



DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 648

[Docket No. 260428-0116]

RIN 0648-BM54

Fisheries of the Northeastern United States; Greater Atlantic Region Catch Share Cost Recovery Program Updates

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

ACTION: Proposed rule; request for comments.

SUMMARY: NMFS proposes regulatory and administrative changes to implement improvements to the Greater Atlantic Region's Catch Share Cost Recovery Programs. These updates are intended to simplify regulations and reduce costs for the Scallop Individual Fishing Quota, Tilefish Individual Fishing Quota, and Surfclam and Ocean Quahog Individual Transferable Quota fisheries. This action would result in improved administration and management of the scallop, tilefish, and surfclam and ocean quahog fisheries.

DATES: Comments must be received on [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: A plain language summary of this proposed rule is available at <https://www.regulations.gov/docket/NOAA-NMFS-2023-0135>. You may submit comments on this document, identified by NOAA-NMFS-2023-0135, by the following methods:

- *Electronic Submission:* Submit all electronic public comments via the Federal e-Rulemaking Portal. Visit <https://www.regulations.gov> and type NOAA-NMFS-

2023-0135 in the Search box. Click on the “Comment” icon, complete the required fields, and enter or attach your comments.

Instructions: Comments sent by any other method, to any other address or individual, or received after the end of the comment period, may not be considered by NMFS. All comments received are part of the public record and will generally be posted for public viewing on <https://www.regulations.gov> without change. All personal identifying information (*e.g.*, name, address), confidential business information, or otherwise sensitive information submitted voluntarily by the sender will be publicly accessible. NMFS will accept anonymous comments (enter “N/A” in the required fields if you wish to remain anonymous).

FOR FURTHER INFORMATION CONTACT: Douglas Potts, Fishery Policy Analyst, douglas.potts@noaa.gov, (978) 281-9341.

SUPPLEMENTARY INFORMATION:

Background

The Greater Atlantic Regional Fisheries Office (GARFO) manages three Limited Access Privilege Programs (LAPPs): Limited Access General Category (LAGC) Scallop Individual Fishing Quota (IFQ); Tilefish IFQ; and Surfclam and Ocean Quahog Individual Transferable Quota (ITQ). The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) requires the collection of fees to recover the “actual costs directly related to the management, data collection, and enforcement” of a LAPP at 16 U.S.C. 1854(d)(2). Permit holders in the three cost recovery programs must pay an annual cost recovery fee, based on the ex-vessel value of fish landed under the program. The fee may be up to, but cannot exceed, 3 percent of the ex-vessel value of the fish harvested under the LAPP. Vessel permits cannot be renewed until the previous year’s fee is paid.

Centralized Receivables Service (CRS) is an initiative of the U.S. Department of

Treasury (Treasury) to manage non-tax debts on behalf of Federal agencies. GARFO works with CRS to issue cost recovery bills for fees owed and to process payments. CRS attempts to collect debts owed through the cost recovery programs when fee payments become past due. If initial collection efforts fail and a debt is over 120 days past due, CRS sends the debt to Cross-Servicing, another program within the Treasury, for debt collection. Pursuant to 31 CFR 285.12(c)(2), Cross-Servicing's default minimum debt amount that can be collected is \$25.

GARFO's current minimum cost recovery bill threshold is \$10 (that is, if the fee that would be charged to a permit holder is less than \$10, GARFO waives the fee for that permit holder). The difference between GARFO's fee threshold and Cross-Servicing's minimum debt collection amount creates a substantial administrative burden that results in higher costs for running LAPP programs, which, ultimately, drives up the total fees charges to the industry in future years. If CRS forwards a bill under \$25 to Cross-Servicing for collection due to non-payment, GARFO staff must work with Cross-Servicing to ensure that the bill is not automatically canceled and that it remains open for payment. If Cross-Servicing cancels a bill because it is less than the \$25 minimum, the permit holder remains in arrears but cannot make a payment and would be prohibited from renewing their permit (a LAPP permit holder is required to pay their cost recovery bill in full before receiving a permit for the next fishing year). There are typically five or fewer bills under \$25 from all of GARFO's LAPP cost recovery programs annually.

