

Congress of the United States
Washington, DC 20515

October 1, 2018

The Honorable John Culberson
Subcommittee on Commerce, Justice,
Science, and Related Agencies
Committee on Appropriations
H-309, The Capitol
Washington, D.C. 20515

The Honorable José Serrano
Subcommittee on Commerce, Justice,
Science, and Related Agencies
Committee on Appropriations
1016 Longworth HOB
Washington, D.C. 20515

Dear Chairman Culberson and Ranking Member Serrano,

We write to request an appropriation to buy down additional debt accrued as the result of a mishandled financing program for the “buyback” of Pacific Coast groundfish fishery trawl vessels and permits.

Although the underlying agreement to rationalize the fishery paved the way for an environmental victory and the possibility of sustained economic success for Pacific Coast fishermen and communities, the delayed implementation of the program by the National Marine Fisheries Service (NMFS) has added over \$10 million in unexpected economic drag that threatens the industry. The Senate has recognized the issue in its report to its Fiscal Year 2019 Commerce, Justice, Science, and Related Agencies bill, S. 3072:

The Committee recognizes the ongoing impacts on the Pacific coast groundfish fishery trawl industry resulting from NMFS’s delay in promulgating regulations to collect loan payments for the 2003 fishing vessel and permit buyback program. This delay caused an additional \$4,000,000 in interest to accrue, resulting in an estimated \$10,000,000 of additional loan payments for the Pacific coast groundfish fishery trawl industry. The Committee notes the implementation of the Revitalizing the Economy of Fisheries in the Pacific Act of 2014, section 3095 of Public Law 113-291, which is intended to provide relief to this legacy issue.

We now ask that funds be appropriated to remedy the situation for this critical industry. As further background, after the fishing industry approved the buyback through a referendum, NMFS expended \$36 million in loan proceeds to retire fishing vessels in late 2003, and interest began accruing on March 1, 2004. However, NMFS failed to implement a repayment system until September of 2005. During this 18-month delay, NMFS prohibited the remaining vessels from making any loan repayments. This added \$4.2 million in interest at the outset, effectively increasing the outstanding loan to over \$40 million before NMFS allowed repayment to begin and causing interest to accrue on that \$4.2 million interest. NMFS’s inaction unilaterally changed the loan terms from what the industry had approved by referendum. To date, the Pacific Coast

groundfish industry has made payments of more than \$34 million towards this loan, but the industry currently owes \$22.4 million on the outstanding sub-loan for the groundfish fishery, which is \$10 million more than would have been owed if repayment had started immediately.

An appropriation of \$10 million would reduce the debt level by the amount roughly attributable to NMFS's failure to adopt a timely repayment mechanism. This would also significantly reduce the industry's annual repayment obligations to a level that is more aligned with that envisioned by the original loan terms.

Resolving this longstanding problem is one of the most important actions Congress could take to have a clear and direct positive impact on the entire Pacific Coast groundfish fishery trawl industry. This fishery is year-round, providing the glue that holds shoreside processing infrastructure together between seasonal fisheries. A robust groundfish fishery is essential to providing year-round economic stability for the fishing communities and the entire maritime economy of the communities we represent along the Pacific Coast.

Thank you for your consideration of this request.

Sincerely,



Jared Huffman
Member of Congress



Kurt Schrader
Member of Congress



Peter A. DeFazio
Member of Congress



Alan Lowenthal
Member of Congress



Anna G. Eshoo
Member of Congress



Dave Reichert
Member of Congress




Denny Heck
Member of Congress



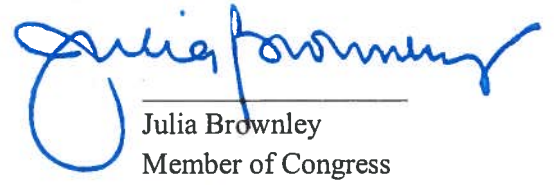
Earl Blumenauer
Member of Congress



Greg Walden
Member of Congress

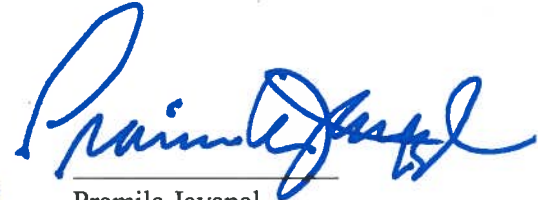

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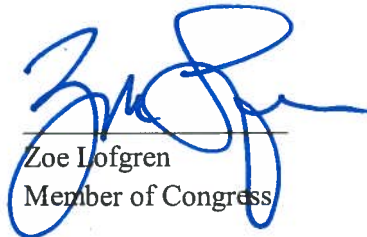

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