

CARES Act Relief Seafood Processor/Wholesale Dealer Working Group

Working Group

- Story Reed, DMF
- Jared Auerbach, Seafood Processor
- Tory Bramante, Seafood Processor*
- Gordon Carr, MassPort
- Nick Giacalone, Seafood Processor
- George Krikorian, New Bedford Harbor Development Commission
- Laura Ramsden, Seafood Processor*
- Jim Saxonis/Mike Trupiano, Seafood Processor

* Also a member of larger industry advisory panel

Goal

- Recap “Round 1” CARES Program.
- 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.



COVID-19 Fisheries Relief

CARES Act and the Consolidated Appropriations Act of 2021

Round 1 CARES (2020)

- \$300 Million to Support U.S. Fishermen & Seafood Industry negatively impacted by COVID-19 (minimum 35% economic loss compared to prior 5-year average)
- NOAA Fisheries used multi-year revenue estimate averages of “fishery participants” to determine state allocations.
- Massachusetts distributed approximately \$27.8 Million to four sectors based on revenue proportions modified to better reflect state needs (increased aquaculture & Seafood Processing %).

Round 2 CARES (2021)

- \$255 Million for U.S. fishermen & seafood industry (same eligibility threshold).
- Massachusetts to receive roughly \$23 Million.
- Sector allocations to be determined.

Round 1 CARES Funding Allocation by Sector

| Sector | Amount Paid | Percent |
|----------------------|--------------|---------|
| Seafood Processors | \$13,779,788 | 49.60% |
| Commercial Fishermen | \$11,835,178 | 42.60% |
| Aquaculturists | \$1,153,588 | 4.15% |
| For-Hire Vessels | \$999,996 | 3.60% |



MA Round 1 CARES Act Program Recap

Seafood Processor Sector (\$ 13,779,788)

General Eligibility Criteria

- Must have held a 2020 Wholesale Dealer permit as of June 30, 2020, and must have held a 2019 Wholesale Dealer permit.
- Must have suffered 35% revenue loss during March 10–June 30, 2020 compared to the prior 5-year average due to the effects of COVID-19.
- For active years between 2015 and 2019, must have made average annual wholesale seafood sales of at least \$100,000.
- Must have received at least 70% of total wholesale business revenue from wholesale seafood sales. Only seafood wholesale and processing activities counted toward the eligibility criteria.
- 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.
- 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

Seafood Processor Sector (\$13,779,788)

Round 1 Tiering System based on Employee Count

| Tier | Share | Tier Minimum | Tier Maximum |
|------|-------|--------------------------------|--------------|
| 0 | 0 | Permit holder provided no data | |
| 1 | 1 | >0 | 5 |
| 2 | 2 | >5 | 10 |
| 3 | 3 | >10 | 20 |
| 4 | 4 | >20 | 40 |
| 5 | 5 | >40 | 80 |
| 6 | 6 | >80 | 120 |
| 7 | 7 | >120 | 160 |
| 8 | 8 | >160 | Maximum |



MA Round 1 CARES Act Program Recap

Seafood Processor Sector (\$ 13,779,788)

- Applications sent: 348 (all holders of 2020 MA Wholesale Dealer permit as of June 30)
 - 161 eligible by initial determination
 - 187 ineligible by initial determination
- Total returned applications: 139
 - 111 accepted their initial determination, 106 of which were eligible.
 - 13 appealed their initial determination.
 - Appeals accepted by DMF: 9
 - Appeals denied by DMF: 4
 - Applications that did not meet the 35% revenue loss threshold: 9
 - Other ineligible applications: 9
- Total eligible applications: 113



MA Round 1 CARES Act Program Recap

Seafood Processor Sector (\$ 13,779,788)

Round 1 Payments Distributed

| Tier | Share | No. of Recipients | Payment |
|------|-------|-------------------|--------------|
| 1 | 1 | 41 | \$44,739.57 |
| 2 | 2 | 20 | \$89,479.15 |
| 3 | 3 | 10 | \$134,218.72 |
| 4 | 4 | 13 | \$178,958.30 |
| 5 | 5 | 10 | \$223,697.87 |
| 6 | 6 | 2 | \$268,437.45 |
| 7 | 7 | 3 | \$313,177.02 |
| 8 | 8 | 4 | \$357,916.60 |



Massachusetts' Supplemental CARES Act Fisheries Relief (Round 2)

Massachusetts has been allocated \$23 Million for supplemental relief

STILL REQUIRED by NOAA Fisheries

- Must have suffered 35% revenue loss due to COVID in 2020, as compared to average revenue from 2015 to 2019.
- Cannot be “made more than whole” – 2020 revenue plus any COVID-related relief (PPP or EIDL grants, supplemental COVID-19 unemployment relief of \$600/week, or other COVID-19 fisheries relief including USDA) cannot be greater than your traditional annual revenue.
- Must be 18 years of age or older at time of application.
- Must be in good standing with the State and Federal Government.



Massachusetts' Supplemental CARES Act Fisheries Relief (Round 2)

Massachusetts has been allocated \$23 Million for supplemental relief

CONSIDERATIONS

- Time period for 35% loss calculation – must be compared to 2020
 - Round 1 used March 10–June 30, 2020.
- Minimum eligibility criteria
 - Round 1 required at average annual seafood sales of at least \$100,000 between 2015 and 2019.
 - Round 1 required that businesses receive at least 70% of total wholesale revenue from wholesale seafood sales.
- What scale of payments would be too large and make most businesses “more than whole”?



MA Round 2 CARES Act Relief

DRAFT ONLY

Made “more than whole”: 2020 traditional Seafood Processing revenue plus any COVID-related relief (PPP or EIDL grants, supplemental COVID-19 unemployment relief (i.e., \$600/week), or other COVID-19 fisheries relief) cannot be greater than your traditional annual Seafood Processing revenue.

How to Calculate

Traditional Annual Seafood Processing Revenue AVERAGE 2015-2019 = AVG

Seafood Processing REVENUE as reported on 2020 Tax Return = R

Round 1 CARES Act Relief Payment = C

supplemental COVID-19 UNEMPLOYMENT relief i.e., \$600/week * # of weeks = U

Sum of COVID related GRANTS (PPP or EIDL) = G

OTHER COVID-19 fisheries relief = Ot

MAXIMUM Round 2 CARES Act Relief Payment = MAX

Formula

$$\text{AVG} - (R + C + U + G + O_t) = \text{MAX}$$



MA Round 2 CARES Act Relief

DRAFT ONLY

Recommendation for Round 2 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 | |

- Establish “shares” for each sector tier as in Round 1.
- Pay each eligible applicant their determined tier or the MAX value if "made more than whole".
- Distribute set aside to each sector based on need.

