



# 2023 Annual Report of the Golden Tilefish Individual Fishing Quota Cost Recovery Program

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## Background

The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) requires NOAA Fisheries to collect fees to recover the “actual costs directly related to the management, data collection, and enforcement” of an Individual Fishing Quota (IFQ) program (16 U.S.C. 1854(d)(2)). The law provides that we collect the fee from IFQ allocation shareholders, based on the ex-vessel value of fish landed under the program. Ex-vessel value is the price paid to the vessel per pound multiplied by the total weight landed. The fee may be up to, but cannot exceed, 3 percent of the ex-vessel value of the fish harvested under the IFQ program.

The cost recovery fee is based on expenses and landings made during each calendar year. The 2023 calendar year (January 1, 2023, through December 31, 2023) was the 14<sup>th</sup> year of the tilefish cost recovery program. Framework Adjustment 7 to the Tilefish Fishery Management Plan (FMP) changed the fishing year to January 1 through December 31 (87 FR 67830, November 10, 2022). Because of this change, the cost recovery year now aligns with the fishing year.

## Use of Funds

Payments received as a result of the tilefish IFQ cost recovery program are deposited in the Limited Access System Administrative Fund as required by the Magnuson-Stevens Act. Funds deposited in this account are available only to the Secretary of Commerce and may only be used to defray the costs of management and enforcement of the fishery for which the fees were collected. Therefore, fees collected as part of this cost recovery program will be used for management and enforcement of the tilefish fishery.

## Determining Ex-Vessel Value

Because the individual fee obligations must be based on a percentage of the ex-vessel value of the tilefish IFQ fishery, it is necessary to calculate those fees based on landings and the price paid to the vessel. Federally permitted tilefish dealers are required to report the landed weight of and price paid for all tilefish purchased. Ex-vessel prices can vary between market categories of tilefish and over the course of the year, but the small number of vessels and dealers participating in the tilefish IFQ fishery make it practical to use an exact total value from each landing of IFQ tilefish. For the 2023 calendar year, the total of all tilefish IFQ landings was 1,362,122 lb with a total ex-vessel value of \$5,993,249. This is a decrease in landed weight and total value from 2022, when landings were 1,458,235 lb and ex-vessel value was \$6,294,067.

## Cost of Management and Enforcement

We have determined the recoverable costs associated with the management, enforcement, and data collection in the tilefish IFQ program only include the incremental (or attributable) costs of the IFQ program. Recoverable costs do not include costs that would have been incurred in the administration of the tilefish fishery if an IFQ program did not exist.

We calculate personnel costs by multiplying staff hours spent on tasks directly related to the IFQ program by the hourly salary rates for those individuals. Salary rates include the Government’s share of benefits on a prorated basis. We calculate contract expenses as the cost of contract employees prorated for the percentage of time the contract employees spent on tasks directly

related to the IFQ program. In the 2023 fee period, the recoverable expenses primarily consisted of time spent by personnel working on tasks related to the administration of the IFQ program in the following divisions in the Greater Atlantic Regional Fisheries Office.

### **Analysis and Program Support Division (APSD)**

APSD is responsible for the tasks associated with the ongoing operation of the tilefish IFQ program. These include issuing annual IFQ allocation permits as well as processing and tracking both temporary leases of quota pounds and permanent transfers of quota share. APSD staff conduct quality control of fishery-dependent data and track landings against tilefish IFQ allocations. The regional Port Agents that provide outreach and support in the field are also part of this division. APSD handles most cost recovery tasks, such as generating individual fees; tracking payments; withholding permits for late payments, if needed; and providing oversight and coordination of the cost recovery work conducted in other divisions.

### **Sustainable Fisheries Division (SFD)**

SFD is responsible for the management and implementation of the Tilefish FMP, which includes the tilefish IFQ program, and is the principal point of contact with the Mid-Atlantic Fishery Management Council. SFD implements any needed and approved regulatory changes recommended by the Council.

### **Technology and Data Management Division (TDMD)**

TDMD is responsible for development and maintenance of the technological infrastructure of the tilefish IFQ program. This includes the internal databases and computer systems for handling allocations, the Fish Online website, and the data connections with Centralized Receivables Service, which issues cost recovery bills and processes payments. These systems are critical to the monitoring of the IFQ program because they track the individual landings, IFQ leasing, and permanent allocation transfers that take place in the tilefish IFQ fishery.

### **Operations and Management Division (OMD)**

OMD ensures the calculations of program personnel and other costs are complete and correct, and that our billing and collections processes meet required standards. OMD coordinates the use of collected receipts to ensure that the money is used to support the management of the fishery in which it was collected.

### **Communications and Internal Affairs (CIA)**

CIA is a team within the Regional Administrator's office and coordinates internal and external communications and messaging for the Region. There were no recoverable expenses from the CIA team associated with the tilefish IFQ program during 2023.

### **Office of Law Enforcement (OLE)**

OLE special agents and enforcement officers ensure compliance with the Nation's marine resource laws and take enforcement action when these laws are violated. OLE determined there were no increased enforcement activities as a result of the tilefish IFQ program, and therefore, there were no recoverable expenses during 2023.

