



THE SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL

Summary of Information on Commercial Snapper Grouper Permits

March 2024



Introduction



- Council most recently reviewed the make-up of limited access commercial snapper grouper permits in 2021 in response to Executive Order (EO) 13921.
 - December 2021- Council reviewed recommendations from the Snapper Grouper AP and information on the commercial snapper grouper fishery.
 - **Council indicated that further consideration of changes to the commercial snapper grouper permit could be considered in the MSE and subsequent amendment that examines holistic management changes in the snapper grouper fishery.**
- October 2023 - Snapper Grouper AP again discussed commercial permits under Other Business.
 - Specifically focusing on whether consolidation of snapper grouper unlimited permits is still necessary and if transfers of 225-pound trip limited permits should be addressed.
- December 2023 - After summary of the AP's discussion the Council directed staff to update the commercial "two for one" discussion document as well as information on 225-pound trip limited permits.



Recent Advisory Panel Discussions

- October 2021 – Snapper Grouper AP discussed provisions of the commercial snapper grouper permits
- Differing regional perspectives on under- vs over-capitalization of the fishery
 - FL, SC, and southern NC- fishermen aging out of fishery and could use new entrants. The resource could sustain additional participants
 - Central coastal NC- Several new, young entrants and notable pressure on fishery resources from both sectors
- It is difficult to enter the commercial fishery due to the cost and scarcity of SG 1 permits
- There is no notable room for growth, so now may not be the time to increase commercial effort



Recent Advisory Panel Discussions

- Concern over:
 - Recreational pressure makes it difficult for additional commercial pressure from a sustainability standpoint
 - Loss and lack of working waterfront
 - “Corporate loophole” for SG 2 permits, where they may not be retired as initially intended
- Consider:
 - Limitation on how many permits can be owned or leased out by a single person
 - Exemption of certain number of SG 1 permits from the 2 for 1 provision
 - Unused SG 1 permits could be exempt from 2 for 1 provision
 - New permits could be made available for coastal communities that don’t have local commercial fishermen
- **Overall, there are mixed opinions on removing 2 for 1 policy at this time. Some members are in favor of removing it while others would like it to remain in place**



Recent Advisory Panel Discussions

- At their October 2023 meeting the Snapper Grouper AP discussed commercial permits under Other Business
- The AP recommended that the Council review the “two for one” policy of commercial snapper grouper unlimited permits to:
 - Define the date or number of participants that would end the “two for one” policy, and
 - Request clarification from the Council or NMFS on the long-term intent for allowing the leasing of commercial vessels
- In regard to the transfer of 225-pound trip limited permits, the AP noted:
 - Under current rules, permits can be transferred between individuals by permit ownership under a corporation and transfer of corporation ownership to another individual
 - One AP member proposed revising regulations to disallow this type of transfer

Background



- Commercial permits were first required in the snapper grouper fishery via SG Amendment 4 that became effective in 1992
- Each permit issued to a vessel
- Amendment 8 established the “2 for 1” method of limiting the number commercial snapper grouper unlimited permit holders
 - Became effective in 1998



Background: Amendment 8

- Resulted in two different snapper grouper commercial permits
- The **SG 1 permit** (the “unlimited permit”)
 - No overall poundage restrictions (aside from species-specific trip limits) and is transferable
 - Provision to obtain a new SG 1 permit, a vessel owner has to purchase two permits and retire one of them (i.e. **the “2 for 1” method**) to commercially fish within the snapper grouper fishery
- The **SG 2 permit** (limited harvest to 225 lbs of SG species)
 - Intended to only be transferred to immediate family or onto a new vessel under the same owner



Background: Amendment 8

- Initial eligibility was limited to:
 - Vessels that possessed a valid SG permit from February 11th, 1996 to February 11th, 1997
 - Could show at least “one landing of snapper-grouper” from January 1st, 1993, to August 20th, 1996
- SG 1 permit: Vessels that landed at least 1,000 lbs whole weight (ww) of SG species from 1993 through August 20th, 1996
 - 1,075 qualifying vessels
- SG 2 permit: Vessels that landed less than 1,000 lbs ww but showed at least one landing of SG species over the same time series
 - 448 qualifying vessels



