



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Under Secretary for
Oceans and Atmosphere
Washington, D.C. 20230

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To All Interested Government Agencies and Public Groups:

Under the National Environmental Policy Act, an environmental review has been performed on the following action.

TITLE: Environmental Assessment of a Regulatory Amendment to Increase Pacific Halibut Quota Share Use Limits

LOCATION: Bering Sea and Aleutian Islands

SUMMARY: This action would increase Pacific halibut quota share (QS) use limits for QS holders in the Individual Fishing Quota (IFQ) program in Regulatory Area 4 in the Bering Sea and Aleutian Islands. By increasing the personal use limit from one-half percent to one and one-half percent, current QS holders would be allowed to increase their QS and provide an incentive to harvest halibut in remote areas of the western Bering Sea. The intended effect is to improve profits for IFQ halibut fishermen operating in Area 4.

RESPONSIBLE OFFICIAL: Steven Pennoyer
Administrator
Alaska Region
National Marine Fisheries Service
709 West 9th Street
Juneau, AK 99801
Telephone: 907-586-7221

The environmental review process led us to conclude that this action will not have a significant impact on the environment. Therefore, an environmental impact statement was not prepared. A copy of the finding of no significant impact, including the environmental assessment, is enclosed for your information. Also please send one copy of your comment to me in Room 5805. OP/SP, U.S. Department of Commerce, Washington, D.C. 20230.

Sincerely,

Donna Wieting
Acting Director, Office of Ecology
and Conservation

Enclosure



2-6-97 FOMLI

ENVIRONMENTAL ASSESSMENT/REGULATORY IMPACT REVIEW/
INITIAL REGULATORY FLEXIBILITY ANALYSIS

FOR

A REGULATORY AMENDMENT TO

INCREASE PACIFIC HALIBUT QUOTA SHARE USE LIMITS

IN THE BERING SEA/ALEUTIAN ISLANDS

Prepared by

Staff

North Pacific Fishery Management Council

January 16, 1997

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EXECUTIVE SUMMARY

At its January 1996 meeting, the North Pacific Fishery Management Council (Council) initiated an analysis to increase halibut use limits for QS holders in the Bering Sea/Aleutian Islands (Area 4). Current regulations stipulate that halibut Area 4 use limits may not exceed ½ percent of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined. QS holders are allowed to harvest the QS received during initial issuance, however, second generation QS holders may not exceed the ½ percent limit.

The use limit was created to address concerns that an unrestricted market for QS could result in a few powerful interests controlling most of the landings and result in excessive decreases in the number of vessels and fishermen participating in the fixed gear halibut fishery. The ½ percent limit limits consolidation to a theoretical minimum of 200 participants. The block limit and vessel category restrictions make the maximum consolidation unlikely.

The status quo QS use limit of 165,015 units converted to 1996 IFQ pounds for each Area 4 subarea is listed at right for each of the alternatives. Industry has reported that the ½ percent limit is insufficient to justify the expense of traveling to remote areas in the Bering Sea and western Aleutian Islands to harvest halibut and does not adequately allow initial issues to harvest in a manner consistent with their historic participation in the fishery.

The 1996 QS pool totals 33,002,937 QS units for Area 4. The ½ percent limit for all of Area 4 limits QS holders to 165,015 units. The limit amounted to 26,500 lb based on combined Area 4 1994 TACs and 23,610 lb based on 1995 and 1996 TACs. Most QS, however, is distributed among multiple areas, further exacerbating the effects of low use limits on the distances needed to travel to remote fishing grounds.

MANAGEMENT ACTION ALTERNATIVES

Alternative 1. Status quo. Halibut QS use will be limited to ½ percent of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined.

Alternative 2. Increase Halibut QS use of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined to:

Option A. 1.0 percent;

(Preferred) Option B. 1.5 percent;

Option C. 2.0 percent.

The Council's preferred Alternative 2, Option B would allow 45 QS holders (9% of the total) to increase their QS to the preferred limit of 1½ percent, or 495,044 units. Nine persons would remain above the limit. This alternative would allow the transfer of an additional 7,816,853 QS units to 45 currently limited QS holders to reach this preferred limit. If approved by the Secretary of Commerce, implementing regulations would set the limit at 495,044 QS units.

	Pounds	
(net wt)	½% IFQ	1½% IFQ
Area		
1% IFQ		
2% IFQ		
4A	21,573	43,146
	32,360	86,292

1.0 INTRODUCTION

The groundfish fisheries in the Exclusive Economic Zone (EEZ) (3 to 200 miles offshore) in the Bering Sea and Aleutian Islands (BSAI) are managed under the Fishery Management Plan (FMP) for the Groundfish Fisheries of the Bering Sea and Aleutian Islands Area. The FMP was prepared by the North Pacific Fishery Management Council (Council) under the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act). It was approved by the Secretary of Commerce and became effective in 1982.

Actions taken to amend FMPs or implement other regulations governing the groundfish fisheries must meet the requirements of Federal laws and regulations. In addition to the Magnuson-Stevens Act, the most important of these are the National Environmental Policy Act (NEPA), the Endangered Species Act (ESA), the Marine Mammal Protection Act (MMPA), Executive Order (E.O.) 12866, and the Regulatory Flexibility Act (RFA).

NEPA, E.O. 12866, and the RFA require a description of the purpose of and need for the proposed action as well as a description of alternative actions which may address the problem. This information and impacts on endangered species and marine mammals are included in Section 2. Section 3 contains the Regulatory Impact Review (RIR), which addresses the requirements of both E.O. 12866 and the RFA that economic impacts of the alternatives for the proposed actions be considered. Section 4 contains the Initial Regulatory Flexibility Analysis (IRFA) required by the RFA which specifically addresses the impacts of the proposed action on small businesses. Section 5 contains the summary and conclusions of the analysis and Section 8 lists the preparer of the analysis.

This Environmental Assessment/Regulatory Impact Review addresses an industry proposal to increase halibut use limits in the Bering Sea/ Aleutian Islands (Halibut Regulatory Area 4).

1.1 PURPOSE AND NEED FOR ACTION

At its January 1996 meeting, the Council initiated an analysis to increase halibut use limits for QS holders in the Bering Sea/Aleutian Islands (Area 4) regulatory areas (Figure 1). Current regulations stipulate that Area 4 use limits may not exceed 1/2 percent of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined. QS holders are allowed to harvest the QS received during initial issuance, however, second generation QS holders may not exceed the 1/2 percent limit.

Initial issues are allowed to exceed the current use limit. They are, however, prohibited from purchasing, leasing, holding or otherwise controlling additional

QS or IFQs until that person's QS falls below the limits set forth above, at which time that person would

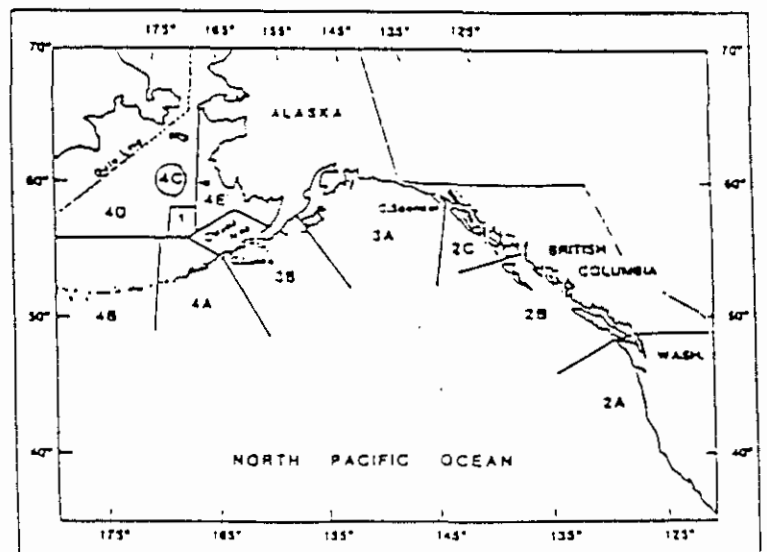


Figure 1. Regulatory areas for the Pacific halibut fishery.

be-subject to the limitations. The ½ percent restriction in Area 4 will prevent the consolidation of halibut QS owners from falling below a theoretical minimum of 200 QS holders (½ percent X 100% = 200). Additional block and vessel categories restrictions would not allow consolidation to reach the theoretical minimum.

The status quo QS use limit of 165,015 units converted to 1996 IFQ pounds for each Area 4 subarea is listed for each of the alternatives (Table 1). Industry has reported that the ½ percent limit is insufficient to justify the expense of traveling to remote areas in the Bering Sea and western Aleutian Islands to harvest halibut and does not adequately allow initial issues to harvest in a manner consistent with their historic participation in the fishery.

The 1996 QS pool totals 33,002,937 QS units for Area 4. The ½ percent limit for all of Area 4 limits QS holders to 165,015 units. The limit amounted to 26,500 lb based on combined Area 4 1994 TACs and 23,610 lb based on 1995 and 1996 TACs. Most QS, however, is distributed among multiple areas, further exacerbating the effects of low use limits on the distances needed to travel to remote fishing grounds and other IFQ program requirements (e.g., check-in/check-out requirements).

A vessel limit of ½ percent for the combined total catch limits for all halibut regulatory areas (2C-4E) is unaffected by the preferred alternative.

1.2 MANAGEMENT ACTION ALTERNATIVES

Alternative 1. Status quo. Halibut QS use will be limited to ½ percent of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined.

Alternative 2. Increase Halibut QS use, of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E combined, to:

Option A. 1.0 percent;

(Preferred) Option B. 1.5 percent;

Option C. 2.0 percent.

1.3 MANAGEMENT BACKGROUND

The Northern Pacific Halibut Act of 1982 (NPHA), P.L. 97-176, 16 U.S.C. 773 c (c) authorizes the regional fishery management councils having authority for the geographic area concerned to develop regulations governing the Pacific halibut catch in U.S. waters, which are in addition to but not in conflict with regulations of the International Pacific Halibut Commission. The halibut IFQ program is implemented by federal regulations under 50 CFR part 676, Limited Access Management of Fisheries off Alaska under authority of the Magnuson-Stevens Fishery Conservation and Management Act of 1975, P. L. 94-265, 16 U.S.C. 1801.

Table 1. IFQs associated with proposed caps.

Area	½% IFQ	1½% IFQ
4A	21,573	43,146
	32,360	86,292
4B	32,813	

The halibut and sablefish IFQ program was implemented under Amendments 15/20 to the groundfish FMPS of Alaska (NPFMC 1992). A history of the Council's actions with respect to Alaska's halibut and sablefish IFQ fisheries is summarized in Amendments 31/35 (Modified Block Amendment) (NPFMC 1994b). Recent amendments to the IFQ program have allowed a

block exemption and one-time transfer of CDQ compensation QS (Amendment 32/36) (NPFMC 1995), prohibited the use of halibut catcher vessel QS on freezer/longline vessels and allowed the freezing of non-IFQ species along with sablefish catcher vessel QS on freezer/longline vessels (Amendment 33/37) (NPFMC 1996a), would extend the Aleutian Islands sablefish season year-round (proposed regulatory amendment) (NPFMC 1996b), allow the use of larger catcher vessel QS on smaller vessels (proposed Amendment 42/42) (NPFMC 1996c), and increase the halibut and sablefish sweep-up levels (proposed Amendment 43/43) (NPFMC 1996d).

This section contains the draft Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis (EA/RIR/IRFA) for a regulatory amendment to increase the halibut Area 4 use limits to 1 ½ percent. The current QS use limit was aimed at preventing consolidation of the halibut fishery into too few hands. After lengthy public testimony and Council debate in designing the original halibut IFQ program, the Council considered and rejected limits of 1, 2, and 3 percent of the total combined for all areas. In September 1991, the Council recommended the status quo limit of ½ percent. The current halibut QS use restrictions require that unless the amount in excess of the following limits was received in the initial allocation of halibut QS, no person, individually or collectively, may use more than:

- (1) 1 percent of the total amount of halibut QS for IFQ regulatory area 2C;
- (2) ½ percent of the total amount of halibut QS for IFQ regulatory areas 2C, 3A, and 3B, combined;
and
- (3) ½ percent of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined.

