

**SUPPORTING STATEMENT  
FISHERIES FINANCING PROGRAM REQUIREMENTS  
OMB CONTROL NO. 0648-0012**

**A. JUSTIFICATION**

**1. Explain the circumstances that make the collection of information necessary.**

Title XI of the Merchant Marine Act ([46 U.S.C. 1271 et seq.](#)) authorizes the Fisheries Financing Program (FFP) to assist small businessmen in financing or refinancing commercial fishing vessels, fisheries shoreside facilities, aquaculture operations, and individual fishing quotas (IFQ). Title XI also authorizes the Fishing Capacity Reduction Program (FCRP) to reduce excess fishing capacity by paying fishermen to either surrender their fishing permits or vessels, or both. All obligations involving any fishing vessel, fishery facility, aquaculture facility, or individual fishing quota issued subsequent to the Sustainable Fisheries Act are direct loan obligations. These financings contribute to the stability of the fishing industry, which continues to be viewed by the Congress as in the national interest. The relevant portions of Title XI are implemented at [50 CFR Part 253](#).

The FFP application form, National Oceanic and Atmospheric Administration (NOAA) Form 88-1, is used by commercial fishermen to apply for financing. The form has been redesigned to provide for additional loan services authorized by the Sustainable Fisheries Act and to clarify requirements. Annual reporting is also required by all current borrowers.

The FFP involves providing three types of loans.

**a. Direct Loans for Vessels, Shoreside Facilities, and Aquaculture**

The loans requested under the FFP will provide the financial assistance authorized under the 1996 Sustainable Fisheries Act (SFA), as amended, Title XI of the Merchant Marine Act, 1936 as amended, and the Magnuson-Stevens Fishery Conservation and Management Act.

Traditional FFP direct loans financing offers the fishing industry slightly better interest rates and longer term loans than are available elsewhere. The longer term loans allow the industry to amortize their capital investment over the actual economic life of the fisheries asset. Lower debt service reduces economic pressure, thus allowing the borrower to more easily accommodate more restrictive fishery management initiatives. FFP regulations ensure that FFP traditional lending will not increase harvesting capacity in the fisheries but will simply permit the financing of the acquisition of existing vessels or the refinancing of existing debt for vessels already in the fishery.

Shoreside processing loans are capacity neutral. Aquaculture financing is an activity that NOAA is actively encouraging because increases in aquaculture grown fish remove pressure on the wild stock.

## **b. Mariculture Fisheries Finance**

NOAA encourages the development of mariculture (growing seafood in salt waters beyond low tide) projects. This technology is not as mature as traditional aquaculture activities and consequently has been assigned a higher risk.

## **c. FFP Halibut and Sablefish IFQ loans**

The SFA (Public Law 104-297) amended section 1104A (a)(7) of Title XI of the Merchant Marine Act (46 U.S.C. App. 1274) and section 303(d)(4) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) (16 U.S.C. 1801 et. seq.) to authorize financing and refinancing the cost of entry-level fishermen and fishermen who fish from small boats purchasing individual fishing quota (IFQ). SFA amendments to section 303(d)(4) and section 304(d)(2) of the Magnuson-Stevens Act authorize the Federal Credit Reform Act cost of IFQ lending to be funded by up to 25% of the IFQ and Community Development Quota (CDQ) fee revenue from the IFQ fishery involved.

## **2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.**

The application for FFP financing (NOAA Form 88-1) provides the information needed to determine whether the applicant is a good credit risk. All applicants for FFP financing are requested to provide information such as the applicant's identity (name and tax identification number), and address, the amount of financing applied for, the purpose of loan, an appraisal of the vessel or facility involved, financial information including the last three tax returns, a list of creditors and buyers with relevant credit terms, identification of authorized representatives (accountant, attorney, insurance agent), and legal history (status regarding bankruptcy, litigation, delinquency on and Federal debt, etc.).

