

To: The Honorable Vince Tutiakoff Sr.
The Unalaska City Council
Erin Reinders, City Manager

From: Brad Gilman, Rick Marks, & Sebastian O’Kelly

Re: Washington Update

Date: December 23, 2020

1. FY 2021 Appropriations: The Congress has bundled all 12 appropriations bills into a roughly 5,500 page Omnibus Appropriations Bill to fund the Federal government through the rest of FY 2021. The bill includes a CV-19 relief package (see item #3) as well climate energy-related provisions, reauthorization of the Water Resources Development Act (WRDA), and reforms to limit “surprise billing” practices in medicine. The Omnibus’ regular annual appropriations for both non-defense and defense spending totals an estimated \$1.4 trillion, up slightly from FY 2020 levels. The Bill has passed and is expected to be signed by the President.

2. Unalaska Harbor: The WRDA title of the Omnibus includes the following project authorization for the harbor channel dredging -- Unalaska, Dutch Harbor Channels, February 7, 2020, Federal: \$26,967,000: Non-Federal \$8,989,000: Total: \$35,956,000. The total authorized level of funding for the project was bumped up about \$1 million, with the cost-share amounts adjusted accordingly, from the level in the House and Senate bills. The date refers to the Chief of Engineers report favorably recommending the project. The next step will be to pursue appropriations for the project next year.

3. CV-19 Emergency Relief: After months of delays and stalled negotiations, Congress has agreed to the next CV-19 relief package which has been attached to the Omnibus Appropriations Bill. Total funding is an estimated \$900 billion. It is the second highest amount of CV-19 legislative relief this year after the CARES Act (\$2.3 trillion).

The bill does not include \$160 billion in State, local and tribal government (SALT) relief, as had been proposed by the bi-partisan working group of House and Senate members earlier in the month. It does, however, include language extending SALT use of CARES funding. The additional SALT funding had been tied to provisions that would have limited employer liability from COVID-related lawsuits. When the parties were not able to reach agreement on both items, they were dropped from consideration and the proposed SALT funds were instead used for an additional round of individual stimulus checks. Leading Democrats and President-elect Biden have stated their desire to bring up additional SALT relief in the next Congress.

Major funding and provisions are as follows. We are still going through the text to examine some of the fine print that is included in bill report language (several additional thousands of pages).

- **SALT Use of CARES Act Stabilization Funds** – The deadline for expenditure of funds is extended to December 31, 2021. Greater flexibility for the use of funds was not included.
- **Small Business/Non-Profits -- Paycheck Protection Program (PPP)** -- \$284 billion. Eligibility is extended to Section 501c6 non-profits (many local Chambers of Commerce, tourism boards, and destination marketing organizations). Small news organizations are also now eligible. Prior PPP recipients may apply for a second loan if they experienced a 25 percent or greater revenue loss in one quarter of 2020 compared to the same quarter in 2019. PPP loans will now be tax deductible. Separately, additional funding is provided for SBA's Economic Injury Disaster Loan Program, including \$10,000 per low income business who did not previously qualify for PPP funds. A CARES Act requirement that deducted EIDL loans from a PPP loan has been repealed.
- **Unemployment** -- \$120 billion. \$300/week Federal supplement until March 14, 2021. It includes “gig economy” and 1099 contract workers.
- **Individual Stimulus Checks** -- \$166 billion. \$600 per adult and child with eligibility caps of \$75,000 per individual/\$150,000 per household. The Treasury Department has indicated it can start sending benefits soon.
- **Education** – \$82 billion. \$54.3 billion is to be distributed to local public schools via formula under the Elementary & Secondary Education Act to cover costs such as distance learning, PPE, laptop computer purchases, school building/classroom modifications, etc. \$22.7 billion is provided in relief to higher education institutions. \$4 billion is provided to the Governors Emergency Education Relief Fund established in the CARES Act.
- **Vaccine Purchase & Distribution, CV-19 Testing & Mitigation** – \$69 billion. \$22 billion of the amount is provided to the States for further use and distribution of CV-19 testing, tracing and mitigation. CDC is provided \$4.5 billion for State, local, territorial and tribal health departments to distribute, administer, monitor and track vaccinations.
- **Healthcare Provider Assistance** -- \$3 billion is added to the CARES Act Public Health and Social Services Emergency Fund for grants to hospitals and providers to be compensated for CV-19 expenses and lost revenues. Mandatory spending of \$4 billion/year for Community Health Centers is extended through FY 2023.
- **Fisheries Disaster Assistance** -- \$300 million (see item # 9) plus new USDA relief for seafood processors.
- **Transportation** -- \$45 billion as follows. This funding is all in addition to regular annual appropriations.

