



THE SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL

Snapper Grouper Amendment 48

Modernization of the Wreckfish Individual Transferable Quota Program

Decision Document

June 2024

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 time 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 including: allocations, moving from a paper-based to an electronic reporting system, participation and eligibility requirements, monitoring requirements, and cost recovery fee collection. 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 reports directly to the Snapper Grouper Committee. The Wreckfish Advisory Group

consists of all individuals/groups that currently own Wreckfish ITQ shares. The Wreckfish Sub-Committee and Advisory Group met in September 2023 to discuss participation and eligibility and monitoring requirements for the fishery. In December 2023, the full Council approved the addition of several new actions for Amendment 48.

Actions in this Framework Amendment

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 requirements to commercially harvest or sell wreckfish.

Action 4. Wreckfish Individual Transferable Quota Online Shareholder Account Eligibility.

Action 5. Requirements for Obtaining and Maintaining Wreckfish Individual Transferable Quota Shares in the Online System.

Action 6. Share Divestment for Permit-Required Accounts.

Action 7. Redistribution of reclaimed shares to remaining shareholders.

Action 8. Wreckfish Individual Transferable Quota Requirements to Obtain Annual Allocation from Shares.

Action 9. Wreckfish Individual Transferable Quota Requirements to Obtain Annual Allocation through Transfer.

Action 10. Retaining Annual Allocation before a Commercial Annual Catch Limit Reduction.

Action 11. Modify the commercial fishing year for wreckfish.

Action 12. Pre-landing Notification Requirement for Commercial Vessels Participating in the Wreckfish Component of the Snapper Grouper Fishery.

Action 13. Modify offloading site requirements and establish approved landing locations for wreckfish.

Action 14. Modify offloading time requirements for wreckfish.

Action 15. Implement a cost recovery plan and associated conditions for the wreckfish individual transferable quota program.

Sub-Action 15-1. Implement a cost recovery plan for the wreckfish individual transferable quota program.

Sub-Action 15-2. Collection of wreckfish individual transferable quota program cost recovery fees.

Sub-Action 15-3. Frequency of wreckfish individual transferable quota program cost recovery fee submission.

Sub-Action 15-4. Determination of wreckfish individual transferable quota program cost recovery fees.

Objectives for this Meeting

- Review IPT suggestions for action/alternative language.
- Review draft Council conclusions.
- Consider approval for formal review.

Tentative Amendment Timing

	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 Sub-Committee meeting to discuss monitoring, participation, and eligibility requirements.	September 2023
✓	Snapper Grouper Committee is updated on WAG/WSC discussions.	December 2023
✓	Law Enforcement Advisory Panel reviews monitoring actions.	January 2024
✓	Wreckfish Sub-Committee reviews draft amendment, selects preferred alternatives, and approves for public hearings.	February 2024
✓	Snapper Grouper Committee reviews and approves decisions from the Wreckfish Sub-Committee meeting.	March 2024
	Public Hearing	June 2024
	Council reviews amendment and considers for formal approval.	June 2024
	Implementation	2025/2026

Purpose and Need Statement

Purpose: The *purpose* of this action is to modernize the wreckfish individual transferable quota (ITQ) program, and revise management measures.

Need: The *need* for this action is to improve program monitoring and enforcement, as well as data collection and management, provide more flexibility for fishers, increase profitability in the wreckfish ITQ program, and implement a cost recovery program as mandated by the Magnuson-Stevens Act.

Proposed Action and Alternatives

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

Purpose of Action: The recommendation to evaluate sector allocations (currently 95% commercial and 5% recreational) came from the Snapper Grouper Advisory Panel due to concern that the recreational allocation for wreckfish is too high. A lower recreational allocation may be more appropriate, especially considering the low wreckfish encounter rate in the Marine Recreational Information Program survey. Additionally, the recreational allocation was intended to allow some retention in the case of bycatch due to wreckfish having high release mortality and not to encourage targeting of wreckfish recreationally.

Alternative 1 (No Action). Retain the current commercial sector and recreational sector allocations as 95% and 5%, respectively, of the total annual catch limit for wreckfish.

Preferred Alternative 2. Allocate 98% of the total annual catch limit for wreckfish to the commercial sector. Allocate 2% of the total annual catch limit for wreckfish to the recreational sector.

Alternative 3. Allocate 99% of the total annual catch limit for wreckfish to the commercial sector. Allocate 1% of the total annual catch limit for wreckfish to the recreational sector.

Alternative 4. Allocate 99.5% of the total annual catch limit for wreckfish to the commercial sector. Allocate 0.5% of the total annual catch limit for wreckfish to the recreational sector.

Discussion

Table 1. Commercial and recreational allocation alternatives and resulting annual catch limits (lbs ww).

Action 1	Commercial Allocation	Commercial ACL (lbs ww)	Recreational Allocation	Recreational ACL (lbs ww)
Alternative 1 (No Action)	95%	369,645	5%	19,455
Preferred Alternative 2	98%	381,318	2%	7,782
Alternative 3	99%	385,209	1%	3,891
Alternative 4	99.5%	387,155	0.5%	1,946

Note: Total wreckfish ACL is 389,100 pounds whole weight for 2020 and subsequent fishing years.

- Recreational landings of wreckfish are rarely reported through the Marine Recreational Information Program (MRIP) survey, though they are seen on social media.
- While commercial landings after the 2016/17 fishing year have been notably below the commercial sector ACL, higher landings in the 2015/16 and 2016/17 fishing years indicate that the commercial fishery does have the capacity to utilize the ACL more fully.
- Prior to the Comprehensive ACL Amendment (2012), the commercial sector was allocated 100% of the available catch.

