

CHARTER HALIBUT STAKEHOLDER COMMITTEE
RECOMMENDATIONS FOR PERMANENT SOLUTION ALTERNATIVES AND OPTIONS
APRIL 2006

ALTERNATIVE 1. NO ACTION

ALLOCATION 2. ALLOCATION TO THE CHARTER HALIBUT SECTOR

Issue 1. Allocation

Option 1. Fixed Percentage:

	Area 2C	Area 3A	based on
a.	16.37%	15.92%	125% of average harvest of 2000-2004, translated to percentage
b.	13.05%	14.11%	equal to the 1995-99 GHL, translated to percentage
c.	14.7%	12.9%	percentage of combined 2004 commercial/charter catch
d.	12.1%	12.9%	convert current GHL into percentage based on 2004

of: (some crosses are not applicable)

- i. Total Constant Exploitation Yield
- ii. Combined commercial/charter Fishery Constant Exploitation Yield
- iii. Combined commercial/charter catch limit

Option 2. Fixed Pounds

	Area 2C	Area 3A	based on
a.	1.693 Mlb	4.011 Mlb	update GHL to 2000-2004
b.	1.432 Mlb	3.650 Mlb	equal to the 1995-1999 GHL

- Suboption 1. Without step up/down
- Suboption 2. With stair step up/down provisions indexed to options i, ii, iii if changed by 5, 10, or 15% of the base years of the initial allocation

Issue 2. Overage/Underage

- Option 1. apply overages/underages to the following year's allocations by sector
- Option 2. allow overages/underages to be transferred across sectors
- Option 3. 3 or 5 year rolling average of catch to determine if overage/underage occurred in latest year
- Option 4. \pm 5 or 10% overage/underage results in no management response and $>$ 5 or 10% overage/underage leads to change in measures

Issue 3. Mechanisms to increase charter sector harvest

Purpose statement: To provide: mechanism to increase charter sector harvests 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.

- 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
 - Suboption 2. By lease of commercial IFQ's annually

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

Eligibility

- Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut QS in the charter fish
- Suboption 2. Must hold a halibut charter limited entry permit and be a qualified participant in the commercial halibut fishery (i.e., hold a commercial transfer eligibility certificate) to use commercial halibut QS in the charter fishery

Permanent Transferability

- 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

Option 3. 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 fish

Suboption 2. Must hold a halibut charter limited entry permit and be a qualified participant in the commercial halibut fishery (i.e., hold a commercial transfer eligibility certificate) to use commercial halibut IFQ in the charter fishery

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

Issue 4. Mechanisms to finance compensated reallocation to the current charter sector to allow for growth

Option 1. State charter stamp

Moved to previous section

Option 2. Allow private entities to purchase commercial QS/IFQ and convert to charter allocation; lease back unused allocation at end of year (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

Issue 5. LIMITED ENTRY PROGRAM

1. Permit recipients

- Permits would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. Grandfather currently licensed vessels who do not meet above requirements until any change in ownership.
- Registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation
- Business may receive multiple permits associated with vessels owned by business

2. Permit designation

- for each area (2C and 3A)
- by vessel type (inspected vessels and uninspected/Super-T vessels)

3. Permit class

Option 1. No permit classes

Option 2. Permit class

Class A. Immediately transferable if more than or equal to a) 10; b) 30; or c) 50 days each year

Class B. Non-transferable if less than or equal to preferred alternative above [a) 10; b) 30; or c) 50 days] (except to underdeveloped communities immediately, if no permit class is designated)

Suboption. By port/subarea (placeholder for State of Alaska)

Option 3. Permit class based on 1998 - 2005 logbook records of total groundfish effort days per season (100 % transferable; stacking of permits is allowed up to use caps; immediately transferable)

Suboption A. Average of the 3 best years.

Suboption B. 1. Best year and

2. Must have a minimum of 10 annual trips for 3A, and minimum of 6 annual trips for 2C (eliminates Area 3A Class H and Area 2C Class G logbooks)

<u>Area 3A</u>			<u>Area 2C</u>		
	Trips	Avg. # Businesses	Trips	Avg. # Business	
Class H	<10	82	Class G	<6	81
Class G	10 – 25	91	Class F	6 – 10	76
Class F	26 – 35	42	Class E	11 – 25	51
Class E	36 – 45	36	Class D	26 – 35	35
Class D	46 – 55	32	Class C	36 – 45	28
Class C	56 – 65	29	Class B	46 – 55	21
Class B	66 – 75	28	Class A	56 – 65 ceiling	14
Class A	76 – 85 ceiling	25	Unclassified	> 66 trips*	71
Unclassified	> 86 trips*	67			

Option 4. Rod permit endorsement

Sub-option 1. equal to the maximum number of rods fished in any one day on the vessel.