- \$2 billion for FAA grants in aid to airports at 100 percent Federal cost share. \$200 million is set aside for concessionaire, parking and car rental agency assistance.
 - \$23 million for Essential Air Service and \$20 million for the Small Community Air Service Development Program.
 - \$2 billion to cover payroll costs for the private motorcoach, school bus and passenger ferry industry.
 - \$14 billion for mass transit (funds would include AMHS). These funds can be used to supplement lost revenue and maintain service).
 - \$10 billion is provided for State Highway Programs. These funds can be used for lost preventative maintenance/operations/personnel costs for highways as well as for ferries.
 - \$15 billion to continue the airline payroll support program funded under the CARES Act.
- **Broadband** -- \$7 billion. Includes funding for a new rural broadband program. \$1 billion is reserved for tribal broadband.
 - **Food Assistance** -- \$13 billion for additional funding for food stamps, food banks, and senior nutrition programs.
 - **Childcare Providers** – \$10 billion for a new stabilization fund that gives grants to childcare providers operating under State or local licensing or other requirements. Funds are distributed to the States via formula under the Child Care Development Block Grant Program.
 - **Rental Assistance** -- \$25 billion is provided for a new rental assistance program for past due rent, future rent payments, and to pay utility and energy bills, with \$800 million set aside for Native Americans. The home eviction moratorium is extended until January 31, 2021.
 - **Theaters, Concert Venues & Museums:** \$15 billion is provided for a new SBA grants program for concert venues, independent movie theaters and museums provided they can show large revenue losses.
 - **Mental Health & Substance Abuse:** HHS's Substance Abuse and Mental Health Services Administration has \$240 million for emergency grants to states; and at least \$125 million to Native Americans across a variety of block grant programs
 - **Postal Service** – Conversion of a \$10 billion loan provided by the Treasury under the CARES Act into a grant. There are no reforms or changes to the Bypass Mail Program.

4. **2020 Federal Election Results**

- **Presidential:** The Electoral College met on December 14th and has declared President-elect Biden the winner. He will be sworn in on January 20th. He has been selecting his choices for Cabinet Secretaries and senior White House positions at a steady pace.
- **Senate:** The Republicans had a 53-47 advantage coming into the election. The Democrats gained 2 seats (Colorado & Arizona) and the Republicans gained one (Alabama). There are two Republican held seats in Georgia that face run-off elections on January 5. Should the Democrats flip both seats then there would be a 50-50 ratio but the Democrats would control the chamber with Vice President-elect Harris breaking the tie. If the Republicans succeed in one or both races, they will have a 51-49 or 52-48 majority and chamber control.
 - In Alaska, Senator Sullivan won his race by a 54 percent to 41 percent margin. He is expected to return to his positions on the Armed Services; Commerce, Science & Transportation; and Environment & Public Works Committees, as well as retain his two Subcommittee Chairmanships on the first two Committees. Senator Murkowski will have to give up her Chairmanship (or Ranking Member position should the Democrats take the Senate) of the Energy & Natural Resources Committee due to Republican Caucus rules on term limits on Committee leadership positions. She will remain as a member of that Committee. She will also assume the Chairmanship of the Indian Affairs Committee and retain her Chairmanship of the Interior Appropriations Subcommittee. She is up for re-election in 2022.
- **House:** The Democrats will have a narrow majority of 222 seats to 212, with 1 race yet to be called. Republicans picked up a total of 11 seats and gained back a number of seats they had lost in the 2018 mid-term election. Three Democrats have been tapped for Cabinet positions in the Biden Administration, but their seats are very likely to remain under Democratic control. The top House leaders in both parties are expected to retain their positions in the 117th Congress.
 - In Alaska, Rep. Young won his race by a 54 percent to 45 percent margin. He will retain his positions on the Transportation & Infrastructure and Natural Resources Committees. He is the Ranking Member on the Subcommittee on National Parks, Forests & Public Lands and will likely keep that position.

