

# Angler Day Program Common Pool Allocation

## Alternative 1. Angler Day Program with Common Pool Management

- Moratorium permits would remain in place with this program.

*Alternative 1, Element 1 implements measures to allow market-based reallocation between the commercial sector and the charter sector using a common pool management regime.*

### Element 1:1: Holder of Quota Share, Method of Funding and Revenue Stream

- A. State of Alaska Common Pool
  - Bonding (funding source)
  - Option 1: Charter sportfishing license surcharge –(revenue source)
  - Option 2. Business license fee/surcharge or limited entry permit holder
    - suboption 1. fee is based on number of clients
    - suboption 2. fee is based on number of fish

- B. Regional Non-Profit Association Common Pool
  - Loan (funding source)
  - Self assessment fee (revenue source)

*(Need to look at halibut act and see if a common pool management scheme would be considered as too excessive consolidation of shares – should be able to deal with but might need to be creative and address the issues. A regional assoc. might not have this issue if you write it such that every charter operator is a shareholder of the assoc, therefore every shareholder owns a share of the quota and it is not excessive consolidation.)*

### Element 1.2: Method of compensation

- Option 1: Willing seller, willing buyer
- Option 2: Pro-rata reduction
  - Suboption 1: one time purchase
  - Suboption 2: annual leasing

*(Analysis of pro rata reduction will need to look at the tax consequences that the commercial QS holder will experience. IE if the payment for pro rata reduction is considered ordinary income, the QS holder would be responsible for self employment taxes. How this should effect the determination of price paid to the QS holder. The effect a pro-rata reduction will have on the lending institutes, will this tighten up lending opportunities? Will this provide less opportunity for entry level participants)*

Revenue streams will be for a defined period and end after the loan or bond is paid off, i.e. continuous open-ended revenue streams are to be avoided.

## Element 2. Who manages the allocation, method of managing allocation and overage and underage provisions

### Element 2.1 Management Entity/Method of administering allocation

- Option 1: In-season management by NMFS (close season when cap is reached)
- ~~Option 2. Catch Sharing Plan (Federal) (Interim management measure proposed)~~
- Option 3. State Delegation (in-season or preseason management as in SE King Salmon Management Plan and could include sub-area management)

Suboption: Divide the charter season into separate seasons

- a. 3 seasons
- b. 4 seasons

Element 2.2 Overage/Underage of allocation

(placeholder – need to work on)

Element 3. Allocation of the common pool is administered by conversion to angler days. An angler day would be used once fishing starts for the day regardless of whether the client catches a fish or not.

~~Option 1. pounds using a length measurement~~

~~Option 2. convert allocation to numbers of fish~~

Element 4: Restrictions on transferability of commercial quota share by charter sector, with grandfather clause to exempt current participants in excess of proposed limits

Element 4.1: Limits on transferability by Area with a common pool allocation

A percentage of the combined commercial and charter catch limit will be available for transfer between sectors.

Option 1. Limit transferability between sectors to a percent of the commercial quota share units available by area at time of implementation of the program by area (2C & 3A). ~~to a percent of the combined commercial and charter catch limit~~

Sub-option 1: 10 percent

Sub-Option 2: 15 percent

Sub-Option 3: 20 percent

Sub-Option 4: 25 percent

~~Option 2. Limit transferability to a percent of the annual commercial setline harvest level~~

~~Sub option 1: 10 percent~~

~~Sub Option 2: 15 percent~~

~~Sub Option 3: 20 percent~~

~~Sub Option 4: 25 percent~~

~~Option 3. Limit transferability to a percent by area~~

~~Sub option 1: 10 percent~~

~~Sub Option 2: 15 percent~~

~~Sub Option 3: 20 percent~~

~~Sub Option 4: 25 percent~~ *(These were Duncan's amendments, this section is not talking about an annual amount that can be transferred back and forth between sectors but a total amount that can be transferred. By area is inserted in the title and the wording under option 1 is expanded to try and provide greater clarity)*

Element 4.2: Limits on **QS** purchase by entities purchasing for a common pool:

Option 1. Limited annually to a percentage (30-50%) of the average amount of QS transferred during the previous five years.

- Option 2. No limits to the amount that can be transferred annually
- Option 3. Restrictions on vessel class sizes/blocked and unblocked/ blocks above and below sweep-up levels to leave entry size blocks available for the commercial market and to leave some larger blocks available for an individual trying to increase their poundage.
- ~~Option 4. Limited annually to 1%, 3%, or 5% of the annual commercial setline harvest level—IFQ by area~~
- ~~—Sub option: By vessel category—(Deleted this amendment suggested by Duncan because it doesn't make sense in this section since the ownerships caps for 2C is 1% and 3A is 1/2% and this would make it more liberal than what we have suggested and what Duncan was stating as he offered these is he thought the limits we had suggested were too liberal and a Princess Cruise Lines could tie up all the allocation)~~

(These options are not intended to be mutually exclusive.)

Element 4.3: Limits on **IFQ** leasing by a common pool entity

- A. The common pool may only lease 0-15% of holdings back to the commercial sector.
- B. Commercial quota share holders may lease up to 10% of their quota share on an annual basis to the charter industry.
  - a. Sub-option: Quota share holders that hold less than 500 lbs to 1,000 lbs may lease 50-100% of their quota share to the charter sector.

**Element 5: Angler Days, Initial issuance, leasing, transfers**

**Element 5.1: Permit share-based assignment based on Client-days<sup>1</sup>**

Initial issuance - award number of client day units from ADF&G logbooks which correspond to:

- Suboption 1. Total client-days during 1998-2005
- Suboption 2. Average client-days during best 3 years from 1998 – 2005
- Suboption 3. Total client-days during best 3 years from 1998 – 2005

Endorsement leases

- Suboption 1. Allow transfers, limited to client day endorsement caps
- Suboption 2. Allow unlimited transfers

Transfers

- Suboption 1. Client days not transferable
- Suboption 2. Client days fully transferable:
  - 1. Permanent: must go through NMFS (RAM division)
  - 2. In-season transfers: allowed between charter businesses

**Element 5.2: Limited Entry Permit Leases** (in-season only; reverts to permit holder at beginning of next season)

- Option 1. not allowed, except for “unavoidable circumstance”<sup>2</sup>

<sup>1</sup> Permit endorsement of an angler day for every client fishing bottomfish/halibut in a day

<sup>2</sup> Acceptable circumstances will be adjudicated on a case by case basis through the National Marine Fisheries Appeals Division, but includes medical emergencies, military exemptions, constructive losses. An individual who was assigned to active military duty during 2004 or 2005 and who qualifies as “active ”

Option 2. allowed, limited to use cap and not more than 2 out of 5 years

**Element 5.3: Permit use caps, individually and collectively, with grandfather provision**

Same as under moratorium

**Issue 6. Communities**

*(how many angler days should a CQE moratorium permit holder receive or should a % of the charter allocation be set aside if necessary for use of CQE moratorium permits to access as angler days?)*

---

during the year prior to implementation<sup>7</sup> and who demonstrated an intent to participate in the charter fishery in Area 2C or 3A.(prior to the qualifying period) shall be eligible for a moratorium permit.