

## **Coronavirus Aid, Relief, and Economic Security (CARES) Act**

**APPLICANT:** Louisiana Department of Wildlife and Fisheries (LDWF)

**DURATION:** June 1, 2020 – September 30, 2021

**TITLE:** Louisiana CARES Act Application and Spending Plan

**OBJECTIVE:** Distribute CARES Act economic stimulus relief through direct payment to eligible fishery participants by fishery sector.

### **Introduction:**

In November 2019, the first reports of the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2 or COVID-19) came from Wuhan, Hubei Province, China. Over the next few weeks the virus spread rapidly throughout China and was in nearly every country in a few months. The World Health Organization (WHO) declared COVID-19 a pandemic on March 11, 2020. COVID-19 directly affected the United States (US) economy due to Stay at Home orders and the closing of all nonessential businesses. The US government acted quickly to assist the public when Congress passed the CARES Act and it was signed into law by President Trump on March 27, 2020. The CARES Act was an over \$2 trillion economic relief package that contained \$300 million for the US Secretary of Commerce to provide to affected fishery participants. On May 7, 2020, the Secretary of Commerce announced the allocation of \$300 million in fisheries assistance funding provided by Sec. 12005 of the Coronavirus Aid, Relief, and Economic Security Act, also called the CARES Act, to states, Tribes, and territories with coastal and marine fishery participants who have been negatively affected by COVID-19 (1. NOAA Fisheries 2020).

The Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) will work with the three Interstate Marine Fishery Commissions, organizations with a demonstrated track record of success in disbursing funds, to quickly deliver financial assistance into the hands of those who need it (2. NOAA Fisheries 2020). The Louisiana (LA) and other Gulf States funding will be awarded to the Gulf States Marine Fisheries Commission (GSMFC) who will administer the distribution for funding based on each states' spending plans, after these spending plans have been approved by NOAA.

The CARES Act establishes those eligible participants as: Tribes, commercial fishing businesses, charter/for-hire fishing businesses, qualified aquaculture operations that are not eligible for the USDA Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program, processors or other marine fishery related businesses. Section 12005 of the CARES Act prohibits applicants that are eligible for part 1416 of title 7 of the Code of Federal Regulations for losses related to COVID-19 from receiving funds under this program. This section is specific to the agricultural assistance provided in the CARES Act. Applicants under this award may apply for other Federal assistance programs under the CARES Act or other Federal programs, however, funding received from this program and other federal programs shall not exceed the total loss resulting from COVID-19 impacts.

Additional eligibility requires that each participant must have incurred, as a direct or indirect result of COVID-19, economic revenue losses greater than 35% when compared to a 5-year average (2015-2019). Eligible participants in Louisiana include resident commercial fishermen, vessel owners, wholesale and retail seafood dealers, wholesale and retail seafood processors, for-hire fishing businesses, federally recognized tribal communities, and aquaculture facilities growing product in LA or federal waters.

On March 13, 2020, Louisiana Governor John Bel Edwards signed a proclamation that limited gatherings to less than 250 people until mid-April; this proclamation also involved the closures of schools. By March 23, 2020, Governor Edwards issued a Stay at Home order and a closure until further notice for all non-essential business including; restaurants, gyms, casinos, and bars. While these closures and extreme actions are warranted, the Louisiana seafood industry was facing a situation that has never been encountered before, a nearly complete seafood market closure.

The Louisiana commercial seafood sector, which has accumulated inventory to meet customer orders, began to notice the strain caused by the restaurant closures mainly due to the fact that a large portion of LA seafood goes to the restaurants. Reports of shipped seafood products being returned to the processors started in April and prices for some seafood products saw some of the lowest prices ever. Due to depressed prices, fishermen decided to not make fishing trips. Docks closed and would not buy seafood products from the fishermen, and seafood processors were unsure of what they could and couldn't purchase because of the high volume of inventoried product still in cold storage; this was a complete shutdown to nearly all seafood industries in LA.

