Angler Day Program
Common Pool Allocation

Alternative 1. Angler Day Program with Common Pool Management

- Moratorium permits would remain in place with this program.

Alternative 1, Element 1 implements measures to allow market-based reallocation between the commercial sector and the charter sector using a common pool management regime.

Element 1:1: Holder of Quota Share, Method of Funding and Revenue Stream

A. State of Alaska Common Pool
   Bonding (funding source)
   Option 1: Charter sportfishing license surcharge – (revenue source)
   Option 2. Business license fee/surcharge or limited entry permit holder
   suboption 1. fee is based on number of clients
   suboption 2. fee is based on number of fish

B. Regional Non-Profit Association Common Pool
   Loan (funding source)
   Self assessment fee (revenue source)

(Need to look at halibut act and see if a common pool management scheme would be considered as too excessive consolidation of shares – should be able to deal with but might need to be creative and address the issues. A regional assoc. might not have this issue if you write it such that every charter operator is a shareholder of the assoc, therefore every shareholder owns a share of the quota and it is not excessive consolidation.)

Element 1:2: Method of compensation

- Option 1: Willing seller, willing buyer
- Option 2: Pro-rata reduction
  Suboption 1: one time purchase
  Suboption 2: annual leasing

(Analysis of pro rata reduction will need to look at the tax consequences that the commercial QS holder will experience. IE if the payment for pro rata reduction is considered ordinary income, the QS holder would be responsible for self employment taxes. How this should effect the determination of price paid to the QS holder. The effect a pro-rata reduction will have on the lending institutes, will this tighten up lending opportunities? Will this provide less opportunity for entry level participants)

Revenue streams will be for a defined period and end after the loan or bond is paid off, i.e. continuous open-ended revenue streams are to be avoided.

Element 2. Who manages the allocation, method of managing allocation and overage and underage provisions

Element 2:1 Management Entity/Method of administering allocation
Option 1: In-season management by NMFS (close season when cap is reached)

Option 2. Catch Sharing Plan (Federal) (Interim management measure proposed)

Option 3. State Delegation (in-season or preseason management as in SE King Salmon Management Plan and could include sub-area management)

Suboption: Divide the charter season into separate seasons
a. 3 seasons
b. 4 seasons

Element 2.2 Overage/Underage of allocation

(placeholder – need to work on)

Element 3. Allocation of the common pool is administered by conversion to angler days. An angler day would be used once fishing starts for the day regardless of whether the client catches a fish or not.

Option 1. pounds using a length measurement
Option 2. convert allocation to numbers of fish

Element 4: Restrictions on transferability of commercial quota share by charter sector, with grandfather clause to exempt current participants in excess of proposed limits

Element 4.1: Limits on transferability by Area with a common pool allocation
A percentage of the combined commercial and charter catch limit will be available for transfer between sectors.

Option 1. Limit transferability between sectors to a percent of the commercial quota share units available by area at time of implementation of the program by area (2C & 3A). to a percent of the combined commercial and charter catch limit
Sub-option 1: 10 percent
Sub-Option 2: 15 percent
Sub-Option 3: 20 percent
Sub-Option 4: 25 percent

Option 2. Limit transferability to a percent of the annual commercial setline harvest level
Sub-option 1: 10 percent
Sub-Option 2: 15 percent
Sub-Option 3: 20 percent
Sub-Option 4: 25 percent

Option 3. Limit transferability to a percent by area
Sub option 1: 10 percent
Sub-Option 2: 15 percent
Sub-Option 3: 20 percent
Sub-Option 4: 25 percent

These were Duncan’s amendments, this section is not talking about an annual amount that can be transferred back and forth between sectors but a total amount that can be transferred. By area is inserted in the title and the wording under option 1 is expanded to try and provide greater clarity)

Element 4.2: Limits on QS purchase by entities purchasing for a common pool:

Option 1. Limited annually to a percentage (30-50%) of the average amount of QS transferred during the previous five years.
Option 2. No limits to the amount that can be transferred annually

Option 3. Restrictions on vessel class sizes/blocked and unblocked/ blocks above and below sweep-up levels to leave entry size blocks available for the commercial market and to leave some larger blocks available for an individual trying to increase their poundage.

Option 4. Limited annually to 1%, 3%, or 5% of the annual commercial setline harvest level - IFQ by area.

Sub-option: By vessel category. (Deleted this amendment suggested by Duncan because it doesn’t make sense in this section since the ownership caps for 2C is 1% and 3A is ½% and this would make it more liberal than what we have suggested and what Duncan was stating as he offered these is he thought the limits we had suggested were too liberal and a Princess Cruise Lines could tie up all the allocation)

(These options are not intended to be mutually exclusive.)

Element 4.3: Limits on IFQ leasing by a common pool entity

A. The common pool may only lease 0-15% of holdings back to the commercial sector.
B. Commercial quota share holders may lease up to 10% of their quota share on an annual basis to the charter industry.
   a. Sub-option: Quota share holders that hold less than 500 lbs to 1,000 lbs may lease 50-100% of their quota share to the charter sector.

Element 5: Angler Days, Initial issuance, leasing, transfers

Element 5.1: Permit share-based assignment based on Client-days

Initial issuance - award number of client day units from ADF&G logbooks which correspond to:
   Suboption 1. Total client-days during 1998-2005
   Suboption 2. Average client-days during best 3 years from 1998 – 2005
   Suboption 3. Total client-days during best 3 years from 1998 – 2005

Endorsement leases
   Suboption 1. Allow transfers, limited to client day endorsement caps
   Suboption 2. Allow unlimited transfers

Transfers
   Suboption 1. Client days not transferable
   Suboption 2. Client days fully transferable:
      1. Permanent: must go through NMFS (RAM division)
      2. In-season transfers: allowed between charter businesses

Element 5.2: Limited Entry Permit Leases (in-season only; reverts to permit holder at beginning of next season)

Option 1. not allowed, except for “unavoidable circumstance”

1 Permit endorsement of an angler day for every client fishing bottomfish/halibut in a day
2 Acceptable circumstances will be adjudicated on a case by case basis through the National Marine Fisheries Appeals Division, but includes medical emergencies, military exemptions, constructive losses. An individual who was assigned to active military duty during 2004 or 2005 and who qualifies as “active ”
Option 2. allowed, limited to use cap and not more than 2 out of 5 years

Element 5.3: Permit use caps, individually and collectively, with grandfather provision
   Same as under moratorium

Issue 6. Communities
   (how many angler days should a CQE moratorium permit holder receive or should a % of the charter allocation be set aside if necessary for use of CQE moratorium permits to access as angler days?)

during the year prior to implementation and who demonstrated an intent to participate in the charter fishery in Area 2C or 3A (prior to the qualifying period) shall be eligible for a moratorium permit.