



Section 12005 CARES Act Relief for Fisheries Participants

Final Draft Spend Plan

December 7, 2020

On May 7, 2020, the U.S. Secretary of Commerce announced allocations of Section 12005 CARES Act fisheries assistance funding to all coastal states and territories. Alaska was allocated \$50 million of the \$300 million available for the program. After deduction of assessments and administrative fees, \$49,340,179 will be distributed to fishery participants. These deductions are: National Oceanic and Atmospheric Administration (NOAA) assessment on federal grants (\$349,700), Pacific States Marine Fisheries Commission administrative fees (\$210,121), and Alaska Department of Fish and Game (ADF&G) administrative fees (\$100,000). The following spend plan provides eligibility criteria for participants in each of the eligible sectors, which are seafood processing, commercial harvesting, sport charter, subsistence, and aquaculture. The spending plan allocates 100% of available funds as direct payments to fishery participants in eligible sectors. While all sectors have been negatively impacted by the COVID-19 pandemic, available funds will only cover a portion of the losses incurred by affected fishery participants.

The spend plan is based on guidance provided to ADF&G by NOAA Fisheries and the Section 12005 CARES Act language. In addition, ADF&G considered input from affected fishery participants. The spend plan must be approved by NOAA Fisheries before eligible fishery participants can submit applications for review and payment. The Pacific States Marine Fisheries Commission will develop application materials consistent with this spend plan and then solicit, review, and approve applications prior to disbursing funds.

The spend plan allocates funds to each sector based on the revenue allocation methodology used by NOAA Fisheries to allocate funds to Alaska, with some modifications. NOAA Fisheries allocated funds to Alaska using available revenue information for the sport charter sector (5.5%), the commercial harvesting sector (35.2%), and the seafood processing sector, which includes processors, dealers, wholesalers, and distributors (59.3%). NOAA Fisheries also considered negative impacts to subsistence fisheries during the allocation process.

The NOAA Fisheries allocation percentages were based on past revenues and not on the estimated scale of loss for each sector due to COVID-19. Therefore, ADF&G adjusted the revenue percentage allocations used by NOAA Fisheries to provide funding allocations to the aquaculture (1%) and subsistence (5%) sectors. In addition, ADF&G increased the sport charter allocation (27%) to help mitigate losses to that sector resulting from travel restrictions and health mandates which reduced demand for sport charter services. Between January 1st and October 15th of 2020, the Department of Fish and Game has seen a 54% reduction in nonresident sport fishing license sales compared to 2019, nearly \$9 million in losses. This dramatic reduction in license sales is only one indication of

impacts to the charter sector. The commercial harvesting (35%) and seafood processing (32%) sector allocations help mitigate loss to those sectors resulting from changes in demand and markets for commercial seafood products from Alaska.

Fisheries participants across the State of Alaska have all felt the impacts of COVID-19, whether it be reduced wholesale prices and reduction in demand due to economic shut down or sharp declines in tourism due to travel restrictions. The goal of this spend plan is to broadly distribute stimulus payments to those eligible individuals and businesses across the state during this time of need while balancing rapidity, equitability, and workload with limited resources.

ADF&G posted two drafts for public comment since October and received over 200 written comments. ADF&G revised the first and second drafts based on public comments and has now finalized the spend plan which will be submitted to Pacific States Marine Fisheries Commission. Below is a summary of ADF&G's suggested revisions to be included in this final draft:

- Changes to residency requirements
- Reduction of the time frame used to calculate losses
- Several clarifying changes have been made throughout

General Eligibility Requirements

Eligibility requirements for all applicants:

- Applicants must be at least 18 years old to apply per federal requirements.
- Applicants must self-certify that they are not de-barred from receiving federal funds and are not on the federal government "do not pay list".
- Applicants must be a participant in a marine or anadromous fishery in waters of Alaska.

Additional eligibility requirements (all sectors other than subsistence):

- Applicants must certify that they incurred a greater than 35% loss in fishery participation revenue from March 1, 2020¹ to November 30, 2020 as direct or indirect result of COVID-19. The revenue loss will be calculated by comparing March 1, 2020 to November 30, 2020, gross revenue to average gross revenue **for the same period** over the past five years (2015-2019).

