



Section 12005 CARES Act Relief for Fisheries Participants Draft Spend Plan *October 5, 2020*

This plan will be available to the public for review and comment from October 5, 2020 until **6:00 pm (AKST) October 23, 2020** and can be found on the Department of Fish and Game's home page www.adfg.alaska.gov or on the Alaska Public Notice System <http://notice.alaska.gov/199692>.

Please submit written comments to dfg.com.caresact@alaska.gov.

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 will receive \$50 million of the \$300 million available for this assistance program. 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 the Alaska Department of Fish and Game (ADF&G) by the National Oceanic and Atmospheric Administration (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 (3%) sectors. In addition, ADF&G increased the sport charter allocation (32%) to help mitigate loss to that sector resulting from travel restrictions and health mandates that reduced demand for sport charter services. The commercial harvesting (32%) 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 during this time of need in an equitable and efficient manner.

General Eligibility Requirements

Eligibility requirements for all applicants:

- Applicant must be at least 18 years old to apply
- 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”
- Must be a participant in a marine or anadromous fishery in waters off Alaska

Additional eligibility requirements (processing, commercial, sport and aquaculture only):

- Eligible applicants must certify that they incurred a greater than 35% economic revenue loss from March 1, 2020 to November 1, 2020 as direct or indirect result of COVID-19. The economic revenue loss will be calculated by comparing March 1, 2020 to November 1, 2020, gross revenue to average annual gross revenue for the same period over the past five years (2015-2019)
 - Applicants that did not participate in an eligible fishery sector for all preceding five years are eligible to apply and will use an annual gross revenue for the same time period for years available
 - Applicants must have operated in 2018 and 2019
 - Specific guidance for calculating loss is noted within each sector plan below, but for all sectors:
 - Economic revenue loss for 2020 does not include non-Section 12005 CARES Act assistance through grant or loan funding
 - Revenue from purchases of seafood product by the USDA or other federal entities should be included in the economic revenue loss calculation to determine whether the loss threshold was met

- Income and/or loss projections will not be accepted
- Applicants must self-certify that the sum of traditional revenue from fishery participation and any COVID-19 pandemic-related aid will not exceed average annual revenue from fishery participation from 2015-2019
- Applicants must attest to having documentation/records to support the losses stated on the application and used as the basis for eligibility. The 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 Office of the Inspector General

Residency requirements

- Nonresident commercial harvesters and at-sea processing vessels homeported in any other state must apply to their state of residence

Rationale: NOAA Fisheries used a fisheries revenue-based approach to proportionately allocate \$300 million in Sec. 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. 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. Therefore, this plan is consistent with the way that NOAA Fisheries allocated funding to the state of Alaska.

Aquaculture Sector

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
- Salmon hatcheries are not eligible for Section 12005 assistance
- Must hold a valid 2020 ADF&G operating permit
- Must be able to calculate average annual gross revenue for 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 annual gross revenue

- Applicants must be able to document a greater than 35% loss when comparing March 1, 2020 – November 1, 2020 gross revenue to average annual gross revenue from 2015-2019 (or for available years)

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

Eligibility criteria:

- Must be an Alaska resident
- Must hold one or more of the following
 - Valid 2020 Commercial Fisheries Entry Commission (CFEC) commercial vessel license
 - Valid 2020 CFEC commercial fishing permit
 - Tender vessel owners also must hold a valid 2020 ADF&G fish transport permit
- Must be able to calculate average annual ex-vessel revenue for 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 annual ex-vessel revenue
- Must be able to document a greater than 35% loss when comparing March 1, 2020 – November 1, 2020 ex-vessel revenue to average annual ex-vessel revenue from 2015-2019 (or for years available)

Payment determination: eligible applicants shall receive one share per fishery permit, see Table 1 below. Permits fished by someone in 2020 other than the 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, shares will be determined and payments for applicants will be calculated accordingly.

Table 1 – Commercial Harvesting Shares System	
Permit Type	Shares
CFEC Fishery Permit	1
CFEC Vessel Permit	1

Seafood Processing Sector

Eligibility criteria:

- Must hold a valid 2020 seafood processing permit issued by the Alaska Department of Environmental Conservation
- Processing vessels must be homeported in the State of Alaska
- Must have a minimum average annual wholesale revenue value of \$30,000 from 2015-2019
 - Seafood processing vessels meeting the minimum annual average wholesale revenue requirement shall apply in the seafood processing sector. Those who do not meet the minimum sales requirement shall apply in the commercial harvesting sector.
- Must be able to document a greater than 35% loss when comparing March 1, 2020 – November 1, 2020 wholesale revenue to average annual wholesale revenue for 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 annual wholesale revenue

Payment calculation: eligible applicants will be placed into seven tiers based on the self-certified average annual wholesale revenue provided, see Table 2 below. Once all applications have been received, 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		
Share	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	∞

Sport Fishing Charter Sector

Eligibility criteria:

- Must target marine or anadromous species
- Must be registered with the ADF&G as a guide, a business, or both for 2020

- Lodge operators must offer guide services if they do not hold the guide/operator combined registration
- Must be able to calculate average annual gross revenue from the eligible fishery business for 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 annual gross revenue
- Applicants must be able to document a greater than 35% loss when comparing March 1, 2020 – November 1, 2020 gross revenue to average annual gross revenue 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: businesses shall receive one additional half share (0.5) per guide employed and/or subcontracted. If you are registered as a combined guide/business, you do not get an additional half share for yourself.

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

Subsistence Users

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
- 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 determination: all funds available shall be equally divided amongst the eligible applicant households.

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, following affirmative contact with a staff member, to correct any deficiencies and resubmit for review. The second decision on an application will be considered final.