

CARES Act Relief Commercial Fishing Working Group

Working Group

- Jared Silva, DMF
- Melanie Griffin, DMF
- John Pappalardo, Cape Cod Commercial Fisherman's Alliance*
- Ed Barret, MA Fishing Partnership*
- Dan Orchard, MA Fishing Partnership Support Services*
- Beth Casoni, Executive Director, MA Lobsterman's Association*
- George Krikorian, Interim Executive Director/Director of Finance , New Bedford Port Authority*
- Drew Minkiewicz, Fisheries Survival Fund
- Jackie Odell, Executive Director, Northeast Seafood Coalition
- Albert Cottone, Executive Director, Gloucester Fisheries Commission
- Ron Bergstrom, Chatham wild shellfish fisherman
- Shelley Edmundson, Executive Director, Martha's Vineyard Fisherman's Preservation Trust

* Also a member of larger industry advisory panel

Goal

- **Follow-up on deliverables from April 26th meeting**
- **Advise larger advisory panel and DMF on sector-specific spending plan for "Round 2" CARES.**

Logistics

- Meeting via Zoom.
- Meeting will be recorded.
- Please mute when you aren't talking.
- Use "raise hand" feature.



MA Round 2 CARES Act Relief

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Round 2 CARES Commercial Sector Specifics

- \$8.9 million for commercial sector (includes leaving 10% of \$23 million state allocation as set-aside)
- 35% loss threshold still required.
- Cannot be “made more than whole” by 2020 fishing revenue plus any COVID related relief.
- Must be 18 years of age or older at time of application
- Must be in good standing with state and federal government.
- Sector allocations to be determined.

Recommendation Initial Allocations and Payments

Sector	Approved Round 1	Round 2 Recommendation	Basis for Round 2
Seafood Processors	\$13,779,789	\$10,334,842	75% of Round 1
Commercial Fishing	\$11,828,404	\$8,871,303	
Aquaculturists	\$1,152,652	\$864,489	
For-Hire Vessels	\$1,000,000	\$750,000	
Set Aside for sector(s)		\$2,300,000	10% of state allocation
Total Budget	\$27,780,506	\$23,175,000	



Deliverables from Commercial Sector Working Group Meeting #1

1. Inquire about the determining factors in the made more than whole equations;
2. Determine how tariff relief may be included in 2019 income calculations;
3. Investigate an appeals program similar to NY and CT that would broaden the allowable grounds for appealing the 2015 -2019 lookback period to accommodate certain issues (e.g., health, vessel breakdowns); and
4. Examine potential time periods for qualifications in addition to the March 10 – July 31 time period used in the first round.



Made More Than Whole

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NOAA Fisheries has indicated that in addition to 2020 commercial fishing revenue “made more than whole” must include the following (not comprehensive):

1. SBA Paycheck Protection Program Grants
2. USDA Coronavirus Food Assistance Program
3. Fishery-related unemployment.
4. Payments from CARES 1.0

How to Calculate Formula: $AVG - (R+C+U+G+O) = \text{Max}$

AVG: Traditional Annual Commercial Fishing Revenue AVERAGE 2015-2019

R: Commercial Fishing REVENUE as reported on 2020 Tax Return

C: CARES 1.0 Payment

U: Supplemental COVID-19 unemployment relief (i.e., \$600/week X number of weeks).

G: Sum of COVID related grants (PPP or EIDL)

O: Other COVID related relief.

MAX: Maximum CARES 2.0 payment



Tariffs and 35% Loss Calculation

Seafood Trade Relief Program (STRP)

- USDA program to provide fishermen payments for revenue lost to tariffs levied during trade negotiations.
- Per pound rates were established for certain affected seafood commodities based.
- Rates applied to 2019 landings.
- First come/first serve program.

STRP Payments and CARES

- Interest in applying STRP payments to 2019 revenues to bolster 5-year average revenue calculation to help achieve 35% loss threshold.
- NOAA Fisheries has indicated it cannot consider funds provided through the STRP in the execution of this relief program.
- STRP payments cannot be added to past revenues for the purpose of calculating the 5-year average revenue used to determine the qualifying 35% loss threshold.



35% Loss Calculation Appeals

CARES 1.0

- 35% loss was to be calculated by comparing 2020 revenue during qualification period (3/10 – 7/31) to same period during prior 5-years (2015-2019).
- NOAA Fisheries established narrow framework for excluding certain years from this calculation. Did not allow for blanket preemptions or case-by-case appeals.
- MA commercial sector was allowed to appeal if fishing activity began during 5-year period or substantial permit acquisition altered fishing activity.
- Did not allow appeals for scaling up of existing business, medical hardship, vessel repair, regulations.