5. Return To Earmarks: Momentum continues to build in the House to return to earmarking in the 117th Congress, although a final decision will not be made until early 2021. If the House moves forward, we anticipate that earmarks will be limited to State and local governments and non-profits and require approval from the elected body of State or local government who is requesting them. The latter requirement has always been part of our standard operating procedure when submitting Federal project and priority requests to the Delegation. There will likely be transparency requirements put in place similar to when the earmarking was

reformed a decade ago before the moratorium went into effect. Other standards such as programs/agencies eligible for earmarking, dollar amount and type of earmarks have yet to be determined. The Senate has so far been silent on whether to reinstate the practice next year. All three Alaska Delegation Members favor its return. We will continue to keep you apprised of developments and recommend, as has been the case in previous years both in the earmark era and since, that you develop and approve a Federal projects and priorities list to submit to us in early 2021. We will handle the necessary form filing and submission with the Delegation as we have done in previous years.

6. Infrastructure Investment: The Biden Administration has promised to make this issue a top priority with a focus on not only expanding traditional surface transportation programs, but expanding the use and development of green transportation technologies with a climate change focus. The Administration will also push other forms of infrastructure such as smart electric grids, broadband and clean water projects. In the interim, Congress has extended the authorization for current surface transportation spending through FY 2021. As has been the case for the last four years, a major challenge is finding a “pay for” to fund transportation initiatives which have been facing a budgetary shortfall just meeting current obligations under existing formulas. Congress has shown a reluctance to raise the Federal gas tax, the traditional source of revenue for transportation projects, which sits unchanged since 1993 at 18.4 cents per gallon. One possible option is that the Biden Administration could forego seeking a “pay for” and just add the spending on top of the Federal deficit, or seek to fund it through an increase in the tax rates for corporations or higher income earners as he proposed in his campaign

7. Arctic Issues/Coast Guard/Ice Breakers: Senator Sullivan has chaired two subcommittee hearings this month that have exposed security vulnerabilities in the North Pacific, including testimony that highlighted Russian military exercises that entered into the U.S. EEZ in the Bering Sea, with Russian warplanes and vessels harassing several U.S. fishing vessels with threatening maneuvers in August and September incidents. In response, the Coast Guard has diverted its one remaining heavy ice breaker, the Polar Star, from its normal mission in the Antarctic to patrol the North Pacific. Separately, it is seeking to lease two medium ice breakers to also patrol the North Pacific. One vessel under consideration is the Aiviq, currently based in Florida, and previously used when Royal Dutch Shell was actively pursuing oil exploration in the Chukchi Sea. The other ice breaker may be leased from Finland. Senator Sullivan is urging the Coast Guard to homeport the two vessels in Alaska. Separately, construction of the new Polar Security Cutter (PSC) is expected to get underway in 2021 with delivery of the first vessel in 2023. This year’s defense authorization bill includes an authorization for construction of a total of six PSCs over the coming decade, three of which the Coast Guard would prefer to be heavy ice breakers, the other three medium class. The leased vessels would serve as interim measures until the PSCs are operational. The Coast Guard is currently conducting a home-porting analysis for the PSCs which is due to be completed by the end of 2021. During the second hearing, the Coast Guard promised to improve its communication and guidance with the U.S. fishing fleet to be better prepared should the Russians again enter our EEZ and engage in similar tactics in a future military exercise. Lastly, the WRDA bill which has been included in the Omnibus/CV-19 relief package includes authorization for over \$500 million for construction of a deep draft port in Nome.

8. Fisheries & Oceans

- **CARES Act -- Fisheries Disaster Relief:** The State of Alaska finalized its expenditure plan on December 7th for its \$50 million share of the total funding nationally (\$300 million) and has submitted it to NOAA for review. The plan allocates funding to – commercial fishermen (35 percent); processors (32 percent); recreational charterboat operators (27 percent); subsistence users (5 percent) and aquaculture (1 percent). Once approved by NOAA, the Pacific States Marine Fisheries Commission will handle the processing of applications and awarding of funds to eligible individuals/businesses. Applicants must sign a sworn attestation that their revenue losses exceed 35 percent when compared to the average annual year from 2015 to 2019. Applications forms and directions can be found at the links along with Alaska’s final plan.