The use limit was created to address concerns that an unrestricted market for QS could result in a few powerful interests controlling most of the landings and result in excessive decreases in the number of vessels and fishermen participating in the fixed gear halibut fishery. The ½ percent limits consolidation to a theoretical minimum of 200 participants. The block limit and vessel category restrictions make the maximum consolidation unlikely.

In April 1994, industry representatives presented a proposal to relax the Bering Sea halibut use limit to 3 percent (Appendix A). The Council requested NMFS staff to prepare a discussion paper of the issues for the June 1994 Council meeting. Upon review of the discussion paper and a recommendation from the IFQ Industry Implementation Team (Team) to relax the limit, the Council initiated a regulatory amendment to analyze use limits at 1 percent and 2 percent of Bering Sea quotas for second generation ownership of IFQs in the BSAI, but it was not assigned a high priority due to other staff workload.

At its April and November 1995 meetings, the Team reiterated its recommendation to analyze the proposed Bering Sea use limits; the report was presented to the Council in January 1996. At that meeting, the Council requested that staff prepare an analysis for the April 1996 meeting as part of the 1996 IFQ amendment cycle.

The use restrictions are intended to complement restrictions on vessel QS limits and the transfer of QS and IFQs between vessel categories. It would prevent the possibility of the halibut IFQ fishery being conducted from a small number of large vessels and is in response to public concern about excessive consolidation of the fishing fleet under the IFQ program and its socio-economic consequences. Vessel limits and categories that also restrict the use of halibut QS follow. Use limits by area are presented in Figure 2.

- (1) No vessel may be used, during any fishing year, to harvest more than one-half percent (0.005) of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E, except that, in IFQ regulatory area 2C, no vessel may be used to harvest more than 1 percent (0.01) of the halibut catch limit for this area; and
- (2) No vessel may be used, during any fishing year, to harvest more than 1 percent (0.01) of the combined fixed gear TAC of sablefish for the Gulf of Alaska and Bering Sea and Aleutian Islands IFQ regulatory areas, except that, in the IFQ regulatory area east of 140° west longitude, no vessel may be used to harvest more than 1 percent (0.01) of the fixed gear TAC of sablefish for this area.

	Area	Cap
Halibut	2C	1%
	2C, 3A, 3B	1/2%
	4A, B, C, D, E	1/2%
Sablefish	Gulf of Alaska and BSAI Region	1%
	East of 140°W	1%

Figure 2. IFQ use limits by area.

- (3) A person who receives an approved IFQ allocation of halibut or sablefish in excess of these limitations may nevertheless catch and retain all of that IFQ with a single vessel. However, two or more persons may not catch and retain their IFQs with one vessel in excess of these limitations.

These restrictions are intended to assure that those directly involved in the fishery benefit from the IFQ program and that the fisheries continue to be dominated by owner/operators. However, increased restraints on QS use increases the opportunity for an individual to control or influence the prosecution of a segment of the fishery. Vessel limits differ from the use limit in that the former applies to the GOA and BSAI combined rather than separate GOA and BSAI personal use limits. Additionally, multiple QS holders may fish aboard a single vessel, so long as the vessel remains under the vessel limit.

Vessel category restrictions further complicate the issue of QS consolidation (Figure 3). Constraints on marketing of QS have been lessened somewhat due to the proposed "Buydown" allowance under Amendment 42/42 which would allow the use of larger catcher vessel QS on smaller vessels (NPFMC 1996c). Since QS cannot be traded from smaller vessel categories to larger vessel categories, separate markets have developed for QS for each vessel class in each area.

Some QS are treated as "restricted" by the NMFS Restricted Access Management (RAM) Division, which administers the IFQ program. IFQs are not assigned to these QS. These restricted QS are, however, included in the calculation of use and vessel limits. Restricted QS include those that were assigned to QS holders in Areas 4B-E, but were not assigned corresponding IFQ due to the Community Development Quota (CDQ) Program under Amendment 30/34(NPFMC 1994a). QS holders in Areas 4B, 4C, 4D, and 4E were compensated for IFQ amounts in those areas assigned to CDQ groups.

They were allocated CDQ compensation QS in Areas 2C, 3A, 3B, and 4A that is treated as unblocked QS as compensation in proportion (but not equal to) to the amount of halibut QS foregone due to CDQ allocations. For example,

Vessel length	F freezer Vessel (any length)	Catcher Vessel	
		Sablefish	Halibut
Over 60'	A	B	B
35' to 60'		↓ C	↓ C
0 to 35'			↓ D

Figure 3. Vessel category restrictions

nearly 140,000 QS units were issued to 104 persons in Area 4E (100% CDQ), but no IFQS were assigned to those shares.

Other restricted QS include those that are held in reserve, awaiting the appeals process and those that are legally assigned to an entity through, for example, an inheritance or court order. While the Secretary of Commerce may not impose a limit on the amount of QS owned, held, or controlled by an entity, a limit on how much of it is used can be imposed.

To prevent the unwitting assignment of QS in excess of the individual limit, in January 1996 the RAM Division conducted a survey of QS holders who are corporations, partnerships, or other types of businesses that are owned by more than one person. The survey requested the identity of each owner of the business and the percentage of use held by each owner. This information is used when reviewing QS transfers and determining whether "persons, individually or collectively" are at the limits. At least two transfers were not granted that would have placed individuals in violation of this provision.

Proposed Amendment 43/43 is not expected to have an effect on Area 4 QS holders wishing to increase their holdings above the use limit. Blocked QS less than 3,000 lb (the new halibut sweep-up limit) are held by 125 persons. Much of these, however, are held in Area 4E where no IFQs are assigned to these shares because this area is 100% CDQ. Additionally, due to the two block limit these small QS blocks are not desirable to QS holders wishing to increase their holdings.

The theoretical maximum consolidation under the preferred alternative is unlikely to occur due to the constraints placed upon QS transfers and consolidation by the Block Program and vessel category restrictions. Calculating theoretical consolidation scenarios does not predict potential consolidation behavior.

2.0. NEPA REQUIREMENTS: ENVIRONMENTAL IMPACTS OF THE ALTERNATIVES

An environmental assessment (EA) is required by the National Environmental Policy Act of 1969 (NEPA) to determine whether the action considered will result in significant impact on the human environment. If the action is determined not to be significant based on an analysis of relevant considerations, the EA and resulting finding of no significant impact (FONSI) would be the final environmental documents required by NEPA. An environmental impact statement (EIS) must be prepared for major Federal actions significantly affecting the human environment.

An EA must include a brief discussion of the need for the proposal, the alternatives considered, the environmental impacts of the proposed action and the alternatives, and a list of document preparers. The purpose and alternatives are discussed in Sections 2.1, 2.2, 3.1 and 3.2. Sections 2.4 and 3.4 contain a discussion of the environmental impacts of the alternatives. Section 5 contains the summary and conclusions of the analysis. The list of preparers is in Section 8.

The environmental impacts generally associated with fishery management actions are effects resulting from (1) harvest of fish stocks which may result in changes in food availability to predators and scavengers, changes in the population structure of target fish stocks, and changes in the marine ecosystem community structure; (2) changes in the physical and biological structure of the marine

environment as a result of fishing practices, e.g., effects of gear use and fish processing discards; and (3) entanglement/entrapment of non-target organisms in active or inactive fishing gear.

2.1 Impacts on Endangered or Threatened Species

Endangered and threatened species under the ESA that may be present in the Bering Sea include:

Endangered	
Northern right whale	<i>Balaena glacialis</i>
Sei whale	<i>Balaenoptera borealis</i>
Blue whale	<i>Balaenoptera musculus</i>
Fin whale	<i>Balaenoptera physalus</i>
Humpback whale	<i>Megaptera novaeangliae</i>
Sperm whale	<i>Physeter macrocephalus</i>
Snake River sockeye salmon	<i>Oncorhynchus nerka</i>
Short-tailed albatross	<i>Diomedea albatrus</i>
Threatened	
Steller sea lion	<i>Eumetopias jubatus</i>
Snake River spring and summer chinook salmon	<i>Oncorhynchus tshawytscha</i>
Snake River fall chinook salmon	<i>Oncorhynchus tshawytscha</i>
Spectacled eider	<i>Somateria fischeri</i>

Steller sea lion population west of 144 ° W. longitude are currently undergoing reclassification to "endangered species" status. The "threatened" status of eastern Gulf of Alaska populations will be maintained.

None of the alternatives for either management action is expected to have a significant impact on endangered or threatened species or their critical habitats in any manner not previously considered and addressed.

2.2 Marine Mammals

As with salmon and seabirds listed under the ESA, fishing activities under this proposed action are not likely to impact the threatened Steller sea lion (*Eumetopias jubatus*), in a manner, or to an extent, not previously considered in informal Section 7 consultations for 1994 groundfish fisheries (NMFS 1994b, c). The 10-nm annual trawl exclusion areas around Steller sea lion rookeries would be in place regardless of which alternative is chosen. These create refuges where no trawling can occur in areas important for sea lion breeding and foraging.

Other listed marine mammals include the endangered fin whale (*Balaenoptera physalus*), sei whale (*Balaenoptera borealis*), humpback whale (*Megaptera novaeangliae*), and sperm whale (*Physeter catodon*). None of these species are anticipated to be adversely affected by this amendment because total harvests and overall fishing effort would not change. The impacts of listed marine mammals is further detailed in the EA/RIR/IRFA for Amendments 31/35 (Block Program) (NPFMC 1994). Neither of the alternatives is expected to adversely affect marine mammals.

2.3 Impacts on Marine Mammals not listed under the ESA

Marine mammals not listed under the ESA that may be present in the BSAI or GOA include cetaceans, [minke whale (*Balaenoptera acutorostrata*), killer whale (*Orcinus orca*), Dall's porpoise (*Phocoenoides dalli*), harbor porpoise (*Phocoena phocoena*), Pacific white-sided dolphin (*Lagenorhynchus obliquidens*), and the beaked whales (e.g., *Berardius bairdii* and *Mesoplodon* spp.)] as well as pinnipeds [northern fur seals (*Callorhinus ursinus*), and Pacific harbor seals (*Phoca vitulina*)] and the sea otter (*Enhydra lutris*). A list of species and detailed discussion regarding life history and potential impacts of the 1995 groundfish fisheries of the BSAI and GOA on those species can be found in an EA conducted on the 1995 Total Allowable Catch Specifications for the GOA and BSAI (NMFS 1994a). Neither of the alternatives are expected to adversely affect any listed or candidate marine mammals in a manner not already considered in previous consultations.

2.4 Coastal Zone Management Act

Each of the alternatives would be conducted in a manner consistent, to the maximum extent practicable, with the Alaska Coastal Zone Management Program within the meaning of Section 307(c)(1) of the Coastal Zone Management Act of 1972 and its implementing regulations.

2.5 FINDING OF NO SIGNIFICANT IMPACT

None of the alternatives is likely to significantly affect the quality of the human environment; preparation of an environmental impact statement for selection of any of the alternatives as the proposed action would not be required by section 102(2)(C) of the National Environmental Policy Act or its implementing regulations.

C. K. [Signature]

2/6/97
Date

3.0 REGULATORY IMPACT REVIEW: ECONOMIC AND SOCIOECONOMIC IMPACTS OF THE ALTERNATIVES

This section provides information about the economic and socioeconomic impacts of the alternatives including identification of the individuals or groups that may be affected by the action, the nature of these impacts, quantification of the economic impacts if possible, and discussion of the trade offs between qualitative and quantitative benefits and costs.

The requirements for all regulatory actions specified in E.O. 12866 are summarized in the following statement from the order:

- In deciding whether and how to regulate, agencies should assess all costs and benefits of available regulatory alternatives, including the alternative of not regulating. Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nevertheless essential to consider. Further, in choosing among alternative regulatory approaches, agencies should select those approaches that maximize net benefits (including potential economic, environment, public health and safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach.

This section also addresses the requirements of both E.O. 12866 and the Regulatory Flexibility Act to provide adequate information to determine whether an action is “significant” under E.O. 12866 or will result in “significant” impacts on small entities under the RFA.

E. O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be “significant.” A “significant regulatory action” is one that is likely to:

- (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- (4) Raise novel legal or policy issues arising out of legal mandates, the President’s priorities, or the principles set forth in this Executive Order.

A regulatory program is “economically significant” if it is likely to result in the effects described above. The RIR is designed to provide information to determine whether the proposed regulation is likely to be “economically significant.”

