

Department of Commerce
 National Oceanic and Atmospheric Administration
 Fisheries Finance Program Account
Contribution to the NOAA Strategic Planning Goals and Objectives
 (Dollar amounts in thousands)

Fisheries Finance Program Account	FY 2005		FY 2006		FY 2007		FY 2007		Inc/Dec	
	Actuals		Currently Available		Base Program		Estimate		from Base	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Ecosystems										
Ecosystems	-	6,511	-	8,571	-	-	-	-	-	-
Total ECO	-	6,511	-	8,571	-	-	-	-	-	-
Total Fisheries Finance Program Account	-	6,511	-	8,571	-	-	-	-	-	-

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Department of Commerce
 National Oceanic and Atmospheric Administration
 Fisheries Finance Program Account
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

	Positions	FTE	Approp.	Budget Authority	Direct Obligations
FY 2006 Appropriation Available	-	-	6,599	8,571	8,571
less: Permanent Indefinite Authority	-	-	(6,316)	(6,316)	(6,316)
less: Recoveries from prior years	-	-	-	-	-
plus: 2007 Adjustments to base	-	-	(283)	(2,255)	(2,255)
FY 2007 Base	-	-	-	-	-
plus: 2007 Program Changes	-	-	-	-	-
FY 2007 Estimate	-	-	-	-	-

Comparison by activity/subactivity		FY 2005		FY 2006		FY 2007		FY 2007		Increase/ Decrease
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	
Fisheries Financing Program Obligations	Pos/BA	-	6,511	-	8,571	-	-	-	-	-
	FTE/OBL	-	5,489	-	8,571	-	-	-	-	-
Total: Fisheries Finance Program Account	Pos/BA	-	6,511	-	8,571	-	-	-	-	-
	FTE/OBL	-	5,489	-	8,571	-	-	-	-	-

Department of Commerce
 National Oceanic and Atmospheric Administration
 Fisheries Finance Program Account
SUMMARY OF RESOURCE REQUIREMENTS
 (Dollar amounts in thousands)

	FY 2005		FY 2006		FY 2007		FY 2007		Increase/ Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Direct Obligation	-	5,489	-	8,571	-	-	-	-	-	-
Total Obligations	-	5,489	-	8,571	-	-	-	-	-	-
Adjustments to Obligations:										
Unobligated balance, adj. SOY	-	(2,450)	-	(2,697)	-	(2,697)	-	(2,697)	-	-
Unobligated balance, EOY	-	2,697	-	2,697	-	2,697	-	2,697	-	-
Unobligated balance, expiring	-	775	-	-	-	-	-	-	-	-
Total Budget Authority	-	6,511	-	8,571	-	-	-	-	-	-
Financing from Transfers:										
Less: Permanent Indefinite Authority (Mandatory)	-	(5,144)	-	(6,316)	-	-	-	-	-	-
Transfer from ORF	-	(246)	-	(1,972)	-	-	-	-	-	-
Transfer from Pacific Salmon	-	(493)	-	-	-	-	-	-	-	-
Net Appropriation	-	628	-	283	-	-	-	-	-	-

Department of Commerce
National Oceanic and Atmospheric Administration
Fisheries Finance Program Account
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	FY 2005 Actuals	FY 2006 Currently Available	FY 2007 Base Program	FY 2007 Estimate	Increase/(Decrease) over FY 2007 Base
Direct Obligation	5,489	8,571	-	-	-
Total Obligations	5,489	8,571	-	-	-
Adjustments and Obligations:					
Unobligated balance, adj. SOY	(2,450)	(2,697)	(2,697)	(2,697)	-
Unobligated balance, EOY	2,697	2,697	2,697	2,697	-
Unobligated balance, expiring	775	-	-	-	-
Total Budget Authority	6,511	8,571	-	-	-
Financing from Transfers:					
Less: Permanent Indefinite Authority (Mandatory)	(5,144)	(6,316)	-	-	-
Transfer from ORF	(246)	(1,972)	-	-	-
Transfer from Pacific Salmon	(493)	-	-	-	-
Net Appropriation	628	283	-	-	-

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Appropriation: Fisheries Financing Program Obligations

GOAL STATEMENT:

Utilize cost-effective financing mechanisms to promote market-based approaches to sustainable fisheries management.