The LA recreational for-hire (charter, headboat, and guideboat) fleet suffered nearly the same fate as the commercial seafood sector. The Stay at Home order issued in late March halted the majority of scheduled fishing trips. The public's concern with the spread of COVID-19 was very valid and this resulted in a large proportion of trip cancellations. In addition to the Stay at Home order, social distancing was explained as keeping a six-foot distance between yourself and the next person. Social distancing, although needed, limited the vessel capacity and number of possible for-hire trips per captain. The overall number of LA charter trips greatly decreased during the spring of 2020 due to the progress being made to reduce the spread of COVID-19 and this has caused economic hardship on the for-hire industry.

The Louisiana Spending Plan aims at providing financial assistance to the eligible participants through direct payout.

**Approach:**

The GSMFC will administer economic assistance to the eligible participants in LA through direct payments based on the approved LA Spending Plan. Louisiana's allocation of the \$300 million made available to fishery participants totals \$14,785,244. NOAA and the GSMFC have deducted their administrative costs totaling \$135,414, leaving the remaining total of \$14,649,830 for direct payments and LDWF administration. Of this amount the LDWF will utilize a maximum of 4% (\$585,933) for program administration to include program development, industry outreach and assistance, application processing, application review, and final payment determinations. LDWF will hire a contractor to provide eligible entities with application and language assistance. The remaining \$14,063,897 will be allocated based on the NOAA sector-based revenue calculation for Louisiana (Table 1), which was released on May 22, 2020. LDWF cannot attest to validity or accuracy of these calculations, but has elected to utilize this information as the best available data to guide the sector allocation process. An estimate of the contribution of Louisiana's federal tribes was not provided, therefore, a percentage was subtracted from each of the other sectors to provide 0.2% of the allocation to eligible federal tribes. Final administrative and sector allocations are described in Table 2.

Table 1. NOAA Sector-Based Revenues for Determining CARES Act Funding

Entity	For-Hire / Charter	Commercial Fishing and Aquaculture	Seafood Sector (processors, dealers, etc.)	Tribal Communities	Allocation
Louisiana	11.4%	74.2%	14.4%	0%	\$14,785,244

Table 2. Funding Allocation by Fishery Sector

Entity	NOAA Sector-Based Ratio	Allocation
NOAA and GSMFC		\$135,414
LDWF		\$585,993
Commercial Fishermen and Aquaculture*	74.1%	\$10,421,303.22
Seafood Processors and Dealers	14.325%	\$2,014,644.66
For-Hire Operations	11.375%	\$1,599,761.45
Tribal Communities	0.2%	\$28,127.67
Total	100%	\$14,785,244

NOAA's defined sectors were broken down further into nine individual sectors. Those sectors are as follows: commercial fishermen; commercial fishing vessel owners; fresh product licensees; charter captains; wholesale dealer docks; wholesale dealer brokers; wholesale dealer processors; qualified aquaculture operations; federally recognized tribes. With the exception of aquaculture operations and tribes, all sectors were further divided into either part-time or full-time sub-sectors so that full-time entities receive a larger payment than part-time entities. Entities may qualify for more than one sector as long as the 35% loss requirement is met in each sector. For example, commercial fishermen will also be allowed to qualify as a vessel owner, and a processor as a dock if their processing facility also lands seafood and purchases directly from commercial fishermen. Cage culture of oysters will not be considered eligible for the aquaculture sector. Entities participating in the cage culture of oysters will instead be eligible under the applicable fisherman, vessel, dealer, and processor sectors. LDWF intends to implement a two-phase payout process while withholding a portion of each sectors' allocation to ensure the program does not run out of funding and all eligible entities receive assistance. Funds withheld will be distributed via a second payment once all applications have been received and processed. It will also allow any unused administrative funds to be redistributed proportionally to each sector prior to second payment.

### **Sector Input:**

In developing the LA Spending Plan, the LDWF and LA Sea Grant have actively sought public comment from the different eligible fishery sectors. While no in person meetings have taken place due to the COVID-19 restrictions, the LDWF and LA Sea Grant have discussed spending plan options with many industry members representing at least 10 organizations or associations to gain insight on how funding allocation should be determined. While the limited funding awarded to LA has not allowed a more fishery based spending plan, the LDWF has attempted to allocate funding in a manner that would be beneficial to all eligible participants using the NOAA Sector-Based determinations.

