

# **IFQ Cost Recovery Program Annual Report**

**Summary of 2004 Activities;  
Description of 2005 Program**

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



**November 2006**

# **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 2004 Program Summary

- **At the end of the 2004 IFQ season, the fee was established at 1.3% of the ex-vessel value**
  - as premised on identified program expenditures of \$3,326,607 and total ex-vessel value of \$235,431,065
- **2,430 persons (IFQ permit holders) were billed, including**
  - 1,797 with only halibut IFQ landings
  - and 97 with only sablefish IFQ landings
  - and 536 with both halibut and sablefish IFQ landings

# **Year 2004 Summary (cont'd)**

- **By the end of Fiscal Year 2005 (September 30, 2005), 2,422 (or 99.7%) of those with fee obligations had paid**
- **Accounts of only 8 persons were referred to U.S. Treasury for collection**

# Determining the 2005 Costs - 1

- **RAM sought FY05 cost information from the following:**
  - **International Pacific Halibut Commission**
  - **NMFS Office of Law Enforcement**
  - **NMFS Sustainable Fisheries Division**
  - **NMFS Restricted Access Management**
  - **NMFS Office of Management and Information**
- **Responses included:**

# Determining the 2005 Costs - 2

• Pacific Halibut Commission	\$ 296,889
• NMFS Law Enforcement	2,472,777
• NMFS Sustainable Fisheries	77,059
• NMFS/RAM	810,504
• NMFS/AKR/OMI	86,401
<b>TOTAL COSTS:</b>	<b><u>\$ 3,743,630</u></b>

# Determining the 2005 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 2005 Value - 2

• Halibut pounds	55,056,295
• Halibut value	\$ 167,722,393
• Sablefish pounds	32,849,488
• Sablefish value	\$ 69,011,665
<b>TOTAL VALUE:</b>	<b><u>\$236,734,058</u></b>

Note: Value is based on landings reported by the date of the fee percentage calculation



# 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 2005 Fee Percent

*Costs (DPC) of \$3,743,630*

*Less amount overpaid (AB) of \$0*

*Multiplied times 100,*

*Divided by Value (V) of \$236,734,058*

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

*= 1.5812, (and rounded)*

**= 1.6%**

# Collecting the 2005 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 1.6% fee calculation to “standard” value
  - and showed total amount due to NMFS by 1/31/06
- **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, credit card or money order**

# 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**

# **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](http://www.fakr.noaa.gov)**