

**CHARTER HALIBUT TAKEHOLDER COMMITTEE RECOMMENDATIONS  
ALLOCATION/SHARE-BASED ALTERNATIVES AND OPTIONS  
REVISED FEBRUARY 28, 2007**

**ACTION 1. ALLOCATION BETWEEN COMMERCIAL/CHARTER SECTORS**

**ALTERNATIVE 1. NO ACTION**

**ALTERNATIVE 2. SET AN ALLOCATION BETWEEN THE COMMERCIAL AND CHARTER SECTORS**

**Issue 1. Allocation**

Option 1. Fixed Percentage of combined commercial/charter catch limit:

<b>formula</b>	<b>Area 2C</b>	<b>Area 3A</b>
a. 125% of average harvest of 2000-2004, translated to percentage	16%	15%
b. equal to the 1995-99 GHJ, translated to percentage	13%	14%
c. percentage of combined 2004 commercial/charter catch	14%	13%
e. equal to 2005 charter harvest, translated to a percentage	15%	13%

Suboption. Suballocate between subareas.<sup>1</sup> (placeholder for State of Alaska recommendations)

**Issue 2. Overage/Underage**

Option 1. allow overages/underages to be transferred between commercial and charter sectors

**Issue 3. Mechanisms to increase charter sector harvest** with compensation to the commercial sector; increased fishing opportunity to recreational anglers as demand grows; opportunity for charter sector growth in areas that are currently underdeveloped; and maintain stability in coastal communities. Note: this issue was deferred to a working group which will meet on March 20, 2007.

Option 1. Allow the state to hold commercial QS/IFQ and transfer the poundage/percentage to the charter sector

Suboption 1. By purchase of commercial quota share (permanent)

Suboption 2. By lease of commercial IFQs (annual)

Option 2a. Allow use of commercial QS in the charter sector through permanent transfer (converted to fish) by purchase or conversion between individual commercial QS holders and the charter sector

Eligibility

Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut QS in the charter fishery

Suboption 2. Must hold a halibut charter limited entry permit and a commercial transfer eligibility certificate to use commercial halibut QS in the charter fishery

Permanent Transferability (Sale)

- Commercial QS is fully transferable across sectors and retains original class designations
- Allow commercial blocks to be split to transfer smaller pieces to the charter sector.
- Split blocks retain original block designations
- Allow transfer of any (A, B, C, or D) vessel class QS for use in charter sector
- Charter business may not hold more than 1 block of Class D QS  $\geq$  sweep-up level

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<sup>1</sup> Develop local area management plans (LAMPs) on a separate timeline.

- Option 3a. Allow use of commercial IFQ in the charter sector through temporary leasing (converted to fish)
- < 10 percent of a commercial QS holder's IFQ may be annually leased to charter sector between private individuals
  - Allow commercial blocks to be split to transfer smaller pieces to the charter sector.
- Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut IFQ in the charter fishery
- Suboption 2. Must hold a halibut charter limited entry permit and a commercial transfer eligibility certificate to use commercial halibut IFQ in the charter fishery
- Option 3b. Allow commercial QS holders to annually lease their 10 percent underage of commercial IFQ (converted to fish) to increase the charter sector allocation. IFQ would be held by a regional charter association, with administration and collection of fees by the State of Alaska.
- Option 4. Allow charter halibut limited entry permit holders to convert their permits into increased allocation at initial issuance
- Suboption 1. Each charter halibut permit is equal to percentage of charter sector allocation based on total number of charter permits (equal shares)
- Suboption 2. Each charter halibut permit is equal to percentage of charter sector allocation based on class or other designation of limited entry permit

## **ACTION 2. SHARE-BASED SYSTEMS**

### **ALTERNATIVE 1. NO ACTION**

### **ALTERNATIVE 2. LIMITED ENTRY PERMIT ENDORSEMENTS (PERMIT CLASSES)**

#### Issue 1. Vessel Name on Limited Entry Permit

- Option 1. No vessel name on limited entry permit
- Option 2. Vessel name is required on limited entry permit

#### **Issue 2. Permit endorsements**

- Option 1. No permit classes
- Option 2. Permit transferability
- Suboption a. Immediately transferable if more than or equal to a) 20; b) 40; c) 60; or 80 angler days each year
- Suboption b. Non-transferable if less than or equal to preferred alternative above a) 20; b) 40; c) 60; or 80 angler days] (except to underdeveloped communities under Issue 13)
- Suboption. By port/subarea (placeholder for State of Alaska)
- Option 3. Tiered Permit Classes
- Class A – (over 80 bottomfish trips)
  - Class B – (60 - 79 bottom fish trips)
  - Class C – (40 - 59 bottomfish trips)
  - Class D – (20 - 39 bottomfish trips)
  - Class E – (minimum # for moratorium - 19 bottomfish trips)