Example: 5yr Average Gross Revenue \$8,000 - 2020 Gross Revenue \$5,000
 $8,000 - 5,000 = 3,000 \rightarrow 3,000 \div 8,000 = .375 \rightarrow .375 \times 100 = \mathbf{37.5\% \text{ Loss}}$

- Applicants that did not participate in an eligible fishery sector for all preceding five years are eligible to apply and will use an average gross revenue for the same time period, March 1 – November 30 for years available.

¹ Except for commercial dive fisheries, see Commercial Harvesting Sector for details.

- Applicants must have been a fishery participant in 2018 and 2019.
- **Do not include** COVID-19 pandemic-related assistance through grant, loan funding, or unemployment to calculate economic revenue loss for 2020.
- **Do include** revenue from purchases of seafood product by the USDA or other federal entities to calculate economic revenue loss for 2020.
- Section 12005 of the CARES Act states that economic revenue losses must be “incurred,” therefore income and/or loss projections **will not** be accepted.
- Fishery participants who are eligible for Section 12005 funding may also apply for other federal assistance under the CARES Act or other federal programs, they should not apply to other federal programs for assistance to address the same impacts resulting from COVID-19. For example, fishery participants could seek assistance to cover lost revenues from multiple programs, but if one program covers all lost revenue, they should not apply to another program to cover those same losses.
- Applicants must self-certify that the sum of March 1, 2020² to November 30, 2020, revenue from fishery participation and any COVID-19 pandemic-related aid will not exceed average revenue from fishery participation for the same time period from 2015-2019, or years available.
 - **Do include** payments received in 2020 for unemployment benefits and COVID-19 pandemic-related aid such as grants, and loans that will not be repaid.
 - **Do not include** payments received in 2020 for the Seafood Tariff Relief Program or COVID-19 pandemic-related loans that will be repaid such as an Economic Injury Disaster Loan.
- Applicants must **attest** to having documentation/records to support the losses stated on the application and used as the basis for eligibility. All funds are subject to federal audit, therefore, documentation/records must be maintained for at least 3 years and made available **upon request** by Pacific States Marine Fisheries Commission, NOAA Fisheries, or the Department of Commerce Office of the Inspector General.

Special consideration for all sectors: fisheries participants that are active duty military and were deployed for a period of time between 2015 and 2020 may be eligible for assistance. Determinations will be made on a case by case basis. Applicants will be required to submit military orders of deployment with dates with application.

Residency Requirements

- Nonresident commercial harvesters that meet all eligibility requirements and do not apply for assistance in another state or territory may apply to the state of Alaska.
- At-sea processing vessels homeported in any other state must apply where the vessel is homeported.

² Except for commercial dive fisheries, see Commercial Harvesting Sector for details.

- Homeport refers to the address associated with the appropriate CFEC vessel permit.
- Nonresident charter guides and businesses that **do not** possess a business license from the State of Alaska must apply to their state of residence.

Rationale: NOAA Fisheries used a fisheries revenue-based approach to proportionately allocate \$300 million in Section 12005 CARES Act funding to eligible states, Tribes, and territories. The agency used total annual revenue information from the commercial harvesting, sport charter, aquaculture, and seafood processing sectors from the eligible states, Tribes, and territories. NOAA Fisheries also used a residency adjustment for vessel-based commercial harvesting businesses. For Alaska, average annual landings revenue data in the commercial harvesting sector was adjusted to attribute landings to each vessel owner’s state of residence to better reflect where fishing income accrues. The adjustments were made by determining the proportion of landings in Alaska fisheries attributed to vessel owners residing in another state and attributing that portion of the revenue to the respective states of residence. The adjustment was also applied to at-sea catcher processor vessels that operate in Alaska, all the revenue for those vessels was attributed to the state of residence. Although ADF&G initially proposed residency requirements consistent with NOAA Fisheries’ approach, ADF&G revised residency requirements in response to public comments to provide consistency between the primary vessel-based sectors eligible for assistance, the commercial harvesting and sport charter sectors.

