



**NOAA
FISHERIES**

Wreckfish ITQ

Additional Cost Recovery Information



Council Requested Topics

- Compare administrative burden (including developmental and operational needs) between actual vs standard ex-vessel price selection
- Enforcement relating to:
 - Entering ex-vessel value
 - Payment of cost recovery fees

Annual Administrative Burden Comparison

Standard ex-vessel price

- Often chosen for programs where the actual ex-vessel price is not known at the time of landing transaction
- Annual standard ex-vessel price calculation applied to landings to determine fee
 - Requires analytical staff and time
- Standard ex-vessel price published via *Federal Register*

Increased administrative burden to the agency
(analysis, publication of FR notice, etc.)
Limited advanced predictability of CRF as a business
expenses

Actual ex-vessel price

- Typically chosen when actual ex-vessel price is known at time of landing transaction
- System automatically calculates the cost recovery fee (CRF) at time of landing from actual ex-vessel value
- *Federal Register* notification is not required since based on actual value

Low administrative burden due to automation
Known cost of CRF as business expense

Development and Operation Burden Comparison

Standard ex-vessel price

- New development required
 - New database tables, queries, views
 - New code to calculate CRF
 - New code to send bills to pay.gov
- Modify ledgers to show CRF, actual ex-vessel price, and standard ex-vessel price

Increased one-time costs to the agency (build out)
Increased annual costs to calculate and display CRF

Actual ex-vessel price

- No new development
 - Copies Gulf IFQ tables, queries, views, and code for wreckfish system
 - Utilizes existing pay.gov code to send bills to pay.gov
- Utilize existing ledger format to show CRF and ex-vessel prices

Limited one-time costs to copy code
No additional annual costs to process CRF



Federal Register Information

- Background information about the program's selection of standard ex-vessel price and cost recovery fees
 - Includes the time period where this calculation is applied and when fees are normally due
- Description of data used to calculate standard ex-vessel price
- Description of the calculation procedure
- Ensure confidential data are not released
 - At least 3 vessels and 3 dealers needed
 - Cannot show individual transactions