3.1 IDENTIFICATION OF THE INDIVIDUALS OR GROUPS THAT MAY BE AFFECTED BY THE PROPOSED ACTION

A total of 513 QS holders in 1996 were issued nearly 32 million halibut QS units in Area 4. A total of 226 persons landed IFQ halibut in 1995 on 167 vessels. Assuming that 1995 and 1996 IFQ recipients are nearly the same, fewer than half of Area 4 QS recipients fished their IFQs. Fifty-nine persons fished their IFQs on another QS holder’s vessel, 75% of these occurred in Area 4A. Appendix B lists all 513 QS holders who may be affected by the proposed action and the QS that would be required to meet the preferred alternative use limit and the options rejected by the Council.

Table 2. 1996 Area 4 QS holders and 1995 participants.

<u>Area</u> <u>Vessels</u>	<u>QS holders</u>	<u>QS units</u>	<u>Persons</u>
4A	469	14,138,442	185
141			
4B	143	9,068,548	61

Analysis of RAM data indicates that under the status quo, 54 of the 513 Area 4 QS recipients (11%) exceeded the individual use limit in 1996. Table 3 lists the distribution of QS units for these 54 QS holders and the QS units required to meet the proposed alternative use limits. These QS holders have

been “grandfathered” as initial issuees and are allowed to use their entire QS; however, under the status quo they are unable to increase their holdings above the limit and for 54 persons, above their grandfathered amounts, to make a reportedly viable fishing trip in these remote fishing grounds. They are also currently unable to consolidate their QS holdings into fewer Area 4 subareas without divesting themselves of all QS above the limit; they would then be prohibited from acquiring QS above the limit to return to the level of their initial allocation.

3.2 ECONOMIC AND SOCIAL IMPACTS OF THE ALTERNATIVES

The Council intended constraints on QS use to limit QS consolidation and to assure that practicing fishermen remain as the “stock holders” of the halibut resource. This purpose is perceived as important to maintain the current social and economic character of the fixed gear fishery. Use limits restrict the amount of QS that could be used by any one person. In this case, a person includes all individuals, corporations, partnerships, or other entities. The use limit is calculated by adding QS owned personally, as well as by any partnership or corporation of which the person is a part.

3.2.1 Impacts of Alternative 1- Status Quo

The status quo use limit provisions grandfather the use of initial QS allocations, including QS that exceeds the individual use limit of 165,015 units. The 54 Area 4 QS holders who exceed the current use limit were issued 18,616,778 QS units, or 56 percent of total Area 4 QS units, exceeding the use limit by 9,705,968 units. Their holdings by area are listed in Table 4. QS holders limited by the status quo range between 26 in Area 4C and 54 in Area 4A.

As described in the analysis for the halibut IFQ program (NPFMC 1991), the use limit was created because the Council was concerned that an unrestricted market for QS could result in a few powerful interests controlling most of the landings. The Council had expressed a desire to maintain a fishery with many diverse participants and one in which harvesters are not dependent on “company store” processors or the monopolizing influence of a few other harvesters. This was to assure that both the initial and ongoing benefits of the IFQ program would be broadly distributed and that the market for QS would be competitive. Market power is the issue underlying both the originally proposed alternatives (1, 2, 3 percent of the total combined for all areas) and the current alternatives (½, 1, 1½ and 2 percent for the BSAI).

Area	QS holders	QS units
4A	54	6,078,414
4B	41	6,295,733

One of the original objectives of use limits was to moderate the decline in employment for fishermen. These restrictions were assumed to not have a substantial effect on total employment measured in terms of fishermen days. The analysts noted that restrictions could substantially increase the number of fishermen among whom that employment is shared. However, restrictions could also result in the same fishermen fishing on a number of boats during the year. This has happened in the Canadian halibut IVQ fishery. Thus, the number of fishermen can be less than expected given the number of vessels participating in the fishery.

It is not clear, however, that less consolidation would occur in the absence of use limits. Consolidation would occur only if operations that specialize in the halibut fishery are more profitable with respect to using halibut IFQs than are operations that are more diversified. *If this is not the case, these restrictions*

Table 3. Distribution of total halibut QS units and QS needed to meet higher Alternative QS caps for the top 54 QS holders in 1996 who exceed the status quo cap.

QS holder	TOTAL QS	Status Quo 1/2% = 165,015 QS	Alt 2, Option A 1% = 330,029 QS	Alt 2, Option B 2% = 660,058 QS
1	801,628			
2	695,076			
3	667,736			
4	661,237			
5	621,004			39,054
6	530,693			129,365
7	528,080			131,978
8	508,819			151,239
9	505,146			154,912
10	482,689			177,369
11	469,919			190,139
12	442,096			217,962
13	439,399			220,659
14	413,933			246,125
15	389,222			270,836
16	366,072			293,986
17	359,682			300,376
18	353,445			306,613
19	351,942			308,116
20	337,708			322,350
21	334,003			326,055
22	332,694			327,364
23	327,153		2,876	332,905
24	326,595		3,434	333,463
25	325,037		4,992	335,021
26	320,252		9,777	339,806
27	319,645		10,384	340,413
28	318,523		11,506	341,535
29	312,300		17,729	347,758
30	308,910		21,119	351,148
31	304,888		25,141	355,170
32	304,703		25,326	355,355
33	286,151		43,878	373,907
34	276,370		53,659	383,688
35	269,510		60,519	390,548
36	268,593		61,436	391,465
37	257,312		72,717	402,746
38	249,448		80,581	410,610
39	232,662		97,367	427,396
40	231,948		98,081	428,110
41	231,541		98,488	428,517
42	226,682		103,347	433,376
43	226,101		103,928	433,957
44	214,816		115,213	445,242
45	211,245		118,784	448,813
46	210,718		119,311	449,340
47	203,957		126,072	456,101
48	200,177		129,852	459,881
49	191,931		138,098	468,127
50	179,135		150,894	480,923
51	177,162		152,867	482,896
52	175,866		154,163	484,192
53	168,105		161,924	491,953
54	167,119		162,910	492,939
TOTAL	18,616,778		2,536,373	17,172,745

The block program and vessel category restrictions further inhibit QS transfers, although proposed revisions to the IFQ program would ease these restrictions. Proposed Amendment 42/42, approved by the Council in January 1996, would allow the use of larger catcher vessel QS on smaller vessels. Proposed Amendment 43/43, approved by the Council in April 1996, would increase the halibut sweep-up levels to 3,000 lb based on 1996 TACs beginning in the 1997 IFQ season.

The status quo limits the market for QS transfers to potential buyers who may wish to acquire QS above the use limit. The status quo limits the top 54 "grandfathered" Area 4 QS holders from increasing the amount of their currently held QS and from consolidating their holdings into fewer regulatory subareas without having to sell their holdings to below the current limit. They are further prohibited from exceeding the limit once they divest their QS, effectively prohibiting QS holders from trading QS between subareas. The remaining 459 Area 4 QS holders may also be negatively affected should they wish to increase their holdings above the limit in the future or sell their QS because potential buyers are constrained by the limit.

3.2.2 Impacts of Alternative 2

An increase in the halibut individual use limit to any Alternative 2 option would incur a net economic gain to the Nation. The Council also considers social factors in choosing its preferred management option. Potential loss of part-time and/or small boat captains and crew may occur from shifting a greater percentage of Area 4 halibut QS to bigger operations. However, this loss would be mitigated if these fishermen did not fish their QS due to the small size of the associated IFQs and remoteness of the Area 4 fishing grounds. Additionally, a small boat fishery may develop if sufficient QS is allowed for use, particularly in Area 4A.

The Council's preferred option, Alternative 2, Option B, would raise the use limit to 495,044 QS units equivalent to 1½ percent of 1996 total Area 4 QS unit, to become effective for the 1997 IFQ season. This option allows 504 persons to increase and consolidate their QS to triple the current level and allows 45 persons, who currently exceed the current ½ percent limit, an opportunity to increase their QS holdings above their initial allocation. Nine persons, holding 17 percent of the Area 4 QS units, would still be subject to the preferred limit.

Increasing the status quo use limit to 1½ percent under Alternative 2, Option B would entail intermediate poundages and QS prices when compared with Options A and C. Options A or B would encourage increased holdings by current QS holders, new entrants, and crew, particularly in Area 4A. However, only large boat operators, who have traditionally fished in Area 4 and hold the majority of shares, may be able to afford large amounts of QS under Option C. Competition for these QS may further drive up their prices.

While increased market prices may benefit current QS holders, higher prices may limit participation by small boat operators and crew. Table 5 lists QS market prices for transactions between October 1995 and April 1996 by one QS brokerage. Area 4 blocked QS sold at lower prices compared with nearly all types of QS from Areas 2C, 3A, or 3B. Two smaller Area 4A QS blocks transferred at higher prices than one larger Area 4B block. No transactions occurred for Areas 4C or 4D.

An examination of individual QS holdings in Appendix B indicates that over half (274) of all Area 4 holdings are equivalent to less than 3,000 lb when using the Area 4 average QS/IFQ ratio of 6.989 units per lb (Table 6). Thirty-five percent (182) of holdings are equivalent to less than 1,000 lb.

Table 7. 1996 QS holders by blocked and unblocked QS and area.

Area	UNBLOCKED		BLOCKED	
	holders	%*	QS units	%
4A	301	76	10,154,187	57
177	89		3,972,509	28
4B	117	29	3,325,446	19

Area 4 halibut QS are distributions are further examined by blocked and unblocked holdings (Appendix C). Blocked QS holdings totaling 17,773,810 units are held by 397 QS holders (99 persons hold 140,000 restricted QS units in only Area 4E which are not assigned IFQs) (Table 7). The availability of many, small blocks limits consolidation and maintains small-sized and lower priced QS for entry level purchases by new entrants and crew.

Unblocked QS totaling 14,063,230 QS units, including unblocked Area 4A CDQ compensation QS awarded under Amendment 30/34, are held by 198 QS holders (Appendix D). CDQ compensation QS were not issued for Areas 4B-E nor were IFQs issued for Area 4E. Note also that approximately 3.6 million units are being held either in reserve or were issued as restricted QS in Area 4E and are not currently available for consolidation.

This analysis assumes that blocked QS totaling 17.7 million units held by 397 persons will not be available for consolidation under the preferred alternative due to block and vessel category restrictions. Larger blocks may be consolidated. Therefore, blocked QS would be marginally affected by the preferred alternative and the number of blocked QS holders would not be substantially reduced.

The 14 million unblocked QS units in Areas 4A-D held by 198 persons are the likely source of QS for consolidation. The unblocked QS units equal approximately 2.1 million lb of landed halibut. At a reported ex-vessel price of \$2.20/lb, the value of these QS which may be consolidated without vessel and block restrictions exceeds \$4.6 million. These assets would be transferred among the current pool of QS holders. Since the QS of the 45 persons who would be eligible to increase their holdings are already included within this total, it is uncertain whether many of these will be transferred.

Unfished permits by area and type of QS indicates the likely pool of QS that could be consolidated by QS holders wishing to increase their holdings (Table 8). The greatest numbers of unused 1995 permits occurred for QS holdings at smaller sizes. Unfished permits for QS less than 5,000 lb totaled 2,575 of 4,303 (60%) issued for Areas 2C-3B and 411 of 531 (77%) issued for Areas 4A-D. While the total number of unfished permits was greatest in Area 2C, 3A, and 3B for blocked QS less than 5,000 lb, a greater percentage of permits were left completely unfished for similar sized holdings in Area 4. Unblocked 4A (94%), blocked 4B (94%), and blocked 4D (89%) QS exceeded all other areas, except for unblocked 3B (96%) QS, for totally unfished 1995 permits for QS less than 5,000 lb. Areas 4A-D and 3B had the greatest percentages of unfished permits for blocked QS between 5,000 and 10,000 lb. At block sizes greater than 10,000 lb, unfished permits were rare.

Table 5. Reported prices for halibut and sablefish QS

transactions (Source: Access Unlimited, Inc.).

Area	Vessel Category	B/U	Size	Price/lb*
2C	B	B	3-10K	\$8.00-9.00
2				
2C	B	U	<1K	\$8.5-9.25
3				
2C	C	B	40-60K	\$8.25-10.00
6				
2C	C	U	<10K	\$8.50-9.50
4				
2C	D	B	<10K	\$5.60-10.00
12				
3A	B	B	<15K	\$6.00-8.50
4				

Table 6. QS/IFQ ratio.