This proposed action would waive fees under \$25 to avoid the disproportionate costs associated with administering these bills. The cost of staff time spent working on billing for fees less than the Treasury's \$25 minimum threshold for debt collection significantly exceeds the value of the bills themselves, ultimately costing the industry more in the subsequent billing cycle. The unbilled amounts would be rolled over into the following year's cost recovery accounting, so GARFO would still collect the total "actual

costs” of the LAPPs as required by the Magnuson-Stevens Act. Waiving these fee amounts would also mitigate permit holders being unable to renew their permits, including permits for other non-LAPP fisheries, because of cost recovery bills that are overdue but have been canceled by Cross-Servicing. Should the Treasury revise its procedures in a manner that allows for collection of bills below \$25, NMFS could consider, through a future rule, whether to resume billing of such amounts in LAPP fisheries.

The proposed action would also standardize the billing timeline for GARFO, and payment periods for permit holders, across the regulations implementing the three LAPPs administered by GARFO. These programs were developed at different times and by different regional fishery management councils, and include different billing and payment cycles as a result. Setting a standard timeline for billing and payment periods would reduce uncertainty for members of the fishing industry and reduce the administrative burden on the agency. The proposed action would require the agency to send out bills within 6 months of the end of the cost recovery period and set payments due within 30 days from the date bills are sent for all three LAPPs. Currently, Surfclam and Ocean Quahog ITQ bills are due within 30 days, Tilefish IFQ bills are due within 45 days, and LAGC Scallop IFQ bills are due within 60 days. Requiring payment within 30 days of the bill date, also known as “Net 30,” is standard practice across many industries. Providing 6 months from the end of the cost recovery period to send fee notices would allow time for GARFO staff to compile the cost of managing the LAPPs as well as sufficient time to receive, review, and correct, if necessary, landings and price data from fishing vessels and dealers. The LAGC Scallop IFQ cost recovery year runs from October 1 through September 31, and GARFO would send out bills before the end of the following March. The cost recovery year for Tilefish IFQ and Surfclam and Ocean Quahog ITQ follows the calendar year and GARFO would send bills before the end of

June.

Classification

NMFS is issuing this rule pursuant to section 305(d) of the Magnuson-Stevens Act. The reason for using this regulatory authority is that this action addresses the agency's administration of the cost recovery provisions of the Scallop, Tilefish, and Atlantic Surfclam and Ocean Quahog Fishery Management Plans (FMP) in order to minimize agency inefficiencies and unnecessary costs for the industry. NMFS notified the New England and Mid-Atlantic Fishery Management Councils of its intention to implement these changes using this authority. Neither Council objected, nor did they express interest in addressing these issues through the Council process. The NMFS Assistant Administrator has determined that this proposed rule is consistent with the Scallop, Tilefish, and Atlantic Surfclam and Ocean Quahog FMPs, other provisions of the Magnuson-Stevens Act, and other applicable law, subject to further consideration after public comment.

This proposed rule has been determined to be not significant for purposes of Executive Order 12866.

The Chief Counsel for Regulation of the Department of Commerce certified to the Chief Counsel for Advocacy of the Small Business Administration (SBA) that this proposed rule, if adopted, would not have a significant economic impact on a substantial number of small entities.

The measures proposed by this action apply to quota shareholders in the LAGC Scallop IFQ, Tilefish IFQ, and Surfclam and Ocean Quahog ITQ fisheries. For Regulatory Flexibility Act (RFA) purposes, NMFS defines a small commercial fishing business as a firm that is independently owned and operated with receipts of less than \$11 million annually (see 50 CFR 200.2). Under the North American Industry Classification System (NAICS), most firms with surfclam or ocean quahog ITQ quota share are

commercial fishing firms (NAICS 11411). However, some quota share is held by firms that are more properly classified as fish and seafood wholesalers (NAICS 42446), commercial banks (NAICS 52211), credit unions (NAICS 52213), trusts (NAICS 525920), or the public administration sector (NAICS 92). For those entities, the appropriate SBA size standard to categorize small versus large businesses was used. Those thresholds are 100 employees for fish and seafood wholesalers, \$850 million in assets for commercial banks and credit unions, and \$40 million in annual receipts for trusts (13 CFR 121.201). Small business size standards are not established for the public administration sector.