Federal Register Publication process

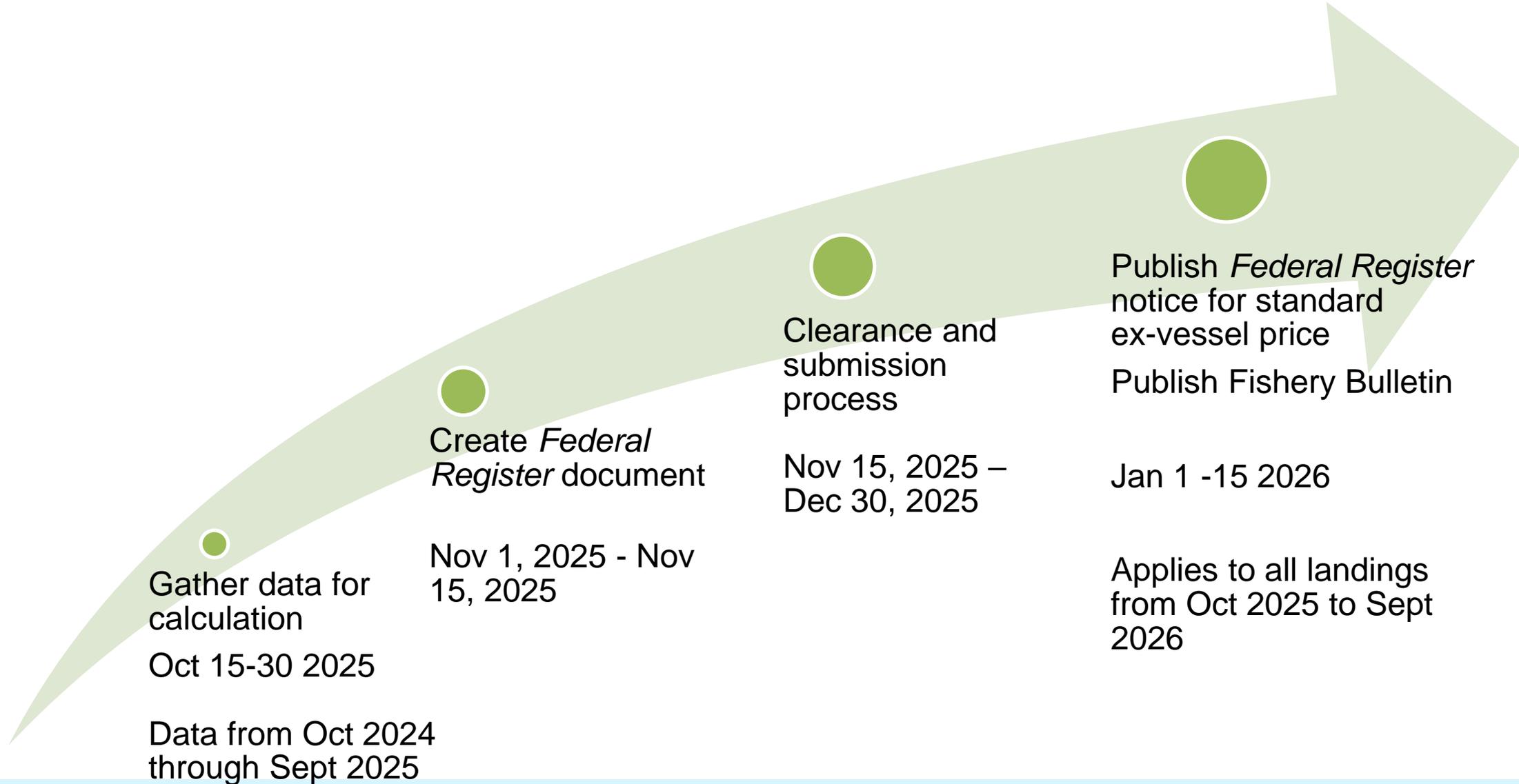
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- Sustainable Fisheries Division (SFD) analyst
 - Analysis: Calculation of ex-vessel standard price and examination for confidential data
 - Detailed description of the price calculation procedures
 - SFD biologist and technical writer
 - Writes background and current year's price analysis text
 - Sets and monitors timelines for clearance and approval
 - Clearance Procedure
 - SFD clearance through branch chief and Assistant Regional Administrator
 - Pre-clearance through NMFS HQ (~ 2 weeks for edits and feedback)
 - General Counsel and Communications team reviews
 - Regional Administrator clears



Federal Register – Publication process

- Submission Process
 - SFD biologist and technical writer submit *Federal Register* notice package to NMFS Clearance
 - NOAA HQ clears document for *Federal Register*
- Publication Process
 - *Federal Register* publishes approximately 5 days after submission
 - May be able to waive cooling off periods as information is retroactively applied
- Additional Communications not related to *Federal Register*
 - Catch Shares staff posts message on website
 - Potential to publish a Fishery Bulletin to notify participants

Timeline for Standard Ex-vessel Price Release



Decisions for Standard ex-vessel calculation

- Use prices from a 12 month time period
 - Current calendar year data are not complete before *Federal Register* notice needs to be published
- Other regions calculate standard ex-vessel by port and gear
 - Often used ex-vessel price is not known at time of landing or when there are known differences by port or gear
 - Limited participation in the program precludes any calculations standard ex-vessel except by entire region and year
- Example calculation formula:
 - $[\sum ExV_Value_Y] / [\sum Pounds_Y] = Stand. ExVPrice_{current Y}$

Example standard vs actual ex-vessel price on CRF

2019	Standard - Actual	Diff CRF per 500 lb
Vessel	\$230.31	\$4.35
Vessel	\$309.40	\$4.35
Vessel	-\$9.52	-\$9.15
Vessel	-\$471.38	-\$2.59
Vessel	-\$50.82	-\$1.65
Vessel	-\$0.77	-\$9.15
Total	\$7.23	

