

Amendment 48

to the Fishery Management Plan for the Snapper Grouper Fishery of the South Atlantic Region



Modernization of the Wreckfish ITQ Program
Decision Document
September 2023

Background

The South Atlantic Fishery Management Council (Council) is required by the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) to review the Wreckfish Individual Transferable Quota (ITQ) program every five to seven years. The Council initially reviewed the program in 2009. The review completed in 2019 was the first subsequent review. That review examined how the Wreckfish ITQ program changed between the baseline period (2009/2010 – 2011/2012 fishing years) and the review time period (2012/2013 – 2016/2017 fishing years) with respect to various social, economic, biological, and administrative factors, and offered conclusions and recommended changes to the program based on the findings. Snapper Grouper Amendment 48 considers actions and alternatives necessary to improve and modernize the Council’s Wreckfish ITQ program based on recommendations from the ITQ Review.

Modernizing the wreckfish ITQ program continues to be a complex process that requires a significant amount of discussion time during Council meetings. To help facilitate continued development of Amendment 48, in June 2023 the Council proposed establishing a Wreckfish Sub-Committee and an Ad-Hoc Wreckfish Advisory Group. The Wreckfish Sub-Committee will

report directly to the Snapper Grouper Committee. The Wreckfish Advisory Group will consist of all individuals/groups that currently own Wreckfish ITQ shares.

What's happening at this meeting (September 2023)?

At the March 2023 meeting, the Council requested more information on the administrative burden of utilizing actual vs. standard ex-vessel price for calculating cost recovery. Additionally, the Council asked for more information on how actual ex-vessel value, as reported by fishermen, was monitored for accuracy. NMFS will be presenting the requested information and the Snapper Grouper Committee will have the opportunity to review their current preferred alternatives for the cost recovery related actions.

What's coming up in the next few months?

The Wreckfish Advisory Group and Wreckfish Sub-Committee are scheduled to meet September 19th and 20th in Saint Augustine, Florida. The Wreckfish Advisory Group will discuss options related to monitoring, eligibility, and participation in the wreckfish ITQ fishery. Subsequently, the Wreckfish Sub-Committee will review related draft actions (A-H) and alternatives and consider whether to recommend them for inclusion in Amendment 48.

Actions Currently in Amendment 48:

Action 1. Revise sector allocations and sector annual catch limits for wreckfish.

Action 2. Implement an electronic reporting system for the wreckfish individual transferable quota (ITQ) program.

Action 3. Modify the requirement to possess a commercial vessel permit for wreckfish.

Action 4. Modify the commercial fishing year for wreckfish.

Action 5. Modify allowable offloading site and time requirements for wreckfish.

Action 6. Implement a cost recovery plan and associated conditions for the wreckfish individual transferable quota program.

Sub-Action 6-1. Implement a cost recovery plan for the wreckfish individual transferable quota program.

Sub-Action 6-2. Collection of wreckfish individual transferable quota program cost recovery fees.

Sub-Action 6-3. Frequency of wreckfish individual transferable quota program cost recovery fee collection.

Sub-Action 6-4. Determination of wreckfish individual transferable quota program cost recovery fees.

Actions to be discussed by the Wreckfish Sub-Committee in September:

Action A. Trip declaration (hail-out) requirement for commercial vessels participating in the wreckfish component of the snapper grouper fishery.

Action B. Pre-landing notification (hail-in) requirement for commercial vessels participating in the wreckfish component of the snapper grouper fishery.

Action C. Wreckfish Individual Transferable Quota shareholder account eligibility.

Action D. Permit requirement for obtaining and maintaining Wreckfish Individual Transferable Quota Shares.

Action E. Share divestment for permit-required accounts.

Action F. Wreckfish Individual Transferable Quota requirements to obtain allocation from shares.

Action G. Wreckfish Individual Transferable Quota requirements to obtain allocation through transfer.

Action H. Retaining annual allocation before a quota reduction.

Objectives for this meeting

- Review updated timeline for development of Amendment 48,
- Review cost recovery actions and alternatives.

