting on June 24, 2020. Presentations and meeting summaries for all related meetings are available at: <https://www.mass.gov/service-details/mass-cares-act-fisheries-relief>.

Head Boat Relief Program

The Working Group reviewed the Division’s final recommendations for the Head Boat Relief Program. Under the program, \$416,000 will be paid out to eligible head boat permit holders using a tiering system based on vessel size and vessel activity. Forty-five permitted vessels—those meeting the general eligibility criteria of holding a 2020 head boat permit by June 1 and having held a 2019 permit—will be pre-assigned to a payment bin using available data on vessel length and annual trip count. Based on input from the Working Group’s first meeting, the Division had since identified specific annual trip levels to use in the categorization of activity levels and selected the weighting factors to determine how much of a payment share each bin assignment will receive (see table).

<i>Head Boat Tiering System and Bin Shares</i>	Inactive (<10 trips or ineligible)	Limited (10–40 trips)	Active (41+ trips)
Small (≤40')	0	0.0625	0.25
Medium (41' to ≤65)	0	0.15625	0.625
Large (66'+)	0	0.25	1

Applicants will be able to appeal their bin assignment, with vessel logbooks being the Division's basis for approving or denying appeals of activity level. Payments will be made per eligible permitted vessel (i.e., no cap on multi-permit holders other than the general requirements to not exceed normal revenues and to have suffered a 35% revenue loss during March–June compared to prior years caused by COVID-19). Payments per bin will not be finalized until all appeals are settled but based on the Division's preliminary bin assignments would range between \$2,000 and \$30,000 per eligible vessel depending on their bin.

The Division's intended timeline to implement the Head Boat Relief Program had been slightly delayed by awaiting legal language for self-certification of eligibility from NOAA Fisheries, but with the Working Group's support of the final recommendations, the Division was ready to immediately send the applications out electronically. The applications would include a deadline of June 30 to respond, and if applicable, appeal a bin assignment. Staff would be calling each potential applicant the next day to ensure receipt of the application and answer any questions, and would be available to visit the vessels and check logbooks for any appeals. The Division anticipated that payments could then be made in early July pending the availability of funding. The Working Group supported the Division's final recommendations, and the Division initiated the Head Boat Relief Program on June 24.

Charter Boat Relief Program

The Working Group reviewed some initial recommendations from the Division for the Charter Boat Relief Program and offered further input where requested. Under the program, \$584,000 will be paid out to eligible charter boat permit holders. The Division was again recommending the use of available data to pre-assign each permitted vessel to a bin based on vessel size and vessel activity. The Division proposed to use each vessel's highest reported annual trips in either VTR or permitting questionnaire data across 2018–2019 to assign activity. The Working Group reviewed the frequency distribution of the potential applicant pool's vessel length (ranging from 16–72', 50% percentile = 28') and vessel activity (ranging from 0–300 trips, 50% percentile = 12 trips). Using these preliminary data, the Division provided several examples of thresholds for vessel eligibility and tiering and sought the Working Group's advice.

The Working Group unanimously supported a 50-trip count for eligibility, as well as tiering vessel size by two groups: <28' and ≥28'. The Working Group identified 50 trips as a minimum amount to support a full-time chartering business and was a level that had past precedence in the Commonwealth's groundfish disaster relief program. It aligns with roughly the top 25% of vessels by their preliminary activity level (vessel count of 165). The Panel discussed having a second tier for activity (e.g., 100 trips) but this was ultimately disfavored because it would disadvantage vessels that do more multi-day trips compared to those that do more multi-trip days but otherwise spend a similar number of days at sea. The Panel further supported using VTR data over permitting questionnaire data for binning the activity level of vessels with both (which is expected to bump some vessels from eligible to non-eligible). The Working Group supported having two tiers for vessel size based on the higher operating costs associated with larger vessels and identified 28' as a minimum size for carrying six anglers and an appropriate dividing line. The Working Group offered no alternative to the Division's example of paying smaller eligible vessels half of that of larger eligible vessels. Based on preliminary data, payments may range between \$2,000 (<28') and \$4,000 (≥28') per eligible vessel.

The Division offered an additional recommendation to the Working Group to change one of the for-hire sector general eligibility criteria with regards to the Charter Boat Relief Program: a 15-day grace period on the June 1 deadline for holding a 2020 charter boat permit. The Division's rationale was that the permit issuance date in the permitting database reflects the date that staff enter the information which has been delayed by as much as two weeks from the time applications are submitted due to COVID-19 impacts. The Working Group did not oppose this recommendation.

The Working Group discussed whether there should be any additional eligibility criteria, such as a minimum amount of total income associated with for-hire fishing as was suggested at the first group meeting, but ultimately decided against this. It was felt that the 50-trip minimum was a sufficient tool to identify full-time chartering businesses, without adding complexity to the application process.

Lastly, the Division proposed to use tax information (Form 1040, Schedule C: *Profit or Loss From Business*) to settle any appeals with regards to pre-assigned activity level. Unlike with the head boat fleet, logbooks are not required for inspection or uniformly kept by charter boats. Additionally, it would be difficult for the Division to review logbook information in person (as being done for head boat program appeals) based on expectations for the number of appeals to be made in the charter boat program. The Working Group also supported including the penalties for perjury within the appeal form.

Next steps for the Charter Boat Relief Program include: finalizing the potential applicant pool database and initial bin assignments based on the Working Group's selected tiering approach; developing draft application and appeal forms for the Working Group's review; and then initiating the program, which unlike the Head Boat Relief Program, will be carried out by paper application and regular mail. Given this, the application and appeal periods are expected to be two weeks each, with the goal of payments being made by mid-August.