

## White Paper on Limited Entry for Snapper Grouper Charter/Headboat Permits

South Atlantic Fishery Management Council  
Snapper Grouper Committee  
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### **Introduction**

The National Marine Fisheries Service (NMFS) issues South Atlantic snapper grouper charter/headboat (for-hire) permits, which are required to fish for species in the Snapper Grouper FMP on charter boats and headboats in the South Atlantic exclusive economic zone (EEZ). The South Atlantic snapper grouper for-hire permits are open access and must be obtained each year. There is no limit to the total number of permits that can be issued by NMFS. There were 1,528 valid permits as of January 19, 2017 (**Table 1**).

**Table 1.** South Atlantic federal snapper grouper for-hire permits. State is based on the registered homeport of the vessel with the for-hire permit. Data source: [NMFS SERO Permits Webpage](#), accessed 1/19/17

| State               | # Permits    |
|---------------------|--------------|
| North Carolina      | 285          |
| South Carolina      | 164          |
| Georgia             | 50           |
| Florida- East Coast | 352          |
| Florida- Keys       | 326          |
| Florida- West Coast | 220          |
| AL/MS/LA/TX         | 51           |
| Mid-Atlantic        | 72           |
| New England         | 8            |
| <b>TOTAL</b>        | <b>1,528</b> |

The NMFS Southeast Regional Headboat Survey reported a total of 76 headboats participating in the survey in 2015, which makes up about 6% of vessels with Snapper Grouper for-hire permits. In a survey of charter and headboat operators in the South Atlantic (not including the Florida Keys), Holland et al. (2012) found that 79% of charter respondents were full-time with an average of 17.5 years in the industry, and 100% of headboat respondents were full-time with an average of 23 years in the industry.

At recent meetings, the South Atlantic Fishery Management Council (Council) discussed some issues with the for-hire sector of the snapper grouper fishery that could be addressed through limiting the number of for-hire permits in the fishery, and some potential benefits to improve the for-hire component. The potential challenges that the Council could address include limiting the number of for-hire vessels interacting with red snapper thereby lowering discard mortality, data quality issues, compliance with existing (headboats) and upcoming (charter vessel) reporting requirements, and overcapacity in the for-hire fleet (too many boats). The Snapper Grouper Advisory Panel (AP) has discussed and approved motions to recommend limiting the number of

for-hire permits at several meetings since 2011, and most recently at their November 2016 meeting. Input from port meetings for the Snapper Grouper visioning project also included some support for limited entry for the for-hire sector. The AP and Visioning input are presented in more detail below.

This paper is organized into three sections. The first section discusses ways that limited entry could address problems in the for-hire sector of the Snapper Grouper fishery, which is followed by a summary of public input (AP, Visioning, and public comment). The third section covers several design features, and options under each feature, that the Council could consider.

It is important to note that different features and provisions of a limited entry system will address different management goals. The Council will need to first develop clear and specific goals for a limited entry system before considering the features best suited to reach the desired outcomes.

### **How limited entry could address issues in the for-hire component of the snapper grouper fishery**

#### **Data Quality and Reporting Compliance**

The NMFS Southeast Fishery Science Center (SEFSC) reported on the timeliness of headboat reporting for 2015 at Council meetings in March 2016 and December 2016. The SEFSC presented the reporting noncompliance procedures that were developed in conjunction with the Office of Law Enforcement (OLE) and NOAA General Counsel. Reports (including no fishing) are due one week after the end of the fishing week. If a report is more than 14 days overdue, the permit holder is sent a reminder via email. If a report is 22 days overdue, a delinquency notice is sent and vessel permits placed on hold; and at 30 days overdue, OLE is notified of the delinquent report.

Most headboat trips occur from March through August and consequently, the fewest number of weekly inactivity reports are filed during these months. Of the 21,000+ weekly reports received in 2015, approximately one-third was submitted late by one or more weeks. About 5% of reports were five or more weeks overdue. Preliminary data for 2016 indicate that about 25% of the headboat reports are submitted late by one or more weeks, with 4% overdue by five or more weeks. The number of headboats with overdue reports that have not been submitted is unknown.