Available Data and Analysis

- Recent reports
 - Buck (2018) - Data from 1998-2016
 - Technical memos from NMFS SEFSC on the economics of the commercial SG fishery
 - Overstreet et al (2018) – Data 2014-2016; Liese (2023) – Data from 2014-2018
- Permit data
 - NMFS SERO Permits Office
 - Detailed full-year data after 2020 are currently unavailable for detailed analysis due to ongoing updates with the SERO permits system
 - Additional data expected to be available later this year
- Commercial logbook data
 - SE Coastal Fisheries Logbook
 - Active commercial SG vessels, landings, trips, and gross revenue (ex-vessel value)
 - Data from 1993 through 2022

Permits: Transferability and Ownership



- A commercial SG permit is issued for a specific vessel and to the vessel's owner
- The ownership structure of SG permits has changed over time with an increasing percentage of permits being owned by corporations versus individuals
 - Corporate ownership can circumvent the 2 for 1 provision of the SG 1 permit under certain provisions
 - In 1998, approximately 17% of SG 1 permits and 15% of SG 2 permits were owned by corporations
 - By 2016, this had increased to approximately 45% of SG 1 permits and 25% of SG 2 permits falling under a corporate ownership structure
 - As of September 2021, there were 242 corporate owned SG 1 permits, only 2 of which would not be exempt from the 2 for 1 provision

Permits: Cost of entry

- Limited data but appears to be increasing
- Estimated cost to obtain a SG 1 permit is about \$60,000 to \$80,000 (2017 \$)
 - More recent feedback indicates that permit prices have continued to increase and the cost to obtain a single SG 1 permit from purchasing a corporate permit exempt from the “2 for 1 provision” or a two non-exempt permits is approximately \$80,000 to \$100,000 in total (2021 \$)
- Advertised prices for SG 1 annual “leases” at \$6,000 to \$8,000 (2017 \$)
 - ~10% of the permit market value
 - A commercial snapper grouper permit cannot be directly leased, however the vessel that the permit is assigned to can be leased

Permits: Statistics and Trends

- Likely ongoing downward trend in permits since 2020

Table 1. Change in SG permitted vessels between 1998 and 2020*.

Vessels that qualified for SG 1 in Amendment 8 (1998)	1,075
Vessels that qualified for SG 2 in Amendment 8 (1998)	448
Vessels with SG 1 Permits in 2020¹	535
Vessels with SG 2 Permits in 2020¹	104
Change in SG 1 Permitted Vessels between 1998 and 2020	-540
Change in SG 2 Permitted Vessels between 1998 and 2020	-344
Percent Change in SG 1 Permitted Vessels between 1998 and 2020	-50%
Percent Change in SG 2 Permitted Vessels between 1998 and 2020	-77%

Permits: Statistics and Trends

- In recent years, the number of permitted vessels has decreased by approximately seven SG 1 permitted vessels per year and three SG 2 permitted vessels per year
 - Equates to an average attrition rate of approximately -1.4% annually for SG 1 permitted vessels and -2.8% annually for SG 2 permitted vessels
- Additionally, on average 220 SG 1 permits (40% of all SG 1 permits) were assigned to leased vessels annually
 - Increasing number over time
- On average, 83% of SG permitted vessels reported landings of snapper grouper species annually from 2016 to 2020
 - Equates to 17% of vessels not landing snapper grouper species in a given year
 - Lower if looking at a multi-year timeframe