- Rationale for establishing a 5% recreational allocation at that time was based on increasing incidences of recreational wreckfish encounters, as noted by commercial and recreational fishermen. By establishing a small allocation for the recreational sector, the Council was attempting to curb some bycatch mortality.
- The recreational season is July-August with a bag limit of 1 fish per vessel.

Environmental Consequences

- **Biological:** Biological effects are not expected to be substantially different between **Alternative 1 (No Action)** and **Preferred Alternative 2, Alternative 3,** and **Alternative 4** since the allocation percentages do not affect the total ACL established for this fishery and the commercial sector is well regulated under an IFQ program.
- **Economic:** In general, higher ACLs allow for increased harvest when fishery conditions allow, thereby increasing net economic benefits. Thus, under this notion, **Alternative 4** would allow for the highest potential net economic benefits for the commercial sector followed by **Alternative 3, Preferred Alternative 2,** and **Alternative 1 (No Action)**. The opposite would be true for the recreational sector, where **Alternative 1 (No Action)** would allow for the highest potential economic benefits followed by **Preferred Alternative 2, Alternative 3,** and **Alternative 4**.
- **Social:** Sector allocations already exist for the recreational and commercial sectors. **Alternative 1 (No Action)** would maintain the current allocation percentages. Under **Preferred Alternative 2, Alternative 3,** and **Alternative 4** there would be a decrease in the recreational percentage compared to **Alternative 1 (No Action)**. These alternatives could have some negative social effects if recreational fishermen have a negative perception of this change due to the decrease in fishing opportunity and concerns about long-term social effects, especially if other actions further decrease harvest opportunities. However, the recreational sector has not met their ACL in recent years, which may subvert any negative perceptions. Additionally, an increase in the commercial percentage may result in positive social benefits if the ACL is able to be more fully utilized.
- **Administrative:** The overall administrative effects are likely to be minimal and the same across the alternatives. The wreckfish fishery is already managed under an ITQ program, which is a considerable administrative burden to the agency. Upon implementation of one of the action alternatives, there would be a temporary increased administrative burden to reallocate quota share to individuals in the program. However, this burden will be only at the implementation stage.

Wreckfish Advisory Group Comments and Recommendations

- Wreckfish shareholders prefer **Alternative 4** under Action 1.
 - The shareholders have not witnessed any recreational catch of wreckfish, except for the occasional catch as the fish are migrating to the Blake Plateau to spawn.
 - To the shareholders knowledge, wreckfish is not targeted by recreational fishermen, just incidental catch when targeting other species.

- Shareholders did note that the Council should look at the recreational AMs to ensure that one MRIP intercept does not result in the entire sector experiencing an in-season closure.

Snapper Grouper Advisory Panel Comments and Recommendations

- The Snapper Grouper Advisory Panel (SG AP) was opposed to changing the current sector allocations, noting that during the short open season recreational fishermen do occasionally catch wreckfish. AP members were concerned that one MRIP intercept would result in exceeding the recreational ACL.
 - The trend of recreational fishermen catching wreckfish is likely to increase as fishermen move into deeper water to avoid non-target snapper grouper species.
 - To gather more information on private recreational harvest of wreckfish (and other deepwater species) the SG AP recommended a wreckfish permit and reporting requirement.
 - The AP noted that citizen science applications may provide an excellent avenue reporting and the small size of the wreckfish portion of the snapper grouper fishery makes it an ideal candidate for pilot testing broader private recreational reporting of snapper grouper species.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2** best meets the objectives of the Fishery Management Plan for Snapper Grouper Fishery of the South Atlantic Region (Snapper Grouper FMP) and the Wreckfish Individual Transferable Quota (ITQ) program while complying with the requirements of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) and other applicable law. Additionally, the Council’s Allocation Trigger Policy requires periodic review of sector allocations for all species.

- Given the low level of recreational landings in recent years the Council determined that modifying the sector allocations was fair and equitable to commercial and recreational fishermen (National Standard 4) because it would allow wreckfish shareholders additional annual poundage while still allowing the recreational sector to harvest wreckfish when they are encountered, without reaching the recreational ACL and triggering AMs.

COMMITTEE ACTION

DISCUSS HOW THIS ACTION AND PREFERRED ALTERNATIVE MEETS [NATIONAL STANDARD 4 \(ALLOCATIONS\)](#).
REVIEW DRAFT COUNCIL CONCLUSIONS.

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

Purpose of Action: Data management, data quality, data analysis, and user experience could be greatly enhanced by moving from a paper system to an electronic system. The migration to an electronic system would increase timeliness of reported data, improve data quality, reduce cost and time for management, provide additional flexibility and benefits to fishermen, and improve program enforcement and monitoring.

Alternative 1 (No Action). Retain the current ITQ paper-based reporting system including share certificates, allocation coupons, vessel logbooks, and dealer reports.

Preferred Alternative 2. Implement an electronic system of reporting for the Wreckfish ITQ program to electronically track ownership and transfers of quota shares, distribution, and transfers of annual allocation (quota pounds), record wreckfish landings, and deduct wreckfish landings from shareholder's allocation. Replace the wreckfish logbook with the coastal fisheries logbook program. and electronically record wreckfish landing information as part of the coastal fisheries logbook program.

Discussion

- Note: A dealer who first receives wreckfish must have a Gulf and South Atlantic dealer permit, and a person issued a Gulf and South Atlantic dealer permit must submit a detailed electronic report of all fish first received for a commercial purpose within a specified time via the dealer electronic trip ticket reporting system. Under **Preferred Alternative 2**, a wreckfish dealer would no longer need to enter information from a paper coupon and submit records to National Marine Fisheries Service (NMFS). Rather, the dealer would establish a dealer account in the system to submit Wreckfish landings electronically. Upon submission, an allocation equal to the landing is deducted from the shareholder/vessel account that landed the fish.

