(NEW TEXT)

(2006 REVISED HALIBUT CHARTER IFQ PROGRAM)

With the concerns by the NPFMC and the State of Alaska over the time lapse of implementation and current participation issues of the Alaska Charter IFQ Program, the adjustments to the preferred alternative as passed in 2001 is offered by members of the charter industry for consideration. We feel the offered plan will correct those concerns and provide a more palatable management plan for the future than the current GHL plan. We also feel the equal management opportunities for both the commercial fleet and the charter fleet will provide the needed stability all communities have expressed concern about.

The IFQ program would replace the guideline harvest level (GHL) program approved by the Council in February 2000, and currently under Secretarial review. No changes were made to the 2-fish daily bag limit or 2-day possession limit for charter anglers. The charter IFQ program could be implemented as early as 2003 (NEW TEXT) (2008) if adopted by the Secretary of Commerce. Major features of the approved program will include:

1. The action does not restrict non-charter recreational anglers. It only affects charter operations.
2. The action does not permit a charter captain to sell the fish. Fish caught by charter clients belong to the client.
3. The halibut charter IFQ program would be integrated into the existing halibut commercial IFQ program. The charter sector would be allocated 125% of the average 1995-99 charter harvest to allow for growth in the fishery. The allocation equates to approximately 13% of the combined commercial and charter quota in Southeast Alaska and approximately 14% of the combined commercial and charter quota in Southcentral Alaska.
4. Charter allocations can grow over time. Charter quota shares may not be transferred (sold) to the commercial sector. In the future, the Council will determine whether to allow a portion of charter QS to transfer to the commercial sector. Quota shares may be transferred within the charter sector. Commercial quota shares may be transferred to the charter sector. They also may be transferred back to the commercial sector. Restrictions on those commercial quota shares would continue to be applied while they are used in the commercial fishery.
5. Twenty percent of charter IFQs (an IFQ is the amount which can be harvested in any one year based on a person’s number of quota shares multiplied by the quota) may be leased within the charter sector for the first three years of the program; ten percent may be leased to the commercial sector for the first five years.
6. Up to 1% of the combined charter and commercial QS will be set aside initially for underdeveloped Gulf coastal communities to develop additional charter operations. (the Council will identify those communities who are eligible for developing new operations and the details for how the program will be administered in a subsequent action). The community set-aside may increase to 2% as program matures.
7. Charter quota will be issued to a charter vessel owner, or to a person who leased a vessel from an owner, and who carried clients in 1998 or 1999, and 2000. (NEW TEXT) (2005).

8. A quota share use cap of 1 percent in Southeast Alaska and 1/2 percent in Southcentral Alaska as well as a cap of 1/2 percent for both areas combined was approved, however, anyone who is initially issued quota shares above those levels would be grandfathered into the program at their qualifying level.

9. A delay of one year between the issuance of quota shares and fishing under the IFQ program.

10. IFQs would be issued in numbers of fish (compared with pounds in the commercial program) to allow current fishing practices to continue.

11. An agency and charter industry committee will develop an implementation plan to address reporting, monitoring, and enforcement.

The Council is an advisory body to the National Marine Fisheries Service, which manages Pacific halibut in State and Federal waters off Alaska jointly with the International Pacific Halibut Commission under the authority of the Northern Pacific Halibut Act of 1982.
Alternative 2. Include the halibut charter sector in the existing halibut IFQ program.

IFQs are an access privilege, not an ownership right. They may be revoked or limited at any time in accordance with the North Pacific Halibut Act as well as the Magnuson-Stevens Act, and other federal laws. Charter IFQ halibut may not be sold into commerce - i.e., all sport regulations remain in effect.

Issue 1. Initial QS may be based on:
1. Equal to 125% of corrected average 1995-99 charterboat harvest.
2. (13.05% in Area 2C and 14.11% in Area 3A of a combined charter and commercial quota).
3. 100% of an individual’s QS would float with abundance.

Issue 2. Initial allocation of QS would be issued to U.S. citizens or to U.S. companies on the following basis: 75% U.S. ownership
1. Charter vessel owner - person who owns the charterboat and charterboat business; and
2. Bare vessel lessee, where a lease occurred (instead of owner) - person that leases a vessel and controls its use as a charterboat for this fishery. May operate the vessel or may hire a captain/skipper. Lessee determines when the vessel sails and by whom captained.

Issue 3. Qualification Criteria
Initial issuees who carried clients in 1998 or 1999 and who submitted ADF&G logbooks for an active vessel (as received by ADF&G by February 12, 2000). (NEW TEXT) (Initial issuees who carried clients in 2005 and who submitted ADF&G logbooks for an active vessel (as received by ADF&G by December 9, 2005)). Initial issuees will be required to be currently participating (meeting all legal requirements including filing a logbook) during season prior to final action, and any year claimed during the qualifying period (currently May-Sept 20, 2000) and claimed trips must have been under the operation of a person holding a U.S. Coast Guard license.

