Cost Recovery Program Options – Part Two

Introduction

This document presents six key questions regarding cost recovery program options for Council consideration. Each question is followed by a list of potential options, subdivided by sector where appropriate. The following list of questions and potential options are only the beginning of the process. As the Council chooses to pursue one option over another, more questions will arise and need to be addressed.

Questions and Options for Council Consideration on Cost Recovery

1. Should the cost recovery program be developed for the trawl fishery as a whole, or further subdivided?

Options

a. 3 separate cost recovery programs developed for each of the 3 sectors: shore-based IFQ, MS, CP
   - costs would be calculated for each sector
   - each sector would be assessed a fee based on the sector-specific cost calculation

b. 2 separate cost recovery programs developed for the at-sea and shore-based sectors: MS & CP, shore-based IFQ
   - costs would be calculated for each sector
   - each sector would be assessed a fee based on the sector-specific cost calculation

c. 1 cost recovery program for the trawl fishery as a whole
   - costs would be calculated for the trawl fishery as a whole,
   - equal portion of the costs assessed to each sector, not to exceed 3% of the ex-vessel value

d. 1 cost recovery program for the trawl fishery as a whole
   - costs would be calculated for the trawl fishery as a whole,
   - each sector would be assessed a portion of the costs based on Council decision, taking into account estimated costs attributable to each sector and benefits received by each sector
2. What entity should pay the fee?

   **Options for CP sector**
   a. Charge each vessel based on value of whiting harvested by that vessel
   b. Charge the coop based on value of whiting harvested by the entire coop

   **Options for MS sector**
   a. Charge each catcher vessel based on value of whiting harvested by that vessel
   b. Charge each mothership based on the value of whiting processed by that MS
   c. Charge each coop(s) based on value of whiting harvested by the entire coop
   - If there is a non-coop fishery, option a or b may be used

   **Options for shore-based IFQ sector**
   a. Charge each catcher vessel based on the value of IFQ species harvested by that vessel
   b. Charge each first receiver based on the value of IFQ species processed

3. How should fee collection be structured?

   **Options for CP sector**
   a. Bill entity chosen under #2 in last quarter of the calendar year
      - It is unclear how the other MSA options (e.g. filing of landing report, sale of such fish) apply to the CP sector
   b. Other?
      -

   **Options for MS sector**
   a. Bill entity chosen under #2 in last quarter of the calendar year
   b. Bill entity chosen under #2 in last quarter of the calendar year
      - It is unclear how the other MSA options (e.g. filing of landing report, sale of such fish) apply to the CP sector
   c. Other?

   **Options for shore-based sector**
   a. Bill entity chosen under #2 in last quarter of the calendar year
   b. Fishermen billed at time of landing by first receiver, and collected monthly by the Agency in coordination with buyback fee
4. Linkage to permitting requirements?
   a. None
   b. Prior year’s payment required for a complete permit application
   c. Quota transactions suspended until payment received
   d. 30 days after failure to pay, IFQ account and/ or permit is suspended, and after 90 days, RA sends account to collections (modeled after SERO Cost Recovery Program)
   e. Same as 4d. but with an administrative appeals process

5. How are agency costs identified? (depends on choice made in #1)
   a. Implement a system to capture time allocation information for all personnel who work/ collaborate on management or enforcement of LAPP
   b. Random sampling to assess costs, then extrapolate costs across the year
   c. Use yearly projections of costs, as calculated and provided by the Agency, to determine fee percentage at the beginning of each fishing year

6. How is the ex-vessel value of the fish harvested under the LAPP calculated to ensure fee does not exceed 3%?

   **Options for CP sector**
   a. use EDC pricing and tonnage data to calculate value
   b. require submission of pricing and tonnage data to the Agency at the end of each fishing year, for purpose of value calculations
   c. use shorebased pricing and at-sea tonnage to calculate value

   **Options for MS sector**
   a. use EDC pricing and tonnage data to calculate value
   b. require submission of pricing and tonnage data to the Agency at the end of each fishing year, for purpose of value calculations
   c. use shore-based pricing and at-sea tonnage to calculate value

   **Options for shore-based sector**
   a. calculated from landing information as recorded on e-fish ticket
   b. calculated from landing information as recorded on paper fish ticket
   c. calculated from information on buyback form
Options Considered, but Rejected

NMFS considered various fee collection schemes such as collecting from IFQ holders based on QS, quarterly timing of fee collection, and charging fee on unused QS. These options were rejected for being impractical, and in the case of the latter option, for failing to create an appropriate incentive for industry.

Other regions use systems of task codes to account for hours spent on the LAPP, this option was considered but rejected because the costs of implementing and staffing such a system would only add to the financial burden associated with the LAPP. It was also suggested that costs be reassessed at the close of each year, and any refunds or additional fees be processed at that time; this option was rejected for being impractical, time-consuming, and costly.

A standardized pricing scheme used across all sectors of the LAPP was rejected for being inaccurate, and unfair to some communities.