Environmental Consequences

- **Biological:** The current wreckfish ITQ program operates via paper-based logbooks and paper coupons. Moving to an electronic ITQ system is an administrative action that would streamline an already existing program and would not directly affect the physical or biological environment.
- **Economic:** If vessel owners involved in the fishery do not already have the necessary equipment and internet connection to report electronically, **Preferred Alternative 2** would introduce a new cost. To submit logbooks and usage of quota electronically, dealers and vessel owners would need access to an internet equipped device such as a laptop, tablet, or smartphone. While this would result in an additional cost for those that do not already have such a device or internet service, it is assumed that most vessel owners have existing access that would allow them to report electronically. As such, the

implementation of an electronic reporting system is not expected to result in notable new or additional costs.

- **Social:** The requirement for increased electronic reporting under **Preferred Alternative 2** would affect vessel owners who do not already use computer systems in their businesses or could result in errors. However, requiring all wreckfish ITQ shareholders to report electronically is expected to result in broad social benefits by improving quota monitoring. There may also be some positive benefits for individual fishing businesses associated with having a consistent record of catch on their trips under this online system.
- **Administrative: Preferred Alternative 2** would substantially increase the administrative burden on NMFS to develop and implement an electronic system. These costs could be reduced by using the already built SERO Catch Share Online System in the region as a model. In general, the more complicated the alternatives are in each action, the higher the one-time cost to build the system. Once the system is developed, the administrative burden of manually maintaining the existing ITQ program will be reduced from the build-out costs, but still have annual costs to maintain that cover website hosting, software, database, security updates, and overall maintenance of the system.

Wreckfish Advisory Group Comments and Recommendations

- Shareholders prefer **Preferred Alternative 2** under Action 2.
 - The wreckfish shareholders would like to see the electronic reporting program proceed and mirror the current system in terms of access to the fishery for wreckfish.
 - In essence, within the online system shares take the place of the wreckfish permit. The system can build in requirements on who can obtain shares and allocation. There are ways to ensure that you have participation from only those that participate in the wreckfish portion of the snapper grouper fishery.
 - Would like fishermen to be required to have a snapper grouper unlimited permit (SG1) to maintain shares but include a grace period.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2** best met the purpose of modernizing the Wreckfish ITQ program as recommended by the Wreckfish ITQ Program Review (2019) as well as improving program monitoring and enforcement, as well as data collection and management. The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- Moving to an electronic reporting system for the Wreckfish ITQ program would respond to recommendations made in the 2019 Wreckfish ITQ Review and would have the following benefits, as described in Section 2.2.2.

- One database containing all program activity (e.g., landings; participation; transfers of quota shares and quota pounds; ex-vessel, share, and quota pound prices).
- More timely and accurate data reporting and real-time monitoring.
- Improved method and reduced time to transfer shares and quota pounds.
- Automated share cap calculations and increased timeliness in share transfers.
- Ability to match permit holders to shareholder accounts.
- Participants are able to view a history of their online actions (i.e., share transfers, allocation transfers, and landings)
- Elimination of paper coupons, which would:
 - Allow quota pounds to be transferred or landed in one-pound increments rather than 100- and 500-pound increments, which would eliminate loss of quota pounds due to denominational restrictions.
 - Eliminate the need to print coupons and mail coupons to the shareholders.
 - Eliminate the need to mail coupons to the Southeast Fisheries Science Center (SEFSC).

COMMITTEE ACTION

REVIEW IPT SUGGESTED EDITS TO ACTION/ALTERNATIVE LANGUAGE.
REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 3. Modify the requirement to commercially harvest or sell wreckfish.

Purpose of Action: The requirements to possess two permits (the wreckfish permit and a federal commercial snapper grouper permit) in addition to owning ITQ shares is duplicative and therefore unnecessarily burdensome for program participants and data managers. For fishermen the additional burden is from annual fees for two permits. For data managers, the two permits increase the administrative processing burden, unnecessarily complicating the use of data by program analysts. Additionally, in regard to the wreckfish permit, requiring the NMFS to determine whether an entity is an employee, contractor, or agent of the vessel owner is difficult without requesting more information than is typically requested of permit applicants, creates additional administrative burden for applicants and NMFS, and complicates the data confidentiality of this small fishery for wreckfish.

Alternative 1 (No Action). To commercially harvest or sell wreckfish, a commercial vessel permit for wreckfish and a commercial permit for South Atlantic snapper grouper must have been issued to the vessel and the permit must be on board. To obtain a commercial vessel permit for wreckfish, the applicant must be a wreckfish shareholder; and either the shareholder must be the vessel owner, or the owner or operator must be an employee, contractor, or agent of the shareholder.

Alternative 2. To commercially harvest or sell wreckfish, a commercial vessel permit for wreckfish and a commercial permit for South Atlantic snapper grouper (unlimited) must have been issued to the vessel and the permits must be on board. To obtain a commercial vessel permit for wreckfish, the permit holder must be a wreckfish shareholder.

Preferred Alternative 3. To commercially harvest or sell wreckfish, a commercial permit for South Atlantic snapper grouper (unlimited) must have been issued to the vessel, the permit must be on board, and the permit holder must be a wreckfish shareholder.

Alternative 4. To commercially harvest or sell wreckfish, a commercial permit for South Atlantic snapper grouper (unlimited) must have been issued to the vessel and the permit must be on board.

