

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

A. JUSTIFICATION

This request is for revision and extension of a current information collection.

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

Chapter 537 of the Shipping Act (formerly Title XI of the Merchant Marine Act), codified at **46 U.S.C. 53701**, authorizes the Fisheries Financing Program (FFP) to assist business in financing or refinancing commercial fishing vessels, fisheries shoreside facilities, aquaculture operations, and individual fishing quotas (IFQ). 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. New regulations under the Shipping Act were enacted by Final Rule 0648-AY16, to allow crab IFQ loans (**75 FR 78619**), December 16, 2010. Relevant portions of the Shipping Act are codified at **50 CFR Part 253**.

The Fisheries Financing Program (FFP) application form, NOAA Form 88-1, is used by commercial applicants to apply for financing under the FFP. The form has been redesigned to provide for new crab IFQ loans and to make instructions clearer. Annual reporting is also required by all current borrowers.

The Fisheries Finance Program involves providing three types of loans.

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

The loans requested under the Fisheries Finance Program (FFP) will provide the financial assistance authorized under the **1996 Sustainable Fisheries Act** (SFA) (Public Law 104-297), as amended, Chapter 537 of the Shipping Act, and the **Magnuson-Stevens Fishery Conservation and Management Act** (Magnuson-Stevens Act) (16 U.S.C. 1801 *et. seq*).

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 National Oceanic and Atmospheric Administration (NOAA) is actively encouraging, because increases in aquacultural-grown fish remove pressure on wild stocks.

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/Sablefish and Crab IFQ loans

The Sustainable Fisheries Act (SFA) amended Section 1104A (a)(7) of the Shipping Act and section 303(d)(4) of the Magnuson-Stevens Fishery Conservation and Management Act 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 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 3 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 financial statement 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 to Question 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.

Hard copy applications are required because original signatures are required and there are severe penalties for fraud. The division will email an electronic version of the document upon request.

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.

Not Applicable.

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 a copy of 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 July 25, 2011 (76 FR 44306) solicited comments on this collection. No applicable comments were received.

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 sets, which “prescribes policies and procedures for protecting the confidentiality of data submitted to and collected by the National Oceanic and Atmospheric Administration (NOAA)/National Marine Fisheries Service (NMFS) as authorized or required by law.”

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.

28 FFP respondents x 1 NOAA Form 88-1 x 8 hrs/application = 224 hours.

36 IFQ respondents x 1 NOAA Form 88-1 x 8 hrs/application = 288 hours.

410 respondents x 1 annual financial statement for current borrowers x 2 hrs/statement = 820 hours.

Totals: 474 responses and 1,332 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 Question 12 above).

There is only a minimal cost burden to respondents for this information collection, primarily for copying of supporting documents and mailing applications and reports. The average estimated cost per response is \$5.11, with a total annual cost of \$2,422.

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 salaries.

15. Explain the reasons for any program changes or adjustments.

Program Change: Crab IFQ loans are now included in this program. At least 5 of the IFQ requests in Question 12 were for crab, adding 5 responses, 40 burden hours and \$6. However, overall, IFQ loan applications are down.

Adjustments:

The estimated number of annual responses has decreased: there is an estimated decrease of 90 in annual reports required, and a net decrease of 171 in new applications (note, in the 2008

extension request, 1,500 annual reports were estimated, but the current sponsor believes that was the 3-year total, which should have been annualized to 500; therefore, our decrease in reports is based on the corrected figure. In addition, the response time for annual reports has been adjusted to more accurately reflect the time needed.

Overall, postage is less due to fewer responses; however, the average postage cost per mailing has increased from \$4.64 to \$5.11.

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

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.

No exceptions are requested.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.