

After Sandy, size matters...at least to the Small Business Administration

Sandy hit our net pens hard and is making us miss a year of growing fish in the ocean.

The wind near our Plum Island offshore finfish aquaculture site was clocked at just under 100 mph and the sea surge was in excess of 30 feet.

Despite our misgivings about further government involvement, we turned to the government to see if we could get some help in the form of disaster grants or loans. After all, there were ‘billions of dollars’ available for businesses and homeowners. We are a farm, after all, and what is as important as home grown food?

Well, there may be “billions of dollars” available, but maybe it isn’t for us.

What we have found, after filling out a few libraries worth of applications (governments always seem to be trying to fill up as many hard drives as possible), is that size matters, at least to the U.S. Department of Commerce Small Business Administration (SBA).

It centers around the NAICS code, which is the North American Industry Classification System (NAICS) category number for the type of business you have.

When you are a fish farm/fish hatchery that grows finfish, you are classified as 112511. There are other numbers for oysters, kelp, and so on.

Here comes the fun part: if you are spawning, rearing and generally simply husbanding finfish, your business cannot make more than \$750,000 per year. If you gross more averaged over three years, then you are not eligible for either grants or loans. If it costs you \$700,000 to grow the fish, it doesn’t matter. You still have \$750,000 in revenues. You aren’t a small business.

In fact, if you are raising any kind of food, from potatoes to corn to soybeans, you are treated the same by the SBA when it comes to eligibility for grants or disaster loans.

If you are catching fish, the only limiting factor is that you must employ no more than 99 people.

If you are a fish wholesaler, then likewise you must employ no more than 99 people.

Both commercial fishers and fish wholesalers are eligible for up to \$3 million in grants or loans, provided they gross no more than \$29 million per year.

Now, what happens to fish that are grown on a fish farm? Eventually, you have to sell them. Then the fish farmer becomes a fish wholesaler, right?

According to what we hear from the SBA, you cannot change from one classification to another, even if that is what reality is.

Heresay says that the SBA was inundated with requests for disaster aid by farmers. Climate change has affected many farms throughout the US. It was “too much to handle” so the SBA said they cannot provide disaster loans to agricultural producers, farmers or ranchers with the exception of aquaculture enterprises. One way to further make it difficult for farmers was to set the eligibility requirements very tight so only a few would qualify.

Remember how small business was the largest job builder in the U.S.? How farmers typified the backbone of the economy?

It appears that the U.S. no longer needs a spine. After all, there are “billions of dollars” available for disaster relief. But maybe not for us.