In December 2016, the Council approved the South Atlantic For-Hire Reporting Amendment for formal review. This amendment includes actions to require individuals and entities with the federal Charter/Headboat permits for South Atlantic Snapper Grouper, Atlantic Dolphin Wahoo, and Atlantic Coastal Migratory Pelagics (CMP) to submit weekly electronic reports on landings of federally managed species and fishing location. [Note: Headboats are currently required to report weekly but this amendment would shorten the time required for them to report.] The proposed actions are expected to improve the timeliness and accuracy of data from the for-hire fleet.

Some Council members, AP members, and fishermen speaking during public comment sessions have expressed concern that there is no accountability for non-compliance with the proposed reporting requirements because the permits are open access. If a permit holder does not submit

the required reports and the permit becomes invalid, then it is possible for the individual or entity to apply for a new open access permit. This loophole reduces success of the electronic for-hire reporting requirements to the extent non-compliance occurs due to lack of an actual penalty for delinquent reporting. Compliance in the Gulf of Mexico is higher presumably because the for-hire permits are limited entry.

### **Limiting the Number of Vessels Interacting with Red Snapper**

Simply putting a cap on the number of charter vessels and number of headboats at or even slightly above current numbers would prevent an increase in the number of vessels fishing and having a bycatch of red snapper. If the Council pursues an adaptive management approach, it would be important to not have more for-hire vessels entering the fishery, thereby increasing the level of discards of red snapper. This could occur if charter vessels wanted to become headboats and carry more passengers or if private recreational anglers wanted to become a charter captain to fish in additional areas.

A simple system that capped vessels would help cap the total potential discard mortality from the for-hire sector.

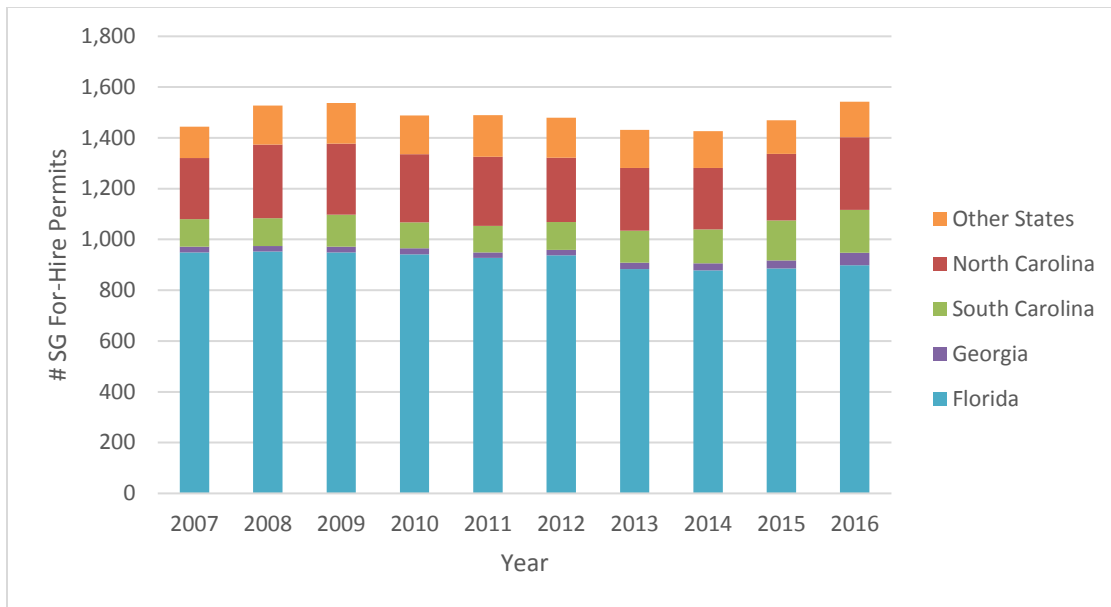
### **Overcapacity**

Overcapacity occurs when the fleet has the capability to harvest more fish than the annual catch limit(s) allow. A technical paper published by the Food and Agriculture Organization (FAO) of the United Nations (Ward et al. 2004) identifies qualitative indicators of overcapacity in fisheries including:

