

IFQ Cost Recovery Program Annual Report

**Summary of 2003 Activities;
Description of 2004 Program**

**Restricted Access Management
Alaska Region, NOAA Fisheries**



December 2004

Background Information

- **IFQ Fee is mandated by Magnuson-Stevens Act**
- **Its purpose is to recover actual costs (expenditures) incurred in managing and enforcing the IFQ program; however,**
- **Fees may not exceed 3% of the ex-vessel value of IFQ halibut or sablefish**
- **Fees collected are used to**
 - **recover costs of management and enforcement (75%)**
 - **make funds available for Congress to appropriate to support the North Pacific (IFQ) Loan Program (25%)**

Year 2003 Program Summary

- **At the end of the 2003 IFQ season, the fee was established at 1.4% of the ex-vessel value**
 - as premised on identified program expenditures of \$3,407,118 and total ex-vessel value of \$236,536,464
- **2472 persons (IFQ permit holders) were billed, including**
 - 1,707 with only halibut IFQ landings
 - and 88 with only sablefish IFQ landings
 - and 677 with both halibut and sablefish IFQ landings

Year 2003 Summary (cont'd)

- **By the end of Fiscal Year 2004 (September 30, 2004), 2,464 (or 99.7%) of those with fee obligations had paid**
- **Accounts of only 8 persons were referred to U.S. Treasury for collection**
- **Total receipts were \$195,178 greater than total costs; reasons for this include:**
 - **the 2003 fee percentage (1.4%) was about 0.1% higher than needed to recover actual costs**
 - **some paid on “actual” ex-vessel value**
 - **some post-season administrative adjustments resulted in small changes to amounts due**

Determining the 2004 Costs - 1

- **RAM sought FY04 cost information from those who submitted during FY03, including**
 - International Pacific Halibut Commission
 - NMFS Office of Law Enforcement
 - NMFS Sustainable Fisheries Division
 - NMFS Restricted Access Management
- **Additional cost information was submitted by:**
 - NMFS Office of Administrative Appeals
 - NMFS Analytical Team
- **Responses included**

Determining the 2004 Costs - 2

• Pacific Halibut Commission	\$ 152,018
• NMFS Law Enforcement	1,937,813
• NMFS Sustainable Fisheries	84,788
• NMFS/RAM	1,130,058
• NMFS/AKR/OAA	10,791
• NMFS/Analytical Team	11,139
TOTAL COSTS:	<u>\$ 3,326,607</u>

Determining the 2004 Value - 1

- Registered Buyers provided price data
 - by species, by port, and by month
- RAM compiled data to determine “standard” IFQ value
- Value published by port, group of ports, or “all Alaska”
 - depends on number of observations (confidentiality)
- Value for species/port/month of landing multiplied times pounds yields total value

Determining the 2004 Value - 2

- Halibut pounds 57,253,587
- Halibut value \$ 167,999,806
- Sablefish pounds 33,689,562
- Sablefish value \$ 67,431,259

TOTAL VALUE: \$235,431,065

Fee Percentage Formula

$$[100 \times (\text{DPC-AB}) / \text{V}] / (1-\text{NPR})$$

- ❖ DPC = “Direct Program Costs”
- ❖ AB = “Account Balance” (overpaid)
- ❖ V = Total Ex-Vessel “Value” of IFQ fish
- ❖ 1-NPR = Estimated “Payment Rate”

Calculating the 2004 Fee Percent

Costs (DPC) of \$3,326,607

Less amount overpaid (AB) of \$195,178

Multiplied times 100,

Divided by Value (V) of \$235,431,065

Divided by Payment Rate (1-NPR) of .999,

= 1.329949602, (and rounded)

= 1.3%

Collecting the 2004 Fees

- **Each IFQ Permit Holder with recorded landings has been billed; the billing,**
 - contained information on pounds, ports, and month of Permit Holders IFQ landings
 - applied the 1.3% fee calculation to “standard” value
 - and showed total amount due to NMFS by 1/31/05
- **Permit Holder has a choice:**
 - s/he may pay based on “Standard” value as set out on the statement; or,
 - s/he may pay based on “actual” value of IFQ sales (if s/he so chooses, actual value must be proven)

Payment Options

- **RAM has developed different options for payment, including:**
 - **Payment on-line with credit card**
 - **Payment by telephone with credit card**
 - **Payment by mail with check or credit card**

Allocation of the 2004 Receipts

- **25% will be deposited in US Treasury**
 - may be appropriated by Congress to support the North Pacific (IFQ) Loan Program
- **75% will be deposited in the “Limited Access System Administrative Fund” (LASAF)**
 - available to the Secretary to offset future costs of managing and enforcing the IFQ program
- **Note that no more than 75% of the costs will ever be deposited in LASAF**
- **Not “new money” -- income from fees will simply offset equivalent annual appropriations**

Accountability/Reporting

- **Regulations require publication of an Annual Report on Cost Recovery Program**
 - report on 2004 program activities will be included in the 2005 “Report to the IFQ Fleet”
- **The report will be detailed, and will (at a minimum) include information on**
 - numbers of IFQ permit holders who paid (and who did not pay) and total amount paid (and due)
 - numbers of permit holders choosing “actual” values
 - amount deposited in the Treasury and in LASAF
 - other relevant information on program performance

Questions/Comments

Questions and comments about the IFQ
Cost Recovery Program are welcome,
and should be directed to
NMFS/RAM

1-800-304-4846

www.fakr.noaa.gov