Area	QS/IFQ
4A	7.649
4B	5.029
4C	10.310

Table 5. Number of 1995 unfished halibut permits by area														Page 1 of 2		
Area/ Biking	0 to 5k		5 to 10k		10 to 15k		15 to 20k		20 to 25k		25 to 30k		30 to 35k		35 to 40k	
	Tot	Unfished %	Tot	Unfished %	Tot	Unfished %	Tot	Unfished %	Tot	Unfished %	Tot	Unfished %	Tot	Unfished %	Tot	Unfished %
2C B	1268	622	49	240	6	3	100	2	2	-	-	-	-	-	-	-
2C M	69	9	13	58	-	-	31	-	-	8	-	5	-	6	-	3
2C U	243	182	75	8	-	-	3	-	-	22	-	6	-	5	-	3
3A B	1737	1117	64	280	18	6	104	2	2	-	-	-	-	-	-	-
3A M	81	15	19	38	-	-	34	-	-	16	-	9	-	4	-	5
3A U	127	110	87	16	4	25	10	-	-	61	-	27	-	34	2	15
3B B	617	382	62	68	10	15	35	3	9	-	-	-	-	-	-	-
3B M	23	5	22	15	-	-	9	-	-	7	-	3	-	-	-	1
3B U	138	133	96	1	-	-	2	-	-	8	-	5	-	8	-	1
4A B	211	139	66	41	6	15	22	2	9	-	-	-	-	-	-	-
4A M	16	5	31	4	-	-	1	-	-	1	-	-	-	-	-	-
4A U	142	133	94	2	1	50	2	-	-	8	-	1	-	1	-	2
4B B	66	62	94	33	17	52	13	3	23	4	1	25	-	-	-	-
4B M	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
4B U	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4C B	61	41	67	11	2	18	-	-	-	4	-	1	-	3	1	33
4C M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4C U	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-
4D B	35	31	89	19	8	42	5	-	-	-	-	-	-	-	-	-
4D M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4D U	-	-	-	-	-	-	3	-	-	1	-	1	-	4	-	1

NOTE: B = Blocked, M = Blocked & Unblocked, U = Unblocked

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Table 5. Number of 1995 unexpired halibut permits by area

Area/ Blocking	40 to 45k		45 to 50k		5- to 55k		55 to 60k		60 to 65k		65 to 70K		70 to 75k		75 to 80k	
	Tot	Unexpired %	Tot	Unexpired %	Tot	Unexpired %	Tot	Unexpired %	Tot	Unexpired %	Tot	Unexpired %	Tot	Unexpired %	Tot	Unexpired %
2C B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2C M	2	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-
2C U	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3A B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3A M	3	-	6	-	4	-	2	-	2	-	5	-	2	-	3	-
3A U	16	-	16	-	8	-	9	-	9	-	2	-	6	-	2	-
3B B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3B M	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-
3B U	-	-	2	-	-	-	2	-	-	-	-	-	-	-	-	-
4A B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4A M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4A U	2	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
4B B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4B M	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4B U	3	-	3	-	2	50	1	-	1	-	1	-	-	-	1	-
4C B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4C M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4C U	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4D B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4D M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4D U	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: B = Blocked, M = Blocked & Unblocked, U = Unblocked

Table 9. Halibut QS transfers from October 1994 - April 1996.

Area	Number	%	QS units
2C	56	37	13,924,985
23			
3A	659	43	35,870,214
58			
3B	200	13	8,960,579
15			
4A	96	6	1,862,222
3			
4B	14	<1	549,906
<1			
4C	3	<1	105,330
<1			
4D	2	<1	109,563
<1			
4E	0	0	0
0			
TOT	1,536	100	61,382,799
100			

Table 9 lists the total number of QS transactions that have occurred since halibut QS were initially issued in late 1994. Less than 9 percent of all QS transactions have occurred in Area 4, transferring over 2.6 million QS units. Six percent occurred in subarea 4A, transferring nearly 1.9 million QS units. These Area 4A transactions accounted for nearly $\frac{2}{3}$ by number and $\frac{3}{4}$ of units transferred in all Area 4 subareas.

Table 10 summarizes the effects of the status quo and proposed alternative use limits on consolidation of all Area 4 QS. Alternative 2, Option A would allow an additional 32 QS holders (7% [11%-4%] of the total) to increase their QS to the proposed 1 percent limit of 333,029 QS units. This alternative would allow the transfer of a theoretical maximum of 2,536,373 units (8% of total QS units) to 32 currently limited QS holders to reach the 1% limit. Twenty-two persons would remain above this rejected limit.

Preferred Alternative 2, Option B would allow an additional 45 QS holders (9% of the total) to increase their QS holdings to the 1½ percent limit of 495,044 QS units. They would be allowed to consolidate an additional 7,816,853 QS units (24% of total QS units) and transfer QS between areas under the higher limit. Nine persons would remain above the preferred limit.

Alternative 2, Option C would allow an additional 50 QS holders (10% of the total) to increase their QS holdings to the 2 percent limit of 660,058 QS units. If approved, the theoretical maximum QS units required to allow these 50 QS holders to reach the rejected 2% limit could not be reached since the QS required (17,172,745 units) exceeds those available (14,386,159 units) from the remaining 509 QS holders. Four person would remain above this rejected limit.

While the use limit is based on combined QS holdings for all five subareas, Table 11 summarizes the consolidation that could theoretically occur with unblocked QS if all QS were held in only one of the subareas and current block and vessel category restrictions did not apply. This scenario does not reflect the current distribution of QS and is presented here at the request of the Council.

Consolidation to the theoretical minimum QS holders is not expected under any of the alternatives. All currently limited QS holders would not be expected to increase their QS holdings. Additionally, sufficient QS is not available for all eligible QS holders to increase their QS to

Table 10. Effects of proposed Area 4 halibut use cap limits on 1996 QS holders.

	Alternative 1 Status-Quo ½ % 165,015 units	Alternative 2 Option A 1 % 330,029 units	Alternative 2 Option B 1½ % 495,044 units	Alternative 2 Option C 2 % 660,058 units
QS holders > cap % of Total	54 11%	22 4%	9 2%	4 1%
QS holders < cap % of Total	459 89%	491 96%	504 92%	509 99%
Total	513	513	513	513
Minimum theoretical consolidation*	200	100	67	50
QS units: in Area 4	33,002,937	33,002,937	33,002,937	33,002,937
held by top 54 QS holders	18,616,778 56%	18,616,778 56%	18,616,778 56%	18,616,778 56%
allowed by top 54 QS holders	8,910,810 27%	17,821,566 54%	26,732,376 81%	35,643,132 108%
needed to reach Alt. 2 caps	0	2,536,373 8%	7,816,853 24%	17,172,745 52%

*not including effects of vessel category and block restrictions

the highest limit under Alternative 2, Option C. And again, many QS holding transfers are limited by block and vessel category restrictions.

Relaxing the individual use limit will provide a net economic benefit to the Nation. Additionally, the costs expended by large QS holders of increasing their holdings from purchasing QS would be expected to be balanced by the gains made by smaller QS holders from transfers (sales), making the result revenue-neutral. The opportunity cost to those QS holders who transfer their holdings is the revenue that would have been generated by fishing those shares themselves. However, if their holdings were too small to make a viable fishing trip anyway, then their opportunity costs are zero. Those QS holders would benefit directly from an increased market in terms of volume, as well as price, from transfer of their QS under the preferred alternative.

Table 11. Theoretical consolidation of current QS holders.

Area	Status Quo*	½ %	1 %	1½ %
2 %				
4A	469	86	43	2921
4B	143	55	27	1814
4C	79	24	12	86
4D	67	28	14	97

3.3. ADMINISTRATIVE, ENFORCEMENT AND INFORMATION COSTS

No additional enforcement costs are expected from either of the proposed actions.

4.0 INITIAL REGULATORY FLEXIBILITY ANALYSIS

The objective of the Regulatory Flexibility Act is to require consideration of the capacity of those affected by regulations to bear the direct and indirect costs of regulation. If an action will have a significant impact on a substantial number of small entities an Initial Regulatory Flexibility Analysis (IRFA) must be prepared to identify the need for the action, alternatives, potential costs and benefits of the action, the distribution of these impacts, and a determination of net benefits.

NMFS has defined all fish-harvesting or hatchery businesses that are independently owned and operated, not dominant in their field of operation, with annual receipts not in excess of \$2,000,000 as small businesses. In addition, seafood processors with 500 employees or fewer, wholesale industry members with 100 employees or fewer, not-for-profit enterprises, and government jurisdictions with a population of 50,000 or less are considered small entities. A "substantial number" of small entities would generally be 20% of the total universe of small entities affected by the regulation. A regulation would have a "significant impact" on these small entities if it reduced annual gross revenues by more than 5 percent, increased total costs of production by more than 5 percent, or resulted in compliance costs for small entities that are at least 10 percent higher than compliance costs as a percent of sales for large entities.

If an action is determined to affect a substantial number of small entities, the analysis must include:

- (1) a description and estimate of the number of small entities and total number of entities in a particular affected sector, and total number of small entities affected; and
- (2) analysis of economic impact on small entities, including direct and indirect compliance costs, burden of completing paperwork or recordkeeping requirements, effect on the competitive position of small entities, effect on the small entity's cashflow and liquidity, and ability of small entities to remain in the market.

4.1 ECONOMIC IMPACT ON SMALL ENTITIES

Approximately 500 halibut QS holders in Areas 4A-D would benefit from an increase in the Area 4 individual use limit, either as QS buyers or sellers. Over 14 million unblocked QS units in Areas 4A-D held by 198 persons and 17.8 million blocked QS units held by 397 persons are the likely source of QS for those wishing to increase their holdings. Blocked QS are limited by block and vessel category restrictions. The unblocked QS units, more likely to be transferred, equal approximately 2.1 million lb of halibut worth more than \$4.6 million ex-vessel.

Under Alternative 2, Option A, 32 QS holders would be allowed to increase their holdings above the current limit to 1 percent of all Area 4 QS holdings. Preferred Alternative 2, Option B would allow 45 QS holders to increase their holdings to the recommended 1½ percent limit. Alternative 2, Option C would allow 50 QS holders to increase their holdings to 2 percent. Transfers of unblocked QS would likely occur in these consolidations.

The preferred alternative would also allow persons to consolidate their holdings in fewer areas by allowing QS transfers, without forfeiting their "grandfathered" QS above the status quo limit. The preferred alternative, Option B would not lead to a reduction in the gross revenues received by the small business sector of the fleet and, thus, would not have significant negative impact on small businesses. The preferred alternative's positive impact, however, would be significant in that Area 4 halibut QS holders already at their limit would be allowed a 100 percent increase in their holdings.

5.0 SUMMARY AND CONCLUSIONS

The proposed action, to increase the halibut individual use limits in the Bering Sea and Aleutian Islands would be expected to reallocate the resource among current users. It will provide an overall benefit to the Nation by allowing market forces to determine the value of QS unconstrained by artificially low limits.

Two alternatives were evaluated. Alternative 1 is the "no action" or status quo alternative, required by NEPA and E.O. 12866. Alternative 2, the proposed alternative submitted by representatives of the industry in Area 4, could theoretically reduce the number of QS holders by as much as 50 percent. Two alternatives were included in the analysis: (1) status quo of ½ percent; and (2) an increase to either 1, 1½, or 2 percent.

Alternative 2, Option A would allow an additional 32 QS holders (7% of the total) to increase their QS to the proposed 1 percent limit of 333,029 units. This alternative would allow the transfer of a theoretical maximum of 2,536,373 units to 32 currently limited QS holders to reach the 1 percent limit. Twenty-two persons would remain above this rejected limit.

Preferred Alternative 2, Option B would allow an additional 45 QS holders (9% of the total) to increase their QS holdings to the 1½ percent limit of 495,044 QS units. They would be allowed to consolidate an additional 7,816,853 QS units (24% of total QS units) and transfer QS between areas under the higher limit. Nine persons would remain above the preferred limit.

Alternative 2, Option C would allow an additional 50 QS holders (10% of the total) to increase their QS holdings to the 2 percent limit of 660,058 QS units. If approved, the theoretical maximum QS units required to allow these 50 QS holders to reach the rejected 2% limit could not be reached since the QS required (17,172,745 units) exceeds those available (14,386,159 units) from the remaining 509 QS holders. Four person would remain above this rejected limit.