CARES 2.0

- Same 35% loss threshold and overarching appeal framework apply.
- DMF reviewed other states' spending plans to determine how appeals process may be adjusted to be more inclusive and consistent with what NOAA approved for other states.
- NY and CT both allowed appeals to consider medical hardship and vessel repairs. NY limited exclusion of up to one year, CT limited it to 6-months.
- DMF interested in adopting medical and vessel repair hardship exemptions.
- Not able to allow exemptions for scaling up of existing business operations (e.g., increasing fishing effort).



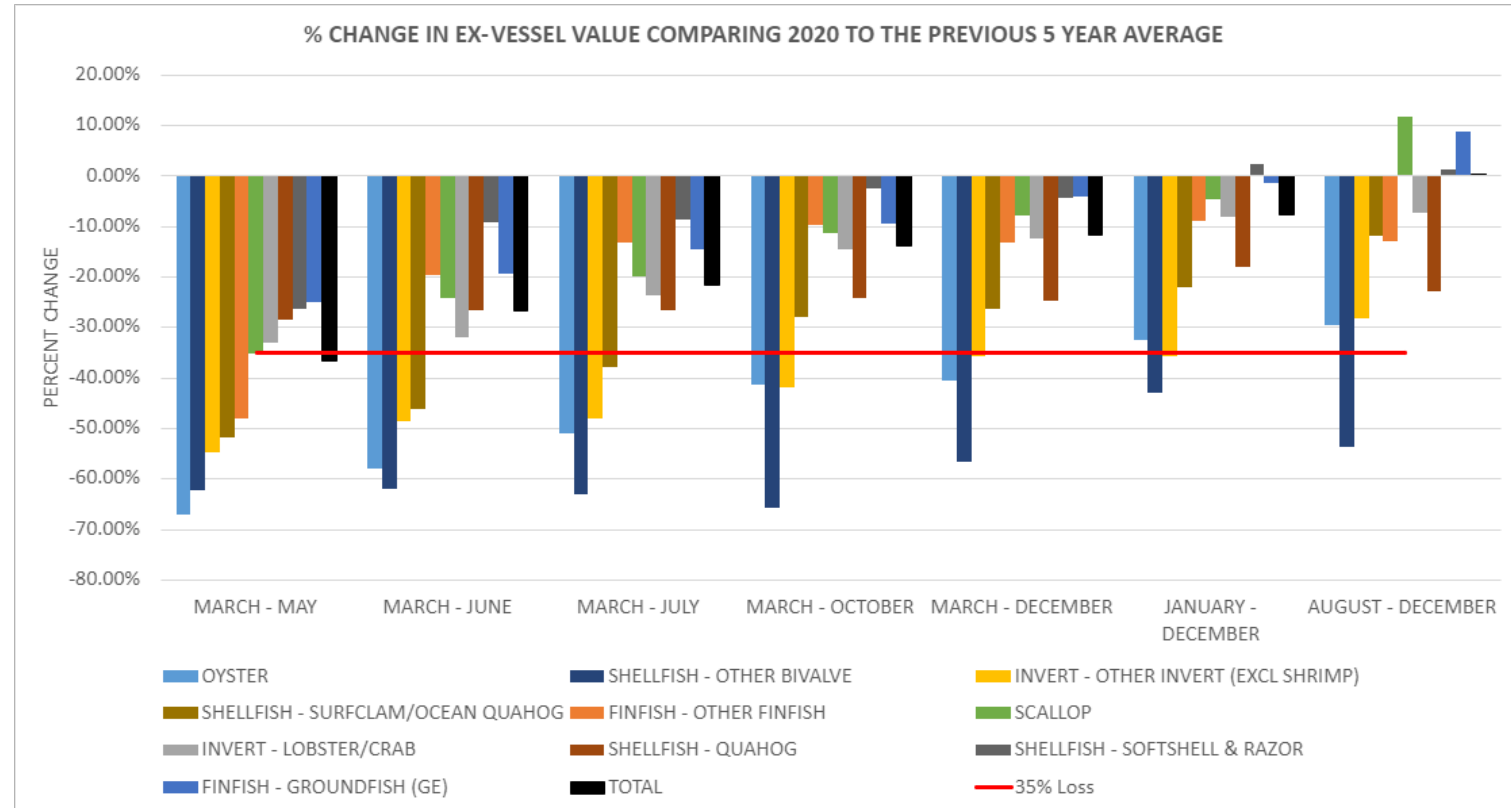
Eligibility Periods

CARES 1.0

- Used a March 10 – July 31 qualification period.
- Adopted to be inclusive of seasonal fisheries.
- Expectation that markets would remain depressed into the summer due to COVID related business restrictions.