2020	Standard - Actual	Diff CRF per 500 lb
Vessel	\$559.74	\$10.65
Vessel	\$11.54	\$8.40
Vessel	-\$1.40	-\$2.85
Vessel	-\$1,130.74	-\$6.71
Vessel	\$558.86	\$9.56
Vessel	-\$0.56	-\$2.85
Total	-\$2.55	

2021	Standard - Actual	Diff CRF per 500 lb
Vessel	\$820.67	\$4.35
Vessel	-\$9.51	\$4.35
Vessel	-\$945.26	-\$9.15
Vessel	\$238.08	-\$2.59
Vessel	-\$114.13	-\$1.65
Total	-\$10.14	

- Overall difference in the CRF received by the agency is minor
- The difference can be significant by individual fishermen
 - Influenced by pounds landed and differences in actual ex-vessel value (e.g., location, time of year)
 - By year, actual ex-vessel value may differ by \$1-1.5/lb
 - When actual ex-vessel < standard (yellow), fisherman pays more under the standard approach
 - When actual ex-vessel > standard (green), fisherman pays more under the standard approach
 - The standard ex-vessel approach may transfer burden to those with lower actual ex-vessel price

Enforcement of Cost Recovery Fee



Landing Transactions in the Catch Share System

- Dealer initiates landing transaction and vessel operator confirms
 - Confirmation uses Vessel Signature PIN from operator
 - Submission indicates value is accurate and agreed upon by both parties
 - Ex-vessel price entered should be the price before any deductions
- Concerns can exist when dealer and vessel operator are the same entity
 - The ex-vessel price should be the same price as if they were not the same entity
 - Additional codified text may be needed to make this intent clear

Gulf of Mexico's Individual Fishing Quota (IFQ) CRF payment procedures

- Notifications:
 - Payment schedule in welcome toolkit
 - E-mail notifications
 - Displayed in IFQ system
- Payment due within 30 days
 - If no payment after 30 days, account is delinquent:
 - Upon log-in system notifies dealer their account is suspended until payment of CRF
 - Dealer can only view data and pay CRF
 - E-mail sent with delinquent notice
- If no payment after 90 days:
 - E-mail sent with delinquent notice
 - Refers to Treasury for collection



Process for Department of Treasury Referrals

- Minimum amount accepted for collection by Department of Treasury is \$10
- Once Catch Shares submits to Department of Treasury, the payment must go through Department of Treasury
 - The participant can no longer use the payment method offered through the Catch Share system
 - Account will remain suspended until SERO receives proof of payment
 - Once received, SERO will manually mark the CRF as paid and remove account suspension.