Approximately 500 halibut QS holders in Areas 4A-D would benefit from an increase in the Area 4 individual use limit, either as QS buyers or sellers. Over 14 million unblocked QS units in Areas 4A-D held by 198 persons and 17.8 million blocked QS units held by 397 persons are the likely source of QS for those wishing to increase their holdings. Blocked QS are limited by block and vessel category restrictions. The unblocked QS units, more likely to be transferred, equal approximately 2.1 million lb of halibut worth more than \$4.6 million ex-vessel. A review of the economic and social impacts of the alternatives indicates that either option under Alternative 2 will provide a net economic benefit to the Nation.

None of the alternatives is expected to have a significant impact on endangered, threatened, or candidate species.

6.0 LITERATURE CITED

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- 1996d. Draft Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis for Amendments 43/43 to the BSAI and GOA Fishery Management Plans (Sweep-up). NPFMC, 605 West Fourth Avenue, Suite 306, Anchorage, Alaska. 32 p.
- 1996b. Draft Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis for a Regulatory Amendment to the GOA Fishery Management Plan to Extend the Season for the Aleutian Islands Sablefish Fishery. NPFMC, 605 West Fourth Avenue, Suite 306, Anchorage, Alaska.

7.0 LIST OF INDIVIDUALS CONSULTED

Phil Smith
 Jesse Gharrett
 Galen Tromble
 NMFS Alaska Region
 P.O. Box 21668
 Juneau, Alaska 99802

Linda Kozak
 Kozak & Associates
 326 Center, #202
 Kodiak, Alaska 99615

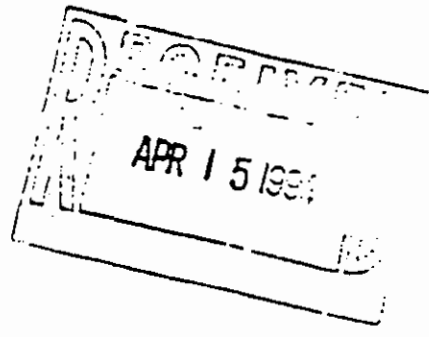
Mr. Tim Abena
 P. O. Box 663
 Cathlamet, Washington 98612

8.0 LIST OF PREPARERS

Jane DiCosimo
 North Pacific Fishery Management Council
 605 W. Fourth Avenue, Suite 306
 Anchorage, Alaska 99501

APPENDIX A

AREA 4 USE LIMITS PROPOSAL



March 31, 1994

Chairman Rick Lauber
North Pacific Fishery Management Council
P.O. Box 103136 DT
Anchorage, Alaska 99510

Chairman Rick Lauber:

The below listed fishermen's organizations would like the North Pacific Fishery Management Council to consider relaxing a halibut ownership and use restriction in the Bering Sea under agenda item C-4(a), at the April Council meeting.

The current regulations restrict second generation ownership to one-half of one percent of the Bering Sea TAC. (This amounts to 26,500 pounds based on the 1994 TACs). The current regulation also restricts the amount of fish that can be harvested in the Bering Sea district to 1 percent per vessel of the Bering Sea TAC, even for those receiving initial allocations. We request the following option be examined.

1. Drop the ownership and use restrictions in the Bering Sea and allow the existing ownership cap of 1/2 percent use and ownership restrictions, which currently applies to all IPHC areas collectively, to be the restraining regulation for all areas combined. This would limit the halibut ownership and poundage that can be landed by any single vessel to 1/2 percent of the total halibut TACs for all IPHC areas in Alaska. The additional burden in the Bering Sea would be dropped..
2. Permit a vessel and its ownership to harvest up to the initial allocation received in the Bering Sea even if that amount exceeds the current Bering Sea use restriction, of no more than 1 percent of the Bering Sea combined TACs being landed on a single vessel.
3. Increase the limitation on ownership in the Bering Sea to 3 percent of the Bering

Sincerely,

Linda Kozak
Kodiak Longline Vessel
Owners Association

Eric Olson
Fishing Vessel Owners Association
Eric Olson, President

John Bruce
Deep Sea Fishermens Union of the Pacific
John Bruce, Manager

APPENDIX B

DISTRIBUTION OF 1996 HALIBUT AREA 4 QS HOLDERS

APPENDIX B. Distribution of total Area 4 QS for all 1996 recipients and QS needed to reach alternative use caps.

QS holder	4A	4B	4C	4D	4E	TOTAL	Status Quo	Alt 2, Option A	Alt 2, Option B
							1/2%=165.015 QS	1%=330.029 QS	2%=660.058 QS
1	11,746	345,381	144,116	300,385	0	801,628			
2	177,145	490,576	0	27,355	0	695,076			
3	104,696	26,038	342,228	194,774	0	667,736			
4	123,088	253,705	0	284,444	0	661,237			
5	47,955	234,159	7,735	331,155	0	621,004			
6	79,129	165,105	241,279	45,180	0	530,693			39,054
7	244,724	283,356	0	0	0	528,080			129,365
8	65,204	271,750	0	171,865	0	508,819			131,978
9	136,746	308,800	30,193	29,407	0	505,146			151,239
10	371,325	111,364	0	0	0	482,689			154,912
11	69,931	389,990	9,998	0	0	469,919			177,369
12	328,709	113,387	0	0	0	442,096			190,139
13	5,484	153,740	0	280,175	0	439,399			217,962
14	89,007	208,526	43,750	72,650	0	413,933			220,659
15	92,118	0	0	297,104	0	389,222			246,125
16	267,932	0	52,434	45,706	0	366,072			270,836
17	22,427	231,794	40,207	65,254	0	359,682			293,986
18	126,962	0	186,423	40,060	0	353,445			300,376
19	59,413	184,294	35,585	72,650	0	351,942			306,613
20	275,516	62,192	0	0	0	337,708			308,116
21	35,098	211,539	0	87,366	0	334,003			322,350
22	137,102	0	128,008	67,584	0	332,694			322,350
23	156,521	0	0	170,632	0	327,153			327,364
24	180,054	146,541	0	0	0	326,595			332,905
25	139,681	0	100,716	84,640	0	325,037		2,876	332,905
26	82,680	219,984	0	17,588	0	320,252		3,434	333,463
27	112,990	88,522	0	118,133	0	319,645		4,992	335,021
28	55,067	239,816	0	23,640	0	318,523		9,777	339,806
29	89,476	0	121,534	101,290	0	312,300		10,384	340,413
30	196,060	55,902	0	56,948	0	308,910		11,506	341,535
31	304,888	0	0	0	0	304,888		17,729	347,758
32	78,648	40,880	185,175	0	0	304,703		21,119	351,148
33	44,611	0	0	241,540	0	286,151		25,141	355,170
34	84,955	113,630	0	77,785	0	276,370		25,326	355,355
35	89,656	179,854	0	0	0	269,510		43,878	373,907
36	107,418	161,175	0	0	0	268,593		53,659	383,688
37	158,607	59,001	39,704	0	0	257,312		60,519	390,548
38	5,992	0	243,456	0	0	249,448		61,436	391,465
39	171,171	54,947	6,544	0	0	232,662		72,717	402,746
40	110,184	0	71,031	50,733	0	231,948		80,581	410,610
41	147,599	49,690	34,252	0	0	231,541		97,367	427,396
42	2,874	223,808	0	0	0	226,682		98,081	428,110
43	35,437	47,758	30,962	111,944	0	226,101		98,488	428,517
44	107,523	0	67,578	39,715	0	214,816		103,347	433,376
45	163,076	36,861	0	11,308	0	211,245		103,928	433,957
46	158,290	31,800	0	20,628	0	210,718		115,213	445,242
47	154,423	3,720	0	45,814	0	203,957		214,816	445,242
48	134,889	29,073	20,036	16,179	0	200,177		118,784	448,813
49	11,791	60,281	67,636	52,223	0	191,931		119,311	449,340
50	4,303	0	174,832	0	0	179,135		126,072	456,101
51	2,967	174,195	0	0	0	177,162		129,852	459,881
52	97,514	78,352	0	0	0	175,866		138,098	468,127
53	4,407	60,927	13,128	89,643	0	168,105		150,894	480,923
54	13,205	93,320	0	60,594	0	167,119		152,867	482,896
55	122,636	40,897	0	0	0	163,533		154,163	484,192
56	122,063	40,834	0	0	0	162,897		161,924	491,953
57	60,758	39,324	62,222	0	0	162,304		162,910	492,939
58	3,792	0	154,068	0	0	157,860	1,482	166,496	496,525
59	1,935	0	0	154,426	0	156,361	2,118	167,132	497,161
60	129,210	0	23,170	0	0	152,380	2,711	167,725	497,754
61	72,445	36,174	32,004	1,924	6,707	149,254	7,155	172,169	502,198
62	146,861	0	0	0	0	146,861	8,654	173,668	503,697
63	1,365	142,382	0	0	0	143,747	12,635	177,649	507,678
64	138,457	4,489	0	116	0	143,062	15,761	180,775	510,804
65	28,780	44,369	49,761	17,670	0	140,580	18,154	183,168	513,197
66	66,535	40,313	8,747	24,235	0	139,830	21,268	186,282	516,311
67	56,217	81,497	0	0	0	137,714	21,953	186,967	516,996
							24,435	189,449	519,478
							25,185	190,199	520,228
							27,301	192,315	522,344

QS bolder	4A	4B	4C	4D	4E	TOTAL	12% = 165,015 QS	1% = 330,029 QS	2% = 660,058 QS
138	18,626	39,857	0	0	0	58,483	106,532	271,546	601,575
139	732	56,991	0	0	0	57,723	107,292	272,306	602,335
140	1,384	0	56,234	0	0	57,618	107,397	272,411	602,440
141	703	0	0	56,077	0	56,780	108,235	273,249	603,278
142	696	0	0	55,528	0	56,224	108,791	273,805	603,834
143	52,782	0	0	0	0	52,782	112,233	277,247	607,276
144	51,441	0	0	0	0	51,441	113,574	278,588	608,617
145	51,333	0	0	0	0	51,333	113,682	278,696	608,725
146	32,119	18,012	0	0	0	50,131	114,884	279,898	609,927
147	49,863	0	0	0	0	49,863	115,152	280,166	610,195
148	1,185	0	48,148	0	0	49,333	115,682	280,696	610,725
149	48,870	0	0	0	0	48,870	116,145	281,159	611,188
150	36,519	0	0	0	12,156	48,675	116,340	281,354	611,383
151	27,307	0	0	20,832	0	48,139	116,876	281,890	611,919
152	47,963	0	0	0	0	47,963	117,052	282,066	612,095
153	600	22,392	0	24,866	0	47,858	117,157	282,171	612,200
154	24,008	18,897	3,743	0	0	46,648	118,367	283,381	613,410
155	28,284	16,752	0	0	0	45,036	119,979	284,993	615,022
156	42,018	0	0	2,189	0	44,207	120,808	285,822	615,851
157	14,625	0	29,557	0	0	44,182	120,833	285,847	615,876
158	1,060	0	43,052	0	0	44,112	120,903	285,917	615,946
159	43,285	0	0	0	0	43,285	121,730	286,744	616,773
160	1,031	0	41,873	0	0	42,904	122,111	287,125	617,154
161	541	42,135	0	0	0	42,676	122,339	287,353	617,382
162	42,391	0	0	0	0	42,391	122,624	287,638	617,667
163	42,264	0	0	0	0	42,264	122,751	287,765	617,794
164	0	41,459	0	0	0	41,459	123,556	288,570	618,599
165	0	32,732	0	0	8,168	40,900	124,115	289,129	619,158
166	40,818	0	0	0	0	40,818	124,197	289,211	619,240
167	40,801	0	0	0	0	40,801	124,214	289,228	619,257
168	40,793	0	0	0	0	40,793	124,222	289,236	619,265
169	35,256	0	5,455	0	0	40,711	124,304	289,318	619,347
170	39,793	0	0	0	0	39,793	125,222	290,236	620,265
171	9,322	30,306	0	0	0	39,628	125,387	290,401	620,430
172	0	39,216	0	0	0	39,216	125,799	290,813	620,842
173	37,996	948	0	0	0	38,944	126,071	291,085	621,114
174	6,639	31,563	0	0	0	38,202	126,813	291,827	621,856
175	31,772	6,322	0	0	0	38,094	126,921	291,935	621,964
176	37,766	0	0	0	0	37,766	127,249	292,263	622,292
177	33,278	4,066	0	0	0	37,344	127,671	292,685	622,714
178	37,232	0	0	0	0	37,232	127,783	292,797	622,826
179	37,027	0	0	0	0	37,027	127,988	293,002	623,031
180	35,527	0	0	0	0	35,527	129,488	294,502	624,531
181	35,397	0	0	0	0	35,397	129,618	294,632	624,661
182	35,106	0	0	0	0	35,106	129,909	294,923	624,952
183	34,922	0	0	0	0	34,922	130,093	295,107	625,136
184	442	34,429	0	0	0	34,871	130,144	295,158	625,187
185	34,818	0	0	0	0	34,818	130,197	295,211	625,240
186	34,818	0	0	0	0	34,818	130,197	295,211	625,240
187	26,083	8,713	0	0	0	34,796	130,219	295,233	625,262
188	34,560	0	0	0	0	34,560	130,455	295,469	625,498
189	14,876	18,623	0	0	0	33,499	131,516	296,530	626,559
190	423	32,962	0	0	0	33,385	131,630	296,644	626,673
191	24,636	0	0	8,748	0	33,384	131,631	296,645	626,674
192	792	0	32,196	0	0	32,988	132,027	297,041	627,070
193	19,284	13,598	0	0	0	32,882	132,133	297,147	627,176
194	3,622	0	0	28,841	0	32,463	132,552	297,566	627,595
195	410	31,904	0	0	0	32,314	132,701	297,715	627,744
196	24,164	0	7,766	0	0	31,930	133,085	298,099	628,128
197	31,501	0	0	0	0	31,501	133,514	298,528	628,557
198	395	30,726	0	0	0	31,121	133,894	298,908	628,937
199	0	31,046	0	0	0	31,046	133,969	298,983	629,012
200	28,127	2,128	0	0	0	30,255	134,760	299,774	629,803
201	21,539	8,683	0	0	0	30,222	134,793	299,807	629,836
202	722	0	29,315	0	0	30,037	134,978	299,992	630,021
203	29,971	0	0	0	0	29,971	135,044	300,058	630,087
204	6,670	23,254	0	0	0	29,924	135,091	300,105	630,134
205	29,883	0	0	0	0	29,883	135,132	300,146	630,175
206	29,607	0	0	0	0	29,607	135,408	300,422	630,451
207	28,825	0	0	0	0	28,825	136,190	301,204	631,233

