

**AMENDMENT 21 TO THE FISHERY MANAGEMENT PLAN  
FOR THE SNAPPER GROUPEL FISHERY OF THE SOUTH  
ATLANTIC REGION**

**Options Paper**

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South Atlantic Fishery Management Council

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## ABBREVIATIONS AND ACRONYMS

ABC	Acceptable biological catch
ACL	Annual Catch Limits
AM	Accountability Measure
ACT	Annual Catch Target
CDQ	Community development quota
EEZ	Exclusive Economic Zone
F	A measure of the instantaneous rate of fishing mortality
FL	Florida
FMP	Fishery management plan
FMU	Fishery management unit
FR	<u>Federal Register</u>
GA	Georgia
GOM	Gulf of Mexico
IFQ	Individual fishing quota
ITQ	Individual transferable quota
LAP	Limited access privilege
LAPP	Limited access privilege program
MSY	Maximum sustainable yield
NC	North Carolina
NOAA	National Oceanic and Atmospheric Administration
OY	Optimum yield
RA	Regional Administrator, NOAA Fisheries Southeast Region
RFA	Regional fishery association
SC	South Carolina
TAC	Total allowable catch
TFR	Territorial Use Rights of Fisheries
VMS	Vessel monitoring system

## **1.0 Purpose and Need for Action**

The management of the commercial snapper-grouper fishery in the South Atlantic is presently based on a traditional fishery regulations. Regulatory measures used in the management of the snapper-grouper complex include a license limitation system, quotas, trip limits, minimum size limits, area gear restrictions, and season closures. This management scheme has resulted in an overcapitalized fishery, derby style fishing conditions, and quota closures of the fishery, as the the collective harvest capacity of fishing vessels and participants is in excess of that required to efficiently harvest the commercial share of the total allowable catch.

Currently, nine snapper-grouper stocks are undergoing overfishing and five stocks are overfished. The South Atlantic Fishery Management Council and NOAA Fisheries Service have implemented numerous regulatory changes in recent years in an effort to end and prevent overfishing and rebuild depleted snapper-grouper stocks. These regulatory measures have resulted in decreases to commercial quotas for several species, which has lead to derby fishing conditions. As a result, the length of time it takes for some species' (e.g., golden tilefish and black sea bass) to be caught before their quota is reached, has decreased significantly, resulting in lengthy commercial fishery closures (see Table X).

It is anticipated that, under status quo management, incentives for derby behavior will persist in the snapper-grouper fishery, resulting in continued overcapitalization and derby fishery conditions. The fishery is expected to continue to be characterized by higher than necessary levels of capital investment, increased operating costs, increased likelihood of shortened seasons, reduced at-sea safety, wide fluctuations in domestic snapper-grouper supply and depressed ex-vessel prices, which may lead to deteriorating working conditions and lower profitability for participants.

For these reasons, the Council is considering several management approaches for limiting effort in the snapper grouper fishery, including: trip limits, endorsements, cooperatives, catch shares, regional quotas, and state-by-state quotas. The purpose of this amendment is to rationalize effort in the commercial snapper-grouper fishery in order to achieve and maintain optimum yield (OY), prevent overfishing, and rebuild overfished stocks. Rationalizing effort is expected to mitigate some of the problems resulting from derby fishing conditions or at least prevent the condition from becoming more severe.

Table X. Fishery Quota Closure Dates by Year

Year	Fishery Quota Closure Dates			
	Black Sea Bass Start of Fishing Year: June 1.	Golden Tilefish (75% of quota met)	Golden Tilefish	Vermilion snapper: Fishing Year: Jan- Jun, July-Dec
2005	n/a		not met	n/a
2006	n/a		23-Oct	n/a
2007	n/a	17-May	3-Oct	n/a
2008	n/a	28-May	17-Aug	n/a
2009	20-Dec	21-Apr	15-Jul	18-Sept
2010	7-Oct	18-Mar	12-Apr	19-Mar 6-Oct

## 2.0 Background

The snapper grouper fishery currently has nine stocks subject to overfishing including: red snapper, vermilion snapper, red grouper, gag grouper, black sea bass, snowy grouper, golden tilefish, speckled hind, and warsaw grouper. Snapper grouper stocks that are overfished include: red grouper, snowy grouper, black sea bass, red porgy, and red snapper. Annual catch limits (ACLs) and accountability measures (AMs) are being implemented through Amendment 17B, and the Comprehensive ACL Amendment and are intended to rebuild overfished stocks and prevent overfishing. If ACLs and AMs are successful, there is potential for larger average annual catches for most species in the future (See Table 1).