## NOAA General Counsel

The Northeast Section of the NOAA Office of General Counsel provides legal advice to NOAA Fisheries and the Councils and reviews management actions for consistency with applicable legal requirements. General Counsel determined that there were no recoverable expenses associated with the tilefish IFQ program during 2023.

Table 1 provides details of the recoverable costs by division within the Greater Atlantic Regional Fisheries Office.

**Table 1. Recoverable Costs for the Tilefish IFQ Program, 2023.**

	APSD	SFD	TDMD	OMD	NEFSC	Total
Personnel †	\$39,586	\$1,426	\$4,374	\$84	\$1,359	\$46,829
Other				\$43		\$28
Total	\$39,586	\$1,426	\$4,374	\$127	\$1,359	<b>\$46,872</b>

APSD (Analysis and Program Support); SFD (Sustainable Fisheries); TDMD (Technology and Data Management); OMD (Operations and Management); NEFSC (Northeast Fishery Science Center)

†Personnel costs include all benefits and contractor costs

## Calculating the Fee Percentage

The calculated 2023 tilefish IFQ fee percentage was 0.7820 percent. We calculated the fee percentage based on the total fishery ex-vessel value of \$5,993,249 and total recoverable program costs of \$46,872 using the following formula:

$$\frac{\$46,872}{\$5,993,249} \times 100 = 0.7820\%$$

## Calculating IFQ Allocation Fees

To determine the appropriate fee for each IFQ shareholder, we use the ex-vessel value of each specific tilefish IFQ landing and multiply the sum of those values by the fee percentage. Under the tilefish IFQ program regulations, an IFQ shareholder is responsible for the fee based on the value of the landings of tilefish authorized under their initial allocation of quota pounds. This includes landings made on any quota pounds that they may have leased to another IFQ permit holder. The IFQ tracking program that we developed is able to identify all tilefish quota pound leases and attribute landings to the original IFQ shareholder. If a vessel landing tilefish has quota pounds available from both an initial allocation and from a lease, we attribute tilefish landings to the leased quota pounds first. If there are quota pounds from multiple leases, we attribute landings based on the order the leases were processed, on a first-in, first-out basis.

## Payment Due Date

We issued bills for the 2023 tilefish IFQ fee on June 05, 2024. Allocation shareholders have 45 days (until July 20, 2024) to pay the balance due through Pay.gov. Failure to pay the balance due on time may result in suspension of the tilefish IFQ permit, which would prohibit transferring quota share, leasing quota pounds, or landing tilefish in excess of the incidental limit.

## Changes from Previous Years

Total recoverable costs can fluctuate from year to year. Some management tasks may not need to be done every year, while certain tasks may require more staff time and effort in some years. The 2023 recoverable costs include staff time from both GARFO and NEFSC to complete the recent Golden Tilefish Catch Share Program Review. Table 2 shows the tilefish IFQ recoverable costs, value of the fishery, and fee percentage in 2023 compared to previous years.

**Table 2. Tilefish IFQ Recoverable Costs, Fishery Value, and Fee Percentage 2010-2023**

Fee Year	Recoverable Costs	Total Fishery Value	Fee Percentage
2010	\$21,438	\$5,054,073	0.424 %
2011	\$21,353	\$5,566,543	0.3835 %
2012	\$14,242	\$5,372,291	0.2650 %
2013	\$35,966	\$5,787,335	0.6214 %
2014	\$14,662	\$5,501,343	0.2665 %
2015	\$20,744	\$5,075,467	0.4087 %
2016	\$56,166	\$4,180,838	1.3434 %
2017	\$25,420	\$4,488,626	0.5663 %
2018	\$20,160	\$4,766,450	0.4229 %
2019	\$11,452	\$5,316,137	0.2154 %
2020	\$20,845	\$4,723,337	0.4413 %
2021	\$22,317	\$6,132,846	0.3639 %
2022	\$47,918	\$6,294,067	0.7613 %
2023	\$46,872	\$5,993,249	0.7820 %

Starting in 2022, we have a staff member working full time on cost recovery related tasks for all of our cost recovery programs. We did not previously have someone dedicated to cost recovery full time. Their work has substantially improved our internal processes for tracking costs, collecting fees, and allocating available funds for all three fishery programs that include cost recovery. While this work makes our programs more consistent and reliable, it does result in an increase in overall recoverable costs.

In 2022, the Mid-Atlantic Fishery Management Council initiated a periodic review of the Tilefish IFQ program as required by the Magnuson-Stevens Act, which was recently finalized. The Council hired a contractor to conduct the necessary analysis and write the final report for this program review. These contract costs, like other Council costs, are not recoverable in the Tilefish IFQ program. However, NMFS staff, including staff from the Northeast Fisheries Science Center, participated on an oversight team that is helping to guide the contractors' work. NMFS staff time working on the oversight team, as well as time spent compiling data for the contractors, is recoverable.