Discussion

- Currently, to obtain a wreckfish permit, the entity must first be a wreckfish shareholder or the shareholder's agent, employee, or contractor. To harvest wreckfish, the vessel owner or the operator of the vessel must be the wreckfish shareholder or agent of the shareholder and must also possess the South Atlantic commercial snapper grouper permit. Therefore, the only restriction on entry into the Wreckfish ITQ program as a shareholder is the availability of wreckfish shares, while the restriction to harvest wreckfish is also limited by the commercial snapper grouper permit.
- The wreckfish permit was originally implemented via Amendment 3 to the Snapper Grouper FMP. As stated in Amendment 3, the purpose of the permit was to allow for collection of critical data such as catch per unit effort, size composition, reproduction, and feeding habits. These data are important in monitoring the biological status of the

wreckfish and its exploitation level. This same data is also collected under the commercial snapper group (unlimited) permit adding to the duplicative nature of the wreckfish permit.

- The requirements to possess two permits in addition to owning ITQ shares does not provide additional information to the NMFS or aid in enforcement, and therefore, may be unnecessarily burdensome for program participants and managers.
 - Further, a commercial vessel permit for snapper grouper is either a transferable commercial permit (also known as an unlimited permit) or a trip-limited commercial permit. A vessel for which a trip-limited permit for South Atlantic snapper grouper has been issued is limited to 225 pounds of snapper grouper. It was the Council original intent in implementing permit requirements for wreckfish that a commercial snapper grouper (unlimited) permit be required, not the commercial snapper grouper (trip-limited) permit. The Council felt the 225-pound limit was too low to make commercial harvest of wreckfish feasible.
- Note: Currently, a dealer may receive wreckfish only from a vessel for which a commercial permit for wreckfish has been issued. Under **Preferred Alternative 3** and **Alternative 4** (which remove the wreckfish permit), a dealer may receive wreckfish only from a vessel for which a commercial permit for South Atlantic snapper grouper (unlimited) has been issued to the vessel (**Alternative 4**) and the permit holder must be a wreckfish shareholder (**Preferred Alternative 3**).

Environmental Consequences

- **Biological:** Changing the permit requirement for wreckfish shareholders is an administrative action that would not directly affect the physical or biological environment.
- **Economic:** **Alternative 2** is similar to **Alternative 1 (No Action)** but is slightly less restrictive as it would remove some of the stipulations for receiving a commercial vessel permit for wreckfish. **Preferred Alternative 3** would be less restrictive than **Alternative 1 (No Action)** and **Alternative 2**, since it would remove the requirement that a fishery participant must obtain a commercial vessel permit for wreckfish. **Alternative 4** would be the least restrictive of the alternatives being considered since it would remove the need to own wreckfish shares, remove the commercial vessel permit for wreckfish requirement, and would potentially open the wreckfish fishery to new vessels that already have a South Atlantic snapper grouper unlimited permit. This alternative would have the potential to add “armchair fishing” to the ITQ program where shareholders do not need to be harvesters. Nevertheless, **Alternative 4** would potentially create net economic benefits for the fishery by allowing the selling of annual allocation to non-shareholders, which may in turn allow for a more efficient market for annual allocation.
- **Social:** When compared to **Alternative 1 (No Action)** the proposed other alternatives would be less burdensome on shareholders as well as NMFS. **Alternative 2** is slightly more restrictive than **Preferred Alternative 3** as it maintains the requirement to purchase

a commercial wreckfish permit. However, **Alternative 2** would require less information to be provided by the shareholder when compared to the requirements under **Alternative 1 (No Action)**. Additionally, **Alternative 2**, **Preferred Alternative 3**, and **Alternative 4** would create fewer requirements to begin commercially harvesting wreckfish, with **Alternative 4** having the lowest threshold for harvest.

- **Administrative:** There may be a reduced administrative burden with **Alternative 2** and **Preferred Alternative 3** compared to **Alternative 1 (No Action)** if the electronic ITQ system is developed under Action 2. **Preferred Alternative 3** and **Alternative 4** would remove the requirement for a wreckfish permit thus eliminating some of the administrative burden and easing the data reconciliation and analysis of the program. Even under **Preferred Alternative 3** and **Alternative 4**, a vessel would still require annual allocation to harvest wreckfish. **Alternative 4** could function similarly in the fishery to **Preferred Alternative 3** and **Alternative 2** if restrictions were placed on annual allocation transfers (e.g., transfer of allocation only allowed to accounts with shares).

Wreckfish Advisory Group Comments and Recommendations

- Shareholders are comfortable with **Preferred Alternative 3** under Action 3.
 - Shareholders would like to make sure that current entry criteria remain in place without the permit so that fishery for wreckfish does not become overcapitalized.
 - There are ways to mimic the purpose of the wreckfish permit in the electronic system.
- **Alternative 2** would be incredibly disruptive because it would preclude having multiple vessels fishing.
- It will be important to track who is leasing shares and landing to make sure that people can't game the system.
- Ensure that moving forward does not overcomplicate a system that is already working.
- Wreckfish Advisory Group noted that the Wreckfish ITQ fishery is very small and cannot handle a large number of participants. Currently, prices are stable, and shares and their allocation are being utilized. In years when allocation is not utilized it is because of poor weather, vessel issues, or other outside factors.