- overfished/overfishing status of the stock(s)
- open access fishery
- harvest regularly exceeds or meets the catch limit
- increasing harvest rate each year (i.e., shorter and shorter seasons)
- controversy over allocations (perception of scarcity)
- latent permits
- declining catch per unit effort (CPUE)

Overcapacity can also be described in terms of the number of boats in relation to the demand for charter and headboat trips. Holland et al. (2012) found that ‘decreasing demand for fishing services’ to be a major long-term concern for surveyed charter and headboat operators, especially in Florida (east coast) and North Carolina. This concern ranked behind increasing costs (permit/fuel), unlicensed operators, and several environmental concerns. This issue may be localized in certain communities in the region. A limited entry system could help to reduce the number of vessels over time, through an active reduction or passive reduction (i.e., retiring permits as operators leave the fishery).

The total number overall of Snapper Grouper for-hire permits has varied little over the past decade (**Figure 1**). However, there has been an increase in South Carolina from 110 permits in 2012 to 169 permits in 2016. In Georgia, there were 22 permits in 2012 and 49 permits in 2016. These increases could be due to the Council’s control date of June 15, 2016, and the increased public awareness that a federal for-hire permit is required for federal waters.



**Figure 1.** South Atlantic federal snapper grouper for-hire permits issued, 2007-2016. State is based on the registered homeport of the vessel with the for-hire permit. For 2007-2015, permit numbers are based on permit numbers for December 31 of each year. For 2016, permit numbers are based on accessing the permit database on Nov 15, 2016. Florida includes SA SG for-hire permits issued to vessels on the east and west coasts of Florida. Data source: NMFS SERO Permits Dataset.

### Professionalize the For-Hire Fleet

Currently, individuals and entities with federal Snapper Grouper for-hire permits also participate in other fisheries and may also participate in the commercial sector. Holland et al. (2012) reported that almost all of surveyed charter and headboat operators work full-time in the for-hire business, but a majority reported that ‘unlicensed operators’ are a major short-term and long-term concern. Additionally, public comment indicates that part-time operators may have negative effects on the profitability of full-time businesses by offering substantially lower trip prices.

The Council has discussed ‘professionalizing’ the fishery by limiting participants to those most likely to participate full-time. A limited entry would likely inevitably result in a professionalized fleet because participation would require more of an investment, specifically if there are any additional costs to meet eligibility requirements for a permit. This could be economically beneficial in that full-time businesses could have more consistent access to the snapper grouper resource and maximize profits (i.e., quality over quantity). A limited entry system could be designed to reduce or limit the number of part-time participants, allowing full-time participants more access to customers.

## **Public Input**

### **Snapper Grouper Advisory Panel Input**

The Council's Snapper Grouper Advisory Panel (AP) has voted several times since 2011 in support of making the snapper grouper for-hire permit a limited entry permit.

**April 2011:** MOTION: COUNCIL SHOULD CONSIDER LIMITING PARTICIPATION IN THE CHARTER/FOR-HIRE SECTOR. LOOK AT THE POSSIBILITY OF INCOME REQUIREMENTS TO BE ELIGIBLE FOR PERMIT RENEWAL. \*\*\*INTENT IS TO BENEFIT PEOPLE WHO MAKE A LIVING IN THE BUSINESS (HISTORICAL PARTICIPATION) AS OPPOSED TO THOSE WHO USE AS TAX DEDUCTION, ETC\*\*\* (9 in favor, 3 opposed) (This motion was approved after a previous motion for a moratorium did not pass (5-5 vote)).