**Table 1.** Recent quotas (or annual overall commercial ACLs) and estimated maximum sustainable yield if stock is rebuilt for assessed snapper grouper stocks

Species	MSY (lbs ww)	Current Quota/ACL (lbs gw)
Vermilion Snapper	1,665,000	315,523 (Jan-June) 302,523 (July-Dec)
Golden Tilefish	336,425	282,819
Red Grouper	1,110,000	Comm Aggregate ACL: (black, red, gag) = 662,403
Black Grouper	520,000	Comm Aggregate ACL: (black, red, gag) = 662,403
Red Snapper	2,431,000	0

Black Sea Bass	2,777,825	309,000
Gag	1,238,000 lbs gw	353,940
Greater Amberjack	2,005,000	1,169,931
Snowy Grouper	313,056	82,900
Red Porgy	625,699	190,050

At its March 2010 meeting, the Council approved a motion to develop an options paper for some species in its Snapper Grouper FMP. The motion stated: “Amendment 21 is to include trip limit actions; effort and participation reduction and endorsement actions; catch share actions for quota species (except snowy grouper): vermilion snapper, golden tilefish, black sea bass, gag, greater amberjack, red grouper, and black grouper; ITQ, cooperative, Regional Fishing Associations (RFA) and Community Development Quota (CDQ) programs, and regional and state by state quotas.”

### **3.0 Actions and Alternatives**

#### **Section A. Effort Management**

##### **Action 1: Selection of an effort management approach for snapper grouper species in the South Atlantic.**

Alternative 1: No action. Do not change management regime of one or more snapper grouper species.

Alternative 2: Establish trip limits for one or more snapper grouper species.

Alternative 3. Establish an endorsement program for one or snapper grouper species.

Alternative 4: Establish quotas for the snapper grouper fishery.

Alternative 5. Implement rules for establishing cooperatives for one or more snapper grouper species.

Alternative 6. Establish a catch share program for one or more snapper grouper species.

Sub-alternative 6a. Establish an individual fishing quota program

Sub-alternative 6b. Establish a community development quota program.

Sub-alternative 6c. Establish regional fishing associations (as defined by the MSA).

##### **Action 2: Selection of species to be included in effort management program.**

Alternative 1. No action—Do not establish LAP programs for snapper grouper species in the South Atlantic.

Alternative 2. Establish a LAP program for one or more of the following species:

Sub-alternative 2a. Vermilion snapper

Sub-alternative 2b. Golden tilefish

Sub-alternative 2c. Black sea bass

Sub-alternative 2d. Gag

Sub-alternative 2e. Gag, black grouper, and red grouper

Sub-alternative 2f. Greater amberjack

Sub-alternative 2g. Snowy grouper

Sub-alternative 2h. Tilefishes

Sub-alternative 2i. Deep-water groupers and queen snapper (snowy grouper, yellowedge grouper, misty grouper, blueline tilefish, and queen snapper)

Sub-alternative 2j. Shallow water groupers (gag, red grouper, black grouper, red hind, rock hind, yellowmouth grouper, tiger grouper, yellowfin grouper, graysby, coney, and scamp).

Sub-alternative 2k. All snapper grouper species managed in the Snapper Grouper FMP excluding wreckfish

Sub-alternative 2l. All snapper grouper species with stock assessments or identified ACLs including red pogy, vermilion snapper, snowy grouper, black sea bass, golden tilefish, gag, greater amberjack, white grunt, red grouper, black grouper, mutton snapper, and yellowtail snapper

Sub-alternative 2m. All marketable species to include all shallow water grouper, red pogy, vermilion snapper, snowy grouper, golden tilefish, greater amberjack, white grunt, mutton snapper, yellowtail snapper, gray snapper, red snapper, gray triggerfish, queen triggerfish, scamp grouper, blueline tilefish, almaco jack, banded rudderfish, blue runners, jack crevalles, jolthead pogy, all hinds

## **Section B. Trip Limits**

In the past, trip limits have been used to slow down effort in a derby fishery. However, specification of a trip limit level typically benefits a particular sized vessel and not others.

**Action 3:** Establish trip limits for one or more snapper grouper species selected by the Council in Action 2

**Alternative 1:** No Action. Do not establish trip limits.

**Alternative 2:** Establish trip limits for one or more snapper grouper species.

**Sub-Alternative 1: Gag**

**Sub-Alternative 2: Black grouper**

**Sub-Alternative 3: Black sea bass**

**Sub-Alternative 4: Others to be defined.**

### **Section C. Endorsements**

Endorsements can be developed in various different ways. In Amendment 18A endorsements are specified by gear. Endorsements allow those who receive them the ability to participate in the fishery and restrict participation to those who don't qualify.

