

January 30, 2018

## CFSAC REGULATORY REFORM SUBCOMMITTEE RECOMMENDATION REPORT

SUBJECT: EVALUATION OF EXISTING COAST GUARD REGULATIONS, GUIDANCE DOCUMENTS, INTERPRETATIVE DOCUMENTS, AND COLLECTIONS OF INFORMATION

IDENTIFICATION DETAILS OF REGULATION, GUIDANCE OR INFORMATION COLLECTION (BY SECTION, PARAGRAPH, SENTENCE, CLAUSE, ETC.):

- Existing regulation
- Proposed regulation
- Guidance
- Collection of information

46 CFR §28.201 (b) Requirement for Classification.

ADVICE AND RECOMMENDATIONS:

- Repeal
- Replace
- Modification

This proposed regulation requires that fishing vessels and fish tender vessels that are at least 50' overall in length and built after July 1, 2013 must meet all survey and classification requirements prescribed by the American Bureau of Shipping (or other approved 3<sup>rd</sup> party) and have on board all certificates evidencing compliance with classification and survey requirements.

This proposed regulation has been superseded by the 2015 Coast Guard Authorization Act which increases the vessel length for classification from 50' to 79'. Further, it is anticipated that in 2018 Congress will increase the vessel length requirement from 79' to 180' in length.

IF MODIFICATION - SPECIFIC RECOMMENDATIONS FOR HOW THE REGULATION, GUIDANCE, OR INFORMATION COLLECTION SHOULD BE MODIFIED:

N/A

HOW AND TO WHAT EXTENT REPEAL, REPLACEMENT OR MODIFICATION WILL REDUCE COSTS OR BURDENS TO INDUSTRY:

Types of costs – mark all that apply

- Costs that are outdated or are no longer necessary
- Costs which are no longer enforced as written or which are ineffective
- Costs tied to reporting or recordkeeping requirements that impose burdens that exceed benefits (explain why the reporting or recordkeeping requirement is overly burdensome, unnecessary, or how it could be modified)

N/A

THE EXTENT TO WHICH RISKS TO HEALTH OR SAFETY WOULD LIKELY INCREASE:

Classification requirements for fishing and fish tender vessels are inhibiting job creation and are making our fisheries less safe. Fishermen are continuing to operate very old, inefficient vessels because they cannot afford to build a new vessel that would be constructed to classification standards. Safety benefits expected from new vessels meeting classification requirements are not expected to address the most pressing safety issues within the fishing fleets. Fatalities caused by man overboard, deck injuries, and fatalities related to medical conditions will not be addressed by classification. Additionally, for new vessels over 79' in length, issues of hull construction, watertight integrity, vessel stability and maintenance of those items will all be addressed by loadline requirements. Because new vessels over 79' in length will be built to loadline standards, the vast majority of safety issues related to vessel construction can be addressed without classification.

For new fishing and fish tender vessels not built to classification, the sub-committee recommends that 46 USC 4503 (c)(2)(A) be amended as follows: delete "79'" and replace with "(a length to be determined by Congress)."

HOW AND TO WHAT EXTENT THE REGULATION, GUIDANCE, OR INFORMATION COLLECTION HAS LED TO THE ELIMINATION OF JOBS OR INHIBITS JOB CREATION:

Requiring classification for new fishing vessels and fish tender vessels is extremely cost prohibitive with many naval architects and shipyards estimating that a "classed fishing vessel" increases costs by 10-25% depending on the vessel type. Most fishermen and fisheries do not have the economic means or stability to support these kinds of additional costs. High costs associated with vessel classification are preventing the construction of new fishing and fish tender vessels. Instead, less suitable vessels of under 79' are being constructed to avoid classification costs.

PROVIDE QUANTITATIVE AND/OR QUALITATIVE DATA TO SUPPORT AND ILLUSTRATE THE IMPACT, COST, OR BURDEN, AS APPLICABLE. IF THE DATA IS NOT READILY AVAILABLE INCLUDE INFORMATION AS TO HOW SUCH INFORMATION CAN BE OBTAINED BY THE COMMITTEE OR THE COAST GUARD

The General Accounting Office recently completed a study in December 2017 regarding the classification of fishing and fish tender vessels. In this report GAO stated that "Vessel builder and owners stated that the potential costs associated with classing have contributed to reduced orders for new vessels." As a result, only six vessels have been built to classification standards in the US since 2013 - with four of those vessels being catcher processors. The only tender vessel built to class during that time was built by an Alaska Community Development Quota (CDQ) group whose 2016 net assets were approximately \$100,000,000 and investments totaled \$135,000,000.