Once the LA Spending Plan is approved by NOAA, the LDWF and LA Sea Grant will provide the industry with the finalized plan and allocations through a variety of outreach forums.

### **Eligibility Criteria:**

Eligible entities will be determined by requirements outlined by National Oceanic and Atmospheric Administration (NOAA) and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) legislation, as well as State requirements that document active participation in the fishing industry. Eligible entities under Section 12005 of the CARES Act are federally recognized tribes, persons, fishing communities, and aquaculture businesses that are not eligible for the USDA Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program, processors or other marine fishery related businesses. CARES act assistance under Section 12005 is limited to marine and coastal fisheries. Freshwater fisheries including crawfish are not eligible.

Marine fishery related businesses are limited to:

- Commercial fishing businesses, both captains and vessels
- Charter / For-hire businesses
- Qualified aquaculture operations - privately owned aquaculture businesses growing products in state or federal marine waters of the United States and the hatcheries that supply them
- Processors
- Dealers, both docks and wholesalers / brokers

Businesses further down the supply chain are not considered fisheries related businesses for the purposes of Section 12005 of the CARES act, such as vessel supplier and repair businesses, seafood retailers, restaurants, marinas, and bait and tackle operations.

Eligible entities must be a resident of the State in which they are applying for assistance and must be at least 18 years old. If entity is a limited liability company, corporation, or partnership, the business must register and remain in Good Standing with the Louisiana Secretary of State. Eligible entities must have incurred a 35% revenue loss compared to their five year average revenue from 2015 through 2019. Entities who have

been in business less than five years are still eligible. Average revenue will be calculated only from those years in which they were in business and have revenue. Entities who entered business for the first time in 2020 or have no revenue between 2015 and 2019 are not eligible. Eligible entities must possess a 2020 LDWF license or permit. If the entity is not legally required to have a license or permit, the entity must show proof that the business is currently active. Eligible entities must have reported seafood sales on LDWF trip tickets in 2018 or 2019. If the entity is not legally required to submit trip tickets, the entity must show proof of business activity in 2018 or 2019. These qualifying criteria are intended to capture those individuals that have been directly affected by COVID-19 and not those that have either entered or exited the fishery prior to or after COVID-19, while also taking into consideration the impacts of the 2019 flood disaster.

### **35% Loss Documentation and Validation:**

Due to the nature of different fishery seasons, LDWF has determined that trip ticket landings data or business sales records beginning March 2020 – June 30, 2020 or April 2020 – June 30, 2020 will be utilized to determine if a participant has met the 35% loss of revenue requirement. The entity will chose to use either the 3-month or 4-month time frame. COVID-19 losses will be calculated using the five year average of the time frame selected. If an entity has applied for and received federal assistance from another program under the CARES Act (including COVID-19 related unemployment), the funding from this program and any other assistance received shall not exceed the total losses resulting from COVID-19.

Eligible entities will be required to certify and attest to the following:

- Experienced a revenue loss greater than 35% when compared to the five year average of the selected time frame. The certification will require the entity to provide an approximate five year revenue average and the current revenue for the selected time frame.
- Assistance received for COVID-19 related losses, including assistance from this program, will not exceed their total loss when compared to the five year average.
- Documentation/records exist to support the losses claimed under this program and that these records will be maintained for a period of no less than five years from receipt of their final payment and make them available to Office of the Inspector General or Gulf States Marine Fisheries Commission auditors.

Eligible entities will be required to agree to a validation process allowing LDWF or its contractors to review business and financial records related to claims made in the application. Such records can include bank statements or ledgers, quarterly tax payments, sales records, payroll records, and accounting records. LDWF will attempt to validate a minimum of 20% of all applications submitted by entities not required to report trip ticket data. All applications submitted by entities reporting trip ticket data will be validated against the LDWF trip ticket database.

Applicants found to have willfully falsified their loss and supporting documentation will be prosecuted to the full extent of the law.