SG 2 Permitted Vessel Information

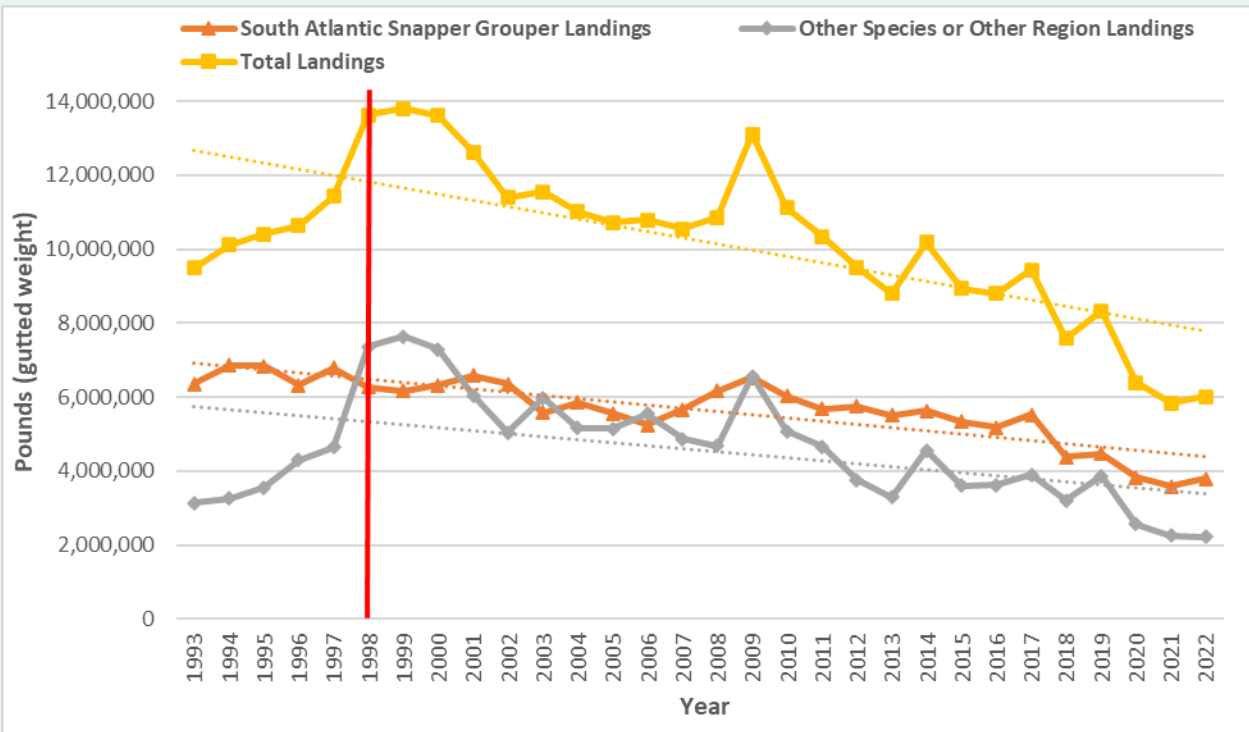
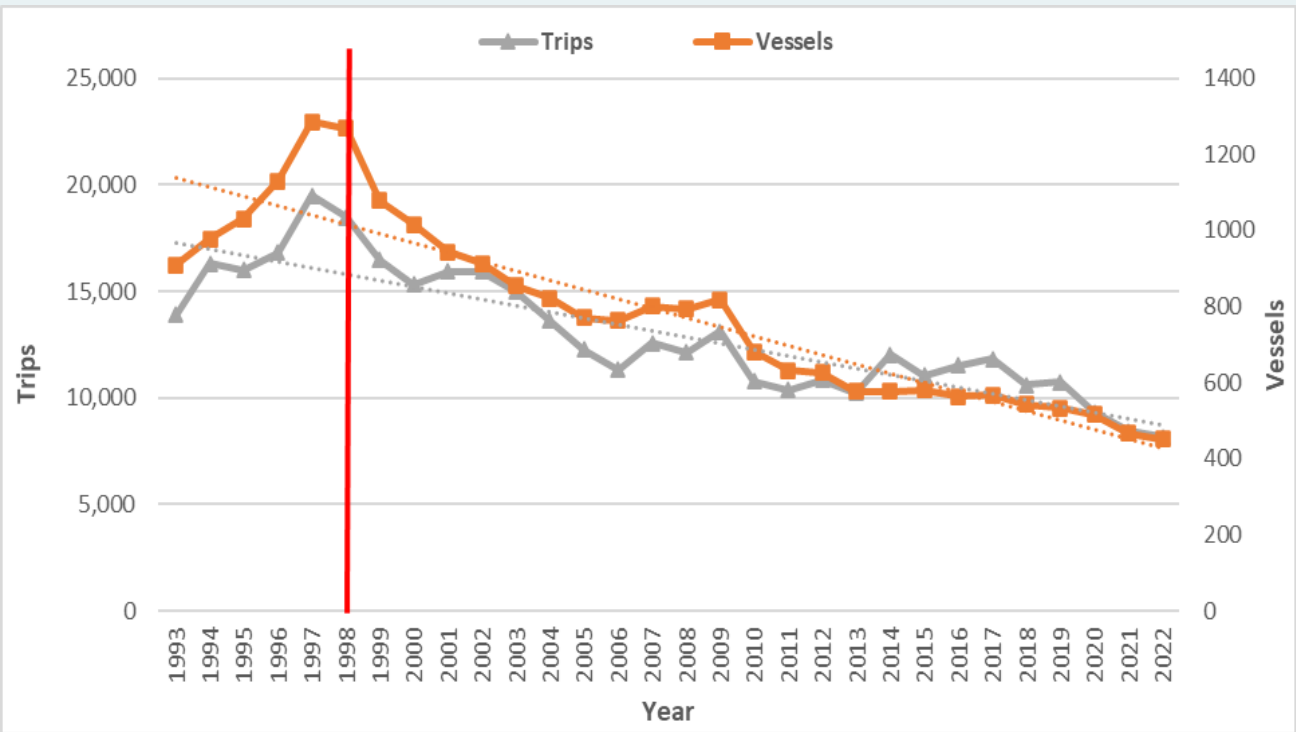
- From 2014-2016, SG 2 permitted vessels landed an average of approximately 63,000 lbs gw of snapper grouper species annually
 - Accounted for approximately 1% to 2% of total commercial snapper grouper landings each year
 - Most of the landings from SG 2 permitted vessels came primarily from the waters off South Florida and to a lesser extent the southern portion of the North Carolina coast
- The top 5 species landed by revenue were king and cero mackerel, yellowtail snapper, mutton snapper, golden tilefish, and gag
- Relatively high utilization of the SG 2 permit
 - 94% of SG 2 permits having at least one pound of snapper grouper landings between 2012 and 2016 and approximately 29% of SG 2 permits having landings in all five years
 - Slightly lower than a similar comparison to SG 1 permits

