

IFQ Cost Recovery Program Annual Report

**Summary of 2005 Activities;
Description of 2006 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 2005 Program Summary

- **At the end of the 2005 IFQ season, the fee was established at 1.6% of the ex-vessel value**
 - as premised on identified program expenditures of \$3,743,630 and total ex-vessel value of \$236,734,058
- **2,382 persons (IFQ permit holders) were billed, including**
 - 1,749 with only halibut IFQ landings
 - and 102 with only sablefish IFQ landings
 - and 531 with both halibut and sablefish IFQ landings

Year 2005 Summary (cont'd)

- **By the end of Fiscal Year 2006 (September 30, 2006), 2,372 (or 99.6%) of those with fee obligations had paid**
- **Accounts of only 10 persons were referred to U.S. Treasury for collection**

Determining the 2006 Costs - 1

- **RAM sought FY06 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 Administrative Appeals**
- **Responses included:**

Determining the 2006 Costs - 2

• Pacific Halibut Commission	\$ 301,307
• NMFS Law Enforcement	1,933,910
• NMFS Sustainable Fisheries	55,045
• NMFS/RAM	430,390
• NMFS/AKR/OMI	67,709
• NMFS/AKR/OAA	686
TOTAL COSTS:	<u>\$2,789,047</u>

Determining the 2006 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 2006 Value - 2

• Halibut pounds	52,102,201
• Halibut value	\$193,063,804
• Sablefish pounds	30,767,907
• Sablefish value	\$75,339,947
TOTAL VALUE:	<u>\$268,403,751</u>

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

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 2006 Fee Percent

Costs (DPC) of \$2,789,047

Multiplied times 100,

Divided by *Value* (*V*) of \$268,403,751

= 1.039 (and rounded)

= 1.0%

Collecting the 2006 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 **1.0%** fee calculation to “standard” value
 - and showed total amount due to NMFS by **1/31/07**
- 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