

C4 - IFQ Cost Recovery - Motion 1

The AP recommends moving Cost Recovery Report and Program Improvements to final action with the following primary preferred alternatives. **PPAs are bolded.**

Alternative 1. Status Quo.

Alternative 2. Revise the Halibut and Sablefish IFQ Cost recovery Annual Processes.

Element 1. Remove the regulatory deadline for publishing the notice of standard prices and fee percentage in the Federal Register and revise the fee payment due date from January 31 to February 28.

Element 2. Modify the date range of IFQ landings used to calculate annual cost recovery fee liabilities. The annual billing year would include IFQ landings from:

Option 1. October 1 through September 30

Option 2. November 1 through October 31

Option 3. December 1 through November 30

Element 3. Modify the submission of volume and value reports

Option 1. Create an administrative consequence for registered buyers who fail to submit volume and value reports.

Option 2. Require submission of volume and value reports within 2 weeks of the processor's final IFQ landing of the season or October 15th, whichever is earlier.

Option 3. Increase frequency of volume and value data submission to quarterly. (Quarterly or twice per year)

Motion passes 16-0

Rationale in Support of Motion, by Alternative, Element, and Option

Alternative 2, Element 1

- *While Element 1 would provide NMFS additional administrative flexibility, it would shift the fee payment deadline from January 31 to February 28, which would reduce the amount of time available between fee payment and annual permit issuance. The analysis notes that this would leave less than 30 days between fee payment and permit issuance, reducing the margin available to resolve payment issues, administrative errors, or disputes prior to the start of the next fishing season.*
- *The AP did not select Alternative 2 Element 1 as a PPA since maintaining the current payment schedule under status quo preserves a longer and more predictable transition between fee settlement and permit issuance for IFQ permit holders and vessels.*

Alternative 2, Element 2, Option 3

- *The AP selected Option 3 under Element 2 of Alternative 2 as the PPA because having a set date range is the most appropriate compromise between the annual variability in the longline fishery end date and the regulatory deadline for the Agency to complete their cost recovery invoicing and publishing.*
- *The analysis reiterates the IFQ cost recovery process was not originally designed to accommodate a fishery that ends in December. Establishing the December 1- November 30 date range is in line with this statement and the structure of the program.*
- *Options 1 + 2 were considered, but ultimately left too much quota harvest billing from year to year and did not reflect the historical average season end date, which until 2021 fell in the first or second week of November. By selecting Option 3 as the PPA, it is expected to only leave 1% of halibut and 1% of sablefish for the following billing year.*
- *Discussions at recent IPHC Annual Meetings and Conference Board sessions have reflected continuing concerns regarding fishing activity extending into December, including weather, holiday staffing, processing logistics, and vessel scheduling considerations. While season dates remain under the authority of the IPHC, Option 3 establishes a billing framework that better aligns with the historical timing of the IFQ fisheries and provides flexibility should future season-end dates move closer to November or early December.*

Alternative 2, Element 3, Option 1

- *Selection of Option 1 as the PPA creates the necessary additional accountability for the few registered buyers that do not turn in their Ex-vessel Volume and Value reports by the October 15th deadline, without creating an additional reporting burden to the processing sector that is complying with report submission.*
- *While Option 2 was initially also considered, it was determined that it could introduce too much room for additional administrative and regulatory burden for the processing sector.*
 - *Specifically, an AP member noted a scenario that was not in the analysis, nor had been considered by the Agency. For large processing plants that take deliveries from both high and low volume fisheries simultaneously in the fall, Option 2 could create unnecessary enforcement risk. It is not uncommon to receive sporadic IFQ deliveries into the fall, or for vessels to change their IFQ delivery plans; a processor may receive an IFQ delivery in early September, expecting additional IFQ deliveries before October 15, thus would not submit their report. But if they submit their report on the October 15 deadline, they would be subject to enforcement action because it had been more than two weeks since their last IFQ delivery as Option 2 was written. Expecting high volume fishery plants to track whether it has been two weeks since their last IFQ delivery over the course of the late summer/Fall and potentially have to submit an early report to be in compliance, only to submit another report if they end up getting another unexpected delivery creates unnecessary burden for a category of processors that are not the reason action is necessary.*