Questions and Answers:
AQI Program Cost and Fees

Q: What is the Agricultural Quarantine Inspection (AQI) Program?
A: The Agricultural Quarantine and Inspection (AQI) program plays a critical role in facilitating the safe trade of agricultural commodities while protecting U.S. agriculture and the environment from invasive plant and animal pests and diseases. As volumes of international trade and travel both increase, so do the risks that foreign animal and plant pests and diseases can enter and establish themselves in the United States. These invasive pests and diseases can pose grave threats to America’s agriculture and economy. AQI activities include risk assessment and analysis, pest identification, treatment and mitigation protocols, policy development and administration, and inspections of international passengers, commercial vessels, trucks, aircraft, and railcars at U.S. ports of entry.

Q: Who provides AQI services?
A: USDA’s Animal and Plant Health Inspection Service (APHIS) and the Department of Homeland Security’s Customs and Border Protection (CBP) work together to carry out AQI program activities to intercept foreign animal and plant pests before they can enter the country.

Q: How does adjusting AQI fees help protect American agriculture?
A: Under Section 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990, also called the FACT Act, USDA is authorized to collect user fees for these services. The revenues from these fees provide the AQI program with the financial stability it needs to conduct the critical work of keeping U.S. agriculture safe and productive.

An increase in AQI user fee revenues will ensure that the AQI program can operate at a level sufficient for minimizing the risks of introducing agricultural pests and diseases into the United States. Without an increase in revenue, both APHIS and CBP will need to use increasing amounts of appropriated funds for continuing our activities in protecting American agriculture.

Q: Why are AQI Program user fees being adjusted?
A: The fees should fully fund the actual costs of running the AQI program and be borne by those using the services. However, revenue from fees charged has been insufficient to cover all costs and compelled DHS to use appropriated funds that should be available for other important homeland security functions and initiatives. Other than minor adjustments for inflation from FY 2000 to FY 2010, the fees have not changed, even though CBP has hired hundreds of additional inspectors to meet the increasing need caused by a large increase in arriving international passenger and cargo traffic. This has resulted in a shortfall in the fees we collect. To ensure these vital activities continue, we’ve used excess revenues collected for some inspections to offset deficits in other areas. And, in some cases, funding appropriated by Congress for other activities has been used to make up the difference. This jeopardizes our ability to effectively administer and carry out the AQI program.

Q: Who will be affected by the proposed fee changes?
A: AQI user fees are paid by international airline passengers and the operators of commercial aircraft, commercial maritime vessels, commercial trucks, and commercial railroad cars. Under the proposed changes, cruise ship passengers and importers of shipments requiring a phytosanitary treatment would also pay fees. Fees would be lowered for international air passengers and commercial cargo railcars at ports of entry.

The proposed fee changes are very small compared to the overall value of the commodities imported or the price of an international ticket. We don’t expect them to have an impact on imports or international travel. APHIS considered a number of alternatives for revising AQI user fees. The proposed changes would result in the smallest increase in user fee revenues—enough to ensure we can cover the costs of AQI services and maintain our reserve fund. This approach also minimizes as much as possible our use of supplemental appropriated funding and any impacts to U.S. output and employment.
Q: What changes are being proposed in this rule?
A: APHIS proposes to increase AQI fees for commercial vehicles, trucks, and aircraft. In each of these categories, current fees don't generate enough revenue to cover the costs of the AQI services provided. This means that the difference between the revenue collected and the actual costs has been borne by taxpayers (through congressionally appropriated funding) or covered by excess revenues collected in other fee categories.

APHIS is also proposing to lower fees for international air passengers and commercial cargo railcars at U.S. ports of entry. In both categories, the current fees generate more revenue than we need to cover the costs of the AQI services provided. By reducing the fees in each category, we'll align them with actual program costs.

In addition, APHIS is proposing to add two new fees to recover the costs associated with inspecting international sea (cruise) passengers and for services to monitor and confirm that phytosanitary treatments of imports have been effective. Currently, there is no charge for either of these activities. However, these services generate a significant amount of work and additional costs for APHIS and CBP. Instituting fees for these services will help us recover the full cost of providing these services. We can also use the revenue from these fees to replenish the AQI reserve account, which we use to continue AQI activities without interruption when volumes of international trade or travelers—and the fees we collect from them—decrease.