Snapper Grouper Advisory Panel Comments and Recommendations

- The SG AP noted that Action 3/**Alternative 4** would allow the widest participation by facilitating leasing of wreckfish shares/allocation and would facilitate new entrants into the fishery for wreckfish because they would not have to purchase shares directly.
 - The requirement to have a snapper grouper unlimited permit helps aid in accountability.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 3** best met the purpose to modernize the Wreckfish ITQ program and responds to the need to streamline administrative workload and reduce complexity, as noted in the 2019 review of the ITQ program. The preferred alternative

also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council felt removing the requirement to have a commercial permit for wreckfish on board a vessel harvesting wreckfish would respond the concerns brought up in the 2019 Wreckfish ITQ Review regarding administrative workload and complexities associated with the requirement. Additionally, requiring the South Atlantic snapper grouper (unlimited) permit holder to be wreckfish shareholder would mirror the requirement under **Alternative 1 (No Action)** where to receive a wreckfish permit an individual must hold wreckfish shares.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 4. Wreckfish Individual Transferable Quota Online Shareholder Account Eligibility

Purpose of Action: This action would add language to the Code of Federal Regulations (CFR) establishing requirements for opening a wreckfish shareholder account in the new online system.

Alternative 1 (No Action). To be eligible to open a wreckfish individual transferable quota shareholder account, individuals must be United States citizens, permanent resident aliens, or a corporation, partnership, or other entity eligible to own **and OR** control a United States fishing vessel.

Preferred Alternative 2. To be eligible to open a wreckfish individual transferable quota shareholder account, individuals must be entities who are United States citizens, permanent resident aliens, or a corporation, partnership, or other entity eligible to own **and OR** control a United States fishing vessel and hold a valid commercial snapper grouper unlimited permit.

Discussion

- The Magnuson-Stevens Act requires that any limited access privilege program to harvest fish prohibit any person other than:
 - a United States citizen, a corporation, partnership, or other entity established under the laws of the United States or any State,
 - a permanent resident alien, that meets the eligibility and participation requirements established in the program,from acquiring a privilege to harvest fish, including any person that acquires a limited access privilege solely for the purpose of perfecting or realizing on a security interest in such privilege (**Alternative 1 (No Action)**).
- **Preferred Alternative 2** would add an additional requirement to open a wreckfish ITQ shareholder account, by also requiring a valid commercial snapper grouper (unlimited) permit.

Environmental Consequences

- **Biological:** Determining ITQ shareholder account eligibility is an administrative action that would not directly affect the physical or biological environment.
- **Economic:** Adding the requirement of a valid snapper grouper unlimited permit to be eligible to open a wreckfish individual transferable quota shareholder account under **Preferred Alternative 2** may add an additional cost to wreckfish fishery participants in comparison to **Alternative 1 (No Action)** if they do not already possess such a permit. If a fishery participant already holds a valid snapper grouper unlimited permit, then there would be no difference in economic effects between the two alternatives. Currently, all shareholders also have a valid snapper grouper unlimited permit, thus any additional costs would only be potentially incurred by new entrants.

- **Social:** The additional requirement to open a wreckfish individual transferable quota shareholder account (**Preferred Alternative 2**) will add additional cost and time for participants who do not currently possess a valid commercial snapper grouper unlimited permit. The additional burden would be experienced by new entrants into the fishery, as all current participants in the wreckfish individual transferable quota program possess a snapper grouper unlimited permit, so they would not experience additional social effects under **Preferred Alternative 2** when compared to **Alternative 1 (No Action)**.
- **Administrative: Preferred Alternative 2** will have higher administrative impacts than **Alternative 1 (No Action)** as the agency will need cross reference to check the citizenship status of shareholders and permit status. The cost for this may be minimized by using the existing structure and methods in the current Catch Share system, that automatically links the shareholders with the citizenship information collected by the permits system. Both **Alternative 1 (No Action)** and **Preferred Alternative 2** add administrative burden in the form of cost to the agency in building an online system as well as the need for increased outreach and education to ensure participants understand the electronic system.

Wreckfish Advisory Group Comments and Recommendations

The Wreckfish Advisory Group felt that it was important to ensure that anyone opening an online shareholder account had the permits necessary to harvest wreckfish.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2** best met the purpose and need of modernizing the Wreckfish ITQ program as recommended by the Wreckfish ITQ Program Review (2019). The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable laws.

- The Council felt it was key to ensure that only those individuals that had the ability to harvest wreckfish (**Action 3, Preferred Alternative 3**) were able to access the ITQ online shareholder account system.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 5. Requirements for Obtaining and Maintaining Wreckfish Individual Transferable Quota Shares in the Online System

Purpose of Action: This action would add language to the CFR establishing requirements for obtaining and maintaining shares in the online system. There are no requirements for obtaining and maintaining shares in an online system, which would allow wreckfish shares to be obtained and maintained by an individual that does not possess the necessary requirements to harvest wreckfish.

Alternative 1 (No Action). There are no requirements to obtain or maintain wreckfish individual transferable quota shares in an online system.

Alternative 2. To obtain (transfer into a shareholder account) or maintain shares (hold existing shares in a shareholder account), all shareholder accounts must be associated with entities who are United States citizens, permanent resident aliens, or a corporation, partnership, or other entity eligible to own **and OR** control a United States fishing vessel.

Preferred Alternative 3. To obtain (transfer into a shareholder account) all shareholder accounts must be associated with entities who are United States citizens, permanent resident aliens, or a corporation, partnership, or other entity eligible to own **and OR** control a United States fishing vessel and hold a valid commercial snapper grouper (unlimited) permit. To maintain shares (hold existing shares in a shareholder account) an account must hold a valid or renewable commercial snapper grouper (unlimited) permit, or the shares will be reclaimed by the National Marine Fisheries Service. A shareholder account is associated with a permit if the permit has the exact same entities listed on both the shareholder account and permit.

Discussion

- **Alternative 1 (No Action)** would allow shares to be obtained and maintained within the online system regardless of entity citizenship status or harvest eligibility.
- **Alternative 2** would implement requirements for entity citizenship status and **Preferred Alternative 3** would implement requirements for entity citizenship status and harvest eligibility (Action 3) by requiring a valid or renewable commercial snapper grouper unlimited permit.
 - The permit may be “valid or renewable” for this action because it is possible that an account may switch from valid to renewable status on occasion as they go through the process of renewing a permit.
 - How long between the end date of the permit and share divestment is discussed in Action 6.