**Nov 2012:** MOTION: THE COUNCIL SHOULD CONSIDER A MORATORIUM ON ALL SNAPPER GROUPE PERMIT-HOLDERS IN THE FOR-HIRE SECTOR (CHARTER AND HEADBOAT) IN THE SOUTH ATLANTIC.

\*\*\*INTENT IS TO STOP ISSUING NEW PERMITS IN THE SOUTH ATLANTIC\*\*\*\*  
APPROVED (6 in favor, 1 opposed)

**April 2013:** MOTION: COUNCIL SHOULD CONSIDER A MORATORIUM ON ALL FOR-HIRE SNAPPER GROUPE PERMITS IN THE SOUTH ATLANTIC TO BE CONSISTENT WITH THE MORATORIUM FOR THE FOR-HIRE VESSELS IN THE GULF.  
(8 in favor, 3 opposed)

**Oct 2014:** MOTION: RECOMMEND THAT THE COUNCIL CONSIDER IMPLEMENTING A LIMITED ENTRY PROGRAM FOR THE FOR-HIRE SECTOR. (vote count n/a)

During the most recent meeting that occurred from **October 31st to November 1, 2016**, the Snapper Grouper AP discussed limited entry in the for-hire sector with highlights from the discussion below (taken directly from the Snapper Grouper AP Report):

Regarding the question "Do you think limiting entry into the for-hire sector is warranted at this time?"

- Some AP members were not in favor of limiting entry for the for-hire sector because it could lead to sector separation like in the Gulf of Mexico.
- Some AP members were not in favor of limiting access to the for-hire fishery because of their view of free markets.
- It was stated that the number of for-hire operators in the region is not the issue; data collection and management are the issues. Another issue that will have significant issues on the for-hire sector is Red Snapper management. There is concern among the for-hire industry that if large areas are closed because of Red Snapper, there will not be a charter business anymore.
- Why is there a for-hire permit if for-hire businesses are lumped in with the private recreational sector for management and monitoring purposes? The for-hire sector needs to be made accountable and managed in a way that will allow charter captains to stay in business.

- Concern that for-hire sector is being harmed due to “unaccountability” of the private recreational sector. In that sense, sector separation seems like a good idea to some AP members. However, this needs to be explained very clearly to the public.
- There is continued concern that the MRIP survey is not adequate for managing the for-hire sector. Council staff clarified that the MRIP sampling methodology will continue for charter vessels until after the proposed logbook program for charter vessels is implemented and validated. So, there will be some overlap. Also, states would need to require a logbook program for their for-hire vessels as well before the methodology could shift from the current MRIP sampling to a MRIP-certified logbook sampling program.
- AP members felt that as soon as a control date is set on an open access permit, it is no longer perceived as an open access permit. Permits should be numbered because there is no way to identify permits that were in existence prior to the control date.

Regarding the question “What impact do you think the upcoming weekly electronic requirement for the for-hire sector will have on limiting entry?”

- Can’t have one without the other because otherwise there will be no compliance and a lot of effort will be spent setting up the program but the benefits will be minimal.
- As long as the weekly reporting requirement goes in to place at the federal and state levels, there is no need for limiting entry. The reporting requirement will take care of identifying the number of users in the charter boat industry. If we then find that there are too many fishermen, then limited entry can be considered at that time.
- The most important thing is to get accurate data. Implementing limited entry is not going to keep some fishermen from engaging in charter fishing without a permit. Currently there are many charter boat captains that are not aware of the requirement for a federal permit.
- Some charter captains feel the reporting burden should be placed on the individual fisherman, the customer.
- Concern is that private recreational fishermen could soon be looking to obtain a for-hire permit just so they can go fishing since possible closures or seasons are likely to be implemented to address management of Red Snapper.
- Some AP members felt that the for-hire sector should be separate from the overall recreational sector in order to survive.
- It was noted that the number of permits outside the Council’s area would complicate a limited entry program for Coastal Migratory Pelagics (CMP) and for Dolphin Wahoo (DW). Also, DW permits are open access for both the recreational and commercial sectors whereas the CMP and snapper grouper fisheries already have limited entry for the commercial sector. This would complicate things further.
- Limited entry program could create an economic incentive to consolidate permits, etc. However, in the Gulf, the limited entry permits are still inexpensive.
- The current system does not allow for tracking of permits since they are not numbered. When a permit is transferred from one boat to another, the NMFS Permits Office simply issues a new one since the permits are open access. According to an AP member, the NMFS Permits Office agrees that there should be a way of identifying the permits individually.

