



# The Commonwealth of Massachusetts

## Division of Marine Fisheries

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### CARES ACT Relief Round 2: Commercial Fishing Working Group Meeting Summary for May 10, 2021

#### Attendees

*Working Group:* Edward Barrett, Beth Casoni, Albert Cottone, Shelley Edmundson, Jackie Odell, Daniel Orchard, and John Pappalardo.

*DMF Staff:* Melanie Griffin (Sector Co-chair), Jared Silva (Sector Co-chair), Daniel McKiernan (DMF Director), Maren Budrow, Stephanie Cunningham, Erich Druskat, Julia Kaplan, Jeff Kennedy, Maggie Nazareus, Christian Petitpas, Story Reed, Tom Shields, 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 revisions to the program for Round 2. At the end of the first meeting, DMF was tasked with the following deliverables:

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 New York and Connecticut’s programs that would broaden the allowable grounds for appealing the 2015 -2019 lookback period to accommodate certain issues (e.g., health, vessel breakdowns);
4. Examine potential time periods for qualifications in addition to the March 10 to July 31 time period used for the revenue loss calculation in the first round.

The purpose of this second working group meeting, held on May 10, 2021, was for DMF to brief the working group on information gathered since the April 26, 2021, meeting and to reach consensus on the approach for the Round 2 commercial fishing program.

#### *“Made More than Whole” Calculation*

NOAA Fisheries provided DMF with factors to be included as commercial fishing revenue in the “made more than whole” calculation. This list, which is not comprehensive, includes:

1. SBA Paycheck Protection Program (grants only)

2. SBA Economic Injury Disaster Loan
3. USDA Coronavirus Food Assistance Program
4. Fishery-related unemployment
5. Payments from CARES Round 1

Based on NOAA Fisheries' feedback, DMF provided the working group with a suggested formula to calculate an applicant's maximum allowable payment for Round 2.

#### *Tariff Relief*

DMF informed the working group that NOAA Fisheries indicated payments from the Seafood Trade Relief Program (STRP) could not be considered in the execution of the CARES program and therefore could not be applied to 2019 revenues when considering the 35% loss or traditional revenues for the more than whole calculation.

#### *Appeals*

Based on spending plans for the first round of CARES relief submitted by other states, DMF is considering allowing medical hardships or vessel repairs to be considered in the revenue loss calculation. While DMF may apply these exemptions to this second CARES relief program, NOAA Fisheries has indicated exemptions may not be made for scaling up existing fishing businesses or losses resulting from closures or changes in regulations.

#### *Revenue Loss Eligibility Periods*

Applicants who were eligible for Round 1 based on their revenue loss using the March 10 to July 31 period would be pre-qualified for Round 2 and would not have to meet the revenue loss requirement under the new period determined Round. DMF then discussed adopting a second revenue loss eligibility period to qualify additional fishermen who did not qualify for funding in Round 1. To do this, DMF provided the working group with data comparing revenue losses by fishery across various 2020 time periods. To include the most participants, DMF recommended using an earlier period for the revenue loss calculation, and proposed a March 10 to May 31 qualification period. Landings data demonstrate the deepest losses occurred during the spring months and indicated that most fishermen would not meet the revenue loss requirement if months in the late summer or fall were used for the comparison. The March 10 – May 31 qualification period was also adopted for the seafood processing industry sector's Round 2 CARES relief program.

The working group expressed a desire to include as many fisheries as possible, even those that start later in the year and might not have any landings in the first half of the year. Some members suggested letting each applicant pick their own period for the eligibility loss calculation, similar to what Maine allowed in their initial program. At the first Working Group meeting, DMF expressed concerns this approach would bring a significant administrative burden on DMF, not allow for the same level of data analysis as utilized in Round 1, and result in a number of fishermen having to payback money under the made more than whole requirement, while ultimately not qualifying substantially more fishermen. DMF reiterated these concerns, but indicated they would further examine this approach and report back to the Working Group .

#### *Sector Allocations*

There was some discussion regarding the \$2 million (10%) set-aside to be divided among sectors on an as needed basis. DMF indicated it would consult the CARES Act Industry Advisory Panel on these decisions. This Industry Advisory Panel consists of members of the various sector working groups.

### Next Steps

DMF would follow-up with the Working Group on outstanding aspects, including the additional qualification period by the week of May 17. Note, DMF provided a written response on these issues to the Working Group on May 19, 2021. DMF is meeting with the overarching Advisory Panel on May 25 to seek support for the CARES Round 2 Spending Plan, after which a final proposal will be submitted to NOAA for approval.