

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	
• NMFS/AKR/OMI	86,401
TOTAL COSTS:	<u>\$ 3,743,630</u>

810,504

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
TOTAL VALUE:	<u>\$236,734,058</u>

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