This information is generally required by any commercial lending institution and provides a basis for evaluating credit-worthiness and repayment prospects. The requirement is to ensure that the loan is for purposes authorized for this program. Applicants with a history of credit problems, litigation or bankruptcy, lack of capital, etc. generally cannot meet the FFP's stringent credit standards. Applications are approved only for those loans with excellent repayment prospects.

Annual financial statements are required of all borrowers. These statements update the balance sheet information presented with the original application. The financial statements are used to monitor the borrower's financial condition and to trigger servicing actions if indicated.

As explained in the preceding paragraphs, the information gathered has utility. NOAA Fisheries will retain control over the information and safeguard it from improper access, modification, and destruction, consistent with NOAA standards for confidentiality, privacy, and electronic information. See response #10 of the Supporting Statement for more information on confidentiality and privacy. The information collection is designed to yield data that meet all applicable information quality guidelines. There is no plan to disseminate this information, but if

dissemination is warranted the information will be subjected to quality control measures and a pre-dissemination review pursuant to Section 515 of Public Law 106-554.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.**

The information requested is the minimum necessary to comply with customary banking practices to extend credit. Hard copy applications were required in the past because original signatures are required and there are severe penalties for fraud. The division has initiated action to determine, through senior management and General Counsel, Fisheries, if use of electronic signatures would be acceptable. There should be a determination by October 1, 2008. If acceptable, the program will make the application available on the National Marine Fisheries Service (NMFS) website, <http://www.nmfs.noaa.gov/>.

**4. Describe efforts to identify duplication.**

Because NOAA is the sole Federal provider of FFP financing, there is no duplication of other information requests.

**5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.**

Information collected relates to specific applicants and proposed financings. The information collected is the minimum necessary to determine eligibility and amount of assistance.

**6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

Statutorily-mandated financial assistance could not be delivered without this information collection.

**7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.**

Not applicable.

**8. Provide information on the PRA Federal Register Notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

A Federal Register Notice, published December 10, 2007 (72 FR 69668) solicited comments on this collection. One comment was received but it did not address the information collection requirements or public burden.

**9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.**

Not applicable.

**10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.**

The information collected is confidential under NOAA Administrative Order 216-100, which “prescribes policies and procedures for protecting the confidentiality of data submitted to and collected by NOAA/ NMFS as authorized or required by law.” Confidentiality is assured on the form.

A Privacy Act System of Records Notice for all Fisheries Finance Programs is currently under review at NOAA.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.**

No sensitive questions are asked.

**12. Provide an estimate in hours of the burden of the collection of information.**

135 FFP respondents x 1 NOAA Form 88-1 x 8 hrs/application = 1,080 hours.

100 IFQ respondents x 1 NOAA Form 88-1 x 8 hrs/application = 800 hours.

1,500 respondents x 1 annual financial statement for current borrowers x 8 hrs/statement = 12,000 hours.

Totals: 1,735 responses and 13,880 hours.

**13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in #12 above).**

There is only a minimal cost burden of this information collection to respondents, primarily for copying of supporting documents and mailing applications and reports. The average estimated cost per response is \$4.64, with a total annual cost of \$8,050.

**14. Provide estimates of annualized cost to the Federal government.**

There is no annualized cost of this information collection to the Federal government; the time reviewing the applications and reports is already covered under the staff salary.

**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB 83-I.**

The net increase of 485 in responses and 3,880 in hours is due to:

- 1) an increase from 1,000 to 1,500 in the current number of respondents who are loan recipients and thus need to provide an annual financial statement, adding 4,000 hours.
- 2) a decrease in the estimated number of FFP applicants and applications, from 150 to 135, removing 120 hours.

The net increase of \$2,675 in cost, or a per-response cost of \$0.34, is a reflection of postage rate increases since 2003. The increase in ROCIS appears to be \$3,050, as the previous cost of \$5,275 was rounded down to \$5,000 when migrated to ROCIS.

**16. For collections whose results will be published, outline the plans for tabulation and publication.**

The results will not be published.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.**

The expiration date will be displayed.

**18. Explain each exception to the certification statement identified in Item 19 of the OMB 83-I.**

No exceptions are requested.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not employ statistical methods.