### **ALTERNATIVE 2. LIMITED ENTRY PERMIT ENDORSEMENTS (ANGLER DAYS)**

#### **. Permit share-based assignment based on Client-days<sup>3</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

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<sup>3</sup> Permit endorsement of an angler day for every client fishing bottomfish/halibut in a day

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

**Issue 4. 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>4</sup>
- Option 2. allowed, limited to use cap and not more than 2 out of 5 years

**Issue 5. Permit use caps, individually and collectively, with grandfather provision**

*Same as under l program and X percent of Issue 3. Shared-based assignments*

**PLACEHOLDER FOR ENDORSEMENTS ON PERMITS HELD BY COMMUNITIES**

**ALTERNATIVE 3. CHARTER QUOTA SHARE PROGRAM**

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

**Issue 2. Initial Distribution of QS:**

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

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

Pool 2 (“Recency”): Active businesses (submitted at least one logbook that reported groundfish fishing days) between 2002 and 2005 AND whose business participated in 2005 AND met the legal qualifying criteria.

Suboption 1. A recipient receives 25% of one potential share of this pool for each year of participation during 2002-2005 (four years). For example, a business with participation in all four years would receive a full share (100%). A business with participation in three years would receive 75% of a full share, etc.

Suboption 2. Use client/rod days for days fished to reward client effort (6 client rod days v 1 day for the same fishing trip). (Rods (or number of clients logged in, if rods not filled out), (A year with no effort counts as “0”)

Option 2. Individuals will pick their best three out of most recent six years (include “0” for years less than 3) and average their total number of client/rod days for those three years. (use bottomfish where halibut not available)

<sup>4</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 ” 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.

### **Issue 3. Transfer of QS:**

#### **Permanent QS transfers**

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

#### **Temporary transfers (IN-SEASON IFQ lease):**

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

#### Leasing amount Options:

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

**Block restrictions** - allow splitting of commercial blocks to transfer a smaller piece to the charter sector - split blocks retain original designations.

**Vessel class restrictions** - from A, B, C, and/or D commercial vessel category sizes to charter sector, except that no charter business may hold more than 1 "D" category block equal to or above the sweep-up level.

### **Issue 4. To receive halibut QS and IFQ by transfer:**

For the charter sector, must be a permit holder or sign affidavit attesting that all legal requirements were met to participate in the charter fishery.

For the commercial sector, must have a commercial transfer eligibility certificate<sup>5</sup>.

### **Issue 5. Caps**

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

### **Issue 6. Miscellaneous provisions**

- A one-year delay between initial issuance of QS and fishing IFQs to allow reaction to initial issuance to match clients to QS prior to first season under program.
- Halibut harvested aboard a charter vessel continues to be the property of the angler who caught the halibut provided the charter owner possesses sufficient IFQ.

**Issue 7. IFQs** associated with the charter quota shares would be issued in numbers of fish based on 5-year rolling average determined by ADF&G).

#### **Option: pounds**

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<sup>5</sup> All commercial rules apply to any provision that may permit the use of commercial QS/IFQ for commercial purposes by any entity in the Charter IFQ sector

**Issue 8. Reporting:**

Placeholder for NOAA Fisheries Service

**Issue 9. Community set-aside**

- a. Set aside 1% of the combined commercial and charter halibut quota to communities with ¼ percent annual increases if utilized, to a maximum of 2 percent.
- b. Source of the set-aside: Equal pounds from the commercial and charter sectors.  
Preferred Option : proportional to split between sectors
- c. Sunset provisions: 10 years (starting in the first year of issuance). Persons currently participating in the set-aside program at the time of sunset would be allowed to operate within the guidelines of the program.

**APPENDIX**

**Mechanisms to finance compensated reallocation to the current charter sector to allow for growth**

- Option 1. State charter stamp
- Option 2. Allow private entities to purchase commercial QS/IFQ through fundraising, grants, donations, etc.) and convert to charter allocation; lease back unused allocation at end of year (part of KACO plan)
- Option 3. Business Improvement District (tax on trips dedicated to certain purpose)
- Option 4. Funds from compensated transfer of unused charter allocation back to commercial sector
- Option 5. Allow State to hold IFQs in trust through State bonds (similar to bonds issued recently for construction of State hatchery)
- Option 6. Federal funding/grants/stamp to fund entities to purchase QS and convert to charter allocation