Sub-option 2. equal to best year of 1998-2005 for total number of client rods fished divided by effort days in the chosen season to determine the rod endorsement.

Option 5. Angler-days (= 1 client fishing bottomfish/halibut in 1 day)

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

Suboption 1. Total angler-days during 1998-2005

Suboption 2. Average angler-days during best 3 years from 1998 – 2005

Suboption 3. Total angler-days during best 3 years from 1998 – 2005

Transfers

Suboption 1. Angler days fully transferable:

1. Permanent: must go through NMFS (RAM division)

2. In-season transfers: allowed between charter businesses

Suboption 2. Angler days not transferable

4. Permit Transfers (through sale)

Anyone who can meet State and USCG licenses to charter or anyone who wants to hire skippers may purchase permit(s)

5. Permit Leases (in-season only; reverts to holder at beginning of next season)

Option 1. not allowed, except for medical transfer, military or constructive loss

Suboption 1: medical emergencies, modeled after proposed commercial QS program changes – needs additional clarification

Suboption 2: military exemption, modeled after proposed commercial QS program changes – needs additional clarification.

Suboption 3: constructive loss

Option 2. allowed, limited to use cap

6. Rod endorsement leases

- Option 1. Allow transfers, limited to rod endorsement caps and within permit class (if such is selected under Issue 3, Option 4)
- Option 2. Allow unlimited transfers
 - Suboption. Substitute angler day permits for rods in above options

7. Vessel replacement and upgrade (can switch between permit classes)

- a. inspected vessels
- b. uninspected vessels

- Option 1. Exclude upgrades of uninspected 12-packs over 100 gross t (“Super-T” (passenger for hire))
- Option 2. Grandfather uninspected 12-packs over 100 gross t

8. Vessel use caps, individually and collectively, with grandfather¹ provision

uninspected (limited to 6 clients) :	for inspected and uninspected 12-packs over 100 gross t:
Option 1. 1 permit	Option 1. 1 permit
Option 2. 5 permits	Option 2. 2 permits
Option 3. 10 permits	Option 3. 3 permits

¹Grandfathered status is lost if ownership changes, except for block - retains grandfather status

9. Permit use caps, individually and collectively, with grandfather¹ provision

uninspected vessels (limited to 6 clients) :	for inspected and Super –T vessels:
Option 1. 10 permits	Option 1. 3 permits
Option 2. 20 permits	Option 2. 6 permits
Option 3. 30 permits	Option 3. 9 permit

10. Permit renewal

- Option 1. do not require renewal
- Option 2. must renew annually
 - Suboption. not renewable, if permit holder lets it expire

11. Permit stacking

- allowed, limited to use caps

Issue 6. Communities

For Areas 2C and 3A communities:

Criteria for exclusion from list:

1. within 20, 40, 60, 80 nmi of major charter port¹ or
2. more than 10-50 charter trips (any species) per year during 2004-2005 listing that community as port of landing
3. 1-5 number of charter (any species) businesses active in a community:

Option 1. Allow community eligibility through Community Quota Entity (CQE) to *purchase* between 1-10 limited entry permits per community

Option 2. Allow the qualifying CQE to *request* between 1-10 non-transferable limited entry permits per community for use by residents in the community. Permits would have limited duration of 5 years after issuance of permit for use by any one individual. Permits would be issued: 10, 20, or 30 trips per permit in Area 2C and 20, 40, or 60 trips per permit in Area 3A

¹ Area 2C: Skagway, Juneau, Haines, Angoon, Elfin Cove, Gustavus, Petersburg, Wrangell, [Craig, Klawock], Ketchikan, Hoonah, Thorne Bay, Sitka, Whale Pass, Metlakatla; Area 3A, [Kenai, Soldotna], [Deep Creek, Ninilchik, Anchor Point], [Homer, Halibut Cove, Seldovia], Seward, Whittier, Valdez, Yakutat, Kodiak

Stakeholder Committee list of communities that may result from the above criteria

Area 2C	2000 Population	Area 3A	2000 Population
Coffman Cove	199	Akhiok	80
Edna Bay	49	Cheneg Bay	86
Hollis	139	Karluk	27
Hydaburg	382	Larsen Bay	115
Kake	710	Nanwalek	177
Kassan	39	Old Harbor	237
Meyers Chuck	21	Ouzinkie	225
Pelican	163	Port Graham	171
Point Baker	35	Port Lions	256
Port Alexander	81	Tatitlek	107
Port Protection	63	Tyonek	193
Tenakee Springs	104		
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12 communities	1,985	11 communities	1,674

ALTERNATIVE 3. INCLUDE THE CHARTER SECTOR IN THE HALIBUT IFQ PROGRAM

IFQs are an access privilege, not an ownership right. They may be revoked or limited at any time in accordance with the North Pacific Halibut Act as well as the Magnuson-Stevens Act, and other federal laws. Charter IFQ halibut may not be sold into commerce - i.e., all sport regulations remain in effect.