QS bolder	4A	4B	4C	4D	4E	TOTAL	-1/2%=165,015 QS	1%=330,029 QS	2%=660,058 QS
348	6,018	0	0	0	0	6,018	158,997	324,011	654,040
349	5,778	0	0	0	0	5,778	159,237	324,251	654,280
350	5,561	0	0	0	0	5,561	159,454	324,468	654,497
351	0	0	0	0	5,508	5,508	159,507	324,521	654,550
352	5,500	0	0	0	0	5,500	159,515	324,529	654,558
353	5,390	0	0	0	0	5,390	159,625	324,639	654,668
354	5,384	0	0	0	0	5,384	159,631	324,645	654,674
355	5,314	0	0	0	0	5,314	159,701	324,715	654,744
356	5,226	0	0	0	0	5,226	159,789	324,803	654,832
357	0	0	0	0	5,155	5,155	159,860	324,874	654,903
358	5,106	0	0	0	0	5,106	159,909	324,923	654,952
359	4,983	0	0	0	0	4,983	160,032	325,046	655,075
360	4,928	0	0	0	0	4,928	160,087	325,101	655,130
361	4,902	0	0	0	0	4,902	160,113	325,127	655,156
362	62	4,806	0	0	0	4,868	160,147	325,161	655,190
363	116	0	4,726	0	0	4,842	160,173	325,187	655,216
364	4,750	0	0	0	0	4,750	160,265	325,279	655,308
365	4,639	0	0	0	0	4,639	160,376	325,390	655,419
366	0	0	0	0	4,454	4,454	160,561	325,575	655,604
367	806	0	0	0	3,620	4,426	160,589	325,603	655,632
368	4,387	0	0	0	0	4,387	160,628	325,642	655,671
369	793	0	0	0	3,560	4,353	160,662	325,676	655,705
370	4,287	0	0	0	0	4,287	160,728	325,742	655,771
371	775	0	0	0	3,478	4,253	160,762	325,776	655,805
372	102	0	4,129	0	0	4,231	160,784	325,798	655,827
373	0	4,066	0	0	0	4,066	160,949	325,963	655,992
374	50	3,889	0	0	0	3,939	161,076	326,090	656,119
375	49	3,823	0	0	0	3,872	161,143	326,157	656,186
376	3,811	0	0	0	0	3,811	161,204	326,218	656,247
377	3,744	0	0	0	0	3,744	161,271	326,285	656,314
378	3,735	0	0	0	0	3,735	161,280	326,294	656,323
379	3,570	0	0	0	0	3,570	161,445	326,459	656,488
380	3,559	0	0	0	0	3,559	161,456	326,470	656,499
381	3,559	0	0	0	0	3,559	161,456	326,470	656,499
382	0	0	0	0	3,345	3,345	161,670	326,684	656,713
383	3,306	0	0	0	0	3,306	161,709	326,723	656,752
384	3,261	0	0	0	0	3,261	161,754	326,768	656,797
385	40	3,114	0	0	0	3,154	161,861	326,875	656,904
386	564	0	0	0	2,533	3,097	161,918	326,932	656,961
387	3,084	0	0	0	0	3,084	161,931	326,945	656,974
388	541	0	0	0	2,427	2,968	162,047	327,061	657,090
389	71	0	2,893	0	0	2,964	162,051	327,065	657,094
390	2,898	0	0	0	0	2,898	162,117	327,131	657,160
391	528	0	0	0	2,369	2,897	162,118	327,132	657,161
392	510	0	0	0	2,292	2,802	162,213	327,227	657,256
393	2,724	0	0	0	0	2,724	162,291	327,305	657,334
394	64	0	2,580	0	0	2,644	162,371	327,385	657,414
395	30	2,368	0	0	0	2,398	162,617	327,631	657,660
396	2,343	0	0	0	0	2,343	162,672	327,686	657,715
397	0	0	0	0	2,331	2,331	162,684	327,698	657,727
398	2,299	0	0	0	0	2,299	162,716	327,730	657,759
399	2,172	0	0	0	0	2,172	162,843	327,857	657,886
400	2,135	0	0	0	0	2,135	162,880	327,894	657,923
401	0	0	0	0	1,935	1,935	163,080	328,094	658,123
402	1,900	0	0	0	0	1,900	163,115	328,129	658,158
403	1,827	0	0	0	0	1,827	163,188	328,202	658,231
404	0	0	0	0	1,823	1,823	163,192	328,206	658,235
405	1,820	0	0	0	0	1,820	163,195	328,209	658,238
406	0	0	0	0	1,775	1,775	163,240	328,254	658,283
407	1,719	0	0	0	0	1,719	163,296	328,310	658,339
408	22	1,686	0	0	0	1,708	163,307	328,321	658,350
409	1,591	0	0	0	0	1,591	163,424	328,438	658,467
410	38	0	1,534	0	0	1,572	163,443	328,457	658,486
411	0	0	0	0	1,563	1,563	163,452	328,466	658,495
412	1,484	0	0	0	0	1,484	163,531	328,545	658,574
413	1,434	0	0	0	0	1,434	163,581	328,595	658,624
414	1,425	0	0	0	0	1,425	163,590	328,604	658,633
415	246	0	0	0	1,106	1,352	163,663	328,677	658,706
416	0	0	0	0	1,302	1,302	163,713	328,727	658,756
417	1,301	0	0	0	0	1,301	163,714	328,728	658,757

QS holder	4A	4B	4C	4D	4E	TOTAL	-12%=165,015 QS	1%=330,029 QS	2%=660,058 QS
418	223	0	0	0	1,003	1,226	163,789	328,803	658,832
419	219	0	0	0	983	1,202	163,813	328,827	658,856
420	1,121	0	0	0	0	1,121	163,894	328,908	658,937
421	0	0	0	0	1,118	1,118	163,897	328,911	658,940
422	0	0	0	0	1,072	1,072	163,943	328,957	658,986
423	191	0	0	0	856	1,047	163,968	328,982	659,011
424	1,031	0	0	0	0	1,031	163,984	328,998	659,027
425	0	0	0	0	1,013	1,013	164,002	329,016	659,045
426	988	0	0	0	0	988	164,027	329,041	659,070
427	12	953	0	0	0	965	164,050	329,064	659,093
428	0	0	0	0	944	944	164,071	329,085	659,114
429	165	0	0	0	739	904	164,111	329,125	659,154
430	150	0	0	0	675	825	164,190	329,204	659,233
431	147	0	0	0	661	808	164,207	329,221	659,250
432	732	0	0	0	0	732	164,283	329,297	659,326
433	0	0	0	0	681	681	164,334	329,348	659,377
434	674	0	0	0	0	674	164,341	329,355	659,384
435	0	0	0	0	674	674	164,341	329,355	659,384
436	116	0	0	0	522	638	164,377	329,391	659,420
437	114	0	0	0	510	624	164,391	329,405	659,434
438	113	0	0	0	509	622	164,393	329,407	659,436
439	111	0	0	0	499	610	164,405	329,419	659,448
440	109	0	0	0	489	598	164,417	329,431	659,460
441	0	0	0	0	594	594	164,421	329,435	659,464
442	14	0	578	0	0	592	164,423	329,437	659,466
443	102	0	0	0	459	561	164,454	329,468	659,497
444	96	0	0	0	429	525	164,490	329,504	659,533
445	92	0	0	0	413	505	164,510	329,524	659,553
446	92	0	0	0	413	505	164,510	329,524	659,553
447	86	0	0	0	387	473	164,542	329,556	659,585
448	86	0	0	0	384	470	164,545	329,559	659,588
449	434	0	0	0	0	434	164,581	329,595	659,624
450	79	0	0	0	354	433	164,582	329,596	659,625
451	79	0	0	0	353	432	164,583	329,597	659,626
452	73	0	0	0	328	401	164,614	329,628	659,657
453	71	0	0	0	319	390	164,625	329,639	659,668
454	71	0	0	0	318	389	164,626	329,640	659,669
455	9	0	373	0	0	382	164,633	329,647	659,676
456	0	0	0	0	361	361	164,654	329,668	659,697
457	65	0	0	0	294	359	164,656	329,670	659,699
458	358	0	0	0	0	358	164,657	329,671	659,700
459	65	0	0	0	290	355	164,660	329,674	659,703
460	63	0	0	0	284	347	164,668	329,682	659,711
461	4	340	0	0	0	344	164,671	329,685	659,714
462	62	0	0	0	277	339	164,676	329,690	659,719
463	61	0	0	0	273	334	164,681	329,695	659,724
464	60	0	0	0	270	330	164,685	329,699	659,728
465	0	0	0	0	326	326	164,689	329,703	659,732
466	7	0	300	0	0	307	164,708	329,722	659,751
467	0	0	0	0	304	304	164,711	329,725	659,754
468	0	0	0	0	292	292	164,723	329,737	659,766
469	0	0	0	0	289	289	164,726	329,740	659,769
470	52	0	0	0	233	285	164,730	329,744	659,773
471	51	0	0	0	231	282	164,733	329,747	659,776
472	51	0	0	0	230	281	164,734	329,748	659,777
473	51	0	0	0	228	279	164,736	329,750	659,779
474	0	0	0	0	277	277	164,738	329,752	659,781
475	49	0	0	0	219	268	164,747	329,761	659,790
476	46	0	0	0	205	251	164,764	329,778	659,807
477	45	0	0	0	200	245	164,770	329,784	659,813
478	243	0	0	0	0	243	164,772	329,786	659,815
479	240	0	0	0	0	240	164,775	329,789	659,818
480	239	0	0	0	0	239	164,776	329,790	659,819
481	237	0	0	0	0	237	164,778	329,792	659,821
482	43	0	0	0	192	235	164,780	329,794	659,823
483	37	0	0	0	168	205	164,810	329,824	659,853
484	5	0	196	0	0	201	164,814	329,828	659,857
485	33	0	0	0	146	179	164,836	329,850	659,879
486	32	0	0	0	145	177	164,838	329,852	659,881
487	175	0	0	0	0	175	164,840	329,854	659,883

APPENDIX C

DISTRIBUTION OF 1996 HALIBUT AREA 4 BLOCKED QS HOLDERS

APPENDIX C. Distribution of blocked Area 4 QS for all 1996 recipients.