The Snapper Grouper AP approved the following motion (Oct/Nov 2016):

**MOTION: SUPPORT LIMITED ENTRY FOR THE SNAPPER GROUPE FOR-HIRE PERMIT.** (13 in favor, 3 opposed)

### **For-Hire Limited Entry as a part of Snapper Grouper Visioning**

Limited entry as a management tool for the for-hire permits came up as a part of the Snapper Grouper Visioning process in both the 2014 port meetings and the 2015 visioning public input sessions. In the port meetings, consideration of limited entry for the for-hire sector came up at least once as an issue in both North Carolina and Florida meetings. Potential solutions offered included:

- Make for-hire permits 2-for-1 like they are with the snapper grouper unlimited commercial permits,
- Establish a control date for for-hire permits (Note: The Council established a Control Date of June 15, 2016),
- Establish a moratorium for new for-hire permits,
- Entities getting a for-hire permit must show evidence of landings history in for-hire fisheries,
- Establish an income requirement from for-hire fisheries to be eligible to get a for-hire permit,
- Require education or training as a prerequisite to renewing a permit, and
- Establish a maximum limit of for-hire permits and when a permit is retired, it would go back into the pool of eligible permits

At the 2015 visioning public input sessions, there was comment received that limited entry was not needed with for-hire permits, at least in some areas. In other areas, attendees at the public input session expressed the need for capping the number of for-hire permits because there were too many already.

### **Public Comments**

Overall, most comments received have been in opposition to limited entry in the for-hire sector for all managed fisheries. Commenters pointed out that there has not been a sharp increase in the number of permits in recent years, and that there are other options to improve compliance with the proposed reporting requirements. There was concern that limited entry would lead to sector separation (i.e., separate allocations of the recreational ACL for private recreational and for-hire recreational) or individual quotas. There have been a few comments in support of a limited entry permit to cap growth in the fishery, improve compliance, and reduce ‘loopholes’ for vessels without a federal permit being exempt from federal requirements.

# Considerations for Limited Entry

It is important to note that different features and provisions of a limited entry system will address different management goals. **The Council will need to first develop clear and specific goals for a limited entry system** before considering the features best suited to reach the desired outcomes.

## Time-limited Moratorium prior to Limited Entry System

The Council could establish a moratorium on new permits that would expire on a certain date or by a specified trigger, unless the Council acted to continue the moratorium or establish a permanent limited entry system. A time-limited moratorium would allow the Council to evaluate the current for-hire sector conditions and to design a permanent limited entry system without fluctuation in the permits. This would also address the red snapper discard issue during the moratorium.

Examples of how this has been done in the past are shown below:

- 1) Snapper Grouper commercial permit:
  - No initial moratorium. Limited entry went into effect on Dec 14, 1998. Unlimited permits (SG1) eligibility based on landings requirements; all other permit holders received non-transferable 225-lb (SG2) permits in large part to allow older fishermen to use this as a part of their retirement plan.
- 2) King mackerel commercial permit:
  - Moratorium on new permits starting Oct 16, 1995, until Oct 15, 2000 (CMP Am 8)
  - Moratorium extended to Oct 15, 2005 (CMP Am 12)
  - Established indefinite limited entry as of July 7, 2005 (CMP Am 15)
- 3) Rock shrimp limited access permit:
  - No initial moratorium. Limited access permit required to harvest rock shrimp south of GA/SC line. Landings requirement to qualify for the RSLA permit.
- 4) Gulf reef fish and Gulf CMP charter/headboat permits:
  - Moratorium on new permits starting June 16, 2003, until June 16, 2006 (RF Am 20/ CMP Am 14)
  - Established indefinite limited entry in June 2006 (RF Am 25/ CMP Am 17)

## Type(s) of permits

The Council would need to determine whether there would be one or multiple types of permits established in a potential limited entry system.