BASE DESCRIPTION:

The Fisheries Finance Program (FFP) is a loan program for financing or refinancing the construction, reconstruction, reconditioning, and in some cases, the purchasing of fishing vessels, shoreside processing, aquaculture, and mariculture facilities. FFP provides direct loans for up to 80% of the actual cost of reconstruction with a maximum maturity of up to 25 years.

The FFP operates under the authority of Title XI of the Merchant Marine Act of 1936, as amended as well as Section 303(a) of the SFA amendments to the Magnuson-Stevens Act. FFP lending practices are guided by Title XI, general rules implementing Title XI (found at 50 CFR part 253, subpart B), NOAA's sustainable fisheries policy and by the practical considerations of a program that has been self sustaining throughout its credit history.

The Sustainable Fisheries Act (SFA) (Pub. L. 104-297) amended section 1104A(a)(7) of Title XI (46 U.S.C. App. 1274) and section 30(d)(4) of the Magnuson-Stevens Fishery and Conservation Act (Magnuson-Stevens Act) (16U.S.C. 1801 et seq.) to authorize financing and refinancing the cost of loans available to entry level fishermen and to fishermen who fish from small boats purchasing Quota Shares ("QS"). All FFP authority is subject to the Federal Credit Reform Act of 1990 (FCRA) (2 U.S.C. 661) which requires the estimated loan losses (FCRA cost) be appropriated in cash at the time Congress authorizes annual credit ceilings. This form of lending requires no FCRA subsidy cost. However, specific loan ceilings must be included in appropriation language or other bill language.

The FFP provides Individual Fishing Quota (IFQ) financing at the request of a Fishery Management Council. At this time, IFQ financing is available to first time purchasers and small vessel operators in the Halibut Sablefish fisheries. Additionally, FFP provides financing for Community Development Quota groups fisheries investments in the Bering Sea Aleutian Islands Pollock fishery.

Recently, Congress authorized the FFP to finance the fishing capacity reduction loans (Buyback) to reduce overcapitalization of some fisheries. Buyback financing is targeted at preventing or ending overfishing, permitting stocks to rebuild and achieving measurable and significant improvements in the conservation and management of the fishery. Under this provision, the Program would finance the cost of reducing capacity by lending the capital to fishermen to surrender their fishing permits or scrap their vessels. All fishermen remaining in the fishery after capacity reduction repay this financing by a statutory levy on the gross value of the fish they catch.

The first shoreside purchasers of the post-reduction fishermen's catches deduct this levy from what they would otherwise have paid those fishermen for their catches, and forward the levy revenues to the Program to repay the capacity reduction financing. These levies continue on every catch landed by every fisherman in the fishery until the capacity reduction financing is repaid. Before the Program can finance capacity reduction, a Fishery Management Council must propose, and two-thirds of the fishermen in the fishery involved must vote in favor of both the capacity reduction and the landing fee levy. Capacity reduction financing is a way of allowing long-term fishermen to organize and finance the removal of excess competition from their fishery. This form of fisheries decapitalization requires the beneficiaries of decapitalization to repay its cost.