#### **Action 4. Initial Allocation of Endorsements for Particular Species and Species Groupings**

Alternative 1: No action. Do not allocate endorsements.

Alternative 2: Issue endorsements based on average annual landings of: during the qualifying years for all snapper grouper stocks of:

Option 2a: one pound (by gear)

Option 2b: X pounds (by gear)

Option 2c: Y pounds (by gear)

Alternative 3: Issue endorsements based on landings during the qualifying years for all snapper grouper stocks of:

Option 3a. XXXX-YYYY

Option 3b. XXXX-YYYY

Option 3c. XXXX-YYYY

### **Section D. Regional or State-by State Quotas**

For many years, the Council has considered development of regional or state-by-state quotas for particular species that experience differing harvest levels, by season, by area, or for species with low quotas.

#### **Action 5: Establish state-by-state quotas**

Alternative 1: No action. Do not establish state-by-state quotas.

Alternative 2: Establish state-by-state quotas using historical landings data.

Sub-alternative 2a: Use historical landings data for 1998-2009

Sub-alternative 2b: Use historical landings data for 1998-2006.

Sub-alternative 2c: Use historical landings data for 2005-2009.

### **Action 6: Establish regional quotas**

Alternative 1: Do not establish regional quotas.

Alternative 2: Establish regional quotas for:

Sub-alternative 2a: NC-SC, GA-northern Florida, and southern Florida

Sub-alternative 2b: NC, SC-GA, northern Florida, and southern Florida

Sub-alternative 2c: NC, SC, GA-northern Florida, and southern Florida

Sub-alternative 2d: NC, SC-GA, Florida north of Monroe/Dade line, and Florida south of Monroe/Dade line (southern Florida zone recommended by some Key Largo fishermen).

Regional quotas would be established using historical landings data for:

Sub-alternative 2e: 1998-2009

Sub-alternative 2f: 1998-2006

Sub-alternative 2g: 2005-2009

### **Action 6. Set aside for research or experimental fishery**

Alternative 1: No action. Do not set aside annual pounds for research or an experimental fishery

Alternative 2: Set aside a total of X percent of the current commercial quota for a share category for research or an experimental fishery. Any amount remaining in the X-percent set aside after the time for application and approval/disapproval for research or an experimental fishery has ended will be proportionally distributed back to catch share holders.

Alternative 3: Set aside a total of Y percent of the current commercial quota for a share category would be set aside to for research or an experimental fishery. Any amount remaining in the Y-percent set aside after the time for application and approval/disapproval for research or an experimental fishery has ended will be proportionally distributed back to catch share holders.

### **Section E. Catch Share Design**

The NOAA Catch Share Policy (2010) states: "Catch share" is a general term for several management strategies that allocate a specific portion of the total allowable fishery catch to

individuals, cooperatives, communities, or other entities. Each recipient of a catch share is directly accountable to stop fishing when its specific quota is reached. The term includes specific programs defined in the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) such as “limited access privilege” (LAP) and “individual fishing quota” (IFQ) programs and other exclusive allocation measures such as “Territorial Use Rights Fisheries” (TURFs) that grant exclusive privilege to fish in a geographically designated fishing ground.

NOAA Fisheries Service is encouraging regional fishery management councils to *consider* various fisheries they manage for possible catch share programs, but there are no requirements that fisheries be managed under catch share programs. A Council may decide that some fisheries are not suited for a catch share program. Nevertheless, there are misconceptions about catch share programs so it’s incumbent upon Councils and NOAA Fisheries Service to inform fishermen, dealers/processors and the public about any strengths or weaknesses of a catch share program. The design of a catch share program is based on the objectives the Council and fishermen are trying to achieve.

A catch share program differs from traditional fishery management by dividing the total allowable catch (TAC) of a fishery into shares. These shares are typically allocated based on historical participation in the fishery, but can also be allocated using other methods. Catch shares may be assigned to individuals, cooperatives, communities or other entities, who would be allowed to harvest up to their assigned limit. Once a participant has harvested all of their catch shares, they must obtain additional catch shares if they want to continue to harvest and land that species.

The Council and several fishery exploratory workgroups have discussed the use of LAP programs for snapper-grouper, including IFQs, individual transferable quotas (ITQ), community quota and regional fishery associations, and cooperatives. If a catch share program is developed for one or more snapper grouper fish stocks, specific criteria for eligibility to participate in the program would need to be designed. These elements include, but are not limited to, criteria for determining initial allocation of catch shares, a cap on catch share ownership by an individual or corporation, and an appeals process. If properly designed, a catch share program could result in increased flexibility, greater financial stability, increased economic profitability, improved vessel safety, and greater likelihood that overfishing is prevented and rebuilding of overfished stocks occurs. However, the Council needs to consider any possible drawbacks of catch share programs as well, especially the possibility of decreased fishing opportunities for those fishermen, who may target snapper grouper species occasionally or those who wish to enter the fishery in the future.