### **Potential types of permit(s)**

- One limited entry permit for all federally-permitted for-hire vessels targeting snapper grouper species in the EEZ, issued to those determined eligible
- One limited entry permit for headboats, and one limited entry permit for charter vessels targeting snapper grouper species in the EEZ, issued to those determined eligible
- Separate limited entry permit associated with specific areas or species, that would be required along with the limited entry for-hire permit. This would be similar to an endorsement, except that it would have a termination date and require renewal each year.



- Limited entry permit with conditions, such as a limit on number of trips per year
  - Could accommodate part-time participants
  - Along the same lines to the Snapper Grouper 225-lb Commercial Permit
  - \* This will likely be very complicated to determine who is “part-time” and difficult to enforce the conditions (e.g., limited number of trips).

### **Eligibility**

The Council would need to develop criteria for determining who would receive a limited entry snapper grouper (SG) for-hire permit at the onset of a program, and could also specify eligibility criteria to maintain a permit. These criteria would determine the total number of SG for-hire permits issued. The number of permits, or the specified maximum number of permits, should reflect the Council’s objectives for a limited entry program and how this helps to reach management goals.

The Council could decide that individuals who obtained their permit prior to a specified date (e.g., the control date of June 15, 2016) or prior to a specified moratorium would be eligible to receive the limited entry SG for-hire permit. Conversely, each current permit holder could be eligible to receive a limited entry SG for-hire permit only if some specific qualifying criteria, such as a landings threshold or minimum years of participation, are met. This would reduce the number of possible permits by an amount depending on the qualifying criteria, unless the Council designed the program to initially issue a number of permits larger than the current number of permits. For example, the current number of SG for-hire permits is around 1,500. The Council could specify that there will be limit of 1,750 or 2,000 (or another quantity) permits made available to qualifying participants. The Council could also put a cap on the number of charter vessels and a separate cap on the number of headboats. Another example would be to set a designated number of additional permits for a new entrants pool, with specified requirements to be eligible to participate in the new entrants pool.

The following are some example options for determining eligibility:

#### **Moratorium**

An individual/entity is eligible if a valid open access SG for-hire permit is obtained before a moratorium goes into effect. This would be an option for initial issuance if the Council does not want the number of limited entry permits to be less than the number at the time of the moratorium (i.e., the Council does not want to reduce the number of participants initially, only cap the number).

#### **Control date:**

A control date is a publicized date specified by the Council to notify current and potential future fishermen that the Council is considering restrictions limiting participation in these fisheries. Fishermen who enter the specified fishery or sector will not be assured of future access should a management regime that limits participation in the sector be prepared and implemented.

The Council approved a control date of June 15, 2016, for the for-hire sector of the snapper grouper fishery. This control date could be used to determine eligibility to receive a limited entry

permit, or the Council could consider another date. This would be an option for initial issuance if the Council only wants to cap the number of permits.

If a rush on permits is a concern, the Council could consider a “double control date,” in which a second control date is selected and published. If a permit holder obtained a permit by the first control date and still had a valid permit on the second control date, the permit holder would be eligible to receive a limited entry permit.

The Council may want to consider exceptions for eligibility, such as permits held by an individual or entity before the control date, but moved to a new vessel or to vessels that were fishing in federal waters without a federal permit.

### **Number of Years with a Permit (the most minimal level of participation)**

An individual/entity is eligible if the permit holder has had a valid SG for-hire permit for [x] number of years. This could be an option if the Council wanted to issue limited entry permits to participants who have been [at least minimally] active in the fishery, and the Council wanted to reduce the number of limited entry permits.

