

**CHARTER HALIBUT STAKEHOLDER COMMITTEE RECOMMENDATIONS**  
**PERMANENT SOLUTION ALLOCATION/SHARE-BASED ALTERNATIVES AND OPTIONS**  
**OCTOBER 2006**

**ACTION 2. ALLOCATION**

**ALTERNATIVE 1. NO ACTION**

**ALTERNATIVE 2. ALLOCATION TO THE CHARTER HALIBUT SECTOR**

**Issue 1. Allocation**

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

<del>formula</del>	<b>Area 2C</b>	<b>Area 3A</b>
a. <del>125% of average harvest of 2000-2004, translated to percentage</del> <del>125% of average harvest of 2000-2004, translated to percentage</del>	16.37%	165.92%
b. <del>equal to the 1995-99 GHL, translated to percentage</del> <del>equal to the 1995-99 GHL, translated to percentage</del>	13.05%	14.11%
c. <del>percentage of combined 2004 commercial/charter catch</del> <del>percentage of combined 2004 commercial/charter catch</del>	154.7%	1312.9%
d. <del>convert current GHL into percentage based on 2004</del> <del>convert current GHL into percentage based on 2004</del>	12.1%	132.9%

Option 2. Fixed Pounds

<del>formula</del>	<b>Area 2C</b>	<b>Area 3A</b>	<b>formula</b>
a. <del>update GHL to 2000-2004</del> <del>GHL to 2000-2004</del>	1.7693 Mlb	4.011 Mlb	update
b. <del>equal to the 1995-1999 GHL</del> <del>the 1995-1999 GHL</del>	1.432 Mlb	3.7650 Mlb	equal to
Suboption 1.	Without step up/down		
Suboption 2.	With stair step up/down provisions if changed by 5, 10, or 15% of the base years (selected above) of the initial allocation- (i.e., if the halibut stock were to change from 15 to 24 percent from its average CEY, then the allocation would be changed by 15 percent. If the stock abundance were to change at least 25 to 34 percent, then the allocation would change by an additional 10 percent. If it continued to change by at least 10 percent increments, the allocation would change by an additional 10 percent.)		

Suboption. Suballocate between subareas. <sup>1</sup> ~~Develop local area management plans (LAMPs)~~  
 (placeholder for State of Alaska recommendations)

**Issue 2. Overage/Underage**

~~Option 1. apply overages/underages to the following year's allocations by sector~~

Option 21. allow overages/underages to be transferred across sectors

Option 32. 3 or 5 year rolling average of catch to determine if overage/underage occurred in latest year

Option 43. ± 5 or 10% overage/underage results in no management response and >5 or 10% overage/underage leads to change in measures

**Issue 33. 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.

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

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

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

Discussion below is moved to an appendix:

~~Issue 4. 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 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~~

**ACTION 3. SHARE-BASED SYSTEMS**

**ALTERNATIVE 1. NO ACTION**

**ALTERNATIVE 32. LIMITED ENTRY PROGRAM<sup>2</sup> with PERMIT ENDORSEMENTS (Moratorium) Limited Entry Permit would continue, with some proposed changes**

**Issue 1. Permits** must be renewed annually<sup>3</sup>

**Issue 2. Permit endorsements**

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 under Issue 13, ~~Option 3, 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~~

~~Suboption 1. Average of the 3 best years.~~

~~Suboption 2. i. Best year and~~

~~ii. 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)~~

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

~~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.~~

**Issue 3. Permit share-based assignment based on AnglerClient-days<sup>4</sup> (=1 client fishing bottomfish/halibut in 1 day)**

Initial issuance - award number of anglerclient day units from ADF&G logbooks which

correspond to:

Suboption 1. Total anglerclient-days during 1998-2005

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

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

<sup>2</sup> Military (Morale, Welfare, and Recreational) boats are exempted from QS program. They could be issued limited entry exemption permits

<sup>3</sup> Permits could not be renewed if allowed to lapse (due to holder’s inaction to renew or because minimum activity was not met)

<sup>4</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

~~Suboption. Substitute client day permits for rods in above options~~

Transfers

Suboption 1. ~~Angler~~Client days not transferable

Suboption 2. ~~Angler~~Client days fully transferable:

