

Science, Service, Stewardship



NMFS Financial Services

Disaster Assistance, Vessel Buybacks &
Fisheries Finance Programs

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**NOAA
FISHERIES
SERVICE**



OUTLINE

- Disaster Assistance
- Capacity Reduction Programs
- Fisheries Finance Programs
- Capital Construction Programs



Disaster Assistance Authorities

Magnuson-Stevens Act - Section 312(a)

- Secretary Determines a Commercial Fishery Failure due to a Fishery Resource Disaster of Natural, Undetermined or Manmade Causes which are beyond the control of fishery managers to mitigate through conservation and management measures.

Magnuson-Stevens Act - Section 315

- Authorizes the Secretary to Establish a Regional Economic Transition Program for Catastrophic Regional Fishery Disasters.
- Allows for Waiver of non-Federal matching requirements.



Disaster Assistance Authorities (cont'd)

Interjurisdictional Fisheries Act 308(b)

- Authorizes the Secretary of Commerce to provide grants or cooperative agreements to states determined to have been affected by a commercial fishery failure or serious disruption affecting future production due to a fishery resource disaster arising from natural or undetermined causes.

Interjurisdictional Fisheries Act 308(d)

- Enables the Secretary of Commerce to help persons engaged in commercial fisheries for projects or other measures to alleviate harm determined by the Secretary to have been incurred as a direct result of a fishery resource disaster arising from a Hurricane or other natural disaster.



Fishery Disaster Determinations

New England Multispecies Groundfish Fishery I	1994	West Coast Groundfish Fisheries	2000
Northwest Salmon Fisheries I	1994	Bering Sea, Alaska Snow Crab	2000
Gulf of Mexico Hurricane Disaster	1995	Alaska Salmon/Norton Sound	2000
New England Multispecies Groundfish Fishery II	1995	Fraser River Sockeye Salmon	2002
Northwest Salmon Fisheries II	1995	Georgia Blue Crab	2003
Alaska Salmon (Bristol Bay and Kuskokwin River)	1997	Harmful Algae Bloom (MA & ME)	2005
Gulf of Mexico Flooding Events	1998	Gulf of Mexico Fisheries (Katrina & Rita)	2005
Northwest Salmon Fisheries III	1998	Klamath River Basin	2006
Alaska Salmon (Bristol Bay and Yukon & Kuskokwin Rivers)	1998	West Coast Salmon	2008
Florida Trap Fisheries	1999	Gulf of Mexico Fisheries (Gustav & Ike)	2008
Long Island Sound Lobster Fisheries	1999	Chesapeake Bay Blue Crab	2008
North Carolina Fisheries	1999		



Fisheries Disaster Proposed Rule

Intent and Purpose

- A proposed rule would establish procedures and requirements for initiating, evaluating, and deciding requests for determinations of fishery resource disasters.
- We expect to establish definitions, characteristics of commercial fishery failures and fishery resource disasters, and requirements for initiating a review by NMFS.
- The purpose is to establish requirements for initiating a review by NMFS, and the criteria NMFS will use in evaluating a disaster request.



NOAA Fisheries Capacity Reduction Programs



NOAA Fisheries Capacity Reduction Program

- Assist in the rationalization and economic stability of the fisheries
- Permanently reduce domestic and worldwide capacity by scrapping vessels or permanently removing their fishing and foreign rights
- Voluntary program, approved by majority of fishing permit holders in the fishery
- Utilizes reverse auction to remove most capacity at lowest cost
- Federal funds, repaid by remaining permit holders
- No long term cost to the taxpayers, for capacity reduction loan programs



Current NOAA Fisheries Capacity Reduction Programs

- 1998 Bering Sea Aleutian Island Pollock
 - Buyback – Removed 9 large catcher-processors and 17 permits
- 2004 Pacific Coast Groundfish
 - Buyback – Removed 91 vessels and 239 permits
- 2005 Bering Sea Aleutian Island Crab
 - Buyback – Removed 25 vessels and 62 permits
- 2006 Bering Sea Aleutian Island Non-Pollock Groundfish – Long-line Catcher Processors
 - Buyback – Removed 3 vessels and 12 permits

Total Federal Financings - \$286M – Current Balance ~ \$217M



Potential NOAA Fisheries Capacity Reduction Programs

- Southeast Alaska Purse Seine Salmon Fishery (2007)
 - Financing Amount \$23.5M
- Additional Authority for Bering Sea Aleutian Island Non-Pollock Groundfish Fishery (2005)
 - Additional Financing Amount Available \$40M
- Gulf of Mexico Reef Fish Fishery (2005)
 - Financing Amount \$27M
- Northeast Multispecies Groundfish Fishery (2003)
 - Financing Amount \$45M
- New England Lobster Fishery (2004)
 - Financing Amount \$50M

Potential Federal Financing Assistance - \$185.5M



Fisheries Finance Program



Fisheries Finance Program

Traditional Loans

Aquaculture Facilities

- Purchase, Equipment Purchase, Improvements, construction, reconstruction, refinancing

Shoreside Processing Facilities

- Purchase, Equipment Purchase, Improvements, construction, reconstruction, refinancing



Fisheries Finance Program

Traditional Loans (cont'd)

Vessels

- Purchase used vessel, vessel equipment, reconstruction, refinancing, MSA sustainability purposes
- No loans for vessel construction or projects that increase harvesting capacity



Individual Fishing Quota

- Current Fisheries
 - Northwest Halibut/Sablefish
 - Bering Sea Aleutian Islands Crab (being implemented)
- Assists individual participating in the fishery acquire IFQ
- Purchase or refinance the purchase of IFQ
- Annual loan authority: \$8 million



Community Development Quota Loans

- Not yet implemented
- Available to Western Alaskan CDQ Groups
- Will assist economically depressed CDQ communities acquire fisheries assets



Total Loan Authority

Historic Direct Loan Approvals (1997-2008)

<u>Areas</u>	<u>Traditional Aquaculture</u>	<u>Traditional Shoreside</u>	<u>Traditional Vessels</u>	<u>IFQ</u>	<u>Buyback</u>
West Coast	\$24.0m	\$11.8m	\$137.8m	\$58.0m	\$286.0m
Southeast	\$27.5m	\$114.5m	\$2.3m		
Northeast	\$9.7m	\$67.0m	\$46.5m		
Total	\$61.2m	\$193.3m	\$186.2m	\$58.0m	\$286.0m



Capital Construction Fund Program



Capital Construction Fund

Background

- The Fishing Vessel Capital Construction Fund (CCF) program is a Federal income tax deferral program available to fishing vessel operators.
- The purpose of the CCF program is to provide tax incentives to (1) improve the fishing fleet, including safety and fuel efficiency, and (2) enable commercial fishermen to accumulate money to replace or improve their fishing vessels.
- There are currently 2,858 active agreements with \$227.4M on deposit (\$79,500 on average).



Capital Construction Fund

Current Issues

- Prefer no investment in overcapitalized fisheries
 - Agreement holders have difficulty finding other qualified withdrawals that don't result in severe tax consequences.
 - Evolving fishery conditions have made planned projects no longer economically or financially viable.
- There have been various proposals for legislation
 - Allowing the use of CCF deposits for Aquaculture, Shoreside Facilities, Purchase of Limited Access Permits
 - Transfer to Retirement Funds (IRAs) without tax penalties
 - Close accounts with reduced the tax penalties



More Information is available at:

NOAA Fisheries Service
Office of Management and Budget
Financial Services Division

http://www.nmfs.noaa.gov/mb/financial_services/

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