Example: Held a valid SG for-hire permit for at least 3 years out of the last 5 years (specify the years, including start/end dates (calendar year?))

\*This criterion may be difficult to determine and validate.

### **Level of Involvement (number of trips or landings requirement)**

The Council could consider a minimum level of prior/current involvement in the fishery, if the management goal is to provide permits to existing for-hire permit holders working full-time, or some other level of participation. These criteria would be difficult to determine until reporting requirements for charter boats are implemented. This could be an option if the Council wanted to reduce the number of limited entry permits.

Example: An individual/entity is eligible if the permit holder has reported at least x lbs of snapper grouper species from for-hire trips in the last [x] years or x number of trips with snapper grouper species reported caught or discarded (or any federally managed species).

Example: Minimum of 100/500/1000 lbs of snapper grouper species per year from for-hire trips (specify the years, including start/end dates (calendar year?))

\* This option may help improve compliance with the proposed reporting requirements.

\*\*This criterion could be used to determine initial eligibility, or as a requirement to renew the permit.

### **Reporting Compliance**

An individual/entity is eligible if the permit holder has had fewer than [x] late landings reports in [time period]. This option is not possible until reporting requirements for charter boats are implemented. The Council could choose to exclude any individual/entity not reporting during the entire year but then reporting when renewing their permit.

Example: No more than 3/5/ or 10 reports submitted late (7 days or more) during [time period].

\* This option may help improve compliance with the proposed reporting requirements.

Any qualifying criteria that result in a vessel not receiving a limited entry SG for-hire permit would have economic and social impacts. It is likely that new entrants would be most likely to

not qualify under a landings or participation criteria. Additionally, because it is highly likely that participants in the for-hire component of the snapper grouper fishery participate in other fisheries (e.g., commercial or targeting other species), there may be years when a permit holder did not obtain a SG for-hire permit or had low participation. Denying eligibility for a permit based on a level of participation may penalize fishermen that diversify and participate in multiple fisheries.

\*\*This criterion could be used to determine initial eligibility, as a requirement to renew the permit, or both.

### **Other Requirements**

The Council may include specific requirements to receive a limited entry SG for-hire permit, which may help reach management goals and visioning goals, such as:

- Require proof of US Coast Guard certification or captain's license.
- Require certification of education/training (e.g., completion of on-line training/educations program)

### **Transferability**

Transferability of permits is not a requirement for a limited entry program, but not allowing transfers could result in a passive reduction of permits over time. However, allowing permits to be transferred could create an additional value ["exchange value" for the permit because a permit could be sold for a specific price (which will depend on the market for permits)]. This exchange value would be beneficial to permit holders wishing to exit the fishery, but could be a barrier for new entrants.

### **No transfers**

The Council may consider not allowing any limited entry SG for-hire permits to be transferred. When a permit holder exited the fishery, the permit would be retired.

- This could result in the number of permits decreasing over time as participants exit the fishery but the Council could set up a system to make new permits available without increasing the total number of permits. Permits could be made available through a lottery, waiting list, or other system (see below).
- This would remove the potential for a high "exchange value" for the permit, which would be a burden to new entrants.

### **Retirement options:**

- 1) When a permit holder does not renew the permit, the permit is retired permanently.  
The number of permits would decrease over time.
- 2) When a permit is not renewed, the permit goes into a pool and made available to new entrants.
  - a) When would the permits be made available again?
    - As soon as they are retired
    - Specified date(s) each year
    - When a minimum number of permits are in the pool
  - b) How would the permits be distributed?
    - Lottery
    - Waiting List

### **Family transfers**

The Council may consider specifying that the limited entry SG for-hire permits may only be transferred to a family member if no other transfers are allowed.

- “Family member” would need to be defined

### **Delayed transferability**

The Council may consider specifying that the limited entry SG for-hire permits are not transferable in the first 1/2/3 years.