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

2. In-season transfers: allowed between charter businesses

**Issue 4. Permit Leases** (in-season only; reverts to permit holder at beginning of next season)

Option 1. not allowed, except for “unavoidable circumstance”

Option 2. allowed, limited to use cap

**12. Rod endorsement leases**

~~Option 1. Allow transfers, limited to rod endorsement caps and within permit class (if selected under Issue 3, Option 4)~~

~~Option 2. Allow unlimited transfers~~

~~Suboption. Substitute angler day permits for rods in above options~~

**13. 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~~

**14. Vessel use caps, individually and collectively**, with grandfather<sup>5</sup> provision

~~uninspected (limited to 6 clients) : inspected and uninspected 12-packs > 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~~

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

~~uninspected (limited to 6 clients) : inspected and uninspected 12-packs > 100 gross t:~~

~~Option 1. 10 permit Option 1. 3 permit~~

~~Option 2. 20 permits Option 2. 6 permits~~

~~Option 3. 30 permits Option 3. 9 permits~~

~~Same as under I program and 1/2 percent of revised Issue 3. Shared-based assignments (trips, rods, or client days depending on option selected).~~

**OPTION: Placeholder for development of endorsements on permits held by communities**

<sup>5</sup> A business whose permit is endorsed in excess of the permit endorsement maintains that exemption for those that remain in its control after others may be sold, but those sold vessels lose that grandfather status in perpetuity. Grandfathered vessels that are sold in total when a business owner sells his entire business/fleet maintain that grandfathered status.

## 6. Communities

- ~~Option 1. For Areas 2C and 3A communities previously identified under Amendment 66, allow a community represented by a CQE to purchase between 1-10 limited entry permits per community through the CQE.~~
- ~~Option 2. A CQE representing a community, in which has < 10 active<sup>6</sup> charter businesses with their primary place of business in the community terminated trips, may request a moratorium permit on behalf of a community resident.~~
- ~~Area 2C use cap of 3 permits per qualified community~~
  - ~~Area 3A use cap of 5 permits per qualified 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 in Area 2C and (20, 40, or 60) trips in Area 3A~~
  - ~~Suboption. Exclude communities from GOA FMP Amendment 66 list using the following criteria:~~
    - ~~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~~

## ALTERNATIVE 43. INCLUDE THE CHARTER SECTOR IN THE HALIBUT IFQ PROGRAM

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

~~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). Require that permit applicant signs affidavit attesting that all legal requirements were met.<sup>7</sup>~~

### 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”) 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)

<sup>6</sup> “Active” is defined as 20 or more charter bottomfish trips per year

<sup>7</sup> The only tangible evidence is the ADF&G logbook, which requires meeting State legal requirements

### 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
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 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>8</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

- ~~Maximum line limit of 12 in Area 3A (remains at 6 lines for Area 2C), grandfather<sup>9</sup> initial recipients at maximum lines in 2005, however, line limits in excess of the maximum are non-transferable.~~
- ~~10% underage provision of total IFQs allows carry over to next season.~~
- 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.

<sup>8</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

<sup>9</sup> A business whose permit is endorsed in excess of the permit endorsement maintains that exemption for those that remain in its control after others may be sold, but those sold vessels lose that grandfather status in perpetuity. Grandfathered vessels that are sold in total when a business owner sells his entire business/fleet maintain that grandfathered status.

**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).

**Issue 8. Reporting:**

Placeholder for NOAA Fisheries Service

**Issue 9. Community set-aside** (trailing amendment for which communities would be included)

**COMMITTEE DEFERRED ACTION, except for strike-outs below**

- 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.

~~Option. Exclude communities from GOA FMP Amendment 66 list using the following criteria::~~

- ~~1. within 20, 40, 60, 80 nmi of major charter port or~~
- ~~1. more than 10-50 charter trips (any species) per year during 2004-2005 listing that community as port of landing~~
- ~~2. 1-5 number of charter (any species) businesses active in a community~~
- ~~3. See Alternative 2, Issue 6 Communities for Stakeholder Committee list of communities that may result from the above criteria~~

**APPENDIX**

**Issue 4. 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