In March 2007, the LAP Program Exploratory Workgroup (SG LAP Workgroup) for snapper grouper was tasked by the Council to develop a possible LAP program or catch share program for consideration and met eight times between April 2007 and February 2008 (see Appendix A).

The LAP Workgroup primarily consisted of commercial snapper grouper fishermen. The Workgroup members were chosen by the Council so that all states and fishing gear groups were represented. The LAP Workgroup released a report in April 2008 which provides an “outline” of what the LAP Workgroup “would like to see a limited access program look like if applied to

the South Atlantic snapper grouper fishery.” (Appendix A). The SG LAP Workgroup recommended that “the Council should pick up where the Workgroup left off” and “develop a range of alternatives that include details on monitoring, enforcement and fisherman costs.” The LAP program initially discussed by the SG LAP Workgroup is being considered in this options paper.

The Council also solicited public comments on options for possible SG LAP programs in the commercial snapper grouper fishery during a series of five scoping meetings in February 2008. Scoping meetings were held in Coconut Grove, FL (February 4, 2008), Cape Canaveral, FL (February 5, 2008), Brunswick, GA (February 6, 2008), New Bern, NC (February 7, 2008) and North Charleston, SC (February 20, 2008).

The Council also formed a LAP Exploratory Workgroup for golden tilefish. The Golden Tilefish LAP Exploratory Workgroup met in North Charleston, SC on October 28-29, 2008. They recommended that the Council develop two management programs they would like implemented under different circumstances. First, under status quo management they recommended that a gear specific endorsement program be implemented that would exclude fishermen that do not have historical landings in the fishery. This recommendation is being considered in draft Amendment 18A to the Snapper-Grouper FMP. The second program recommended by the Golden Tilefish Workgroup is development of an IFQ program for golden tilefish. The IFQ program for SA golden tilefish is being considered in this options paper. (See attached Golden Tilefish Report in Appendix B).

The Gulf of Mexico Fishery Management Council (GOM Council) currently manages several of reef fish under individual fishing quotas (IFQ) including three individual species (red snapper, gag, and red grouper); and separate “group” categories including: “Other shallow water grouper (six species); “deep water grouper” (five species); and tilefish (five species) (see final rule published in the *Federal Register* on August 31, 2009 at 74 FR 44732). The Gulf IFQ programs could provide useful information in the South Atlantic Council’s consideration of catch share programs.

This document is an options paper which serves as a starting off point for discussion related to catch share programs as well as other effort limiting programs. Section E lays out the details that would be needed for establishing an IFQ catch share program based on information gathered through the Snapper Grouper LAP Workgroup and the Gulf of Mexico IFQ programs. If the Council selects an alternative type of catch share program (e.g., TURFs, fishing associations, etc.) in Action 1, then additional actions would need to be developed, analyzed and discussed in this section to address the design elements of the catch share program selected. For more information about various catch share programs, see Appendix I.

## **Action 7. Define Substantial Participants**

Alternative 1: No action. Do not identify substantial participants.

Alternative 2: Identify commercial snapper grouper permit holders as substantial participants

Alternative 3: Identify commercial snapper-grouper permit holders, vessel owners, captains, and crew as substantial participants.

Alternative 4. Identify U.S. citizens and U.S. permanent resident aliens as substantial participants.

### **Action 8: Eligibility for Initial Allocation of Shares**

Alternative 1: No action. Do not specify initial allocation eligibility requirements.

Alternative 2. Restrict eligibility to valid commercial snapper grouper permit holders.

Alternative 3. Restrict eligibility to valid commercial snapper grouper permit holders and snapper grouper captains and crew.

Alternative 4. Restrict eligibility to valid commercial snapper grouper permit holders and federally permitted snapper grouper dealers.

Alternative 5. Restrict eligibility to valid commercial snapper grouper permit holders, permitted snapper grouper dealers and snapper grouper captains and crew members.

Alternative 6. Restrict eligibility to based on a minimum percentage of the quota shares.

Alternative 7. Restrict eligibility based on catch history.

*Note: The Snapper Grouper LAP Work Group (2008) felt it is important and perhaps necessary to require some minimum level of historical landings in order to be allocated quota share for each species. The Work Group felt that those people who did not rely on the fishery as an important source of their annual income should not be included in the initial allocation of quota share. The Work Group also proposed that people whose catch amounts are below a minimum quota share allocation would still hold a snapper grouper permit and could purchase quota share and/or pounds.*

### **Action 9: Initial Apportionment of Catch Shares**

Alternative 1. No action. Do not specify a method for the initial allocation of LAPs.