- This would result in the number of permits decreasing over time as participants exit the fishery. Without action by the Council to create new permits to meet a specified minimum threshold, the permits would eventually cease to exist.
- Will result in terminated permits during the no-transfer period.
- This would allow the program to become established before transfers can occur.

### **Open transfers**

The Council may consider specifying that the limited entry SG for-hire permits may be transferred to anyone, or to US citizens.

- Would not substantially reduce the number of permits
- Would not apply to sale of corporations that hold the permit
- Would likely create a market for permits
- Could be expensive for new entrants

### **2-for-1 requirement for transfers**

The Council may consider specifying that two SG for-hire permits must be obtained to exchange for one SG for-hire permit (2-for-1).

- Current requirement for the SG Commercial Unlimited (SG1) permit.
- Would reduce the number of permits over time but the rate slows as more time passes
- Would not apply to sale of corporations that hold the permit
- Could be very expensive for new entrants
- Would need to establish target (i.e., the minimum number of permits) and whether or not this would stop the 2-for-1 requirement

### **Passenger capacity:**

The limited entry programs for Gulf for-hire reef fish and CMP for-hire permits specify that the passenger capacity is limited to the passenger capacity originally associated with the permit. For example, if a permit is associated with a vessel with a passenger capacity of six and the permit is transferred to another the vessel, the new vessel cannot operate under the permit with more than six passengers.

This feature helps to maintain the overall fleet capacity and limit growth in the for-hire sector. If the Council establishes separate federal permits for charter boats and headboats, the Council could also specify that there be no transfers between the two vessel types to cap fleet size and limit growth.

## **Other Design Features**

A limited entry system could be designed to address specific problems in the fishery and mitigate any potential negative effects:

### **Requirement(s) to renew the permit**

The Council could establish a requirement to maintain the permit, such as:

- Minimum landings per year (can be for a specific species, or all species) or an average of a period of years
- Minimum income from for-hire fishing (or commercial + for-hire fishing) each year (v complicated)
- Reporting compliance requirements – the permit is not eligible to be renewed if reports are not provided during the fishing year as required
  - Council can specify exceptions for compliance requirements.
- Minimum number of trips/passengers per year or an average of a period of years

### **Mechanism(s) to make additional permits available in the future under specific conditions:**

The Council may consider design elements for flexibility and to allow the limited entry system to adapt to changes in the fishery, such as a mechanism to allow additional permits to be available if certain specified conditions are met.

#### a) Minimum threshold for permit number:

The Council can establish a minimum number of permits and a mechanism to make permits available if the threshold is met. The minimum number of permits should be based on the Council's determination of the smallest number of participants required to meet the optimum yield and the management goals for the snapper grouper fishery.

#### b) Specific biological status

The Council could specify a trigger to allow additional permits available based on the biological status of one or more stocks. For example, the Council could specify that when South Atlantic red snapper is no longer designated as overfished, then [x] number of permits would be made available; or the moratorium would be removed.

## **Other Limited Entry Systems for Recreational Permits in Other Areas**

*Gulf of Mexico Limited Access CMP and Reef Fish Charter/Headboat Permits*

Generic Charter/Headboat Amendment (Reef Fish Am 20 and CMP Am 14) (2002):

<http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/CBAmendmentFINAL-corrected.pdf>

Permanent Limited Entry (Reef Fish Am 24 and CMP Am 15) (2005):

<http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/Amend24Final-105.pdf>

<http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/CMPAmend15FINAL-11.04.pdf>

*Charter Halibut Limited Access Program (Alaska)*

Overview: <https://alaskafisheries.noaa.gov/sites/default/files/chlap-secg.pdf>

Program Review: [https://alaskafisheries.noaa.gov/sites/default/files/chp\\_review1012.pdf](https://alaskafisheries.noaa.gov/sites/default/files/chp_review1012.pdf)

*Tasmania Whitebait Recreational Limited License Program*

Overview: <http://www.ifs.tas.gov.au/about-us/fishery-management/recreational-fishery/whitebait-fishery>

## **References Cited**

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