Timing for Snapper Grouper Amendment 48

	Process Step	Date
✓	Council reviews options paper and directs staff to hold a meeting of the wreckfish shareholders and wholesale dealers.	September 2020
✓	Meeting of the wreckfish shareholders and wholesale dealers.	October 2020
✓	Council reviews shareholder input and approves amendment for scoping.	December 2020
✓	Scoping Hearing	March 2021
✓	Council reviews public input and provides guidance to staff.	March 2021
✓	Council discusses path forward for amendment.	September 2021
✓	Council reviews and approves actions/alternatives to be analyzed.	March 2022
✓	Wreckfish Shareholders Meeting	Summer 2022
✓	Council reviews draft amendment, selects preferred alternative, and approves for public hearings.	September 2022
✓	Public Hearings	March 2023
✓	Council reviews the draft amendment, modifies the document, as necessary.	March 2023
✓	Council reviews offloading site and time requirements and hail-in/hail-out options.	June 2023
	Council receives additional information on cost recovery and reviews related actions.	September 2023
	Wreckfish Advisory Group and Wreckfish Sub-Committee meeting to discuss monitoring, participation, and eligibility requirements.	September 2023
	Snapper Grouper Committee is updated on WAG/WSC discussions.	December 2023
	Snapper Grouper Committee reviews draft amendment, selects preferred alternatives, and approves for public hearings.	March 2024
	Public Hearing	June 2024
	Council reviews amendment and considers for formal approval.	June 2024

Cost Recovery Actions in Amendment 48:

Action 6. Implement a cost recovery plan and associated conditions for the wreckfish individual transferable quota program.

Purpose of Action:

Cost recovery, the collection of a fee to recover the actual cost directly related to the management, data collection, and enforcement of any limited access privilege program (LAPP), is mandated under section 304(d)(2)(A) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act). As stated in the Magnuson-Stevens Act, the fees charged under cost recovery shall not exceed the administrative costs incurred in running the program. The collection of the fee is to recover the actual costs directly related to the management, data collection, and enforcement of the program. These fees shall not exceed 3% percent of the ex-vessel value of the fish harvested under the program and must be collected at either the time of the landing, filing of the landing report, sale of fish, or in the last quarter of the calendar year in which the fish is harvested.

Sub-Action 6-1. Implement a cost recovery plan for the wreckfish individual transferable quota program.

Alternative 1 (No Action). Do not implement a cost recovery plan for the wreckfish individual transferable quota program.

This is not a legally viable alternative.

Preferred Alternative 2. Implement an individual transferable quota cost recovery plan. The transferable quota shareholder landing wreckfish would be responsible for collection and submission of the cost recovery fee to NMFS.

Alternative 3. Implement an individual transferable quota cost recovery plan. The dealer receiving Wreckfish would be responsible for collecting the cost recovery fee from the shareholder landing the wreckfish and submitting the fee to NMFS.

Environmental Consequences:

Biological: Typically, the collection of cost recovery fees is not expected to affect the physical or biological environment, nor have any impacts on the stock, associated species or protected species.

Economic: A cost recovery plan would implement an additional cost on wreckfish fishery participants but a benefit to fishery management agencies, in this case the National Marine Fisheries Service. The difference between these two alternatives would be what entity bears the time burden and associated cost related to collection and submittal of the cost recovery fee. Under **Preferred Alternative 2**, the cost related to collection and submittal of the cost recovery fee would be incurred by the quota shareholder while this cost would be incurred by the dealer receiving the wreckfish under **Alternative 3**.

Social: Preferred Alternative 2 and Alternative 3 are similar in all respects, except with respect to the responsibility for fee collection and submission. Negative social effects of the cost recovery fee would be associated with the cost of the fee itself as well as the time and materials required for completing the paperwork and paying the fee.

Administrative: Both Preferred Alternative 2 and Alternative 3 would result in an administrative burden related to tracking and collecting cost recovery fees. However, with the electronic ITQ program as proposed in Action 2, it is expected that the electronic system will be able to track and collect these payments in a way that is less burdensome to permit holders, dealers and the agency compared to a paper-based program.

Sub-Action 6-2. Collection of wreckfish individual transferable quota program cost recovery fees.

Alternative 1 (No Action). Do not implement a cost recovery plan for the wreckfish individual transferable quota program.

This is not a legally viable alternative.

Alternative 2. Fees will be collected at the time of landing.

Alternative 3. Fees will be collected upon the sale of such fish during a fishing season.

Preferred Alternative 4. Fees will be collected in the last quarter of the calendar year in which the fish is harvested.

Environmental Consequences:

Biological: Typically, the collection of cost recovery fees is not expected to affect the physical or biological environment, nor have any impacts on the stock, associated species or protected species.

Economic: The total fees would be similar across Alternatives 2, 3, and 4 (Preferred). Preferred Alternative 4 may require less effort to collect fees since it would only be required once per year, thus there may be slightly lower costs associated with this alternative in relation to Alternatives 2 and 3.