Alternative 2. Distribute shares proportionately among eligible participants of a catch share program based on average annual landings from logbooks associated with current snapper grouper permits during a particular time period, XXXX-YYYY.

Alternative 3. Distribute catch shares proportionately among eligible participants based on average annual landings from logbooks associated with current snapper grouper limited access permit holders during the time period, XXXX-YYYY, with an allowance of dropping one year.

Alternative 4. Distribute X% of catch shares equally among eligible participants and distribute the remaining X% of catch shares based on average annual landings from logbooks associated with current snapper grouper limited access permit holders during the time period 1998 to 2005, with an allowance of dropping one year.

Alternative 5. Distribute catch shares through an auction system. All eligible entities under Action 3 would be allowed to place bids.

Alternative 6. Distribute initial allocation using tiers

Under an initial allocation methodology using tiers, two or more tiers would be established each with their own tier specific quota. The tier quotas would add up to the total aggregate quota or TAC for a particular species. Each tier would have different eligibility requirements and possibly different initial allocation methodologies. In this way, fishermen at different levels of participation in the fishery would qualify under different tiers. For example, fishermen with the largest amount of landings in the fishery (highliners) share a tier. Perhaps part-time fishermen would share another tier and fishermen who occasionally participate in the fishery would share a third tier. Tiers offer a way for highliners, part-timers, and occasional fishermen to be preserved in a catch share program. The quota for the tiers would be assigned prior to initial allocation and would reflect the portion of the fishery the council deems appropriate for that fishing tier. If part-time fishermen are highly valued, they would receive a tier quota to reflect that value.

Example of Tier System Eligibility Requirements

Tier 1 (highliners)	Minimum xx,xxx pounds landed between some span of years to qualify for initial allocation in Tier 1
Tier 2 (part-timers):	Between x,xxx and xx,xxx pounds landed between some span of years to qualify for initial allocation in Tier 2
Tier 3 (intermittent participation):	Between 0 and x,xxx pounds landed between some span of years to qualify for initial allocation in Tier 3

### **Action 10: Multiuse Annual Pounds**

Note: Multi-use annual pounds is intended to reduce bycatch while still preventing the annual catch limit from being exceeded. At the start of the fishing year, a percentage of fisherman's annual pounds of catch shares is converted into multiuse pounds. Multiuse pounds can then be used to land one or more species designated as multiuse species. For example in the Gulf of Mexico Grouper-Tilefish IFQ program, 8% of gag allocation is annually allocated as gag multiuse allocation. If a fisherman receives 1,000 pounds of gag at the start of the fishing year then 920 pounds could be used to land gag grouper only and 80 pounds could be used to land either gag or red grouper.

Alternative 1: Do not establish multiuse annual pounds.

Alternative 2: Establish multiuse annual pounds.

### **Action 11: Transferability of Shares and Annual Pounds**

Alternative 1: No action. Do not allow transferability of shares.

Alternative 2: Allow shares and annual pounds to be transferred between owners of snapper grouper permits.

Alternative 3: Allow shares and annual pounds to be transferred between persons identified as substantial participants.

Alternative 4: Allow shares and annual pounds to be transferred between *unlimited* commercial snapper grouper permit holders. Quota share would be reallocated to new entrants when a permit holder passes away. Any limited permits that do not receive any quota [catch] share, should be retired.

Alternative 5: Allow shares and annual pounds to be transferred between *unlimited* commercial snapper grouper permit holders. Quota share would be reallocated to remaining unlimited quota shareholders when a permit holder passes away. Any limited permits that do not receive any quota share, should be retired.

Alternative 6: Allow shares and annual pounds to be transferred between *unlimited* commercial snapper grouper permit holders. Quota share would be reallocated to remaining unlimited quota holders and new entrants when a permit holder passes away. Any limited permits that do not receive any quota [catch] share, should be retired.

### **Action 12: Transferability of Annual Pounds**

Alternative 1: No action. Do not allow transferability of annual pounds.

Alternative 2: Allow annual pounds to be transferred between owners of snapper grouper permits.

Alternative 3: Allow annual pounds to be transferred between owners of snapper grouper *unlimited* permits.

Alternative 4: Allow pounds to be transferred between substantial participants.

### **Action 13: Establish Caps on Catch Share Ownership**

Alternative 1: No action. Do not establish ownership caps for each species or species grouping.

Alternative 2: Establish a cap on share ownership. Anyone receiving shares that were less than the share cap could purchase additional shares up to that amount of the share cap. Share holdings of persons receiving more than the specified ownership cap will be grandfathered in (i.e., allowed a higher total catch share for a share category) at the time of initial assignment of catch shares to each shareholder.