Recent Overall Trends in Effort, Landings, and Revenue

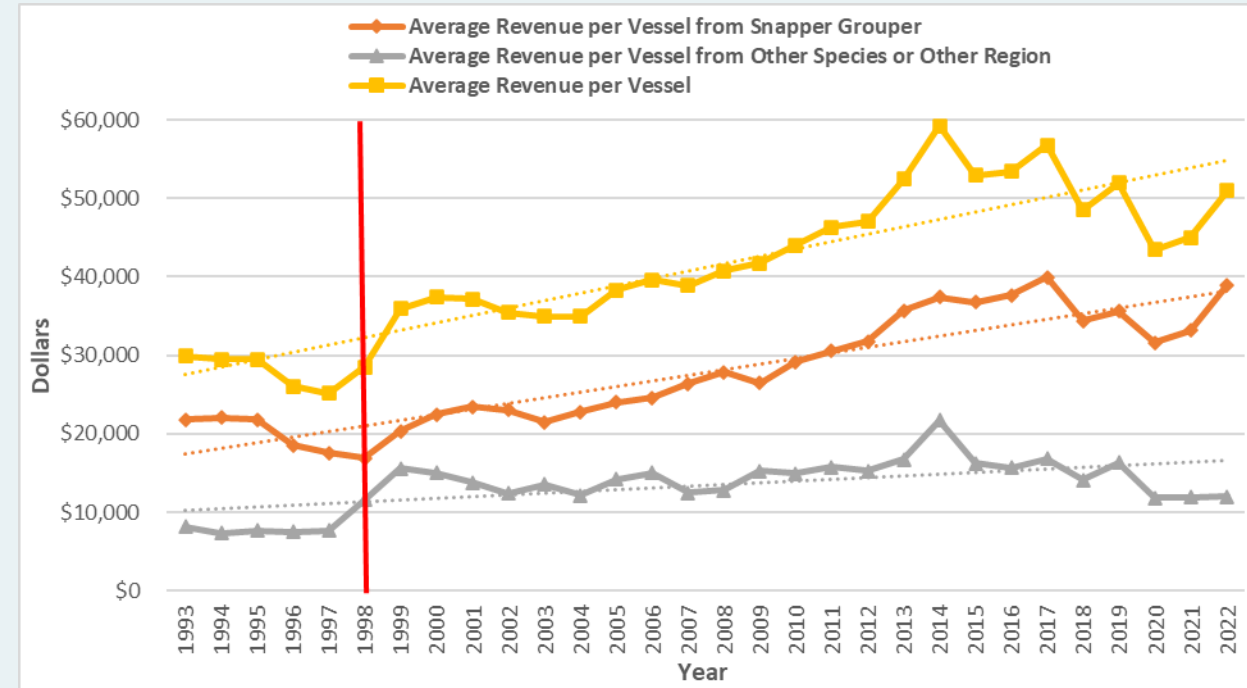
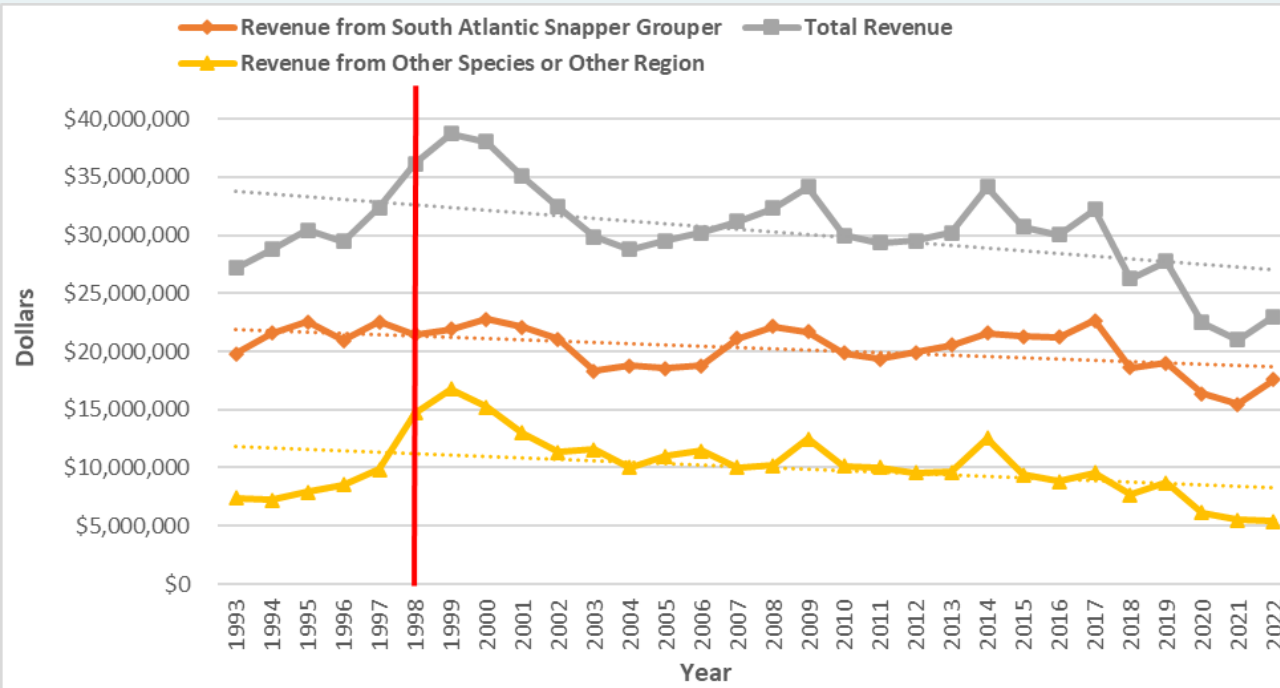