Environmental Consequences

- **Biological:** Establishing requirements for obtaining and maintaining ITQ shares is an administrative action that would not directly affect the physical or biological environment.

- **Economic:** **Alternative 2** would be more restrictive than **Alternative 1 (No Action)** and create more of a barrier to entry since it may limit potential fishery participants to those who meet the qualifications. **Preferred Alternative 3** would be the most restrictive of the alternatives considered since it would include all of the requirements of **Alternative 2** as well as require a valid commercial snapper grouper unlimited permit. This permit requirement may add an additional cost to wreckfish fishery participants in comparison to **Alternative 1 (No Action)** and **Alternative 2** if they do not already possess such a permit. If a fishery participant already holds a valid snapper grouper unlimited permit, then the economic effects would be similar between the **Alternative 2** and **Preferred Alternative 3**.
- **Social:** Requirements to obtain and maintain wreckfish individual transferable quota directly affect who is able to participate in the wreckfish fishery and thus which communities are able to experience the social benefits of wreckfish shares. **Alternative 1 (No Action)** would allow any individual to obtain and maintain wreckfish ITQ shares in the online system, while **Alternative 2** and **Preferred Alternative 3** set up increasing requirements for operating in the online system. Lower requirements to obtain and maintain shares may allow the benefits of the wreckfish individual transferable quota program to be spread throughout the South Atlantic region as opposed to concentrating in a few communities. Alternatively, stricter requirements for obtaining and maintaining shares, specifically **Preferred Alternative 3**, ensure that those individuals with shares also meet the requirements to harvest wreckfish (Action 3) ensuring that the benefits from shares have the potential to be realized.
- **Administrative:** **Alternative 2** and **Alternative 3** will have higher administrative effects compared to **Alternative 1 (No Action)** as the online system will need to be developed to be able to cross reference with the permits database to verify citizenship status and permit status. **Preferred Alternative 3** would have a larger administrative burden for the development of the system as both citizenship status and permit status would need to be checked.

Wreckfish Advisory Group Comments and Recommendations

- The Wreckfish Advisory Group felt that it was important to ensure that anyone opening an online shareholder account had the permits necessary to harvest wreckfish.
- The Wreckfish Advisory Group had no issue with restricting the ability of an individual to obtain shares under certain conditions, but they would like clarification on what “outstanding sanctions” would include and what offenses would result in a sanction and if those with a sanction would be allowed to fish for any federal fisheries. Additionally, they would like more detail on what constitutes a *delinquent* logbook, especially given the challenges fishermen sometimes experience when submitting logbooks.
- The Wreckfish Advisory Group did not think there were other restrictions that would keep the fishery accountable.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 3** best met the purpose and need of modernizing the Wreckfish ITQ program as recommended by the Wreckfish ITQ Program Review (2019). The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council felt it was key to ensure that only those individuals that had the ability to harvest wreckfish (Action 3, Preferred Alternative 3) were able to obtain and maintain Wreckfish ITQ shares in the online system.
- The Council felt the permit needed to be *valid* when obtaining shares but *valid or renewable* when maintaining shares understanding that shareholders may move in and out of valid permit status as they go through the annual renewable process.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 6. Share Divestment for Permit-Required Accounts

Purpose of Action: This action would add language to the CFR establishing a protocol for NMFS reclaiming shares if an account no longer meets requirements to maintain shares, as established in Action 5. As such, Action 6 is applicable only if an alternative other than Alternative 1 (No Action) is chosen in Action 5.

Alternative 1 (No Action). The Wreckfish ITQ program does not specify requirements for NMFS to reclaim shares of shareholder accounts not in compliance with the requirements to maintain shares.

Preferred Alternative 2. Shareholder accounts must be in compliance with the requirements to maintain shares, or the National Marine Fisheries Service will reclaim all shares in a shareholder account:

Sub-alternative 2a. On the effective date implementing requirements to maintain Wreckfish Individual Transferable Quota shares ~~this amendment~~.

Preferred Sub-alternative 2b. 1 year following the effective date implementing requirements to maintain Wreckfish Individual Transferable Quota shares ~~this amendment~~.

Sub-alternative 2c. 3 years following the effective date implementing requirements to maintain Wreckfish Individual Transferable Quota shares ~~this amendment~~.

Preferred Alternative 3. After implementation of this amendment, if a shareholder is no longer in compliance with the requirements to maintain shares, the shareholder(s) must divest of the account's shares, or the shares will be reclaimed by NMFS:

Preferred Sub-alternative 3a. 1 year following the end date on a shareholder's snapper grouper (unlimited) permit.

Sub-alternative 3b. 3 years following the end date on a shareholder's snapper grouper (unlimited) permit.

Discussion

- If the Council chooses to establish requirements to maintain wreckfish shares (Action 5) there will need to be a process in place for reclaiming shares from individuals that no longer meet the requirements.
 - **Preferred Alternative 2** and its sub-alternatives set a time period for individuals to become in compliance with the new regulations once Snapper Grouper Amendment 48 becomes effective.
 - **Preferred Alternative 3** and its sub-alternatives set a time period for individuals to divest their shares once they are out of compliance and before NMFS will reclaim the shares.
- In the case of death, as long as an estate is still being addressed, the shareholder account and associated shares would simply be in a "holding pattern."
 - There is paperwork that will be needed and general information on the process is included in the discussion of this action.