Q: By how much will AQI fees change?
A: We are proposing the following fee changes:

<table>
<thead>
<tr>
<th>Fee Category</th>
<th>Current Fee</th>
<th>Proposed Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Aircraft</td>
<td>$70.75</td>
<td>$225</td>
</tr>
<tr>
<td>Commercial Cargo Ships</td>
<td>$496</td>
<td>$825</td>
</tr>
<tr>
<td>Commercial Trucks</td>
<td>$5.25</td>
<td>$8</td>
</tr>
<tr>
<td>Commercial Truck Transponders</td>
<td>$105</td>
<td>$320</td>
</tr>
<tr>
<td>International Air Passengers</td>
<td>$5</td>
<td>$4</td>
</tr>
<tr>
<td>Commercial Cargo Railcars</td>
<td>$7.75</td>
<td>$2</td>
</tr>
<tr>
<td>International Sea (cruise) Passengers</td>
<td>$0</td>
<td>$2 per passenger</td>
</tr>
<tr>
<td>Treatments</td>
<td>$0</td>
<td>$375 per treatment</td>
</tr>
</tbody>
</table>

*a transponder is a sticker that contains an electronic chip that transmits information about the vehicle's user fee payment status

Q: What is a transponder?
A: Commercial trucking companies can choose to pay for inspection services at each border crossing or they can purchase a transponder and pre-pay for a pre-determined number of inspections (currently the cost of a transponder is equivalent to standard fees for 20 crossings; under the proposed rule, the cost will be equivalent to the standard fees for 40 crossings). The transponder is part of an incentive program – most trucks with transponders cross an average of 106 times – well more than the 20 they pay for now or the 40 they will pay for under the proposed rule. So the fee per crossing—when averaged across the actual number of transits (which on average is 106 crossings) is significantly less than the standard rate for trucks without transponders. Transponders not only save truckers money by offering them a reduced or capped rate/fee for inspections, they also decrease wait times at the border (by at least 10 minutes) because they’ve prepaid for their AQI services and don’t have to wait in line to pay the cashier at the border. Transponders are purchased from CBP and are good for one year.

Q: How did APHIS arrive at the suggested changes to AQI user fees?
A: APHIS contracted with an independent accounting firm to audit the user fee schedule in 2010. This review used industry recognized processes and best practices to provide a clear accounting of how much it actually costs to deliver AQI services. The review also calculated the future costs of the program based on improvements both APHIS and CBP will make, projected program growth rates, and expected changes in imports and international tourist traffic.

Q: Has APHIS kept stakeholders informed?
A: Yes. Throughout this process, we have held periodic meetings with stakeholders to share the methodology for the review and to provide a detailed overview of the study findings.

Q: Was there any way to avoid the increase of user fees?
A: APHIS considered a number of alternatives. In order to reduce our reliance on appropriated funds, to accurately align fees with the costs for the specific services we provide—and most important, to keep American agriculture safe and productive—we concluded that we must change the current fees we charge for AQI services.
Q: How much revenue is generated from current fees and how much revenue is contemplated with the proposed increase?
A: The current fee schedule will generate close to $594 million in revenue in FY 2014. Under the new proposed fee schedule, AQI user fee revenues would generate about $748 million in FY 2016, the first full year of collections.

We want to stress that the proposed fee changes are very small compared to the overall value of the commodities imported or the price of an international ticket. We do not expect them to have an impact on imports or international travel.

Q: What specific AQI services is APHIS responsible for?
A:
- Monitoring pest data from around the world to uncover new pathways that might bring pests to our shores;
- Inspecting and treating commodities in their country of origin and pre-clearing U.S. military equipment, cargo, and household goods to mitigate pest risks prior to export to the United States;
- Inspecting and certifying foreign sources of clean planting stock;
- Inspecting and certifying maritime vessels departing Asian gypsy-moth infested countries to keep this devastating pest out of the United States;
- Harmonizing quarantines, exclusion strategies and other safeguarding initiatives with Mexico, Canada, and countries in the Greater Caribbean Region to guard against the introduction of high-risk pests;
- Analyzing and assessing pest risks to focus port-of-entry inspection activities and target what is truly risky in an ever-changing global trade environment;
- Developing import policies and procedures to ensure that adequate safeguards, such as inspections or treatments, are applied to prevent the introduction of plant pests and diseases;
- Inspecting live plants and propagative plant material – items that present the highest pest risk to U.S. agriculture and the environment – to intercept pests before they can enter the United States;
- Identifying pests and determining actions to mitigate risks;
- Developing, conducting and monitoring treatments to eliminate viable pests from agricultural goods and commodities entering the United States;
- Training APHIS Safeguarding Specialists, CBP agricultural specialists, and canines to detect and keep pests out of the country;
- Monitoring U.S. markets to find smuggled products and mitigate the risks they present; and
- Investigating violations and enforcing trade compliance requirements.

Q: What specific AQI services are CBP responsible for?
A: CBP is responsible for the inspection and clearance of:
- passenger/conveyances (land/border passenger and vehicular clearance operations);
- land/border pedestrians;
- airline passengers;
- cruise line passengers;
- railcar passengers and commercial rail cargo;
- commercial bus passengers;
- commercial trucks;
- commercial aircraft;
- commercial ferries;
- commercial vessels;
- private aircraft;
- military aircraft and military vessels;
- international mail; and
- expedited courier and any other cargo, conveyances, or passengers.

Q: When will changes to the AQI program take effect?
A: The proposed rule on AQI user fee adjustments will be posted to the Federal Register for a 60-day review and comment period. APHIS will then carefully review all comments received as it works to develop and issue its final rule on AQI user fee adjustments.

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