Payment Calculations

There is a total of \$49,340,179 available for direct payments to fisheries participants. Share payment systems for the commercial harvesting, sport charter, and subsistence sectors will require all applications to be received in order to count the total number of shares within each sector and calculate payments accordingly. Please see specific examples within each of the following sections. Share values will be calculated as follows.

$$\text{Total Allocation} \div \text{Total Number of Shares} = \text{Base Share Value (1 share)}$$

Aquaculture Sector

Allocation: \$493,401
Eligibility criteria:

- Aquaculture businesses eligible for assistance under part 1416 of Title 7 of the Code of Federal Regulations for losses related to COVID–19 are not eligible for Section 12005 assistance.
- Eligible operations include all molluscan shellfish and marine algae, as well as non-salmonid marine finfish. Under this federal definition, salmon hatcheries are not eligible for Section 12005 assistance.
- Must hold a 2020 ADF&G operating permit
- Must be able to calculate average gross revenue for the eligible aquaculture business for March 1 – November 30 from 2015-2019

- Applicants operating less than 5 years are eligible but must have operated in 2018 and 2019. Use years in operation to calculate average gross revenue.
- Must be able to document a greater than 35% loss when comparing March 1, 2020 – November 30, 2020 gross revenue to average gross revenue for the same period from 2015-2019 (or for years available).

Payment calculation: aquaculture is a budding industry in the state of Alaska with varied business models. While the department has access to historic estimated revenues, more precise information provided through the application process is required. Once cumulative losses have been calculated, individual payments will be determined based on COVID-19-related losses scaled to available funds.

Commercial Harvesting Sector

Allocation: \$17,269,062

Eligibility criteria:

- Must hold one or more of the following
 - 2020 Commercial Fisheries Entry Commission (CFEC) Commercial Vessel License
 - Support vessels and/or skiffs without a CFEC vessel licenses are not eligible for a share.
 - 2020 CFEC Commercial Fishing Permit
 - 2020 NOAA Fisheries License Limitation Permit
 - 2020 NOAA Fisheries Halibut/Sablefish Individual Fishing Quota Permit
 - 2019/2020 or 2020/2021 NOAA Fisheries Bering Sea and Aleutian Island Crab Rationalization Individual Fishing Quota Permit
- Must be able to calculate average gross revenue from fishery participation for March 1 – November 30 from 2015-2019
 - Applicants operating less than 5 years are eligible but must have operated in 2018 and 2019. Use years in operation to calculate average gross revenue from fishery participation.
 - Calculate average gross revenue for preceding years using gross revenue from all permits/licenses held during the time period, regardless of whether permit/license was held for the entire time period. Do not include crew member revenue in gross revenue calculation.
 - Permits for fisheries that did not open in 2020, for reasons unrelated to COVID-19, will not be eligible for a share.

- Must be able to document a greater than 35% loss when comparing March 1, 2020 – November 30, 2020 gross revenue from all fisheries participation to average gross revenue for the same period from 2015-2019 (or for years available).

Payment calculation: eligible applicants shall receive one share per fishery permit/license, see Table 1 below. Permits fished in 2020 by someone other than the permit holder will be split in half for (0.5) share for the permit holder and (0.5) share for the applicant who fished the permit. Once all applications have been received, the total number of shares will be counted to determine the value of a single share and payments for applicants will be calculated accordingly.

Special considerations: commercial dive fisheries that were impacted by COVID-19 prior to March 1, 2020 may use January 1, 2020 – November 31, 2020 to calculate loss and 5-year average.

Table 1 – Commercial Harvesting Shares System	
Permit Type	Number of Shares
CFEC Fishery Permit	1
CFEC Vessel License	1
NOAA Fisheries Permit	1

Example: Allocation Total – \$17,269,062 CFEC Permits – 18,926 CFEC Vessel Permits – 731
 NOAA Fisheries Permits – 5,301
 $\$17,269,062 \div 24,958 = \692 (base share value, 1 share)

Mr. Smith has met all eligibility requirements and holds three 2020 CFEC commercial fishery permits and one 2020 CFEC vessel permit. In 2020 Mr. Smith transferred one of his permits to be fished by Ms. Doe. Ms. Doe has one 2020 fishing permit in addition to the one she fished for Mr. Smith. Therefore, Mr. Smith gets 3.5 shares for a payment of \$2,422. Ms. Doe gets 1.5 shares for a payment of \$1,038. This estimate assumes that every permit and CFEC license will be eligible for a share and that every permit holder in the State of Alaska will meet the 35% revenue loss threshold.