### **Sector Allocation and Qualifying Criteria:**

Each of the nine sectors identified by LDWF was allocated a portion the funding available for direct payments. LDWF accounted for the size of each sector when determining the allocations while ensuring that summed sector allocations adhered to the sector based revenue calculations provided by NOAA. The number potentially eligible entities in each sector as well as the sector's allocation can be seen in Table 3. With the exception of the aquaculture and tribe sectors, each sector was further divided into part-time and full-time sub-sectors. Qualifying criteria for the full-time sub-sector varies by sector and will be described below.

Table 3. List of eligible sectors with associated planned maximum number of potential applicants and allocation percentages.

<b>Sector</b>	<b># Potentially Eligible</b>	<b>Allocation</b>
Commercial Fishermen	4,889	32.475%
Commercial Fishing Vessel Owners	4,751	40.475%
Charter Captains	890	11.375%
Fresh Product Licensees	285	0.975%
Wholesale Dealer / Docks	525	6.975%
Wholesale Dealer / Brokers	1515	4.125%
Wholesale Dealer / Processors	165	3.225%
Federally Recognized Tribes	2	0.2%
Qualified Aquaculture Operations <sup>(1)</sup>	4	0.175%

(1) Alternative oyster culture permit holders will not be eligible under the aquaculture sector. Instead, they will be eligible under the applicable, fisherman, vessel, dealer, and processor sectors

### *Commercial Fishermen*

As the second largest producer of commercial seafood by volume in the US, the Louisiana commercial fishing sector is quite large. In order to appropriately estimate the number of fishermen that may be eligible to participate in this program, LDWF used 2018 and 2019 trip ticket and licensing data to determine the number of potentially eligible fishermen. Eligible commercial fishermen must have documented trip ticket landings with LDWF in 2018 or 2019 and possess a resident 2020 commercial fishermen’s license prior to applying. Commercial fishermen who possess a certified endorsement on either their 2019 or 2020 license qualify as the full-time participant.

In 2011, the LA Legislation promulgated a rule (RS 56:303 E) allowing the LDWF to create a certificate that shall endorse a commercial fisherman’s license as “certified” upon presenting the Department with a notarized statement from a certified tax preparer stating that at least fifty percent of the fisherman’s income is from commercial fishing activities. A fisherman may also become certified by applying for and receiving the certified fishermen’s tax exemption from the Louisiana Department of Revenue. LDWF has identified 920 certified commercial fishermen. However, the number of certified fishermen fluctuates each year because some fishermen, although qualified, forgo or forget to complete the annual certification form each year. As a result, LDWF intends to allow fishermen to complete the certification process during the application and approval process prior to receiving payment. Past data shows the number of certified fishermen increase drastically around major disasters and LDWF is anticipating a large increase in association with this program. LDWF will withhold a large portion of the funds allocated to commercial fishermen to account for this increase, ensuring all eligible certified fishermen receive the appropriate payment.

### *Commercial Fishing Vessel Owners*

For the same reasons stated above, the Louisiana commercial fishing vessel owner sector is also extensive. In order to appropriately estimate the number of vessel owners that may be eligible to participate in this program, LDWF used 2018 and 2019 trip ticket and vessel registration data to determine the number of potentially eligible fishermen. Eligible vessels must be registered in Louisiana, have documented trip ticket landings with LDWF in 2018 or 2019 and possess a resident 2020 commercial fishing vessel license prior to applying. Vessels that qualify as full-time are those whose 2018 and 2019 average of landings by weight or trips taken exceeds 70 percent of all the other potentially eligible vessels harvesting similar species. LDWF will automatically make this determination based on available trip ticket data. Vessels with only one year of landings will not be penalized and the year in which they had landings will be used as their average. Table 4 defines the criteria used for determining the full-time status of vessels at the 70<sup>th</sup> percentile. There are no allocations by fishery in this program. Fishery was required as part of the analysis due to the differences in seasonality and product weight. We determined it would not be appropriate to compare landings and effort from one fishery to landings and effort from another. Data used to calculate the crab values were limited to crabs landed using traps and pots. Data used to calculate the saltwater finfish values were limited to those trips where at least 80% of the catch was finfish.

Table 4. Full-time minimum qualifying criteria for vessels by fishery based on the 70th percentile.

