

Congress of the United States
Washington, DC 20515

December 5, 2019

The Honorable Nita Lowey
Chairwoman
House Committee on Appropriations
H-307 The Capitol
Washington, D.C. 20515

The Honorable Kay Granger
Ranking Member
House Committee on Appropriations
1016 Longworth House Office Building
Washington, D.C. 20515

Dear Chairwoman Lowey and Ranking Member Granger:

As negotiations move forward on Fiscal Year 2020 appropriations bills, we urgently request you end the unwarranted loan interest burden on the Pacific coast groundfish trawl fleet that we represent by correcting an error caused solely by the federal government to the detriment of this key Pacific coast industry.

For years, groundfish trawl vessels have been forced to carry an erroneous increased debt burden caused by the mishandled implementation of the “buyback” program by the National Marine Fisheries Service (NMFS). The buyback program was created in a collaborative manner amongst many stakeholders and it ultimately brought sustainability to the marine environment by reducing the size of the trawl fleet. However, as the result of gross oversight, the vessels now are burdened with much more debt than that for which the original deal allowed. In short, they are being punished for doing the right thing, and it is the responsibility of the federal government to rectify this situation before more harm is done to the community.

In 2000, the Secretary of Commerce declared the West Coast groundfish fishery an economic disaster. In response, Congress authorized a \$46 million buyout to reduce overcapacity. \$36 million of those funds was provided in the form of a loan that the remaining fishing vessels agreed to repay based on a percentage fee on ex-vessel revenue over thirty years.

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, adding \$3.8 million in interest from the outset.

The result of this error means the remaining vessels now owe over \$13 million more than would have been owed if repayment had started immediately. 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 fishery, which represents a significant burden on the industry.

While the underlying program has been successful in restoring the health of the fishery, the Senate report that accompanied the Fiscal Year 2019 Commerce, Justice, Science, and Related Agencies bill recognized “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.” Similar language is contained in the report accompanying H.R. 3055, regarding Fiscal Year 2020 appropriations.

Resolving this longstanding problem caused by the federal government’s inaction 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 operates year-round, providing a vital economic engine that helps hold together shoreside processing infrastructure between seasonal fisheries. A robust groundfish fishery is essential to providing year-round economic stability for these communities, as well as the entire maritime economy of the communities we represent along the Pacific coast.

We strongly urge the inclusion of the following language to right the wrong levied upon the Pacific coast trawl fleet and the coastal communities dependent on its economic success. The federal government should not “bait and switch” our coastal communities.

Notwithstanding section 661c of title 2, United States Code, the Secretary of Commerce shall forgive the interest accrued on the loan regarding fishing capacity reduction in the West Coast groundfish fishery authorized by section 212 of Division B, Title II, of Public Law 108-7 from December 4, 2003 through September 8, 2005 and the portion of additional interest accrued since September 8, 2005 that is directly attributable to the delay in implementing a repayment system.

Thank you for your consideration.

Sincerely,



KURT SCHRADER
Member of Congress



JARED HUFFMAN
Member of Congress



PETER A. DeFAZIO
Member of Congress



EARL BLUMENAUER
Member of Congress



RICK LARSEN
Member of Congress



SUZANNE BONAMICI
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PRAMILA JAYAPAL
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