

**NORTH PACIFIC COUNCIL  
MORATORIUM ALTERNATIVES  
DECEMBER 12, 2006  
Revised**

**Problem Statement.** The Pacific halibut resource is fully utilized and harvest by the guided sport sector is demonstrating steady growth. To provide long term stability of the guided sport sector and lessen the need for regulatory adjustments, which destabilize the sector, the Council is embarking on development of a new management framework. In the interim, to address allocation issues between the guided sport and commercial sectors the guided sport sector is operating under a guideline harvest level (GHL). Harvest data indicate that the GHLs in Area 2C have been exceeded and are near levels established for Area 3A. This has resulted in a renewed effort to find a long-term solution. The Council has formed a stakeholder committee of affected user groups to consider management options and formulate recommendations for Council consideration in developing a management plan for the guided sector. Some of the past options under consideration include limiting entry or awarding quota share based on past involvement in the fishery. To address the potential against the rush of new entrants into the guided sport fishery, the Council is considering establishing a moratorium on the guided sport sector.

**ALTERNATIVE 1. NO ACTION.**

**ALTERNATIVE 2. IMPLEMENT A MORATORIUM ON ENTRY INTO THE CHARTER SECTOR USING A CONTROL DATE OF DECEMBER 9, 2005.**

**Features of the proposed moratorium (limited entry) program<sup>1</sup>**

1. **Permits<sup>2</sup>** may be held by U.S. citizens or U.S. businesses with 75 percent U.S. ownership of the business. Businesses<sup>3</sup> may receive multiple permits due to charter halibut activity by vessels reported by the businesses in ADF&G logbooks. Initial permit recipients may be “grandfathered” below the U.S. ownership level and above proposed use caps until any change in ownership of the business occurs<sup>4</sup>.
2. **Permit would be designated for either Area 2C or Area 3A.** If a business owner qualified for a permit in both areas, the he would be issued a permit for only one area of his choosing.
3. **Permit would be issued to licensed guide business owner.**
4. **Permit applicant** would be required to sign affidavit attesting that all legal requirements were met.<sup>5</sup>
5. **Transfers** of permits (permanent) would be allowed up to use caps
6. **Leasing** of permits (annual) would not be allowed
7. **Permit Endorsement for Number of Clients on Board** equal to the highest number on any trip in 2004 or 2005 (but not less than 4)
8. **Permits** may be stacked up to use caps<sup>6</sup>
9. **Evidence of participation** - ADF&G logbook entry with bottomfish statistical area, rods, or boat hours.
10. **Qualification period**

Option 1. Each licensed guide business owner(s) who reported a minimum of 1, 5, 10, or 20 bottomfish logbook trips during 2004 or 2005 and year prior to implementation<sup>7</sup> would be issued a permit(s) based on the number of trips summed for all vessels in his best year of the qualification period, unless an unavoidable circumstance<sup>8</sup> occurred. A business would be limited to the number of permits equal to the highest number of vessels used in any one year during the qualifying period.

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<sup>1</sup> Military (Morale, Welfare, and Recreational) boats are exempted, but harvests still count against the GHL.

<sup>2</sup> Through initial issuance and transfers

<sup>3</sup> A business means a business licensed by the State of Alaska as a sport fish guide operator.

<sup>4</sup> Transferred permits would not be grandfathered below the US ownership cap, even upon sale of a business, but would be grandfathered above the use cap upon sale of the entire business (see Issue 11)

<sup>5</sup> The only tangible evidence is the ADF&G logbook, which requires meeting all State legal requirements.

<sup>6</sup> A business can use, for example, two 6-pack license endorsements on one vessel.

<sup>7</sup> “Year prior to implementation” practically means two years prior to implementation; e.g., the threshold must be met in 2007 for implementation in 2009

<sup>8</sup> Acceptable circumstances will be adjudicated on a case by case basis through the NOAA 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 ” during the year prior to implementation<sup>7</sup> and who

*Example: a business owner operated 3 vessels with 6, 10, and 8 trips, respectively (summed trips = 24) in his best year. He would be issued 1 permit under a 20 trip minimum ( $24/20 = 1$ ); 2 permits under a 10 trip minimum ( $24/10 = 2$ ); or 3 permits under a 5 trip minimum ( $24/5 = 4$ , but the maximum number of vessels in that year is 3).*

Option 2. Each licensed guide business owner(s) who reported a minimum of 1, 5, 10, or 20 bottomfish logbook trips during 2004 or 2005 and year prior to implementation<sup>7</sup> would be issued a permit(s) for each vessel based on the number of trips in his best year during the qualification period, unless an unavoidable circumstance<sup>8</sup> occurred. Trips by vessels operated by a licensed guide business owner that do not individually meet qualification criteria may be combined to meet the criteria. A business would be limited to the number of permits equal to the highest number of vessels used in any one year during the qualifying period.

*Example: Under a 5 trip threshold, a vessel with 10 trips generates 1 permit; second and third vessels with 3 trips each earn 1 permit by combining their trips.*

**11. Use caps**, with grandfather<sup>9</sup> provision. The AFA 10 % ownership rule for affiliation<sup>10</sup> will be applied to determine the number of permits associated with an entity under the use cap.

- Option 1. 1 permit
- Option 2. 5 permits
- Option 3. 10 permits

**12. Community provisions for Area 2C and 3A communities previously identified under GOA FMP Amendment 66**

A Community Quota Entity (CQE), representing a community in which [5 or fewer or 10 or fewer] active<sup>11</sup> charter businesses terminated trips in the community in each of the years 2004, 2005, and year prior to implementation, may request limited entry permits.

Area 2C – use cap of 3, 5, or 7 requested permits per eligible community.

Area 3A – use cap of 5, 10, or 15 requested permits per eligible community.

Overall use caps for CQEs are 1, 3, or 5 times those selected for permit holders under Issue 11. Different use caps may be selected for CQEs representing communities in Area 2C and 3A.

Provisions for requested permits:

- Must be used within the first full season after receiving the permit or it will not be renewed. CQEs can re-apply for permits in the future
- Designated for the area in which the community represented by the CQE is located
- Endorsed for 6 clients
- Not allowed to be sold (i.e., transferred)

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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.

<sup>9</sup> A business whose permit is endorsed in excess of the use cap maintains that exemption for those permits that remain in its control after other permits are sold, but those sold permits lose that grandfather status in perpetuity. Grandfathered permits that are sold in total when a business owner sells his entire business/fleet maintain that grandfathered status. Grandfathered status refers to permits, not to vessels.

<sup>10</sup> Any entity in which 10 percent or more of the interest is owned or controlled by another individual or entity shall be considered to be the same entity as the other individual or entity.

<sup>11</sup> “Active” is defined as it is under Issue 10 (e.g., 1, 5, 10, or 20 bottomfish trips)