Social: Preferred Alternative 4 may require less effort to collect fees since it would only be required once per year, thus there may be a slight time burden associated with this alternative in relation to Alternatives 2 and 3.

Administrative: Alternative 2 would have increased administrative impacts compared to Alternative 3 and Preferred Alternative 4. Under Alternative 2, fees would be collected upon landing resulting in many transactions of cost recovery fees between the permit holder or dealer. Alternative 3 may reduce the number of transactions as the fees would be collected upon sale of fish during a fishing season. Preferred Alternative 4 would result in the fewest

transactions between the permit holder and NOAA Fisheries; however, it may increase the permit holder's administrative impacts with a need to maintain records.

Sub-Action 6-3. Frequency of wreckfish individual transferable quota program cost recovery fee submission.

Alternative 1 (No Action). Do not implement a cost recovery plan for the wreckfish individual transferable quota program.

This is not a legally viable alternative.

Preferred Alternative 2. Cost recovery fee will be submitted once per year.

Alternative 3. Cost recovery fee will be submitted twice per year.

Alternative 4. Cost recovery fee will be submitted four times per year.

Alternative 5. Cost recovery fee will be submitted twelve times per year.

Environmental Consequences:

Biological: Typically, the collection of cost recovery fees is not expected to affect the physical or biological environment, nor have any impacts on the stock, associated species or protected species.

Economic: Less frequency between when the fees must be submitted may lead to less reporting-related costs from those submitting the fees to the agency and thus comparatively higher economic benefits. Under this notion, **Preferred Alternative 2** may require less administrative burden on the part of the entity submitting the fees to NMFS, since it would only be required once per year, this would be followed by slightly higher administrative related costs associated with **Alternative 3**, **Alternative 4**, and **Alternative 5**.

Social: **Alternative 5** may require less effort to collect fees since it would only be required once per year, thus there may be slightly time burden associated with this alternative in relation to **Preferred Alternatives 2**, **Alternative 3** and **Alternative 4**.

Administrative: The administrative burden on the fishermen and the agency is expected to be less with fewer transactions. Under this notion, **Preferred Alternative 2** may require less administrative burden on the part of the entity submitting the fees to NMFS, since it would only be required once per year, this would be followed by slightly higher administrative related costs associated with **Alternative 3**, **Alternative 4**, and **Alternative 5**.

Sub-Action 6-4. Determination of wreckfish individual transferable quota program cost recovery fees.

Alternative 1 (No Action). Do not implement a cost recovery plan for the wreckfish individual transferable quota program.

This is not a legally viable alternative.

Alternative 2. The cost recovery fee will be based on actual* ex-vessel value of the wreckfish landings.

Preferred Alternative 3. The cost recovery fee will be based on standard** ex-vessel value of the wreckfish landings as calculated by NMFS.

* actual ex-vessel value is calculated by multiplying the wreckfish landings by the actual ex-vessel price, where the actual ex-vessel price is the total monetary sale amount a fisherman receives per pound of fish for ITQ landings from a registered ITQ dealer before any deductions are made for transferred allocation and goods and services (e.g. bait, ice, fuel, repairs, machinery replacement, etc.).

** standard ex-vessel value is calculated by multiplying the wreckfish landings by the standard ex-vessel price, which is based on the average ex-vessel price for the previous fishing year and any expected price change in the current fishing year.

Environmental Consequences:

Biological: Typically, the collection of cost recovery fees is not expected to affect the physical or biological environment, nor have any impacts on the stock, associated species or protected species.

Economic: Alternative 1 (No Action), represents the lowest costs to fishery participants and lowest benefits to NMFS. The costs for fishery participants related to **Alternative 2** and **Preferred Alternative 3** would be situational and variable, therefore a comparison of economic benefits is not possible at this time.

Social: Alternative 1 (No Action), represents the lowest burden to fishery participants but is not a legally viable alternative. The costs for fishery participants related to **Alternative 2** and **Preferred Alternative 3** would be situational and variable, therefore a comparison of social benefits is not possible at this time.

Administrative: Calculation of a cost recovery fee based on ex-vessel value of the wreckfish landings is less burdensome than calculating the cost recovery fee based on standard ex-vessel value. Standard ex-vessel is based on calculating an average for a year, publishing these values in the *Federal Register* and then applying the standard to the pounds harvested. **Preferred Alternative 3** will have a greater administrative burden on the agency than **Alternative 2**.

COMMITTEE ACTION:

REVIEW CURRENT ACTION 6 PREFERRED ALTERNATIVES