Sector	Fishery	Annual Trips (minimum #)	OR	Annual Landings (minimum lbs)	
Vessel Owners	Crab	80			30,242
	Oyster	69			12,736
	Saltwater Fish	10			12,001
	Shrimp	18			34,185
	Combined	39			31,940

Vessels that harvest more than once species and do not qualify for the full-time sub-sector for any one individual species will have their landings combined and compared to the combined fishery in Table 4. This provides an alternative method to qualify for the full-time sub-sector.

*Charter Captains*

In order to appropriately estimate the number of charter captains that may be eligible to participate in this program, LDWF used 2018 and 2019 licensing data to determine the number of potentially eligible captains. Eligible charter captains are required to possess a resident 2020 LDWF charter captain license and have documented revenue in 2018 or 2019 prior to submitting an application. Documented revenue will be determined by using the tax return documentation described in the application process. Charter captains possessing a certified endorsement on either their 2019 or 2020 license qualify as the full-time participant.

Similar to the commercial fishermen, the for-hire participants are able to be classified as full time or a certified fisherman. A 2018 amendment to LA Legislation (RS 56:303 E) required the LDWF to create a certificate that shall endorse a charter captains license as “certified” upon presenting the Department with a notarized statement from a certified tax preparer stating that at least fifty percent of the fisherman’s income is from commercial fishing activities. Unlike commercial fishermen, the Louisiana Department of Revenue option is not available. The charter captain certification is still relatively new and few captains obtain the certification because it lacks tax incentives. The number of currently certified charter captains is too low to serve as any type of indicator for predicting the number that would be eligible for this program. Discussions with the charter industry indicate that 300 – 400 captains may be eligible to be certified. LDWF will be utilizing the upper end of that estimate as the estimate of eligible certified charter captains.

Only licensed charter captains will be eligible under the charter sector. Charter businesses that operate multiple vessels and employ multiple captains will be ineligible. These operations and their vessels are not licensed with LDWF and are unable to be identified.

*Fresh Product Licensees*

Fresh product licensees are commercial fishermen who are allowed to sell their own catch to the public. Anyone with a fresh product license is also required to possess a commercial fishermen’s license. In order to appropriately estimate the number of fresh product licensees that may be eligible to participate in this program, LDWF used 2018 and 2019 trip ticket and licensing data to determine the number of potentially eligible licensees. Eligible fresh product licensees must have documented trip ticket landings with LDWF in 2018 or 2019 and possess a resident 2020 fresh product license prior to applying. Fresh product licensees whose associated 2019 or 2020 commercial fishermen’s license is certified will qualify as full-time. LDWF has identified certified commercial fishermen that also possess a fresh product license. However, the number of certified fishermen fluctuates each year because some fishermen, although qualified, forgo or forget to complete the annual certification form each year. As a result, LDWF intends to allow fishermen to complete the certification process during the application and approval process prior to receiving payment. Past data shows the number of certified fishermen increase drastically around major disasters and LDWF is anticipating a large increase in association with this program. LDWF will withhold a large portion of the funds allocated to fresh product licensees to account for this increase, ensuring all eligible entities receive the appropriate payment.

*Wholesale Dealer / Docks*

Docks are facilities that land seafood and purchase it directly from the fishermen and are required to report trip tickets. In order to appropriately estimate the number of docks that may be eligible to participate in this program, LDWF used 2018 and 2019 trip ticket and licensing data to determine the number of potentially eligible docks. Eligible docks must have documented trip ticket landings with LDWF in 2018 or 2019 and possess a resident 2020 wholesale/retail dealer license prior to applying. Docks that qualify as full-time are those whose 2018 and 2019 average of landings by weight or trips landed exceeds 70 percent of all the other potentially eligible docks purchasing similar species. LDWF will automatically make this determination based on available trip ticket data. Docks with only one year of landings will not be penalized and the year in which they had landings will be used as their average. Table 5 defines the criteria used for determining the full-time status of docks at the 70<sup>th</sup> percentile. There are no allocations by fishery in this program. Fishery was required as part of the analysis due to the differences in seasonality and product weight. We determined it would not be appropriate to compare landings and effort from one fishery to landings and effort from another. Data used to calculate the crab values were limited to crabs landed using traps and pots. Data used to calculate the saltwater finfish values were limited to those trips where at least 80% of the catch was finfish.

