

COST RECOVERY REPORT AND REGULATIONS

As required under the Magnuson-Stevens Fishery Conservation and Management Act (MSA) Sections 303A(e) and 304(d)(2), the catch share program includes fees for cost recovery to cover “management, data collection and analysis, and enforcement programs that are directly related to and in support of the program” (MSA 303A(e)(1)). The Council’s final recommendation on cost recovery is available on the [trawl trailing action webpage](#) and includes an ongoing, periodic review role for the Council. Cost recovery fees were first charged starting in 2014, and National Marine Fisheries Service (NMFS) provided its first report on cost recovery at the April 2014 Council meeting, with additional reports at each subsequent April meeting.

Each year, in response to these reports, constituents have expressed a desire for greater detail in the report (e.g. the [April 2017 Agenda Item F.4.b GAP Report](#)). After the April 2017 presentation, the Council asked its staff to meet with NMFS staff and discuss ways to address transparency concerns such as those raised by the Groundfish Advisory Panel (GAP). This meeting occurred in the fall of 2017, and over the winter NMFS met with industry to further explore ways to increase transparency. NMFS also had a cost recovery meeting with industry on September 21, 2018. To provide time to incorporate ideas from these discussions into the annual NMFS cost recovery report, it was delayed from April 2018 to this meeting. The NMFS report under this agenda item (Agenda Item G.2.a, NMFS Report 1) covers the 2018 cost recovery fee calculation and results from the 2017 collections.

Related to cost recovery is a regulatory clean-up action that was on the [2016 omnibus groundfish prioritization list](#) (Item 5). After cost recovery was implemented, NMFS announced clarifications to the regulations through a public notice (see NMFS public notice, NMFS-SEA-14-12, March 20, 2014). The clarifications related to: (1) for the shorebased individual fishing quota and mothership sectors, a fish buyer’s use of principal from a deposit account in cases of credit card payment to Pay.gov; and (2) for the catcher-processor sector, the application of cost recovery fees only to *retained* groundfish. NMFS will provide a report on whether this should remain as an omnibus item for Council action or be resolved as a regulation housekeeping matter (Agenda Item G.2.a, NMFS Report 2). Regulatory housekeeping would not necessarily require further Council action, however, under this agenda item the Council is provided an opportunity to comment if it has any concerns.

Council Action:

Review and provide direction on NMFS cost recovery report and draft proposed regulations.

Reference Materials:

1. Agenda Item G.2.a, NMFS Report 1: Trawl Rationalization Program Cost Recovery Annual Report, Fee Calculation for 2018 and Fishing Year 2017 Payments.
2. Agenda Item G.2.a, NMFS Report 2: National Marine Fisheries Service (NMFS) Report on Cost Recovery Items on the Omnibus List.

Agenda Order:

G.2 Cost Recovery Report and Regulations

Jim Seger

- a. Reports and Comments of Management Entities and Advisory Bodies
- b. Public Comment
- c. **Council Action:** Review and Provide Direction on Cost Recovery Report and Regulations

PFMC

10/10/18