Environmental Consequences

- **Biological:** Establishing a protocol for share divestment is an administrative action that would not directly affect the physical or biological environment.
- **Economic:** Under **Alternative 1 (No Action)**, the Wreckfish ITQ program does not specify requirements for NMFS to reclaim wreckfish shares from non-compliant shareholders. This would be a benefit for such shareholders but could represent a cost to other shareholders and the fishery as a whole if the non-compliant shareholders are not utilizing their quota. **Alternative 2** and **Preferred Alternative 3** would allow NMFS to reclaim these shares and make them available to other compliant shareholders in the fishery. Thus, this could lead to better utilization of the commercial wreckfish quota as a whole and increase net economic benefits.
- **Social: Preferred Alternative 2** and **Preferred Alternative 3** specify requirements and would authorize NMFS to reclaim shares from shareholder accounts that were not in compliance with the requirements to maintain shares (Action 5) and would prevent individuals from holding on to shares that they did not have the ability to utilize, ensuring that the social benefits of wreckfish individual transferable quota shares were fully realized and utilized by communities.
- **Administrative:** The agency would need to track compliance with regulations for **Preferred Alternative 2** and **Preferred Alternative 3** and associated sub-alternatives when compared with **Alternative 1 (No Action)** and create a mechanism to reclaim and hold shares from accounts not in compliance with the regulation. This will require increased cost and administrative burden to the agency to track accounts, create an account to hold the reclaimed shares, and create a method to transfer shares and record the reason for the reclamation.

Wreckfish Advisory Group Comments and Recommendations

- The Wreckfish Advisory Group felt that one year was sufficient to allow current shareholders to transfer shares as needed to be in compliance with new participation and eligibility regulations.
- The Wreckfish Advisory Group felt that one year was sufficient for an ineligible shareholder to divest of their shares, but wanted to ensure that the discussion section of the document included details on how divesting would work in the case of death of a shareholder.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2, Sub-Alternative 2b** and **Preferred Alternative 3, Sub-Alternative 3a** best met the purpose and need of modernizing the Wreckfish ITQ program as recommended by the Wreckfish ITQ Program Review (2019). The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- Currently, all Wreckfish ITQ shareholders meet the requirements to obtain and maintain shares. The Council determined that one year following the effective date of the requirement to maintain shares being implemented, as well as one year after a shareholder were to fall out of compliance with the requirement, is sufficient time for shareholders to move permits around to different vessels, as needed, or sell permits in the future.

COMMITTEE ACTION

REVIEW SUGGESTED IPT EDITS TO ALTERNATIVE LANGUAGE
REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 7. Redistribution of reclaimed shares to remaining shareholders.

Purpose of Action: This action would add language to the CFR establishing a protocol for NMFS to redistribute shares that have been reclaimed. As such, Action 7 is applicable only if an alternative other than Alternative 1 (No Action) is chosen in Action 5 and Action 6.

Alternative 1 (No Action). There are no requirements for the National Marine Fisheries Service to reclaim and redistribute shares of shareholder accounts not in compliance with the requirements to maintain shares.

Alternative 2. Redistribute reclaimed shares to remaining shareholders equally, subject to the share cap.

Alternative 3. Redistribute reclaimed shares to remaining shareholders based on the proportion of remaining shares held by each remaining shareholder, subject to the share cap.

Preferred Alternative 4. Redistribute reclaimed shares to remaining shareholders based on landings history, subject to the share cap.

Sub-alternative 4a. Proportion of total wreckfish landings over the most recent five fishing years.

Preferred Sub-alternative 4b. Proportion of total wreckfish landings over the most recent three fishing years.

Discussion

- This action tiers off Action 5 (requirements to obtain and maintain shares) and Action 6 (share divestment). Should NMFS reclaim shares from an account no longer in compliance with the requirements to maintain shares, the reclaimed shares would be redistributed to remaining shareholders based on the alternative chosen in this action.
- In the case that a shareholder has met the share cap, they would not be eligible to receive the redistributed shares.

Environmental Consequences

- **Biological:** Establishing a protocol for the redistribution of shares to remaining shareholders is an administrative action that would not directly affect the physical or biological environment.
- **Economic: Alternatives 2 through 4** would result in a net economic benefit for compliant shareholders in the wreckfish fishery in comparison to **Alternative 1 (No Action)** due to the redistribution of shares to these participants. **Alternatives 2 through 4 (Preferred)** would likely lead to better utilization of the wreckfish quota and an increase in net economic benefits through harvesting or utilizing the redistributed quota. Additionally, this redistribution of quota would provide a net economic benefit to recipients from the proceeds of the quota if sold.

- **Social: Alternative 2, Alternative 3 and Preferred Alternative 4** and its sub-alternatives would allow NMFS to reclaim and redistribute shares that were not held by accounts in compliance with the requirements to maintain shares (Action 5). How **Alternative 2, Alternative 3 and Preferred Alternative 4** and its sub-alternatives would affect fishing communities in the South Atlantic would depend on the distribution of active shares and their locations at the time of redistribution. Overall, redistributing reclaimed shares would have a positive social effect on active shareholders as it would increase their opportunity to harvest wreckfish and ensure that the available quota was able to be more fully utilized.
- **Administrative:** The administrative impacts on the sub-alternatives would be similar in that the system will use the creation of automated code to track dates and redistribute shares. However, **Alternative 1 (No Action)** would have the least administrative burden on the agency followed by **Alternative 2, Alternative 3, and Preferred Alternative 4,** and associated sub-alternatives. This burden may be eased by modifying the existing Catch Shares Online System (as used in the Gulf of Mexico ITQ programs) to accommodate this action, however as the development of the catch share system gets more complicated the cost to develop it increases.