QS holder	4A	4B	4C	4D	4E	TOTAL
1	139,681	0	100,716	84,640	0	325,037
2	110,184	0	71,031	50,733	0	231,948
3	147,599	49,690	34,252	0	0	231,541
4	112,990	0	0	118,133	0	231,123
5	35,437	47,758	30,962	111,944	0	226,101
6	89,007	0	43,750	72,650	0	205,407
7	137,102	0	0	67,584	0	204,686
8	134,889	29,073	20,036	16,179	0	200,177
9	136,746	0	30,193	29,407	0	196,346
10	11,791	60,281	67,636	52,223	0	191,931
11	89,476	0	0	101,290	0	190,766
12	97,514	78,352	0	0	0	175,866
13	4,407	60,927	13,128	89,643	0	168,105
14	59,413	0	35,585	72,650	0	167,648
15	126,962	0	0	40,060	0	167,022
16	122,063	40,834	0	0	0	162,897
17	60,758	39,324	62,222	0	0	162,304
18	129,210	0	23,170	0	0	152,380
19	111,255	40,897	0	0	0	152,152
20	72,445	36,174	32,004	1,924	6,707	149,254
21	146,861	0	0	0	0	146,861
22	138,457	4,489	0	116	0	143,062
23	28,780	44,369	49,761	17,670	0	140,580
24	66,535	40,313	8,747	24,235	0	139,830
25	56,217	81,497	0	0	0	137,714
26	38,025	86,812	0	7,903	0	132,740
27	104,696	26,038	0	0	0	130,734
28	124,539	0	0	0	4,184	128,723
29	128,632	0	0	0	0	128,632
30	128,300	0	0	0	0	128,300
31	22,427	0	40,207	65,254	0	127,888
32	125,789	0	0	0	0	125,789
33	79,129	0	0	45,180	0	124,309
34	123,088	0	0	0	0	123,088
35	35,098	0	0	87,366	0	122,464
36	43,435	77,999	0	0	0	121,434
37	0	85,566	20,198	15,237	0	121,001
38	120,429	0	0	0	0	120,429
39	0	56,183	0	63,855	0	120,038
40	78,648	40,880	0	0	0	119,528
41	71,788	47,536	0	0	0	119,324
42	94,243	24,031	0	0	0	118,274
43	0	55,902	0	56,948	0	112,850
44	112,594	0	0	0	0	112,594
45	107,418	0	0	0	0	107,418
46	0	0	67,578	39,715	0	107,293
47	32,624	62,077	12,077	0	0	106,778
48	73,067	14,701	0	18,300	0	106,068
49	106,008	0	0	0	0	106,008
50	0	80,402	21,747	0	0	102,149
51	47,631	34,980	18,618	692	0	101,921
52	16,508	84,886	0	0	0	101,394
53	82,680	0	0	17,588	0	100,268
54	100,175	0	0	0	0	100,175
55	0	59,001	39,704	0	0	98,705
56	0	0	52,434	45,706	0	98,140
57	97,722	0	0	0	0	97,722
58	96,987	0	0	0	0	96,987
59	0	0	96,089	0	0	96,089
60	7,308	38,928	48,850	0	0	95,086
61	32,182	62,885	0	0	0	95,067
62	26,622	58,097	9,990	0	0	94,709
63	92,450	0	0	0	0	92,450

OS holder	4A	4B	4C	4D	4E	----	TOTAL
119	2,294	52,434	0	0	0		54,728
120	52,782	0	0	0	0		52,782
121	0	31,800	0	20,628	0		52,428
122	51,441	0	0	0	0		51,441
123	51,333	0	0	0	0		51,333
124	32,119	18,012	0	0	0		50,131
125	49,863	0	0	0	0		49,863
126	0	3,720	0	45,814	0		49,534
127	48,870	0	0	0	0		48,870
128	36,519	0	0	0	12,156		48,675
129	0	36,861	0	11,308	0		48,169
130	0	0	48,148	0	0		48,148
131	27,307	0	0	20,832	0		48,139
132	47,963	0	0	0	0		47,963
133	0	22,392	0	24,866	0		47,258
134	24,008	18,897	3,743	0	0		46,648
135	28,284	16,752	0	0	0		45,036
136	44,611	0	0	0	0		44,611
137	42,018	0	0	2,189	0		44,207
138	14,625	0	29,557	0	0		44,182
139	0	43,456	0	0	0		43,456
140	43,285	0	0	0	0		43,285
141	0	0	43,052	0	0		43,052
142	42,391	0	0	0	0		42,391
143	42,264	0	0	0	0		42,264
144	0	42,135	0	0	0		42,135
145	0	0	41,873	0	0		41,873
146	0	41,459	0	0	0		41,459
147	0	32,732	0	0	8,168		40,900
148	40,818	0	0	0	0		40,818
149	40,801	0	0	0	0		40,801
150	40,793	0	0	0	0		40,793
151	35,256	0	5,455	0	0		40,711
152	39,793	0	0	0	0		39,793
153	9,322	30,306	0	0	0		39,628
154	0	39,216	0	0	0		39,216
155	37,996	948	0	0	0		38,944
156	6,639	31,563	0	0	0		38,202
157	31,772	6,322	0	0	0		38,094
158	37,766	0	0	0	0		37,766
159	33,278	4,066	0	0	0		37,344
160	37,027	0	0	0	0		37,027
161	0	36,073	0	0	0		36,073
162	35,527	0	0	0	0		35,527
163	35,397	0	0	0	0		35,397
164	35,106	0	0	0	0		35,106
165	34,922	0	0	0	0		34,922
166	34,818	0	0	0	0		34,818
167	34,818	0	0	0	0		34,818
168	26,083	8,713	0	0	0		34,796
169	34,560	0	0	0	0		34,560
170	0	34,429	0	0	0		34,429
171	14,876	18,623	0	0	0		33,499
172	24,636	0	0	8,748	0		33,384
173	0	32,962	0	0	0		32,962
174	19,284	13,598	0	0	0		32,882
175	3,622	0	0	28,841	0		32,463
176	0	0	32,196	0	0		32,196
177	24,164	0	7,766	0	0		31,930
178	0	31,904	0	0	0		31,904

QS bolder	4A	4B	4C	4D	4E	TOTAL
239	16,727	0	0	0	0	16,727
240	16,716	0	0	0	0	16,716
241	16,403	0	0	0	0	16,403
242	16,160	0	0	0	0	16,160
243	0	15,896	0	0	0	15,896
244	15,829	0	0	0	0	15,829
245	15,813	0	0	0	0	15,813
246	15,763	0	0	0	0	15,763
247	0	15,709	0	0	0	15,709
248	0	15,466	0	0	0	15,466
249	15,452	0	0	0	0	15,452
250	15,346	0	0	0	0	15,346
251	0	0	0	15,333	0	15,333
252	15,264	0	0	0	0	15,264
253	14,836	0	0	0	0	14,836
254	14,827	0	0	0	0	14,827
255	14,554	0	0	0	0	14,554
256	14,527	0	0	0	0	14,527
257	14,510	0	0	0	0	14,510
258	0	14,095	0	0	0	14,095
259	14,030	0	0	0	0	14,030
260	13,986	0	0	0	0	13,986
261	0	0	13,713	0	0	13,713
262	13,696	0	0	0	0	13,696
263	13,576	0	0	0	0	13,576
264	13,396	0	0	0	0	13,396
265	13,142	0	0	0	0	13,142
266	0	0	13,005	0	0	13,005
267	12,599	0	0	0	0	12,599
268	12,542	0	0	0	0	12,542
269	8,550	0	0	0	3,878	12,428
270	12,361	0	0	0	0	12,361
271	12,355	0	0	0	0	12,355
272	12,238	0	0	0	0	12,238
273	12,106	0	0	0	0	12,106
274	12,104	0	0	0	0	12,104
275	0	11,907	0	0	0	11,907
276	11,759	0	0	0	0	11,759
277	11,690	0	0	0	0	11,690
278	9,460	2,104	0	0	0	11,564
279	11,111	0	0	0	0	11,111
280	11,107	0	0	0	0	11,107
281	0	10,820	0	0	0	10,820
282	0	0	0	0	10,816	10,816
283	5,880	0	0	2,905	1,856	10,641
284	10,255	0	0	0	0	10,255
285	10,075	0	0	0	0	10,075
286	10,024	0	0	0	0	10,024
287	9,900	0	0	0	0	9,900
288	9,900	0	0	0	0	9,900
289	9,900	0	0	0	0	9,900
290	0	9,820	0	0	0	9,820
291	9,750	0	0	0	0	9,750
292	9,730	0	0	0	0	9,730
293	9,698	0	0	0	0	9,698
294	9,650	0	0	0	0	9,650
295	0	0	0	0	9,457	9,457
296	0	0	9,382	0	0	9,382
297	9,154	0	0	0	0	9,154
298	9,148	0	0	0	0	9,148

QS bolder	4A	4B	4C	4D	4E	TOTAL
359	3,744	0	0	0	0	3,744
360	3,735	0	0	0	0	3,735
361	0	0	0	0	3,620	3,620
362	3,570	0	0	0	0	3,570
363	0	0	0	0	3,560	3,560
364	3,559	0	0	0	0	3,559
365	3,559	0	0	0	0	3,559
366	0	0	0	0	3,478	3,478
367	0	0	0	0	3,345	3,345
368	3,306	0	0	0	0	3,306
369	3,261	0	0	0	0	3,261
370	0	3,114	0	0	0	3,114
371	3,084	0	0	0	0	3,084
372	2,898	0	0	0	0	2,898
373	0	0	2,893	0	0	2,893
374	2,724	0	0	0	0	2,724
375	0	0	2,580	0	0	2,580
376	0	0	0	0	2,533	2,533
377	0	0	0	0	2,427	2,427
378	0	0	0	0	2,369	2,369
379	0	2,368	0	0	0	2,368
380	2,343	0	0	0	0	2,343
381	0	0	0	0	2,331	2,331
382	2,299	0	0	0	0	2,299
383	0	0	0	0	2,292	2,292
384	2,172	0	0	0	0	2,172
385	2,135	0	0	0	0	2,135
386	0	0	0	0	1,935	1,935
387	1,900	0	0	0	0	1,900
388	1,827	0	0	0	0	1,827
389	0	0	0	0	1,823	1,823
390	1,820	0	0	0	0	1,820
391	0	0	0	0	1,775	1,775
392	1,719	0	0	0	0	1,719
393	0	1,686	0	0	0	1,686
394	1,591	0	0	0	0	1,591
395	0	0	0	0	1,563	1,563
396	0	0	1,534	0	0	1,534
397	1,484	0	0	0	0	1,484
398	1,434	0	0	0	0	1,434
399	1,425	0	0	0	0	1,425
400	0	0	0	0	1,302	1,302
401	1,301	0	0	0	0	1,301
402	1,121	0	0	0	0	1,121
403	0	0	0	0	1,118	1,118
404	0	0	0	0	1,106	1,106
405	0	0	0	0	1,072	1,072
406	1,031	0	0	0	0	1,031
407	0	0	0	0	1,013	1,013
408	0	0	0	0	1,003	1,003
409	988	0	0	0	0	988
410	0	0	0	0	983	983
411	0	953	0	0	0	953
412	0	0	0	0	944	944
413	0	0	0	0	856	856
414	0	0	0	0	739	739
415	732	0	0	0	0	732
416	0	0	0	0	681	681
417	0	0	0	0	675	675
418	674	0	0	0	0	674