Sub-alternative 2a: Set ownership cap at X percent for each species.

Sub-alternative 2b: Set ownership cap at Y percent for each species .

Sub-alternative 2c: Set ownership cap at Z percent on each species.

Alternative 3: No person shall own more catch shares than the maximum percentage issued to the recipient of the largest amount of shares at the time of initial assignment of shares for a share category.

### **Action 14: Establish Caps on Annual Pounds Ownership**

Alternative 1: No action. Do not establish a cap on catch share annual pounds ownership.

Alternative 2: For each species or species grouping, establish a cap on the annual pounds ownership corresponding to the share cap as defined in Action 13, times the commercial quota for a share category. For any single fishing year, no person shall possess annual pounds in an amount that exceeds the annual pounds cap. However, persons grandfathered in at a share level above the share cap would also be grandfathered in for more than the annual pounds cap.

Sub-alternative 2a: Set ownership cap at X percent on each species.

Sub-alternative 2b: Set ownership cap at Y percent on each species.

Sub-alternative 2c: Set ownership cap at Z percent on each species.

Alternative 3: No person shall possess more annual pounds than the maximum annual pounds issued to the recipient of the largest amount of annual pounds at the time of initial assignment of annual pounds for a share category.

**Action 15: Adjustment of Annual Annual Pounds based on Change in Commercial Quota.**

Alternative 1: No action. Do not specify how annual pounds are allocated when there is a change in the commercial quota.

Alternative 2: Distribute annual pounds proportionally among shareholders, made available due to an increase or decrease in commercial quota based on share holdings at the time of distribution.

Alternative 3: Distribute annual pounds equally among shareholders, made available due to and increase or decrease in commercial quota.

**Action 16: Incidental Catch Provisions**

Alternative 1: No action. Do not allow incidental catch amounts for snapper grouper species for fishermen who do not hold shares for catch share category in the snapper grouper fishery.

Alternative 2: Allow small incidental catch amounts for a snapper grouper species for fishermen who do not hold catch shares for a catch share category in the snapper grouper fishery.

**Action 17: Allow Banking Unused Amounts of Annual Pounds**

Alternative 1: No action. Do not allow catch share holders to bank unused amounts of annual pounds or X percentage of unused annual pounds for use in the subsequent fishing year.

Alternative 2: Allow banking of unused amounts of annual pounds for use in the subsequent fishing year.

Alternative 3: Allow banking of X percentage of unused amounts of annual pounds for use in the subsequent fishing year.

**Action 18: Allow Borrowing of a Portion of Future Annual Pounds**

Alternative 1: No action. Do not allow borrowing of any future year's annual pounds.

Alternative 2: Allow shareholders limited borrowing of a subsequent year's annual pounds. After exhausting an individual's annual pounds, the shareholder is allowed to borrow annual pounds from the following year in limited amounts.

Sub-alternative 2a: Allow shareholders to borrow up to X percent of total annual pounds.

Sub-alternative 2b: Allow shareholders to borrow up to Y percent of total annual pounds.

Alternative 3: Allow shareholders to borrow up to 10 percent of remaining allocation on the last trip of the year. The overage is taken off next year's allocation.

### **Action 19: Establishment and Structure of an Appeals Process**

Alternative 1: No action. Do not establish an appeals process for the catch share program.

Alternative 2: Establish an appeals process. The only items subject to appeal are initial eligibility for catch shares based on snapper-grouper permit ownership, the accuracy of the amount and species landed, and correct assignment of landings to the permittee.

### **Action 20: Set Aside for Appeals**

Alternative 1: No action. Do not set aside a portion of the commercial quota for appeals.

Alternative 2: Set aside a total of X percent of the current commercial quota for a share category to resolve appeals. Any amount remaining in the X-percent set aside after the appeals process has been terminated will be proportionally distributed back to catch share holders. If set aside is exceeded, shares would be adjusted in the subsequent fishing year.

Alternative 3: Set aside a total of Y percent of the current commercial quota for a share category to resolve appeals. Any amount remaining in the X-percent set aside after the appeals process has been terminated will be proportionally distributed back to catch share holders for a catch share category. If set aside is exceeded, shares would be adjusted in subsequent fishing year.

### **Action 21: Use it or Lose it Policy for Catch Shares**

Alternative 1: No action. Do not specify a minimum landings requirement for retaining catch shares.

Alternative 2: Revoke shares that remain inactive for 3 years and redistribute them proportionally among remaining shareholders. "Inactive" is defined as usage of less than A percent of an individual's shares are used over a three-year moving average period, except in the case of death or disability.

Sub-alternative 2a. Inactive defined as usage of less than A percent of individual shares used over a three-year moving average period, except in the case of death or disability.