Table 5. Full-time minimum qualifying criteria for vessels by fishery based on the 70th percentile.

Sector	Fishery	Annual Trips (minimum #)	OR	Annual Landings (minimum lbs)	
Wholesale Dealer / Docks	Crab	125			34,307
	Oyster	480			76,067
	Saltwater Fish	50			87,572
	Shrimp	82			53,924
	Combined	203			93,892

Docks that harvest more than once species and do not qualify for the full-time sub-sector for any one individual species will have their landings combined and compared to the combined fishery in Table 5. This provides an alternative method to qualify for the full-time sub-sector.

*Wholesale Dealer / Brokers*

Brokers are entities that possess a wholesale/retail dealer license and buy and resell seafood to other wholesale or retail dealers. While all wholesale dealers buy and resell seafood, brokers do not land seafood and purchase it directly from fishermen, nor do they process the seafood they purchase. As a result, entities qualifying as a broker, are not eligible to qualify as a dock or processor. In order to appropriately estimate the number of brokers that may be eligible to participate in this program, LDWF used 2018 and 2019 licensing data. Any entity possessing a wholesale/retail dealer license that was not also identified as a dock or processor was identified as a potential broker. Eligible brokers must possess a resident 2020 wholesale/retail dealer license and have documented revenue in 2018 or 2019 prior to submitting an application. Documented revenue will be determined by using the tax return documentation described in the application process. Brokers that qualify as full-time are those whose five year average of gross receipts and sales from 2015-2019 exceeds 50 percent of all the other brokers with eligible applications. LDWF will automatically make this determination based on tax documentation submitted with the application. Gross receipts and sales will be determined using line 1 or 1a on tax return forms 1040 / Schedule C, Form 1120, Form 1120-S, or Form 1065. The forms needed are dependent upon how the business is classified. Brokers with less than five years of landings will not be penalized and the years available will be used to calculate their average.

*Wholesale Dealer / Processors*

Processors are entities that possess a wholesale/retail dealer license and a permit from the Louisiana Department of Health (LDH) to process seafood. In order to appropriately estimate the number of processors that may be eligible to participate in this program, LDWF used 2018 and 2019 licensing data as well as permit data provided by LDH. The list was further vetted by industry outreach by the LDWF and LA Sea Grant and

through direct communication with LDH, who does inspections on these facilities. The list was then narrowed down to the seafood processors that are known to be active in the industry. Eligible processors must possess a resident 2020 wholesale/retail dealer license, an active LDH processing permit for oysters, crabs, shrimp, or finfish, and have documented revenue in 2018 or 2019 prior to submitting an application. Documented revenue will be determined by using the tax return documentation described in the application process. Processors that qualify as full-time are those whose five year average of gross receipts and sales from 2015-2019 exceeds 50 percent of all the other processors with eligible applications. LDWF will automatically make this determination based on tax documentation submitted with the application. Gross receipts and sales will be determined using line 1 or 1a on tax return forms 1040 / Schedule C, Form 1120, Form 1120-S, or Form 1065. The forms needed are dependent upon how the business is classified. Processors with less than five years of landings will not be penalized and the years available will be used to calculate their average.

### *Federally Recognized Tribes*

LDWF has determined that there are currently four federally recognized tribal communities in LA. Of those four, only two are near the coastal zone. LDWF has contacted each tribal community to determine if they would qualify for this project and each of them have stated that they have not experienced negative impacts to subsistence, cultural, or ceremonial marine fisheries. To ensure funding is available should this determination change, LDWF has allocated funds for two tribes. It is likely that these funds will go unused and will be redistributed back to the other sectors prior to dispersal of the second payments. Sub-sector allocations and criteria will not be utilized for tribes.

