

NORTH PACIFIC COUNCIL MORATORIUM ALTERNATIVES
Charter Halibut Stakeholder Committee Recommendations for Revisions
October 18, 2006

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

1. **Permits**¹ may be held by U.S. citizens or U.S. businesses with 75 percent U.S. ownership of the business². Businesses may receive multiple permits **due to charter halibut activity by vessels** owned by the business. ~~Currently licensed businesses-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 occurs³.
2. **Permit would be designated for either Area 2C or Area 3A.**
3. **Permit would be issued to ~~registered licensed~~ guide business ~~operator~~owner.**
4. **Permit applicant** would be required to sign affidavit attesting that all legal requirements were met.⁴
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**
~~6 clients~~ highest number on any trip in 2004 or 2005 (**but not less than 4**)
~~uninspected (6-pack) vessels~~ ~~inspected vessels (but not less than 4)~~
~~new construction (uninspected or inspected vessels)~~ ~~uninspected >100 gross tons (“Super-T”)~~
~~constructive loss~~ ~~constructive loss~~
8. **Permits** may be stacked up to use caps⁵
9. **Evidence of participation** - ADF&G logbook entry with bottomfish statistical area, rods, or boat hours.
10. **Qualifying years** - Require ~~business~~-client activity for bottomfish effort as reported in ADF&G logbook in 2004 or 2005 and participation in year prior to implementation (~~unless unavoidable circumstance occurred~~), with
 - Option 1. a minimum number of bottomfish trips⁶ (1, 5, 10, or 20) to demonstrate bottomfish activity
 - Option 2. “unavoidable circumstances”⁷ clause **that** would be adjudicated on a case by case basis through the NOAA Fisheries Appeals Division.

¹ Through initial issuance and transfers

² Military (Morale, Welfare, and Recreational) boats are exempted, but harvests still count against the GHL.

³ ~~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 12)~~

⁴ The only tangible evidence is the ADF&G logbook, which requires meeting all State legal requirements.

⁵ A business can use, for example, two 6-pack license endorsements on one ~~“Super-T”~~ vessel.

⁶ The minimum number of bottomfish trips would apply for each business (summed for all vessels), but each vessel does not meet to meet the threshold. For example, a business could have 3 vessels with 6, 10, and 8 trips, respectively, which would result in the business receiving 1 permit under a 20 trip minimum; it would receive 2 permits under a 10 trip minimum, and 3 permits if under a 5 trip minimum.

⁷ To address medical emergencies, military exemptions, and constructive losses on a case by case basis.

Option 3. under construction as of December 9, 2005 and must have at least 1 year of ADF&G halibut/bottomfish logbook activity from 1998-2005.⁸

11. Permit holder must annually renew permit and have minimum activity⁹ equal to preferred alternative under Issue 10, **Option 1**¹⁰

Option. Except under “unavoidable circumstances” clause that would be adjudicated on a case by case basis through the NOAA Fisheries Appeals Division

12. Use caps, with grandfather¹¹ provision

uninspected vessels:	inspected and uninspected (>100 gt) vessels⁵:
Option 1. 1 permit	Option 1. 1 permit
Option 2. 5 permits	Option 2. 2 permits
Option 3. 10 permits	Option 3. 3 permits

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

Use caps on permits held by CQEs:

- Overall use caps for CQEs are the same as those selected for every other permit holder under Issue 12. Overall use caps are inclusive of all permits held by the CQE, whether purchased or applied for and received under Options 2 and/or 3.
- Separate use caps apply to permits requested and received by CQEs (applicable under Option 2 and/or Option 3):
 - Area 2C – use cap of 3 permits per qualified community
 - Area 3A – use cap of 5 permits per qualified community

Option 1. A Community Quota Entity (CQE)¹² may purchase limited entry permits.
~~Area 2C – use cap of 5 permits per community~~
~~Area 3A – use cap of 10 permits per community~~

Option 2. A CQE, representing a community ~~which has <10~~ in which 5 or fewer active¹³ charter businesses ~~with their primary place of business in the community~~ terminated trips in the community in each of the years 2004, 2005 and prior to implementation, may request limited entry permits ~~on behalf of a community resident.~~

⁸ Staff requests clarification whether Option 3 is intended to address an individual whose situation could be addressed under Option 2, unavoidable circumstance due to reservist activation.

⁹The minimum activity threshold must be met for each permit held by a business. For example, if a business holds three permits and operates three vessels, all three vessels must meet the minimum trip requirement selected in Issue 10, Option 1. In addition, if several permits are stacked and used on one vessel, each permit must meet the minimum trip requirement (e.g., If the requirement to maintain a permit is 20+ trips, and three permits are stacked on one vessel, the vessel must make at least 60 trips in order for all 3 permits to remain valid.)

¹⁰ Permits could not be renewed if allowed to lapse (due to holder’s inaction or because minimum activity was not met). Non-renewed permits would be available for communities under Issue 13, Option 3.

¹¹ 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.

¹²As defined in Federal regulations and GOA FMP Amendment 66.

¹³ ‘Active’ is defined as ~~20 or more charter bottomfish trips per year~~ it is defined under Issue 10, Option 1 (e.g., at least 1, 5, 10, or 20 charter bottomfish trips).

Requested permits must be used within the first full season after receiving the permit or it is not renewed by NMFS. CQEs can re-apply for permits in the future.

~~Area 2C—use cap of 3 permits per qualified community~~

~~Area 3A—use cap of 5 permits per qualified community~~

- Option 3. A CQE, representing a community in which 5 or fewer active¹¹ charter businesses terminated trips in the community in each of the years 2004, 2005 and prior to implementation, may request non-renewed limited entry permits (as ~~defined~~ provided under Issue 11) on a “first come, first served” basis.¹⁴

Requested permits must be used within the first full season after receiving the permit or it is not renewed by NMFS (permit returns to ‘non-renewed permit pool’). CQEs can re-apply for permits in the future.

¹⁴ These permits would derive from a much more limited (perhaps none) pool of vacated limited entry permits by permit holders who did not renew them (see Issue 11).