CARES 2.0

- Markets rebounded more quickly than anticipated.
- Some fishermen excluded because could not make 35% loss threshold over qualification period.
- Potential to adopt additional qualification periods to be more inclusive during this program.



Eligibility Periods

% CHANGE IN EX-VESSEL VALUE COMPARING 2020 TO THE PREVIOUS 5 YEAR AVERAGE							
SPECIES GROUP	MONTHS OF COMPARISON						
	MARCH - MAY	MARCH - JUNE	MARCH - JULY	MARCH - OCTOBER	MARCH - DECEMBER	JANUARY - DECEMBER	AUGUST - DECEMBER
FINFISH - GROUND FISH (GE)	-24.95%	-19.54%	-14.69%	-9.52%	-4.07%	-1.48%	8.61%
FINFISH - OTHER FINFISH	-48.21%	-19.78%	-13.29%	-9.86%	-13.18%	-8.96%	-13.10%
INVERT - LOBSTER/CRAB	-33.24%	-31.95%	-23.75%	-14.67%	-12.47%	-8.13%	-7.46%
INVERT - OTHER INVERT (EXCL SHRIMP) (e.g., whelks)	-54.97%	-48.79%	-48.13%	-41.88%	-35.82%	-35.72%	-28.38%
OYSTER	-67.10%	-58.11%	-51.04%	-41.39%	-40.53%	-32.71%	-29.66%
SCALLOP	-35.33%	-24.28%	-19.97%	-11.41%	-8.05%	-4.69%	11.76%
SHELLFISH - OTHER BIVALVE	-62.32%	-62.02%	-63.26%	-65.94%	-56.73%	-42.94%	-53.70%
SHELLFISH - QUAHOG	-28.61%	-26.79%	-26.60%	-24.38%	-24.71%	-18.18%	-22.88%
SHELLFISH - SOFTSHELL & RAZOR	-26.33%	-9.31%	-8.80%	-2.43%	-4.32%	2.27%	1.15%
SHELLFISH - SURFCLAM/OCEAN QUAHOG	-51.91%	-46.21%	-38.02%	-28.11%	-26.38%	-22.13%	-12.01%
TOTAL	-36.69%	-26.58%	-21.70%	-13.93%	-11.55%	-7.76%	0.21%

Data Source: ACCSP Data Warehouse, April 27, 2021; Data are subject to change



Commercial Sector Spending Plan

Decision Points

1. Allow individuals who qualified in CARES 1.0 to automatically qualify in CARES 2.0 with payments capped at MMTW.
2. For new applicants,
 - Maintain existing minimum income threshold of \$15,000 in best year from 2017-2019
 - Allow for shorter qualification period (e.g., March 10 – May 31)
3. Expand 35% loss appeals program to allow for exclusion of up to 1-year during lookback period to account for documented medical hardship or vessel breakdown.
4. Maintain six tier approach based on revenue from best year from 2017-2019



MA Round 1 CARES Act Program Recap

Commercial Fishing Sector

General Eligibility Criteria

- Must have held a 2020 Massachusetts Commercial Fishing permit as of July 31, 2020.
- Must have suffered 35% revenue loss during March 10 to July 31, 2020, as compared to the prior 5-year average due to the effects of COVID-19.
- Must have had landings during the period of March 10 to July 31 in any year from 2017 to 2019.
- Must have made \$15,000 minimum in wild harvest ex-vessel income in any calendar year from 2017 to 2019.
- Must have been 18 years of age or older at time of application.
- Must have been in good standing with the State and Federal Government.
- Must have been a Massachusetts resident and not receiving CARES Act fisheries relief from another state. Non-residents who do not hold commercial fishing permits in other states were considered for eligibility.
- Assistance from this and other federal relief must not make the applicant “more than whole” (i.e., have a 2020 annual revenue greater than their prior 5-year average revenue).



MA Round 1 CARES Act Program Recap

Commercial Fishing Sector

Round 1 Payments Distributed

Tier	Share	No. of Recipients	Payment
1	1x	92	\$6,359.58
2	2x	133	\$12,719.16
3	3x	86	\$19,078.74
4	4x	103	\$25,438.32
5	5x	81	\$31,797.90
6	6x	71	\$38,157.48