Issue 4. Distribution of QS may be based on:
70% of 1998 and 1999 logbook average with an additional 10% added for each year of operation 1995-97 (longevity reward). (Excess QS would be distributed equally among those initial issuees with participation in at least one year during 1995-97).
(NEW TEXT)
(100% of 2000 – 2005 logbook effort for clients only as reported in their 2000 - 2005 logbooks. No Captain or crew fish effort will be counted in initial issue of effort QS. Effort will proxy for fish harvested. Initial issues with more than 2005 logbook history may select any year from 2000 to 2005. This will provide a cushion for a poor season which may translate into a historical reward allowing the participant to select their best year during this period. Eliminating Captain and crew fish effort will elevate the initial issue of fish closer to the 2 fish per client harvest than current ADF&G CPUE estimates. (also brings total initial issue closer to GHL amount).)

Issue 5. Transferability of QS (permanent) and IFQs (on annual basis [leasing])
Charter QS is non-leasable
Charter QS transfers:
1. Initially issued Charter QS is fully transferrable within the charter sector.
2. For purposes of transfer to commercial sector, 75% of an individual’s initially issued charter QS is permanently nontransferable and 25% may be transferrable upon Council review and approval after 3 years.
3. Commercial QS purchased by charter operator is fully transferable (two-way) across sectors and retains original designations.

Charter IFQ leasing:
1. 20% of a charter operator’s annual IFQ is leasable within the charter sector for the first 3 years of the program.
2. Leasing is defined as the use of Charter IFQ on a vessel which the owner of the QS has less than a 50% ownership interest.
3. 10% of a charter operator’s annual IFQ may be leased to the commercial sector for the first 5 years.

Block restrictions
1. any initially issued (i.e., unblocked) charter QS once transferred to commercial sector shall be unblocked.
2. allow splitting of commercial blocks to transfer a smaller piece to the charter sector - split blocks retain original designations.

Vessel class restrictions
1. from A, B, C, and/or D commercial vessel category sizes to charter sector, except that no charter business may own or control more than 1 “D” category block equal to or above the sweep-up level.
2. from charter to commercial at B, C, and D category.
3. initial transfer from undesignated charter only to catcher vessel of comparable size class. Buy down allowances apply (e.g., charter vessel 35'-60' must sell to C or D class commercial vessel.)

Issue 6. To receive halibut QS and IFQ by transfer:
For the charter sector, must be either:
1. an initial charter issuee; or
2. qualified as defined by State of Alaska requirements for registered guides or businesses; and
3. fulfill all legal obligations of the charter sector; and
4. hold USCG license.
For the commercial sector, must have a commercial transfer eligibility certificate. All commercial rules apply to any provision that may permit the use of commercial QS/IFQ for commercial purposes by any entity in the Charter IFQ sector.

Issue 7. Caps
1. use cap for charter QS owners only of 1 percent of combined QS units in Area 2C and 1/2 percent of combined QS units in Area 3A (for all entities, individually and collectively) and grandfather initial issuees at their initial allocation.
2. use caps for charter QS owners only of 1/2 percent of combined QS units for combined Areas 2C and 3A (for all entities, individually and collectively) and grandfather initial issuees at their initial allocation.

Issue 8. Miscellaneous provisions
1. Maximum line limit of 12 in Area 3A (remains at 6 lines for Area 2C), grandfather
initial issues at maximum lines in 2005, however, line limits in excess of the maximum are non-transferable.

2. 10% underage provision of total IFQs.
3. A one-year delay between initial issuance of QS and fishing IFQs.
4. Halibut harvested aboard a charter vessel continues to be the property of the angler who caught the halibut provided the charter owner possesses sufficient IFQ.

**Issue 9. IFQs associated with the charter quota shares may be issued in:** Numbers of fish (based on average weight determined by ADF&G)

**Issue 10. Reporting:**
The Council defers design of the reporting and enforcement strategy to an IFQ technical implementation team, comprised of agency and industry. It is the intent of the Council that a more comprehensive reporting system will address the following items. The Council noted that ADF&G logbooks would not be considered sufficient for monitoring and that the team should consider fish tags and other reporting systems suggested by industry.

1. More timely, verifiable reporting of catch;
2. Enforcement concerns;
   1. More accurate geographic referencing of catch location which provides for analysis of halibut harvest in LAMP districts.

**Issue 11. Community set-aside (revised)**
1. Set aside up to 1% of the combined commercial and charter halibut QS initially to communities with 1/4 percent annual increases if utilized, to a maximum of 2 percent.
2. Source of the set-aside: Equal pounds from the commercial and charter sectors.
Sunset provisions: 10 years (starting in the first year of issuance). Persons currently participating in the set-aside program at the time of sunset would be allowed to operate within the guidelines of the program.