Alaska final expenditure plan --

file:///C:/Users/SEBAST~1/AppData/Local/Temp/cares_act_spendingplan_120920.pdf

Application forms -- <http://www.psmfc.org/cares-act-the-coronavirus-aid-relief-and-economic-security-act>

- **USDA Seafood Trade Relief Deadline Extended:** The application deadline for \$530 million in seafood trade relief has been extended from December 14th to January 15th for certain fisheries that have been negatively impacted by unfair trade and tariff practices by China and the European Union. Eligible commercial fishermen include those that participated in the following fisheries – salmon, cod, pollock, crab (Dungeness, king, snow and southern tanner), sablefish, and Atka mackerel, among other species. Through December 9th, USDA had paid more than \$140 million on nearly 6,000 applications, with approximately 2,700 applications under review. Alaska represents the largest pool of applicants. Details on applying and other requirements can be found here -- <https://www.farmers.gov/seafood>
- **COVID-19 Legislation – Additional Fisheries Disaster Relief:** The COVID Relief Bill includes an additional \$300 million in NOAA CV-related fisheries disaster relief that largely follows the same framework and criteria as the CARES Act funding but includes the Great Lakes fisheries (\$15 million) and sets aside \$30 million for tribal fisheries. Separately, the bill qualifies seafood processing facilities and processing vessels for USDA grants and loans to cover the costs related to CV-19 workforce protection measures. The amount is not specified but seafood processing businesses would be wrapped in with other businesses including small to mid-size agricultural producers and processors as part of total amount of funding of \$1.5 billion. The funding would also include USDA commodity purchases. The USDA will need to spell out application criteria and procedures post-enactment of the legislation.
- **Save Our Seas Act:** This bill, sponsored by Reps. Young and Bonamici (D-OR) in the House and Senators Sullivan and Whitehouse (D-RI) in the Senate is now law. Among other measures, the legislation establishes or requires -- a Marine Debris Response Trust Fund to combat marine debris events; a prize for innovation in capturing or preventing

plastic waste; a strategy by EPA to reduce plastic from entering the waste stream and improve recycling; and engagement by the U.S. in negotiating further international agreements to reduce marine debris.

- **Young Fishermen’s Development Act:** The legislation would establish a training and development program to bring new and younger fishermen into the industry. The bill seeks to accomplish this objective by creating -- a competitive grants program for collaborative partnerships; a mentorship/apprenticeship program to connect retiring fishermen with beginning fishermen; financial support for local and regional training and education in sustainable and accountable fishing practices, marine stewardship, and business practices. The bill has passed the House and Senate and awaits the President’s signature.
- **Digital Coast Act:** Legislation sponsored by Senators Baldwin (D-WI) and Murkowski – S. 1069, the Digital Coast Act – to improve the digitization of U.S. coastal mapping has now cleared the Congress and is ready for the President’s signature. The bill seeks greater use and deployment of advanced remote sensing and geospatial imaging by NOAA, in partnership with other Federal agencies, State and local governments and the private sector, with the goals of better mapping of coastal infrastructure, elevation, land use/cover, living resources and habitat, and human uses.
- **Illegal Unreported Unregulated (IUU) Fishing:** Interpol has released a study identifying links between IUU and organized crime, with a prevalence in Asia and utilizing difficult to track shell companies in offshore financial havens. Some estimates place IUU fishing being responsible for 20 percent of the world’s catch as well as being a major source of brutal forced labor and human trafficking. More information can be found at the link -- <https://www.interpol.int/en/News-and-Events/News/2020/Fighting-illegal-unreported-and-unregulated-fishing>. Separately, NOAA has produced its interagency work plan to combat IUU fishing. A subgroup has been assigned to tackle illegal seafood imports. The plan can be found here -- https://s3.amazonaws.com/media.fisheries.noaa.gov/2020-11/InteragencyWorkPlan_asof10.29.2020.pdf?null. The annual defense bill includes a reporting requirement for the Department of Defense, in coordination with the Coast Guard, on inclusion of counter-IUU fishing actions as part of its annual at-sea exercises. Lastly, the FY 2021 Omnibus includes a reporting requirement from NMFS on efforts to curtail illegal seafood imports harvested through IUU fishing.
- **Recreational Charterboat Halibut Regional Quota Entity (RQE):** Legislation has passed the House and Senate that authorizes the creation of an RQE to purchase commercial halibut quota and transfer it to the charterboat halibut sector. The legislation was pushed for by Alaska’s charterboat fleet as a means to extend halibut recreational fishing seasons and bag limits. The RQE is supported by the North Pacific Fishery Management Council.
- **Ocean Climate Legislation:** Rep. Raul Grijalva (D-NM), Chairman of the House Natural Resources Committee has introduced H.R.8632 – The Ocean-Based Climate