Issue 1. Initial QS would be:

13.05% in Area 2C and 14.11% in Area 3A of a combined charter and commercial quota

This is equal to 125% of corrected average 1995-99 charterboat harvest.

100% of an individual’s QS would float with abundance.

Issue 2. Initial allocation of QS would be issued to U.S. citizens or to U.S. companies on the following basis: 75% U.S. ownership

registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation

Issue 3. Qualification Criteria

Participation in the charter halibut fishery by a business during any of the years 1998 – 2005 AND active participant in 2005 (or most recent year, depending on when analysis commences).

- A. Proof of USCG license for years claimed (recipient or hired skipper). For entire history; if can’t prove then don’t get history for that skipper, as required
- B. Proof of commercial charter insurance for each of the qualifying years claimed. For 2005
- C. Proof of USCG random drug test program for a business for each of the qualifying years claimed. Started in mid-90s; not redundant to USCG license; need to verify that these records are available; inspected vessels have to verify this; have to have this info at place of business for current and past years
- D. Submitted ADF&G logbooks showing groundfish effort for each of the qualifying years claimed.
- E. ADF&G Guide Business License for each of the qualifying years claimed
Or CFEC license for years prior to Guide License Requirement
- F. Inspected vessels must show proof Certificate of Inspection was current for years claimed in order to receive more than one block for each 30 days of effort. A vessel that fished without an approved COI would be treated as a 6 pack during the years the COI was not current

Issue 4. 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”) Skipper fish counts toward denominator, but not for numerator for QS and not against IFQs) This might need more explanation if left in without further details or use as a note for yourself on our intent.

Option 2. Businesses qualified with 1998 through 2005 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria. Individuals will pick their best three years during 1998 and 2005 (include “0” for years less than 3) and average their total number of client/rod days for those three years. (groundfish where halibut not available)

Issue 5. 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
4. IFQs used in charter sector may/not be leased within the sector
5. IFQs from the commercial sector transferred for use in the charter sector could be leased to either sector

Temporary transfers (IN-SEASON IFQ lease):

1. [0, 20, 40, 60, 80, 100%] of a charter operators annual IFQ is leasable within the charter sector for no more than 2 out of 5 years of the program.
2. Leasing is defined as the use of IFQ on a charter vessel on which the owner of the QS has less than a 50% ownership interest.
3. a maximum of 30% of a charter operator’s annual IFQ may be leased; up to 10% may be leased to commercial sector after August 15; 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 6. To receive halibut QS and IFQ by transfer:

For the charter sector, must be an initial charter issuee or qualified as defined by State of Alaska requirements for charter businesses and registered guides and fulfill all legal obligations of the charter sector and hold USCG license or have hired a skipper who holds USCG license.

For the commercial sector, must have a commercial transfer eligibility certificate. 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 7. Caps

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

Issue 8. Miscellaneous provisions

1. Maximum line limit of 12 in Area 3A (remains at 6 lines for Area 2C), grandfather initial recipients at maximum lines in 2005, however, line limits in excess of the maximum are non-transferable. Grandfather provisions are maintained upon transfer if entire holdings are sold; after splitting the holdings, they may not be recombined beyond maximum line limit
2. 10% underage provision of total IFQs (allow to carry over to next season - similar to commercial program).
3. 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)
4. 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 9. IFQs associated with the charter quota shares may be issued in:

Numbers of fish (based on 5-year rolling average determined by ADF&G)

Issue 10. Reporting:

Placeholder for NOAA Fisheries Service

Issue 11. 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.
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.

Criteria for exclusion from list:

1. within 20, 40, 60, 80 nmi of major charter port or
2. more than 10-50 charter trips (any species) per year during 2004-2005 listing that community as port of landing
3. 1-5 number of charter (any species) businesses active in a community
4. See Alternative 2, Communities for Stakeholder Committee list of communities that may result from the above criteria