### *Qualified Aquaculture Operations*

Qualifying aquaculture operations are those operations that are privately owned and growing products in state or federal marine waters of the United States and the hatcheries that supply them. Entities participating in the cage culture of oysters will not be considered eligible under the aquaculture sector and will instead be eligible under the applicable fisherman, vessel, dealer, and processor sectors. As a result, aquaculture operations that qualify for this program are anticipated to be very low. Eligible aquaculture operations must be domiciled in Louisiana, possess the necessary licenses and permits, and have documented revenue in 2018 or 2019 prior to submitting an application. Documented revenue will be determined by using the tax return documentation described in the application process. Sub-sector allocations and criteria will not be utilized for tribes.

### **Funding Distribution:**

Given the eligibility criteria for this funding, LDWF is unable to identify and pre-qualify every eligible entity. Therefore, LDWF intends to implement a two-phase payout process while withholding a portion of each sectors' allocation. This system ensures the program does not run out of funding and all eligible entities receive assistance, while also allowing LDWF to pre-determine and announce initial payment amounts. It also provides a safe guard against under estimation of full-time participants and allows for additional eligible participants to qualify for the full-time sub-sector.

Phase 1: During the first phase, the minimum payment will be issued as applications are approved in an effort to get funding to those in need as quickly as possible. The minimum payment was determined using an estimate of the maximum number of eligible applicants, and by setting aside a portion of the funding to ensure there is enough funding to pay all applicants should the number of approved applications exceed our estimation. An eligible participant can be eligible for direct payment from more than one sector (ex. A certified fisherman that owns his vessel).

Phase 2: Upon closing of the application period and completion of the review process, the final number of eligible applicants within each sector will be determined. Funds remaining in each sector after phase 1 will be applied to the total number of eligible applicants and a second payment will be calculated using the same criteria as used in phase 1. This will ensure that all funds within each sector are distributed. Final payment amounts will be determined by the total number of eligible applications received.

A cap of \$10,000 will be used as the maximum payment amount any single individual or legal entity may receive from all payments combined. This cap will not apply to federally recognized tribes.

As required by Louisiana State law, all applicants will be checked against State records for delinquent tax bills and child support. Identified delinquencies will be deducted from the applicant's payment amount and the funds provided to appropriate government agencies.

### **Application Process:**

The application process will be conducted electronically and is planned to open on August 1, 2020 should LDWF receive NOAA approval. The application process will be open for a six-week period. The individual named on the license or a registered agent of the named business must complete the application. Business applicants must also be registered with the Louisiana Secretary of State. Potential applicants will be notified prior to the opening of the application portal of the required documentation. Required application documents include the following and must submit the following:

- Copy of photo id
- The last 5 years (2015-2019) of tax return forms. Form 1040 / Schedule C, Form 1120, Form 1120-S, or Form 1065 will be required. No other forms, attached schedules, or supporting documents will be needed during the application process.
  - Applicants who entered the fishery less than 5 years ago or applicants who have not yet filed taxes in certain years will be allowed to indicate such on the application.
- For applicants not required to have a LDWF license or permit, proof that the business is active in 2020. Examples of acceptable documentation include but are not limited to, municipal permits, sales or financial reports, and payroll reports.
- For applicants not required to submit LDWF trip tickets, proof of business activity in 2018 or 2019. Examples of acceptable documentation include but are not limited to, municipal permits, sales or financial reports, and payroll reports.
- W-9 Form
- New certified fisherman / charter captain forms
  - May be submitted after the application is submitted

Applicants qualifying for any combination of the commercial fishermen, vessel owner, and fresh product license sectors may submit one application. If a partnership, corporation, or limited liability company owns the vessel, a separate application must be submitted for that vessel. Applicants owning more than one vessel may submit one application for all vessels provided they are owned by and registered with the same legal entity (SSN or tax identification number (TIN)). Docks and processors may combine different locations on a single application provided they are owned by and licensed under the same legal entity (SSN or TIN). Charter captains, brokers, and aquaculture facilities sector applications cannot be combined with any other sector and must submit separate applications.

An expected initial payment range for each sector and sub-sector will be announced when applications open. After all applications have been processed, a second payment will be made pending the availability of remaining funds.

