

Modify Moratorium Permits to a Limited Entry Program Common Pool Allocation

Alternative 1. **Limited Entry with Common Pool Management**

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)

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

- 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 ownerships caps for 2C is 1% and 3A is 1/2% 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. Supplemental individual use of commercial IFQ

This element implements measures to allow limited entry permit holders to lease commercial IFQ in order to provide anglers with additional opportunities, not to exceed regulations in place for unguided anglers.

Element 5.4.1 provisions and or elements:

- A. Guided Sport Moratorium (GSM) permit holder may lease commercial IFQ for use.
 - Option 1: convert to number of fish (GAF would be issued in numbers of fish. The conversion between annual IFQ and GAF would be based on average weight of halibut landed in each region's charter halibut fishery (2C or 3A) during the previous year as determined by ADF&G. The long-term plan may require further conversion to some other form (e.g., angler days).
 - Option 2: administer as pounds
- B. GSM holders harvesting GAF while participating in the guided sport halibut fishery are exempt from landing and use restrictions associated with commercial IFQ fishery, but subject to the landing and use provisions detailed below.
- C. Subleasing of GAF would be prohibited.
- D. GAF holders may request NMFS convert unused GAF into IFQ pounds for harvest in compliance with commercial fishing regulations provided the GAF holder qualifies under the commercial IFQ regulations.
- E. Unused GAF may revert back to pounds of IFQ at the end of the year and be subject to the underage provisions applicable to their underlying commercial QS.
- F. Guided angler fish derived from commercial QS may not be sold into commerce, i.e., all sport regulations remain in effect.
- G. Guided angler fish derived from commercial QS may not be used to harvest fish in excess of the non-guided sport bag limit on any given day.
- H. Charter operators landing GAF on private property (e.g. lodges) and mother-ships would be required to allow ADF&G samplers/enforcement personnel access to the point of landing.

Element 5.4.2: Limits on leasing

- A. Holders of Guided Sport Moratorium (GSM) Permits

Option 1. A GSM permit holder may not hold or control more IFQ than the amount equal to the current setline ownership cap (may be converted to the number of fish) in each area (currently 1% of the setline catch limit in 2C or ½% in 3A) in the commercial, charter fishery or both fisheries combined.

~~Option 2. A GSM permit holder may not hold or control more than 1,000, 2,000, 5,000, or 7,500 fish. (Note: examine this as a percentage of the catch limit once allocations are established.) (Suggestion to delete or numbers need to be adjusted within the 1% in 2C & ½% in 3A (4,250 fish 2C & 12,552 fish 3A @ 20 lb average and 2007 TAC) These numbers are also too high for the program that is suggested here where the IFQ is supplemental leasing and not a purchase for the full amount of fish needed for the operation.)~~

B. Commercial Halibut QS Holders:

i. Commercial halibut QS holders may lease up to 10% of their annual IFQs for use as GAF on an individual basis.

ii. Commercial Halibut QS Holders who also hold a GSM permit:

Option 1. May convert all or a portion of their commercial QS to GAF on a yearly basis if they own and fish it on their own GSM permit vessel(s). Commercial and charter fishing may not be conducted from the same vessel during the same day.

Option 2. May lease up to 10% of their annual IFQs for use as GAF on an individual basis.

C. A GSM permit per vessel may not lease more than:

Option 1. 150 fish to 300 fish

Option 2: 3,000 lbs to 6,000 lbs

Or sub-option: vessels with a moratorium permit with an endorsement for greater than 6 clients may not lease more than 400 to 600 fish or 8,000 to 12,000 lbs

Element 6. Catch accounting

- a. The current Statewide Harvest Survey or logbook data would be used to determine the annual harvest.
- b. A catch accounting system will need to be developed for the GAF fish or poundage landed in the charter industry.

Element 7. Refinement of the Moratorium Permit to a Limited Entry System

Issue 1. Permit Renewal

Option 1. Permit does not need to be renewed

Option 2. Permit renewed annually

Suboption: If not renewed the permit is extinguished

Issue 2. Vessel Name on Limited Entry Permit

Option 1. No vessel name on limited entry permit

Option 2. Vessel name is required on limited entry permit

Issue 3. Permit endorsements

Option 1. No permit classes

Option 2. Permit transferability

Suboption a Immediately transferable if more than or equal to a) 10; b) 15; c) 20 or d) 30 days each year

Suboption b. Non-transferable if less than or equal to preferred alternative above [a) 10; b) 15; c) 20 or d) 30 days] (except to underdeveloped communities under Issue 13)

Option 3. Tiered Permit Classes

Class A – 100% season length (over 60 bottomfish trips)

Class B – 66% season length (31 – 60 bottom fish trips)

Class C - 33% season length (minimum # for moratorium - 30

bottomfish trips)

Suboption. Permits may be stacked on an individual vessel only up to the level of full season length.

Issue 4. Limited Entry Permit Leases (in-season only; reverts to permit holder at beginning of next season)

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

Option 2. allowed, limited to use cap (If issue 3 option 2 is picked only the transferable permits would be leasable.

Issue 5. Permit use caps, individually and collectively, with grandfather provision

Same as under moratorium

Issue 6: Communities

Same as under Moratorium (*We might want to review this section of the moratorium*)