Solutions Act of 2020 – a 300 page+ bill that aims to address many aspects of ocean-related climate change, including development of a blue carbon economy and trading credits; greater ocean climate research, promotion of green ocean energy technologies and prohibition of OCS oil and gas leasing; and reduction in carbon emissions from large shipping vessels among other measures. The bill does include fisheries management provisions, including making fuel efficiency or renewable energy retrofits of fishing vessels eligible for Federal Maritime Administration loan guarantees; eliminating fishing subsidies that contribute to overfishing in international trade agreements; and establishing a Shifting Stocks Taskforce to examine fisheries that are moving from one Regional Fishery Management Council’s jurisdiction to another. The most controversial fishery provision is a requirement that 30 percent of the U.S. EEZ be closed to any “commercial extractive” human activity (ostensibly this would include commercial fishing). The bill is likely to be reintroduced in the 117th Congress. Just this past week, OR Senator Jeff Merkley (D) introduced companion legislation (similar text but not an exact match) giving us further indication this will definitely be an issue in the 117th Congress.

- **Magnuson-Stevens Act (MSA):** Reauthorization of the MSA will be pushed into the 117th Congress. Just before the end of session, Rep. Jared Huffman (D-CA), Chairman of the Water, Oceans and Wildlife, released a draft five year MSA reauthorization bill. It heightens the focus on climate change impacting marine fisheries; makes a number of membership and procedural changes to operation of the Regional Fishery Management Councils; modifies the definition of “overfishing” to use the term “depleted” when a fisheries decline is caused by factors other than fishing; seeks continued improvements in data collection, stock assessments, and cooperative research, among other measures. A summary of the draft can be found here -- https://huffman.house.gov/imo/media/doc/MSA%20Draft%20SxS_Final_12.18.2020.pdf
- **Alaska Fishing Observers & Trawl Surveys:** The FY 2021 Omnibus includes a directive to NMFS to contract for no less than six AK bottom trawl groundfish surveys, with one survey to capture fish movements out of historical survey areas. Additional funding is provided for the North Pacific Observers Fund with a directive to offset harvester observer costs in those fisheries that are transitioning to electronic monitoring.
- **Ocean Observation:** The Coordinated Ocean Observations and Research Act – legislation designed to strengthen the nation’s ocean observing systems – has passed both the House and Senate and is ready to be signed by the President. The bill includes an advanced observing technology development program, models to improve regional weather forecasting capabilities and products, and reviews of data collection procedures to meet national needs. The bill would also study the economic effects of increasing ocean acidification.
- **Fishery Disaster Reform Legislation:** This week the Senate passed S.2346, a bill to reform the MSA’s national fishery disaster process. ROMEA staff worked to make improvements to that bill as it worked its way through the legislative developmental process. As of today, December 22, 2020, it appears the House may not accept the

Senate-passed version (i.e. the House has a different version - H.R. 5548). If this assumption holds, the issue may have to be revisited in the 117th Congress.

- **Saltonstall-Kennedy Reform Legislation:** The House and Senate were both working on legislation to reform the national S-K grant process. The Senate passed their version S.494 early in the year; then in September 2020 the House Natural Resources Committee substituted the text of S.494 to replace their more constructive version, H.R. 1215 (from Alaska Rep. Don Young). We understand that as of today, December 22, 2020 the House did not act quickly enough to move the S-K legislation. The issue may be revisited in the 117th Congress.
- **H-2B Seafood Processing Visas:** The Omnibus includes a provision governing use of H-2B seafood processing workers concerning prevailing wages, local labor market job posting requirements, and timing of bringing the workers into the U.S. without having to file an additional petition.