

# **IFQ Cost Recovery Program Annual Report**

**Summary of 2006 Activities;  
Description of 2007 Program**

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



**December 2007  
Revised 12/5/07**

# **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 2006 Program Summary

- **At the end of the 2006 IFQ season, the fee was established at 1.0% of the ex-vessel value**
  - as premised on identified program expenditures of \$2,789,047 and total ex-vessel value of \$268,403,752
- **2,398 persons (IFQ permit holders) were billed, including**
  - **1,656** with only halibut IFQ landings
  - and **91** with only sablefish IFQ landings
  - and **611** with both halibut and sablefish IFQ landings

# **Year 2006 Summary (cont'd)**

- **By September 30, 2007, 2,394 (or 99.8%) of those with 2006 fee obligations had paid**
- **Accounts of only 4 persons were referred to U.S. Treasury for collection**

# Determining the 2007 Costs - 1

- **RAM sought FY07 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**
  - **NMFS Office of the Regional Administrator**
- **Responses included:**

# Determining the 2007 Costs - 2

• Pacific Halibut Commission	\$ 200,757
• NMFS Law Enforcement	1,891,100
• NMFS Sustainable Fisheries	47,809
• NMFS/RAM	430,784
• NMFS/AKR/OMI	121,561
• NMFS/AKR/RA	47,590
<b>TOTAL COSTS:</b>	<b><u>\$2,739,602</u></b>

# Determining the 2007 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 2007 Value - 2

• Halibut pounds	49,330,025
• Halibut value	\$172,184,141
• Sablefish pounds	30,074,183
• Sablefish value	\$62,681,978
<b>TOTAL VALUE:</b>	<b><u>\$234,866,119</u></b>

**Note:** Value is based on all landings reported by the date of the fee percentage calculation. Total halibut value was revised 12/05/07 when a data entry error in registered buyer value data was discovered; the error pertained to value of halibut in Kodiak during the month of April 2007.



# Fee Percentage Formula

$$[100 \times (\text{DPC}) / \text{V}]$$

❖ **DPC = “Direct Program Costs” (including LASAF Balance)**

❖ **V = Total Ex-Vessel “Value” of IFQ fish**

**In September 2006, NMFS published regulations that changed the manner in which the annual fee percentage is calculated.**

**Specifically, the formula was simplified by eliminating or consolidating some variables:**

- The non-payment rate (NPR) was eliminated because of its negligible effect on the overall calculation of the fee percentage since the inception of the program; and
- The LASAF Account Balance (AB) is now automatically incorporated into the DPC rather than treated separately.

# Calculating the 2007 Fee Percent

*Costs* (DPC) of \$2,739,602

Multiplied times 100,

Divided by *Value* (*V*) of \$234,866,119

= 1.2 % (rounded)

# Collecting the 2007 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 **1.2%** fee calculation to “standard” value
  - and showed total amount due to NMFS by **1/31/08**
- 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 2006 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)**