Sub-alternative 2b. Inactive defined as usage of less than 30 percent of individual shares used over a three-year moving average period, except in the case of death or disability.

Sub-alternative 2c. Inactive defined as usage of less than 50 percent of individual shares used over a three-year moving average period, except in the case of death or disability.

Alternative 3: Revoke shares that remain inactive for X years and redistribute them proportionally among remaining shareholders.

Sub-alternative 3a. Inactive defined as usage of less than A percent of individual shares used over a three-year moving average period, except in the case of death or disability.

Sub-alternative 3b. Inactive defined as usage of less than 30 percent of individual shares used over a three-year moving average period, except in the case of death or disability.

Sub-alternative 3c. Inactive defined as usage of less than 50 percent of individual shares used over a three-year moving average period, except in the case of death or disability.

## **Action 22: Cost Recovery Plan**

Alternative 1: No action. Do not establish a cost recovery plan.

Alternative 2: Implement catch share cost recovery plans for catch share categories. All catch share cost recovery fees shall be the responsibility of the recognized catch share holder. The cost recovery plan will have the following conditions:

Catch share cost recovery fees will be calculated at the time of sale of fish to the registered catch share dealer based on the (i) actual ex-vessel value of the snapper grouper catch share category landings or (ii) the standard ex-vessel price of landings as calculated by NOAA Fisheries Service. Actual ex-vessel value is total monetary sale amount fishermen receive for catch share landings from registered catch share dealer/processors operating as shore-side processors. Standard ex-vessel price is the ex-vessel price for the previous fishing year and any expected price changes for the current fishing year.

The fee collection and submission shall be the responsibility of the

(i) catch share holders or the (ii) catch share dealer.

The collected fees would be submitted to NOAA Fisheries

(i) quarterly or (ii) monthly.

## **Action 23. Collection of royalties from resource use.**

Alternative 1: No action. Do not collect royalties from shareholders for use in the snapper grouper fishery.

Alternative 2: Hold an annual auction of portions of the shares in the snapper grouper fishery. Place funds collected through the auction into an account where the funds help pay for snapper grouper fishery management, research, and enforcement. This implies an annual expiration provision for a portion of the shares.

Alternative 3: Collect royalties from shareholders through an annual fee.

#### **Action 24. New Entrants Loan Program**

Alternative 1: No action. Do not create a loan program to assist new fishermen in entering a catch share program.

Alternative 2: Set aside X % of the commercial quota each year to give some *snapper grouper permit holders* that did not receive shares the opportunity to become shareholders.

Alternative 3: Set aside X % of the commercial quota each year to give some *fishermen that did not receive shares* the opportunity to become shareholders.

#### **Action 25: Approved Landing Sites**

Alternative 1: No action. Do not establish approved landing sites for catch share managed snapper-grouper species.

Alternative 2: Establish approved landing sites. All catch share owners must land at one of these sites to participate in the catch share program.

Sub-Alternative a: Approved landing sites will be requested by fishermen but must be approved by NOAA Fisheries Service Office of Law Enforcement prior to use.

Sub-Alternative b: Approved landing sites will be selected by the Council and NMFS, based on industry recommendations and resource availability.

#### **Action 26: Expiration provision**

Alternative 1: No action. Do not define an expiration provision for the catch share program(s).

Alternative 2: Define shares so they expire every 5 years with a start date upon implementation of this Amendment.

Alternative 3: Define shares so they expire every 10 years with a start date upon implementation of this Amendment

Alternative 4: Define shares so they expire every X number of years with a start date upon implementation of this Amendment.

### **Section E. Vessel Monitoring System**

#### **Action 27. VMS Requirement**

Alternative 1: No action. Do not require commercial snapper grouper vessels to be equipped with vessel monitoring systems (VMS).

Alternative 2: Require all commercial snapper grouper vessels to be equipped with VMS. The purchase, installation and maintenance of VMS equipment must conform to the protocol established by NOAA Fisheries Service in the Federal Register.

## **Appendix I. Examples of Types of Effort Management Programs**

Catch shares is a generic term used to describe management programs that allocate a percentage of the aggregate quota to individuals, entities, or communities. Catch share programs include ITQs, CDPs, LAP programs (allocation of harvest privileges to individuals, communities and “regional fishing associations”), sector allocation programs, cooperatives, and TURFs.

Catch share programs for U.S. Federal fisheries are generally designed to enable fishermen to have more choices about when to fish, giving the option to fish when weather conditions, market conditions and operating costs are more optimal. In many cases, the season is extended as a result of implementation of catch share programs. Improved safety at sea, increased quality of fish product, and development of niche markets generally occur with the implementation of catch share programs.