QS bolder	4A	4B	4C	4D	4E	TOTAL
475	0	0	0	0	121	121
476	0	0	0	0	104	104
477	0	0	0	0	103	103
478	0	0	0	0	100	100
479	0	0	0	0	98	98
480	0	0	0	0	96	96
481	0	0	0	0	91	91
482	0	0	0	0	83	83
483	71	0	0	0	0	71
484	0	0	0	0	56	56
485	0	0	0	0	52	52
486	0	0	0	0	47	47
487	0	0	0	0	46	46
488	0	0	0	0	45	45
489	0	0	0	0	41	41
490	0	0	0	0	34	34
491	32	0	0	0	0	32
492	0	0	0	0	30	30
493	0	0	0	0	27	27
494	0	0	0	0	23	23
495	0	0	0	0	21	21
496	0	0	0	0	11	11
TOTAL	10,154,187	3,325,446	2,034,681	2,259,496	139,999	17,913,809
%	57%	19%	11%	13%	1%	

APPENDIX D

DISTRIBUTION OF 1996 HALIBUT AREA 4 UNBLOCKED QS HOLDERS

QS holder	4A		4A Total	4B		4B Total	4C		4C Total	4D		4D Total	Grand Total
	C	U		U			U			U			
137	150	0	150	0	0	0	0	0	0	0	0	0	150
138	2	0	2	0	0	0	0	0	0	0	0	0	2
139	7	0	7	0	0	0	0	0	0	0	0	0	7
140	62	0	62	0	0	0	0	0	0	0	0	0	62
141	769	0	769	0	0	0	0	0	0	0	0	0	769
142	0	30	30	0	0	0	0	0	0	0	0	0	30
143	5	0	5	0	0	0	0	0	0	0	0	0	5
144	191	0	191	0	0	0	0	0	0	0	0	0	191
145	79	0	79	0	0	0	0	0	0	0	0	0	79
146	219	0	219	0	0	0	0	0	0	0	0	0	219
147	0	0	0	184,294	184,294	0	0	0	0	0	0	0	184,294
148	6	0	6	0	0	0	0	0	0	0	0	0	6
149	246	0	246	0	0	0	0	0	0	0	0	0	246
150	510	0	510	0	0	0	0	0	0	0	0	0	510
151	86	0	86	0	0	0	0	0	0	0	0	0	86
152	1,441	0	1,441	0	0	0	0	0	0	0	0	0	1,441
153	100	0	100	0	0	0	0	0	0	0	0	0	100
154	0	196,060	196,060	0	0	0	0	0	0	0	0	0	196,060
155	28	0	28	0	0	0	0	0	0	0	0	0	28
156	0	529	529	0	0	0	0	0	0	0	0	0	529
157	181	0	181	0	0	0	0	0	0	0	0	0	181
158	342	0	342	0	0	0	0	0	0	0	0	0	342
159	18	0	18	0	0	0	0	0	0	0	0	0	18
160	109	0	109	0	0	0	0	0	0	0	0	0	109
161	0	328,709	328,709	113,387	113,387	0	0	0	0	0	0	0	442,096
162	0	0	0	0	0	128,008	128,008	0	0	0	0	0	128,008
163	231	0	231	0	0	0	0	0	0	0	0	0	231
164	165	0	165	0	0	0	0	0	0	0	0	0	165
165	0	734	734	0	0	0	0	0	0	0	0	0	734
166	23	0	23	0	0	0	0	0	0	0	0	0	23
167	147	0	147	0	0	0	0	0	0	0	0	0	147
168	98	0	98	0	0	0	0	0	0	0	0	0	98
169	126	0	126	0	0	0	0	0	0	0	0	0	126
170	100	0	100	0	0	0	0	0	0	0	0	0	100
171	49	0	49	0	0	0	0	0	0	0	0	0	49
172	0	0	0	0	0	0	0	0	0	241,540	241,540	0	241,540
173	102	0	102	0	0	0	0	0	0	0	0	0	102
174	0	0	0	93,320	93,320	0	0	0	0	0	0	0	93,320
175	2,018	0	2,018	0	0	0	0	0	0	0	0	0	2,018
176	0	0	0	239,816	239,816	0	0	0	0	0	0	0	239,816
177	0	800	800	0	0	0	0	0	0	0	0	0	800
178	22	0	22	0	0	0	0	0	0	0	0	0	22
179	86	0	86	0	0	0	0	0	0	0	0	0	86
180	0	0	0	234,159	234,159	0	0	0	0	331,155	331,155	0	565,314
181	0	0	0	219,984	219,984	0	0	0	0	0	0	0	219,984
182	51	0	51	0	0	0	0	0	0	0	0	0	51
183	0	0	0	253,705	253,705	0	0	0	0	284,444	284,444	0	538,149
184	10	0	10	0	0	0	0	0	0	0	0	0	10
185	8	0	8	0	0	0	0	0	0	0	0	0	8
186	52	0	52	0	0	0	0	0	0	0	0	0	52
187	87	0	87	0	0	0	0	0	0	0	0	0	87
188	0	1,202	1,202	0	0	0	0	0	0	0	0	0	1,202
189	50	0	50	0	0	0	0	0	0	0	0	0	50
190	51	0	51	0	0	0	0	0	0	0	0	0	51
191	202	0	202	0	0	0	0	0	0	0	0	0	202
192	0	275,516	275,516	0	0	0	0	0	0	0	0	0	275,516
193	1,568	0	1,568	0	0	0	0	0	0	0	0	0	1,568
194	5,484	0	5,484	153,740	153,740	0	0	0	0	280,175	280,175	0	439,399
195	1,060	0	1,060	0	0	0	0	0	0	0	0	0	1,060
196	199	0	199	0	0	0	0	0	0	0	0	0	199
197	222	0	222	0	0	0	0	0	0	0	0	0	222
198	92	0	92	0	0	0	0	0	0	0	0	0	92
TOTAL	62,595	3,909,914	3,972,509	5,743,102	5,743,102	1,921,119	1,921,119	2,426,500	2,426,500	14,063,230			14,063,230
% of TOTAL			28%			41%		14%		17%			100%

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SUPPLEMENT
Final Regulatory Flexibility Analysis (FRFA)
for a Regulatory Amendment
to Increase Halibut Quota Share (QS) Use Limits
in Regulatory Area 4 of the Individual Fishing Quota (IFQ) Program.

January 10, 1997

BACKGROUND

The North Pacific Fishery Management Council (Council) recommended and NMFS prepared this regulatory amendment and its supporting documents under authority of the Magnuson-Stevens Fishery Conservation and Management Act. The Council also prepared an initial regulatory flexibility analysis (IRFA) in support of the proposed action. On December 2, 1996 (61 FR 63812), NMFS published in the Federal Register a proposed rule inviting public comments on the proposed amendment, the IRFA, and other supporting documents through January 2, 1997. NMFS approved the regulatory amendment on [date] and will implement this action through a final rule. Copies of the IRFA are available from the Council or from NMFS (see Further Information below).

In conjunction with promulgation of the final rule to implement this regulatory action, NMFS has prepared this FRFA as a supplement and appendix to the IRFA. The reasons for this action are explained in the preamble to the proposed rule. There have been no changes in the measures as described in the proposed rule for this action.

OBJECTIVES OF AND NEED FOR THE FINAL RULE

Limits on QS use were created in response to concerns that an unrestricted market for QS could result in a few powerful interests controlling most of the IFQ landings and thus result in excessive decreases in the number and demographic distribution of vessels and fishermen participating in the fixed gear halibut fishery. The use limits restrict the amount of QS that a single QS holder may use to harvest IFQ species. Current regulations at 50 CFR 679.42(b)(3) allow a single QS holder to use no more than one-half percent (0.005) of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E combined, unless the amount in excess of this limit was received in the initial allocation of QS. The one-half percent limit for these regulatory Areas combined limited QS use to 165,015 QS units per IFQ holder in 1996.

The amount of halibut, in pounds, that a fisherman is allowed to harvest each year is calculated annually by dividing the number of QS units a fisherman holds by the QS pool, the total of all QS for each respective IFQ regulatory area. From the resulting figure is derived the percentage of the catch limit of halibut that a fisherman may harvest in each IFQ regulatory area for which he holds QS. This percentage is then multiplied by the catch limit in each IFQ regulatory area determined annually for halibut by the IPHC. The mathematical formula for deriving IFQ pounds from QS is given at 50 CFR 679.40(c). Because the TAC can change annually in response to changes in fish stocks, IFQ based on a certain amount of

QS can also vary from year to year. The QS pool can also change as appeals are decided and additional QS issued, or as QS are revoked due to violations.

In 1995, representatives of the fishing industry testified to the Council that the limited profits available from halibut harvests under the one-half percent limit were insufficient to justify the expense of traveling to remote fishing grounds in the western Aleutian Islands and Bering Sea. To further exacerbate this problem, most QS are distributed among IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E. Hence, QS units result in differing amounts of IFQ poundage for each specific regulatory area. For example, in 1996, the Area 4 use cap of one-half percent (165,015 QS units) resulted in 32,813 IFQ pounds for regulatory area 4B, but only 16,005 IFQ pounds for regulatory area 4C. Moreover, because the current use limit is expressed as a percentage of the QS pool and the size of the QS pool can vary from year to year, a fisherman's QS holdings that are at the use limit one year could exceed the use limit in another year without the fisherman adding more QS to his holdings.

At its meeting in January 1996, the Council initiated an analysis of options for increasing BSAI halibut use limits from one percent to two percent and at its next meeting, in April 1996, approved the analysis for public review. The Council took final action to recommend a regulatory amendment increasing the use limits to one percent at its meeting in June, 1996. Under this proposal, the halibut QS use limit in the BSAI would be increased from one-half percent to one percent of the QS pool. This would allow halibut QS holders currently at the present limit to increase their QS and would provide greater economic incentive to harvest halibut in remote areas of the western Aleutian Islands and Bering Sea.

Current regulations at 50 CFR 679.42 set the use limit as a percentage of the QS pool in any given year; this action would fix the use limit for regulatory area 4 at one percent of the 1996 QS pool for a total of 333,029 QS units. For consistency, regulations at 50 CFR 679.42(f)(1) and (2), which set halibut QS use limits for IFQ regulatory areas 2C, 3A, and 3B, would be revised also to set the halibut QS use limit for all IFQ regulatory areas at a fixed number of QS units rather than a percentage of the annual QS pool. By setting the use limit at a fixed number of QS units, this action would provide QS holders with an unchanging QS limit that will not vary according to the size of the QS pool. While the amount of IFQ produced from a certain amount of QS will vary from year to year, an invariable use limit would allow QS holders to judge more accurately whether or not their holdings exceed the use limit.

A SUMMARY OF SIGNIFICANT ISSUES RAISED BY PUBLIC COMMENTS

No letters of comment on this regulatory amendment were received during the public comment period for the proposed rule.

DESCRIPTION AND ESTIMATE OF THE NUMBER OF SMALL BUSINESS TO WHICH THE RULE WILL APPLY

Approximately 500 halibut QS holders in regulatory areas 4A-4D will benefit from an increase in the Area 4 QS use limit, either as QS buyers or sellers. Area 4E would not be affected by this action, because all of the halibut QS in this area is assigned to the CDQ Program. Under this action, 32 QS holders would be allowed to increase their holdings above the current limit to the new limit. Because blocked QS are limited by block and vessel category restrictions, unblocked QS units are more likely to be transferred. The unblocked halibut QS units in regulatory areas 4A-D equal approximately 2.1 million lb of halibut worth more than \$4.6 million in ex-vessel value.

DESCRIPTION OF THE PROJECTED REPORTING, RECORDKEEPING, AND OTHER COMPLIANCE REQUIREMENTS OF THE RULE

No significant additional administrative, enforcement, or information costs are expected under this action.

DESCRIPTION OF THE STEPS THE AGENCY HAS TAKEN TO MINIMIZE THE SIGNIFICANT ECONOMIC IMPACTS ON SMALL ENTITIES

This action will have a significant positive impact on small businesses. It is not likely to lead to a reduction in the gross revenues received by the small business sector of the fleet. Rather, the alternatives to the status quo will significantly improve the profitability of operations for fishermen wishing to harvest IFQ halibut in remote areas of the western Aleutian Islands and Bering Sea. It will have no associated negative impacts that need to be minimized.

FURTHER INFORMATION

For further information contact: James Hale, Alaska Regional Office, NMFS, phone: 907-586-7228. Copies of the final rule and the Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis and Supplemental Final Regulatory Flexibility Analysis for this action may be obtained from Fisheries Management Division, Attn: Lori Gravel, Alaska Region, National Marine Fisheries Service, P.O. Box 21668, Juneau, AK 99802.