ALTERNATIVE 2. CHARTER QUOTA SHARE PROGRAM

Issue 1.  QS recipients - Issued to (moratorium) limited entry permit holders only

Issue 2.  Initial Distribution of QS:
Option 1. Individual allocations shall be divided between two “pools” of recipients. The intent is that once the quota shares are determined for the recipients in “Pool 1” (1998 through 2001 “Pool 1”) those shares are proportionately applied to the initial allocation amount for each area. The remainder of the allocation goes into “Pool 2” for recent participants.

Pool 1 (“Seniority”): Businesses qualified with 1998 through 2001 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria. Individual business owners would be issued QS based on their average effort reported in the ADF&G logbook for 1998 through 2001 for pool 1 (exclude years when not active (do not average 0 years))

Pool 2 (“Recency”): Active businesses (submitted at least one logbook that reported groundfish fishing days) between 2002 and 2005 AND whose business participated in 2005 AND met the legal qualifying criteria. Suboption 1. A recipient receives 25% of one potential share of this pool for each year of participation during 2002-2005 (four years). For example, a business with participation in all four years would receive a full share (100%). A business with participation in three years would receive 75% of a full share, etc.
Suboption 2. Use client/rod days for days fished to reward client effort (6 client rod days v 1 day for the same fishing trip). (Rods (or number of clients logged in, if rods not filled out), (A year with no effort counts as “0”)
Option 2. Individuals will pick their best three out of most recent six years (include “0” for years less than 3) and average their total number of client/rod days for those three years. (use bottomfish where halibut not available)

Issue 3.  Transfer of QS:
Permanent QS transfers
1. Initially issued QS to the charter sector is fully transferable within the charter sector.
2. QS from the commercial sector purchased by charter operators is fully transferable (two-way) across sectors and retains original designations.
3. QS issued to charter sector is non-transferable to the commercial sector

Temporary transfers (IN-SEASON IFQ lease):
1. Leasing is defined as the use of IFQ on a charter vessel on which the owner of the QS has less than a 20% ownership interest.
2. IFQs used in charter sector may/not be leased within the sector
3. IFQs associated with commercial QS that is transferred for use in the charter sector could be leased to either sector

Leasing amount Options:
1. [0, 20, 40, 60, 80, 100%] of a charter operators annual IFQ may be leased within the charter sector for no more than 2 out of 5 consecutive years of the program.
2. up to 10% may be leased to commercial sector after August 15
3. up to 30% maybe leased to charter sector. (allows mop-up by either sector)

Block restrictions - allow splitting of commercial blocks to transfer a smaller piece to the charter sector - split blocks retain original designations.
Vessel class restrictions - from A, B, C, and/or D commercial vessel category sizes to charter sector, except that no charter business may hold more than 1 “D” category block equal to or above the sweep-up level.
**Issue 4.** To receive halibut QS and IFQ by transfer:
For the charter sector, must be a permit holder or sign affidavit attesting that all legal requirements were met to participate in the charter fishery.

For the commercial sector, must have a commercial transfer eligibility certificate¹.

**Issue 5.** Caps
1. use cap for charter QS holders only of 1 percent of combined charter and commercial QS units in Area 2C and ½ 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 holders only of ½ percent of combined charter and commercial QS units for combined Areas 2C and 3A (for all entities, individually and collectively) and grandfather initial recipients at their initial allocation

**Issue 6.** Miscellaneous provisions
- A one-year delay between initial issuance of QS and fishing IFQs to allow reaction to initial issuance to match clients to QS prior to first season under program.
- 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 7.** IFQs associated with the charter quota shares would be issued in numbers of fish based on 5-year rolling average determined by ADF&G).

**Option: pounds**

**Issue 8.** Reporting:
Placeholder for NOAA Fisheries Service

**Issue 9.** Community set-aside
a. Set aside 1% of the combined commercial and charter halibut quota to communities with ¼ percent annual increases if utilized, to a maximum of 2 percent.
b. Source of the set-aside: Equal pounds from the commercial and charter sectors.
   Preferred Option : proportional to split between sectors
c. 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.

¹ 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.