Recommendations for Wreckfish CRF policy

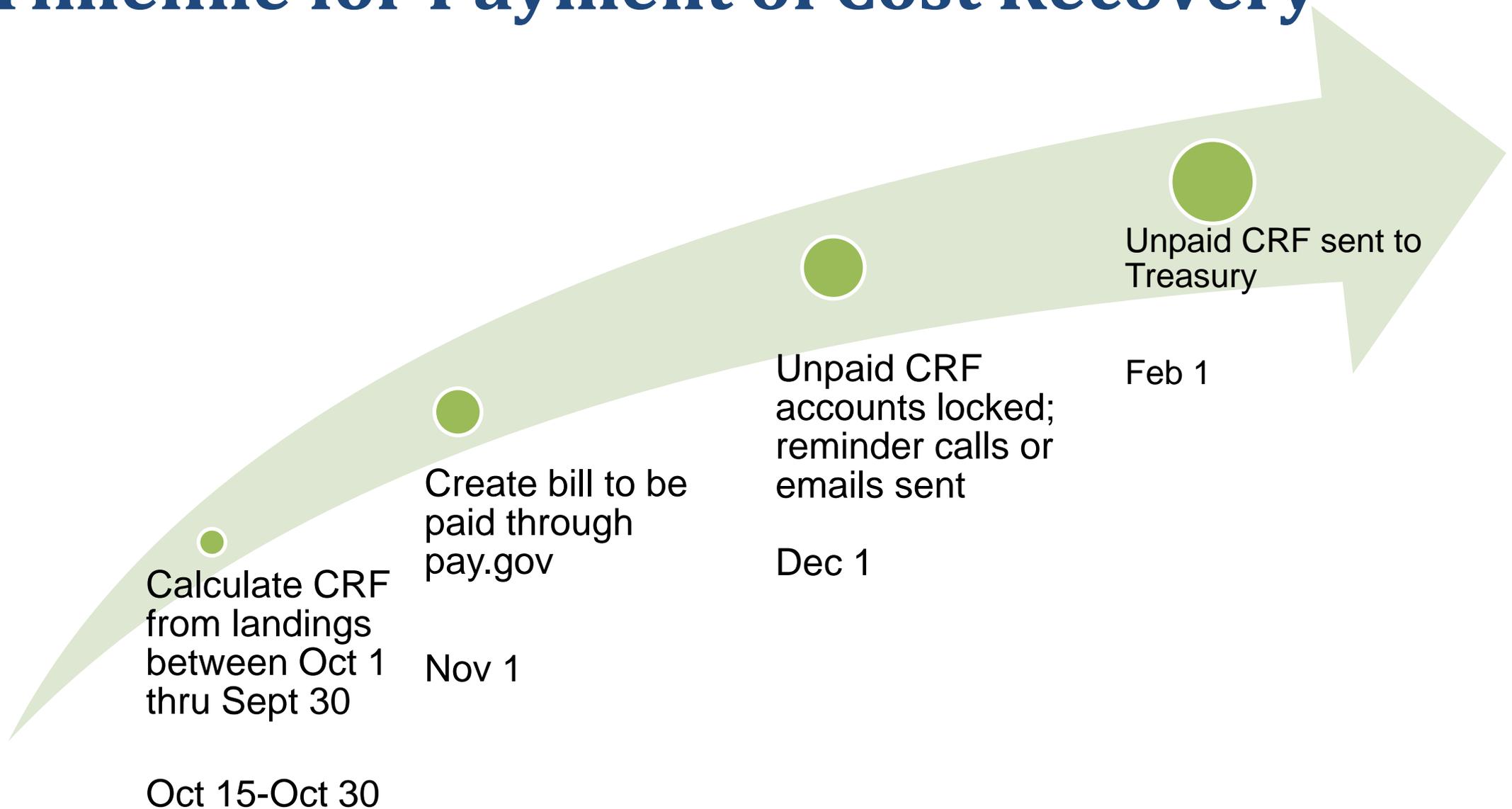
- Notification:
 - Outreach materials, e-mail and ITQ system display
- Payment timeline
 - Payment must be received within 30 days
- Non-payment actions:
 - Non-payment after 30 days sets account to delinquent
 - Delinquent account cannot transfer shares and allocation or land fish
 - If still delinquent on start of fishing season, allocation from shares distributed but not able to be transferred or used for landings
 - Once payment occurs, account will have full access
 - After 90 day, sent to Treasury for collections



Account Suspension

- Suspended accounts can still log-in, view history, and pay CRF
- If option for Fisherman to collect fee is chosen:
 - Suspend shareholder *and* associated vessel account(s)
 - Restricts ability to transfer shares, allocation, or harvest fish
 - Additional admin burden to suspend all associated vessel accounts
 - Should permit renewal be also withheld till payment of CRF?
- If option for Dealer to collect fee is chosen:
 - Suspended account can not accept Wreckfish landings
 - Additional restrictions to consider
 - Suspend all federally permitted dealer landings?
 - Suspend permit renewal?

Timeline for Payment of Cost Recovery





Gulf of Mexico Individual Fishing Quota (IFQ)

Analysis for delinquent CRF payment

- Gulf IFQ had between 89 to 126 total dealers paying CRF each quarter
- Payments are made quarterly (4 payment cycles per year)
- After 30 days:
 - Percentage of delinquent dealers ranged from 0% (none) to 24%
 - Most pay immediately after first delinquent notification
- After 90 days:
 - Percentage of delinquent dealers ranged from 0% (none) to 7%
 - Tend to be repeat offenders
- Handful of dealers went out of business while owing CRF
 - Quarterly payments reduces risk of non-payment compared to annual payments