- Decreasing trend in active vessels, trips, landings, and revenue
 - 2018: 542 vessels, 10,618 trips, 7.6 million lbs (4.4 mil lbs of SA SG species), \$26.3 million
 - 2022: 451 vessels, 8,176 trips, 6 million lbs (3.8 mil lbs of SA SG species), \$23 million
- Average revenue of \$48,000 per vessel
 - 72% from sale of SG species
 - Revenue per vessel has held up through the last 5-years

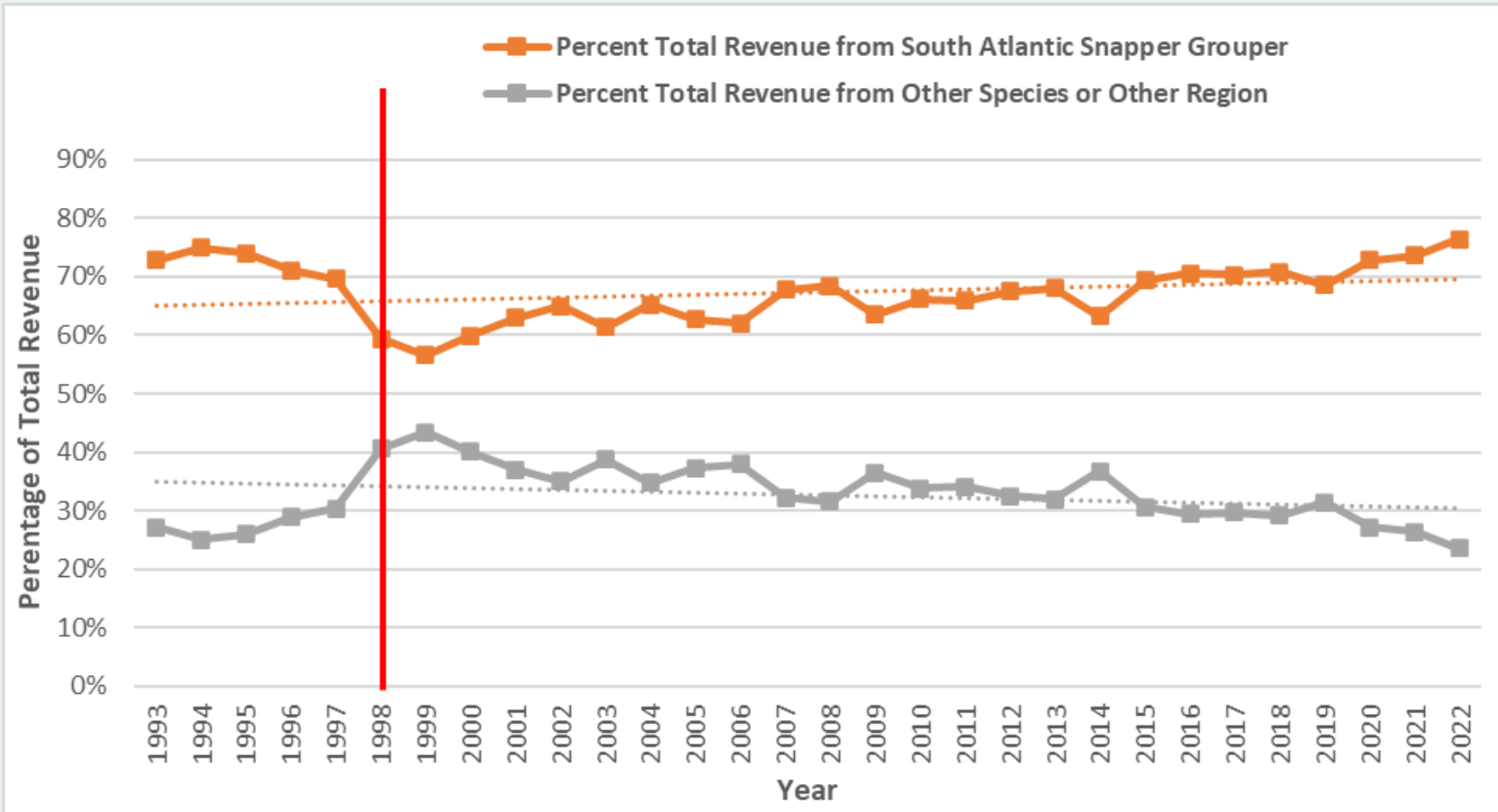
Historic Trends: Effort and Landings



Historic Trends: Revenue



Historic Trends: Reliance on Commercial SG Fishery



- Increasing reliance on SA SG species for vessel remaining active in the fishery

Commercial ACL Utilization

Table 8. Commercial sector ACL utilization of snapper grouper species or species groupings, 2020-2022¹.

Species	2020	2021	2022	3-Year Average
Red snapper*	108%	102%	99%	103%
Golden tilefish*	104%	98%	104%	102%
Blueline tilefish	100%	102%	103%	102%
Snowy grouper*	101%	88%	77%	88%
Hogfish (GA-NC)	77%	101%	75%	84%
Yellowtail snapper* (FY=Aug. 1- July31)	90%	72%	83%	81%
Gray triggerfish	101%	66%	76%	81%
Gag*	74%	55%	47%	59%
Red porgy*	52%	46%	38%	45%
Black sea bass*	28%	26%	30%	28%
Scamp*	30%	25%	20%	25%
Jack complex	78%	74%	82%	78%
Vermilion snapper	82%	69%	75%	75%
Black grouper	74%	61%	58%	64%
Mutton snapper	72%	56%	55%	61%
Greater amberjack* (FY=Mar. 1- Feb. 28)	54%	59%	66%	60%
Deepwater complex	41%	52%	64%	52%
Porgies	50%	40%	36%	42%
Hogfish (FLK-EFL)	42%	41%	37%	40%
Bar jack	27%	11%	75%	38%