Seafood Processing Sector

Allocation: \$15,788,857

Eligibility criteria:

- Must be a business processing seafood for human consumption that holds a 2020 seafood processing permit issued by the Alaska Department of Environmental Conservation
 - Examples, including but not limited to: PL-1 & 2 Shore-Based Facility Processing permits, DM-L Direct Market Vessel, PV-1 & 2 Processing Vessel, and DV Geoduck Dive Vessel
- Processing vessels must be homeported in the State of Alaska.
 - Homeport refers to address listed on eligible CFEC commercial vessel license.
- Must have a minimum average wholesale and/or direct sales revenue of \$30,000 from March 1 through November 30 from 2015-2019

- Seafood processing vessels meeting the minimum average revenue requirement shall apply in the seafood processing sector. Those who do not meet the minimum revenue requirement shall apply in the commercial harvesting sector. Those applying in the commercial harvesting sector must have a 2020 CFEC commercial vessel license.
- Tender vessels that are not owned by a processing business and meet the minimum average annual revenue requirement shall apply in the seafood processing sector. Those who do not meet the minimum revenue requirement shall apply in the commercial harvesting sector. Those applying in the commercial harvesting sector must have a 2020 CFEC commercial vessel license.
- Businesses may include revenue generated from processing subsistence, personal use and/or sport caught seafood in addition to direct sales revenue from processing commercially caught seafood.
- Must be able to document a greater than 35% loss when comparing March 1, 2020 – November 30, 2020 processing revenue to average processing revenue for the same period from 2015-2019 (or for years available)
 - Applicants operating less than 5 years are eligible but must have operated in 2018 and 2019. Use years in operation to calculate average processing revenue for the same period for years available.

Payment calculation: eligible applicants will be placed into seven tiers based on the self-certified average processing revenue provided, see Table 2 below. Once all applications have been received, total number of shares will be determined, and payments calculated accordingly. Payment amounts will be the same for all qualifying applicants within each tier.

Special considerations: businesses with multiple seafood processing facilities shall apply for each facility individually.

Table 2 – Seafood Processing Sector Tiering System		
Number of Shares	Tier Minimum	Tier Maximum
0	\$0	\$30,000
1	>\$30,000	\$75,000
2	>\$75,000	\$500,000
3	>\$500,000	\$2,000,000
4	>\$2,000,000	\$7,000,000
5	>\$7,000,000	\$20,000,000
6	>\$20,000,000	\$50,000,000
7	>\$50,000,000	∞

Estimate: Total Allocation – \$15,788,857 Total Shares – 1,150
 $\$15,788,857 \div 1,150 = \$13,729$ (base share value, 1 share)

In this scenario, all 50 applicants in tier 1 will receive one share worth \$13,729. All applicants in tier 2 will receive two shares for a total of \$27,459 each. This is repeated accordingly for each tier. This estimate uses available income data to assign applicants to tiers and assumes that every licensed processor will meet the 35% revenue loss threshold.

Table 2a – Estimated Tier Payments		
Number of Shares	Number of Applicants	Payment Per Applicant
1	66	\$13,729
2	59	\$27,459
3	28	\$41,188
4	30	\$54,918
5	59	\$68,647
6	44	\$82,377
7	29	\$96,106

Sport Fishing Charter Sector

Allocation: \$13,321,848

Eligibility criteria:

- Must target marine or anadromous species
- Must be registered with the ADF&G as a guide, a business, or both for 2020
- Must be able to calculate average gross revenue from the eligible fishery business for March 1 through November 30 from 2015-2019
 - Applicants operating less than 5 years are eligible but must have operated in 2018 and 2019. Use years in operation to calculate average gross revenue for the same period for preceding years.
- Must be able to document a greater than 35% loss when comparing March 1, 2020 – November 30, 2020 gross revenue to average gross revenue for the same period from 2015-2019 (or for years available)

Payment calculation: eligible applicants holding a guide or operator registration will receive one share of available funds. Applicants with a guide/operator combined registration will receive two shares, see Table 3 below. Once all applications have been received, shares will be determined and payments for applicants will be calculated accordingly.