PROPOSED LEGISLATION:

[For the costs of direct loans, \$287,000, as authorized by the Merchant Marine Act of 1936: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in the Federal Credit Reform Act of 1990: *Provided further*, That these funds are only available to subsidize gross obligations for the principal amount] *Subject to section 502 of the Congressional Budget Act of 1974, during fiscal year 2007, obligations of direct loans may not [to] exceed \$5,000,000 for Individual Fishing Quota loans as authorized by the Merchant Marine Act of 1936*[, and not to exceed \$59,000,000 for traditional direct loans, of which \$19,000,000 may be used for direct loans to the United States menhaden fishery: *Provided further*, That none of the funds made available under this heading may be used for direct loans for any new fishing vessel that will increase the harvesting capacity in any United States fishery]. (*Department of Commerce and Related Agencies Appropriations Act, 2006.*)

SUMMARIZED FINANCIAL DATA

(Dollars in thousands)

Fisheries Finance Program Account	FY 2005 ACTUALS	FY 2006 CURRENTLY AVAILABLE	FY 2007 BASE PROGRAM	FY 2007 ESTIMATE	INCREASE / DECREASE
NMFS (DISCRETIONARY)	6,511	8,571	-	-	
Fisheries Financing Program Obligations	6,511	8,571	-	-	-
TOTAL	6,511	8,571	-	-	-
FTE	-	-	-	-	-

Note: The dollars in this table represent budget authority.

PROGRAM CHANGES FOR FY 2007:

NOAA's FY 2007 budget request includes \$5,000,000 in loan authority for IFQ loans, which does not require a subsidy. The FY 2007 budget request does not include loan authority for "traditional loans."

TERMINATIONS FOR FY 2007: The following programs, or portions thereof, have been terminated in FY 2007: Fisheries Finance Program Account (\$8,571,000).

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National Oceanic and Atmospheric Administration
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SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	FY 2005 Actuals	FY 2006 Currently Available	FY 2007 Base Program	FY 2007 Estimate	Increase/(Decrease) over FY 2007 Base
11 Personnel compensation					
11.1 Full-time permanent	-	-	-	-	-
11.3 Other than full-time permanent	-	-	-	-	-
11.5 Other personnel compensation	-	-	-	-	-
11.8 Special personnel services payments	-	-	-	-	-
11.9 Total personnel compensation	-	-	-	-	-
11.9 Total Personnel Compensation	-	-	-	-	-
12.1 Civilian personnel benefits	-	-	-	-	-
13.1 Benefits for former personnel	-	-	-	-	-
21.1 Travel and transportation of persons	-	-	-	-	-
22.1 Transportation of things	-	-	-	-	-
23.1 Rental payments to GSA	-	-	-	-	-
23.2 Rental payments to others	-	-	-	-	-
23.3 Communications, utilities and miscellaneous charges	-	-	-	-	-
25.2 Other services	-	-	-	-	-
26.1 Supplies and materials	-	-	-	-	-
31.1 Equipment	-	-	-	-	-
32.1 Lands and structures	-	-	-	-	-
33.1 Investments and loans	-	-	-	-	-
41.1 Grants, subsidies and contributions	5,489	8,571	-	-	-
42.1 Insurance claims and indemnities	-	-	-	-	-
43.1 Interest and dividends	-	-	-	-	-
44.1 Refunds	-	-	-	-	-
99 Total Obligations	5,489	8,571	-	-	-
Less Prior year recoveries	-	-	-	-	-
Less Unobligated Balance, Start of Year	(2,450)	(2,697)	(2,697)	(2,697)	-
Plus Unobligated Balance, End Of Year	2,697	2,697	2,697	2,697	-
Expired unobligated balances	775	-	-	-	-
Total Budget Authority	6,511	8,571	-	-	-

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SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

Object Class	FY 2005 Estimate	FY 2006 President's Budget	FY 2007 Base	FY 2007 Estimate	Increase/ (Decrease) over FY 2007 Base
Personnel Data					
Full-Time equivalent Employment:					
Full-time permanent	-	-	-	-	-
Other than full-time permanent	-	-	-	-	-
Total	-	-	-	-	-
Authorized Positions:					
Full-time permanent	-	-	-	-	-
Other than full-time permanent	-	-	-	-	-
Total	-	-	-	-	-