LDWF intends to provide language and application assistance via a contractor. Assistance will be provided over the phone, video conference, or in person as time and capacity allow. Those without internet access will be assisted in person at the contractor's office or directed to the nearest public library.

### **Expected Benefits:**

Direct payments utilizing CARES Act funding are expected to provide economic relief to those members of the fishing industry that have suffered losses due to COVID-19.

**Schedule:** The below schedule is tentative and dependent upon receiving plan approval.

August 1, 2020 - Applications open  
September 11, 2020 – Applications close  
November 30, 2020 – Completion of Phase 1 payments  
December 31, 2020 – Completion of Phase 2 payments  
August 30, 2021 – Completion of LDWF loss and income validation efforts

**Budget:**

LDWF estimates it has been expending \$3,500 per week on program development. This task began June 1 and is anticipated to continue until July 31 for a total of nine weeks and \$31,500.

LDWF will contract with South Central Planning and Development Commission (SCPDC) for a period of four months for a total of \$123,629.60. SCPDC will assist LDWF with the following:

- Advertising the program
- Act as a first point of contact for applicants
- Assist applicants with the application process either via telephone, video chat, or in person when necessary
- Provide Spanish and Vietnamese interpreters in person or via the telephone
- Hold up five in person town hall meetings to cover program details and assist with applications
- Assist LDWF staff with reviewing financial documentation during the application and verification processes

LDWF may continue the contract with SCPDC on a month to month basis as needed at a cost of \$30,907.40 per month.

LDWF estimates that each assigned staff member can process and approve a minimum of four applications per hour at a cost of \$9.54 per application. LDWF anticipates receiving 11,000 applications for a total 2,750 man hours and \$104,912.50. LDWF will set aside an amount equal to 1,375 additional man hours or \$52,456.25 as a contingency to cover the cost of additional applications or increases in processing time.

LDWF will attempt to validate a minimum of 20% of all applications submitted by entities not required to report trip ticket data. This is estimated to amount to over 400 applications. LDWF will utilize in house staff if possible, but may need to contract a financial auditing firm to assist. LDWF estimates that this cost will likely exceed the remaining \$149,865.05

LDWF intends to utilize existing staff and equipment to process and review applications. There will be no additional supplies or equipment needed outside of those in third party contracts. Any unused administrative funds, excluding those needed to conduct loss and income validation, will be redistributed proportionally to each sector prior to second payment.

Table 6. LDWF CARES Act Budget.

<b>Description</b>	<b>Duration</b>	<b>Budget</b>
Program development	9 weeks	\$31,500.00
SCPDC contract	4 months	\$123,629.60
SCPDC contingency	4 months	\$123,629.60
Application processing	2,750 man hours	\$104,912.50
Application processing contingency	1,375 man hours	\$52,456.25
Loss and Income Validation	8 months	\$149,865.05
<b>Administrative Subtotal</b>	<b>\$585,993.00</b>	
Commercial Fishermen and Aquaculture		\$10,421,303.22
Seafood Processors and Dealers		\$2,014,644.66
For-Hire Operations		\$1,599,761.45
Tribal Communities		\$28,127.67
<b>Direct Payments Subtotal</b>	<b>\$14,063,837.00</b>	
<b>Total</b>		<b>\$14,649,830.00</b>

**Appendices:**

1. **NOAA CARES Act Funding Allocation by State**
2. **NOAA Sector-Based Revenues**
3. **Louisiana Allocation Table**

**References:**

1. **NOAA Fisheries.** 2020. Commerce Secretary Announces Allocation of \$300 Million in CARES Act Funding. Retrieved from:  
<https://www.fisheries.noaa.gov/feature-story/commerce-secretary-announces-allocation-300-million-cares-act-funding>
2. **NOAA Fisheries.** 2020. Secretary of Commerce allocates \$300 million in CARES Act aid to U.S. fishermen and seafood industries impacted by COVID-19. Retrieved from:  
<https://www.noaa.gov/media-release/secretary-of-commerce-allocates-300-million-in-cares-act-aid-to-us-fishermenand#:~:text=Today%2C%20Secretary%20of%20Commerce%20Wilbur,by%20the%20COVID%2D19%20pandemic>