Special considerations: salt water businesses shall receive one additional half share (0.5) per vessel registered with ADF&G in 2019. Fresh water businesses similarly shall receive one additional half share (0.5) per employed guide in 2019. If you are registered as a combined guide/business, you do not get an additional half share for yourself as an employee.

Table 3 – Sport Fishing Charter Share System	
Registration Type	Shares
Guide	1
Business	1
Combined Guide/Business	2

Estimate: Total Allocation – \$13,321,848 Number of Shares – 5,790
 $\$13,321,848 \div 5,790 = \$2,301$ (base share value, 1 share)

Ms. Smith is a fresh water guide with her own business but also employs three additional guides. In this scenario, Ms. Smith is eligible for 3.5 shares for a payment of \$8053.50. This estimate assumes that all registered businesses and guides will have an Alaska issued business license and that they will all meet the 35% revenue loss threshold.

Subsistence Users

Allocation: \$2,467,008

Eligibility criteria:

- Eligibility for subsistence fisheries will be determined by Alaskan household.
 - A household is defined as a person or persons having the same residence.
 - All Alaskan households may apply regardless of address.
 - Only one application may be submitted per household.
 - The person applying on behalf of the household must be 18 years of age or older.
- One or more members of the household must have participated in a marine and/or anadromous subsistence fishery in at least two of the previous four years (2016-2019).
 - Participation includes harvesting, sharing, and/or using subsistence fishery resources.
 - Subsistence fisheries are defined as fisheries on stocks for which the Alaska Board of Fisheries has found there are positive customary and traditional uses, in addition to federal subsistence fisheries that have no state equivalent.
 - Marine fisheries include all species, i.e., shellfish and halibut. All anadromous species are eligible, this is not restricted to salmon species.
 - Personal use fisheries are not eligible.
- Eligible applicants must self-certify that their household has incurred a negative impact on their ability to access subsistence fishery resources in 2020 that was directly and/or indirectly related to COVID-19.

Payment calculation: eligible applicants will be placed into two tiers based on household size in 2020. Smaller households will be eligible for one share and larger households will be eligible for two. Once all applications have been received, total number of shares will be determined and payments for applicants will be calculated accordingly.

Special considerations: applicants with an annual household income equal to or less than the most recent poverty guidelines for the state set by the United States Department of Health and Human Services for the year 2019 shall receive an additional share.

Guidelines can be found at this website <https://aspe.hhs.gov/poverty-guidelines>

Table 4 – Subsistence Fisheries Shares System	
Household Size	Number of Shares
1-3	1
4 or more	2

Example: Total Allocation – \$2,467,008 Number of Shares – 7,000
 $\$2,467,008 \div 7,000 = \352 (base share value, 1 share)

The Smith family is a household of 5 but also meets the poverty guidelines. In this scenario, the family is eligible for 3 shares for a payment of \$1,056. There is not enough data available to give an accurate estimate for this sector beyond the total allocation.

Application

As stated throughout this spend plan, self-certification will be sufficient to claim losses, revenue averages etc. However, applicants should maintain copies of all documents/records supporting eligibility for at least 3 years. Active duty military deployed between 2015 and 2020 will be asked to provide official documentation of deployment orders with dates to be eligible for assistance.

Reconsideration

The Pacific States Marine Fisheries Commission will notify applicants who have not met the eligibility requirements, have not provided adequate documentation, or have any clerical errors in their application. These applicants will have two weeks to correct any deficiencies and resubmit for review. The second decision on an application will be considered final.

Contacts

CARES Act Contacts				
State/US Territory	POC	Agency	Phone	Email
Alaska	Kari Winkel, Office Manager, Office of the Commissioner	AK Dept. Fish and Game (ADF&G)	(907) 465-6136	dfg.com.caresact@alaska.gov
Washington		WA Dept. Fish and Wildlife (WDFW)		CAREScfisheries@dfw.wa.gov
Oregon		OR Dept. Fish and Wildlife (ODFW)		ODFW.CARESAct@state.or.us
California		CA Dept. Fish and Wildlife (CDFW)		CAREScfisheriesInfo@wildlife.ca.gov
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