Red grouper	42%	34%	25%	34%
Shallow water grouper complex	30%	33%	32%	31%
Grunts complex	36%	27%	19%	27%
Snapper complex	26%	21%	23%	23%
Atlantic spadefish	17%	20%	18%	18%
Average ACL Utilization (All Species)	61%	55%	57%	58%

- Have or will have high ACL utilization for several species
 - Such as deepwater species
- Some room for growth or additional effort towards certain species
 - Such as greater amberjack and vermillion snapper



Next Steps? Where to go from here:

- **How would the Committee like to proceed with future evaluation of the commercial snapper grouper permits? While not exhaustive, examples could include:**
 - 1) Maintain the discussion of potential changes to commercial snapper grouper permits in the planned amendment related to long-term wholistic measures for changes to the snapper grouper fishery (i.e. per guidance from the December 2021 meeting). This amendment is currently scheduled to begin in early 2025.
 - 2) Begin an amendment that is focused on changes to the commercial snapper grouper permit.
 - 3) Request additional and updated analysis on SG 1 permits, SG 2 permits, commercial landings, and quota utilization at the September or December 2024 Council meetings.
 - i. Could specify what other information would be useful.
 - 4) Do not further discuss changes to the commercial snapper grouper permit at this time.
 - i. Possibly re-evaluate at another specified time (i.e. 2-years, 3-years, 5-years, etc.).
 - 5) Other?