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**DEPARTMENT OF COMMERCE**

**National Oceanic and Atmospheric Administration**

**RIN 0648-XE380**

**Magnuson-Stevens Act Provisions; Fisheries Off West Coast States; Pacific Coast Groundfish Fishery; Trawl Rationalization Program; 2016 Cost Recovery**

**AGENCY:** National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

**ACTION:** Notice; 2016 cost recovery fee percentages and mothership (MS) pricing.

**SUMMARY:** This action provides participants in the Pacific coast groundfish trawl rationalization program with the 2016 fee percentages and “MS pricing” needed to calculate the required payments for trawl rationalization program cost recovery fees due in 2016. For calendar year 2016, NMFS announces the following fee percentages by sector: 3.0 percent for the Shorebased Individual Fishing Quota (IFQ) Program; 2.5 percent for the MS Coop Program; and 0.7 percent for the Catcher/Processor (C/P) Coop Program. For 2016, the MS pricing to be used as a proxy by the C/P Coop Program is: \$0.11/lb for Pacific whiting.

**DATES:** Effective January 1, 2016.

**FOR FURTHER INFORMATION CONTACT:** Christopher Biegel, Cost Recovery Program Coordinator, (503) 231-6291, fax (503) 872-2737, email [Christopher.Biegel@NOAA.gov](mailto:Christopher.Biegel@NOAA.gov).

**SUPPLEMENTARY INFORMATION:** The Magnuson-Stevens Fishery Conservation and Management Act (MSA) requires NMFS to collect fees to recover the costs directly

related to the management, data collection, and enforcement of a limited access privilege program (LAPP) (16 U.S.C. 1854(d)(2)), also called “cost recovery.” The Pacific coast groundfish trawl rationalization program is a LAPP, implemented in 2011, and consists of three sectors: the Shorebased IFQ Program, the MS Coop Program, and the C/P Coop Program. In accordance with the MSA, and based on a recommended structure and methodology developed in coordination with the Pacific Fishery Management Council, NMFS began collecting mandatory fees of up to three percent of the ex-vessel value of groundfish from each sector (Shorebased IFQ Program, MS Coop Program, and C/P Coop Program) in 2014. NMFS collects the fees to recover the incremental costs of management, data collection, and enforcement of the trawl rationalization program. Additional background can be found in the cost recovery proposed and final rules, 78 FR 7371 (February 1, 2013) and 78 FR 75268 (December 11, 2013), respectively. The details of cost recovery for the groundfish trawl rationalization program are in regulation at 50 CFR 660.115 (trawl fishery cost recovery program), § 660.140 (Shorebased IFQ Program), § 660.150 (MS Coop Program), and § 660.160 (C/P Coop Program).

By December 31 of each year, NMFS must announce the next year’s fee percentages, and the applicable MS pricing for the C/P Coop Program. NMFS calculated the 2016 fee percentages by sector using the best available information. For 2016, the fee percentages by sector, which must not exceed three percent of the ex-vessel value of fish harvested, are:

- 3.0 percent for the Shorebased IFQ Program,
- 2.5 percent for the MS Coop Program
- 0.7 percent for the C/P Coop Program.

To calculate the fee percentages, NMFS used the formula specified in regulation at § 660.115(b)(1), where the fee percentage by sector equals the lower of three percent or direct program costs (DPC) for that sector divided by total ex-vessel value (V) for that sector multiplied by 100 (Fee percentage = the lower of 3% or  $(DPC/V) \times 100$ ).

“DPC,” as defined in the regulations at § 660.115(b)(1)(i), are the actual incremental costs for the previous fiscal year directly related to the management, data collection, and enforcement of each sector (Shorebased IFQ Program, MS Coop Program, and C/P Coop Program). Actual incremental costs means those net costs that would not have been incurred but for the implementation of the trawl rationalization program, including both increased costs for new requirements of the program and reduced costs resulting from any program efficiencies. Similar to previous years, NMFS only included the cost of employees’ time (salary and benefits) spent working on the program in calculating DPC rather than all incremental costs of management, data collection, and enforcement. NMFS is still evaluating how to incorporate additional costs and may, in coordination with the Pacific Fishery Management Council, do so in the future.

“V”, as specified at § 660.115(b)(1)(ii), is the total ex-vessel value, as defined at § 660.111, for each sector from the previous calendar year. To calculate “V” for use in determining 2016 fee percentages, electronic fish ticket data in the Pacific Fisheries Information Network (PacFIN) are used for the Shorebased IFQ Program. The MS Coop Program and the C/P Coop Program values are calculated using the average price of whiting derived from those reported on the MS Coop Program cost recovery form from calendar year 2014. This average price (\$0.11) and the retained catch estimates (weight)

from the observer data (as reported in PacFIN from NORPAC) were used to calculate the “V” for the MS and C/P Coop Programs.