In 2023, there were 545 total regulated entities across the LAGC Scallop IFQ, Tilefish IFQ, and Surfclam and Ocean Quahog ITQ fisheries. Of these, 515 are considered small entities, 25 are large entities, and 5 are public administration sector entities. Holdings by the public administration sector reflect quota share formally held by the NOAA Fisheries Finance Program as collateral on loans to different members of the fishing industry. The proposed measures are administrative in nature and are not expected to have impacts on the nature or operation of the scallop, tilefish, or surfclam and ocean quahog fisheries; including landings levels, ex-vessel revenues, fishery distribution, or fishing methods and practices. The proposed action would improve the efficiency of NMFS's internal process for calculating, issuing, and collecting cost recovery bills. Improving efficiency is expected to lead to a minor decrease in management costs, which would result in minor savings for the fishing industry because NMFS is required to recover the management costs of these programs. Waiving cost recovery fees under \$25 is expected to result in annual decreases in cost recovery costs of \$86 for 12 large entities and \$52 for 29 small entities in the surfclam fishery, and of \$13 for 2 large entities and \$120 for 100 small entities in the scallop fishery. No economic impacts are projected for firms in the tilefish or ocean quahog fisheries.

Based on the analysis provided above, the proposed measures are not expected to have a significant economic impact on a substantial number of small entities. As a result, an initial regulatory flexibility analysis is not required and none has been prepared.

This proposed rule contains no information collection requirements under the Paperwork Reduction Act of 1995.

List of Subjects in 50 CFR Part 648

Fisheries, Fishing, Reporting and recordkeeping requirements.

Dated: April 29, 2026.

Samuel D. Rauch III,

Deputy Assistant Administrator for Regulatory Programs,

National Marine Fisheries Service.

For the reasons set out in the preamble, NMFS proposes to amend 50 CFR part 648 as follows:

PART 648--FISHERIES OF THE NORTHEASTERN UNITED STATES

1. The authority citation for part 648 continues to read as follows:

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

2. In § 648.53, revise paragraph (h)(4)(ii) to read as follows:

§ 648.53 Overfishing limit (OFL), acceptable biological catch (ABC), annual catch limits (ACL), annual catch targets (ACT), annual projected landings (APL), DAS allocations, and individual fishing quotas (IFQ).

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(h) * * *

(4) * * *

(ii) *Fee Payment Procedure.* Within 6 months from the end of a cost recovery billing period, NMFS shall mail a cost recovery bill to each IFQ scallop permit holder. An IFQ scallop permit holder who has incurred a cost recovery fee must pay the fee to NMFS within 30 days from the date of mailing of the recovery bill. Cost recovery payments shall be made electronically via the Federal web portal, <https://www.pay.gov>, or other internet sites as designated by the Regional Administrator. Instructions for electronic payment shall be available on both the payment website and the paper bill. Payment options shall include payment via a credit card, as specified in the cost recovery bill, or via direct automated clearing house (ACH) withdrawal from a designated checking account. Payment by check may be authorized by NMFS if it has determined that electronic payment is not possible (for example, if the geographical area of an individual(s) is affected by catastrophic conditions).

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3. In § 648.74, revise paragraph (c)(5) introductory text to read as follows:

§ 648.74 Individual Transferable Quota (ITQ) Program.

* * * * *

(c) * * *

(5) *Fee payment and collection.* NMFS will send a bill to ITQ permit holders within 6 months from the end of a cost recovery billing period for any applicable ITQ cost recovery fee.

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4. In § 648.294, revise paragraph (h)(3) introductory text, and paragraph (h)(3)(i) to read as follows:

§ 648.294 Golden tilefish individual fishing quota (IFQ) program.

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(h) * * *

(3) *Fee payment procedure.* NMFS will create an annual IFQ allocation bill for each cost recovery billing period and provide it to IFQ allocation permit holders with quota share within 6 months from the end of a cost recovery billing period. The bill will include information regarding the amount and value of IFQ allocation landed during the prior cost recovery billing period, and the associated cost recovery fees.

(i) *Payment due date.* An IFQ allocation permit holder who has incurred a cost recovery fee must pay the fee to NMFS within 30 days of the date of the bill.

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