Some common concerns are that consolidation of fisheries can reduce the number of fishermen, reduce the opportunities of new entrants into the fishery, and make it difficult for fishermen with small annual quotas to increase their quotas to become more profitable. Therefore, if catch share programs are developed, the characteristics of the program are critical in striking a good balance to achieve various goals to make the program work well.

*IFQ and ITQ Programs* – ITQ programs are a type of IFQ program where the privileges are transferable. In many cases, the terms IFQ and ITQ are used interchangeably to describe a program where harvest privileges have been allocated to individuals in the form of a percentage of the aggregate quota, called a quota share. ITQ programs exist for Atlantic surf clams and ocean quahogs, North Pacific sablefish and halibut, Bering Sea groundfish, many Alaskan crab fisheries, Pacific groundfish trawl gear, South Atlantic wreckfish, GOM red snapper, and GOM Reef fish and tilefish.

*Community Development Quotas (CDQs) Programs* – CDQ programs describe a specific type of program developed in Alaska in 1992. The first CDQ Program began in December of 1992 with the goal of promoting fisheries related economic development in western Alaska. The program is a federal fisheries program that involves eligible communities who have formed six regional organizations, referred to as CDQ groups. There are 65 communities within a fifty-mile radius of the Bering Sea coastline who participate in the program.

The Western Alaska CDQ Program allocates a percentage of all Bering Sea and Aleutian Islands quotas for groundfish, prohibited species, halibut, and crab to eligible communities. The purpose of the CDQ Program is to (i) to provide eligible western Alaska villages with the opportunity to participate and invest in fisheries in the Bering Sea and Aleutian Islands Management Area; (ii) to support economic development in western Alaska; (iii) to alleviate poverty and provide economic and social benefits for residents of western Alaska; and (iv) to achieve sustainable and diversified local economies in western Alaska.

*Sector Allocation Programs and Harvest Cooperatives* - Sector allocation programs and cooperatives are very similar. Both are management strategies external to those included under Limited Access Privileges as defined in the reauthorized Magnuson-Stevens Act. Sector allocation programs have been used in the Northeastern U.S. and have been defined as a group of persons who have voluntarily entered into a contract and agree to certain fishing restrictions for a

specified period of time and which has been granted a TAC(s) in order to achieve objectives consistent with applicable FMP goals and objectives. Generally, quota is allocated to a sector or sectors based on aggregate catch histories of harvested stocks for vessels participating in the sector. Sector allocations are regulated through the regional Councils. Typically, the Council will require the sector to submit a management plan each year specifying how the sector's portion of the total TAC will be fished. While sectors sometimes consist of people using the same gear, this does not have to be the case. Sectors are often allowed to act as harvest cooperatives by coordinating their harvest activities.

Harvest cooperatives consist of a group of people voluntarily working together to harvest a portion of the TAC under the Fishermen's Collective Marketing Act. Harvest cooperatives enable cooperative members to coordinate harvest and other activities and thereby cut costs. Harvest cooperatives are typically also sectors with an allocation of the TAC they are allowed to manage with oversight. In this sense, sectors and harvest cooperatives are very similar. They are just regulated through different legislation.

*Limited Access Privilege (LAP) Programs* – LAP programs include allocation of harvest privileges (percentage shares) of the aggregate quota to individuals, entities, communities and “regional fishing associations” (RFAs) (as defined by the Magnuson-Stevens Act and described below). Allocation of aggregate quota to individuals is essentially an IFQ or ITQ program (described above). Allocation of harvest privileges to fishing communities and RFAs are described below. Neither has been used yet, and there are, as yet, no guidelines, beyond that described in section 303A of the Magnuson-Stevens Act.

*Regional Fishing Associations (RFAs)* – Regional Fishing Associations are defined in the reauthorized Magnuson-Stevens Act (Section 303A(c)(4)) as two or more individuals who participates in a limited access privilege program and combines their quota share allocation under a special program. The Magnuson-Stevens Act specifies detailed criteria for regional fisheries associations to be eligible and participate in a LAP program. These criteria can be found at (Section 303A(c)(4)) of the Magnuson-Stevens Act.

Regional Fishery Associations (as defined by section 303A of the Magnuson-Stevens Act), like sectors, have both a group allocation (through the combined share allocations of its individual members) and, like cooperatives, have the ability to manage their harvest collectively. In comparing sector allocation and cooperatives to RFAs, RFAs are seen as having stronger harvest rights than membership in a sector or cooperative. In addition, LAPs provide Regional Fishery Association members with a divisible and transferable asset. That is, members of a RFA will likely be able to sell their LAPs. Members of a sector or cooperative cannot sell their membership.