Ex-vessel values and amounts landed each year fluctuate, and the amount NMFS collects each year in cost recovery fees also fluctuate accordingly. When the cost recovery fees collected by NMFS are greater or less than the actual net incremental costs incurred for a given year, the fee percentage for the following year will be adjusted accordingly (as specified § 660.115(b)(1)(i)).

It is expected that, in 2015, the Shorebased IFQ Program will have paid \$292,051.99 less than the 2014 DPC used to calculate its 2015 fee percentage. As the Shorebased IFQ Program fee percentage for 2016 has already been capped at the maximum 3.0 percent, there will be no fee adjustment for that sector.

It is expected that, in 2015, the MS Coop Program will have paid \$82,642.35 less than the 2014 DPC used to calculate its 2015 fee percentage. Therefore, the MS Coop Program DPC used to calculate the 2016 fee percentage will be adjusted upward by \$82,642.35.

The adjustment to the C/P Coop program costs used to determine the 2015 fee percentage showed that NMFS anticipated collecting \$15,295.71 more than the costs used to determine the 2015 fee, resulting in a fee percentage of negative 0.1. However, because a fee percentage cannot be negative, NMFS set the 2015 C/P Coop program cost recovery fee at 0.0 percent (79 FR 78400) and is now deducting \$15,295.71 from the DPC used to calculate the 2016 fee percentage.

	<b>FY 2014 DPC used for 2015 calculation</b>	<b>2015 Fees expected</b>	<b>Adjustment for 2016</b>
<b>Shorebased IFQ Program</b>	\$1,546,740.00	\$1,254,688.01	N/A
<b>MS Coop Program</b>	\$177,110.00	\$94,467.65	\$82,642.35
<b>C/P Coop Program</b>	N/A	\$0.00	(\$15,295.71)

The adjustments for the MS Coop and C/P Coop programs are included, and increase or reduce their DPC values which are shown below in the fee percentage calculations for that sector.

Shorebased IFQ Program-3.0% = the lower of 3% or  $(\$2,310,729.95 / \$52,052,455) \times 100$

MS Coop Program- 2.5% = the lower of 3% or  $(\$372,976.40 / \$15,189,237) \times 100$

C/P Coop Program- 0.7% = the lower of 3% or  $(\$168,971.09 / \$25,219,201) \times 100$ .

MS pricing is the average price per pound that the C/ P Coop Program will use to determine their fee amount due (MS pricing multiplied by the value of the aggregate pounds of all groundfish species harvested by the vessel registered to a C/P-endorsed limited entry trawl permit, multiplied by the C/P fee percentage, equals the fee amount due). In past years, MS pricing was based on the average price per pound of Pacific whiting as reported in PacFIN from the Shorebased IFQ Program. In other words, data from the IFQ fishery was used as a proxy for the MS average price per pound to determine the “MS pricing” used in the calculation for the C/P sector’s fee amount due. For 2016 MS pricing, NMFS used values derived from those reported on the MS Coop Program cost recovery form from calendar year 2014 as this was determined to be the best information available. NMFS has calculated the 2016 MS pricing to be used as a proxy by the C/P Coop Program as: \$0.11/lb for Pacific whiting.

Cost recovery fees are submitted to NMFS by Fish buyers via Pay.gov (<https://www.pay.gov/paygov/>). Fish buyers registered with Pay.gov can login in the upper left-hand corner of the screen. Fish buyers not registered with Pay.gov can go to the cost recovery forms directly from the website below. Click on the link to Pacific Coast Groundfish Cost Recovery for your sector (IFQ, MS, or C/P):

<https://www.pay.gov/public/search/global?searchString=pacific+cost+recovery&formToken=4e5bc6b4-6ba8-4db4-9850-e73756a06775>

As stated in the preamble to the cost recovery proposed and final rules, in the spring of each year, NMFS will release an annual report documenting the details and data used for the above calculations. The report will include information such as the fee percentage calculation, program costs, and ex-vessel value by sector. The annual report for fishing year 2013 and calculation for 2014 is available at:

[http://www.westcoast.fisheries.noaa.gov/publications/fishery\\_management/rawl\\_program/analytical%20docs/cost\\_recovery\\_annual\\_report\\_01.pdf](http://www.westcoast.fisheries.noaa.gov/publications/fishery_management/rawl_program/analytical%20docs/cost_recovery_annual_report_01.pdf).

The annual report for fishing year 2015 and calculation for 2016 will be made available to the public electronically via the NMFS West Coast Region Groundfish Web site

[http://www.westcoast.fisheries.noaa.gov/fisheries/groundfish\\_catch\\_shares/index.html](http://www.westcoast.fisheries.noaa.gov/fisheries/groundfish_catch_shares/index.html)

**Authority:** 16 U.S.C. 1801 *et seq.*

Dated: December 28, 2015

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