Wreckfish Advisory Group Comments and Recommendations

The Wreckfish Advisory Group did not come to an agreement on this action. While some were in favor of redistribution to “all eligible shareholder accounts”, others felt that there should be a common pool or other system that might allow for new entrants.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 4, Preferred Sub-alternative 4b** best met the purpose and need. The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council felt utilizing landings over the last three years to redistribute any reclaimed shares would be the most equitable as it would reflect the current effort in the fishery for wreckfish.

COMMITTEE ACTION

REVIEW IPT SUGGESTED EDITS TO ACTION/ALTERNATIVE LANGUAGE.
REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 8. Wreckfish Individual Transferable Quota Requirements to Obtain Annual Allocation from Shares.

Purpose of Action: This action would add language to the CFR establishing requirements for a shareholder to receive their annual allocation, ensuring that shareholders are up to date with cost recovery fees and fishery monitoring requirements.

Alternative 1 (No Action). To obtain annual allocation from shares, an account must hold active wreckfish individual transferable quota shares.

Alternative 2. To obtain annual allocation from shares, an account must hold a valid or renewable commercial snapper grouper unlimited permit.

Preferred Alternative 3. To obtain annual allocation from shares, an account must hold active wreckfish individual transferable quota shares and be **in compliance in good standing** with respect to:

Preferred Sub-alternative 3a. Collection and submission of cost recovery fees.

Sub-alternative 3b. Wreckfish individual transferable quota reporting requirements.

Discussion

- **Alternative 2** and **Preferred Alternative 3** would create additional requirements to obtain annual allocation from shares outside of holding shares (**Alternative 1 (No Action)**).
 - **Alternative 2** would require shareholders to hold a valid or renewable commercial snapper grouper unlimited permit. In addition, requiring shareholders to hold a valid or renewable commercial snapper grouper unlimited permit.
 - **Preferred Alternative 3** would require shareholders to be compliant with collection and submission of cost recovery fees (**Preferred Sub-Alternative 3a**) and Wreckfish ITQ reporting requirements (**Sub-Alternative 3b**).
- If shareholders are not in good standing at the start of the year when the annual allocation is initially released, it could be released to them once they are in good standing.
- Multiple alternatives could be selected under this action and the Council's intent is to use the release of allocation to encourage compliance with the collection and submission of the cost-recovery fee.

Environmental Consequences

- **Biological:** Establishing requirements for obtaining annual allocation is an administrative action that would not directly affect the physical or biological environment.
- **Economic:** **Alternative 2** would require a valid or renewable commercial snapper grouper unlimited permit to obtain annual allocation from shares. This would represent a cost if current quota shareholders do not have this permit and must purchase one to

remain active in the wreckfish fishery. If a fishery participant already holds a valid snapper grouper unlimited permit, then there would be no economic effects on the participant. Currently, all shareholders also have a valid snapper grouper unlimited permit, thus any additional costs would only be potentially incurred by new entrants. **Preferred Alternative 3** would require participants to have or acquire active wreckfish ITQ shares to obtain annual allocation as well as be in good standing in respect to cost recovery fees (**Sub-alternative 3a**) and wreckfish ITQ reporting requirements (**Preferred Sub-alternative 3b**), which represent costs that are discussed in subsequent actions covering these topics. Thus, these sub-alternatives would not implement direct costs.

- **Social: Alternative 2** would require the shareholder to also meet the requirements necessary to harvest wreckfish, in this case a commercial snapper grouper permit. **Alternative 2** ensures that there is the potential for the highest social benefits to be realized through harvest of all available wreckfish allocation. **Preferred Alternative 3** would require shareholders to be in good standing with collection and submission of cost recovery fees (**Sub-alternative 3a**) and wreckfish reporting requirements (**Preferred Sub-alternative 3b**). The social effects of those specific requirements are discussed under Action 15 and Action 2, respectively. Overall, requiring shareholders to be in compliance with these regulations will aid in management of the fishery ensuring social benefits are achieved in the long-term.
- **Administrative:** For all alternatives, the agency would need to build a one-time code to allow the electronic system to only display accounts that meet the standard for obtaining annual allocation from shares. **Alternative 2** would require code that links to the permits system and could modify some existing code used for the Gulf IFQ programs. **Preferred Alternative 3** would require substantially more complex coding and staff analysis to address the various sub-alternatives. **Preferred Alternative 3, Preferred Sub-Alternative 3a** would require code to determine if the cost recovery fees were collected or submitted. **Preferred Alternative 3, Sub-Alternative 3b** would require additional analysis to determine if all landing transactions were submitted based on information in the system about trips taken.

Wreckfish Advisory Group Comments and Recommendations

The Wreckfish Advisory Group felt that it was appropriate to require shareholders be in compliance with cost recovery fee requirements and necessary permit requirements to harvest wreckfish in order to receive annual allocation.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 3, Preferred Sub-alternative 3a** best met the purpose and need. The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council felt it was key to ensure that only those individuals that had the ability to harvest wreckfish (**Action 3, Preferred Alternative 3**) were able to receive allocation from their shares.
- The Council intends to use distribution of annual allocation from shares as a mechanism to encourage compliance with collection and submission of cost recovery.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 9. Wreckfish Individual Transferable Quota Requirements to Obtain Annual Allocation through Transfer.

Purpose of Action: This action would add language to the CFR establishing requirements for obtaining annual allocation through transfer in the online system. Currently, there are no requirements for obtaining annual allocation through transfer in an online system, which would allow wreckfish allocation to be obtained and maintained by an individual that does not possess the necessary requirements to harvest wreckfish.

Alternative 1 (No Action). Do not limit who can receive annual allocation through transfer in the online system.

Preferred Alternative 2. Individual transferable quota annual allocation can be transferred only to individual transferable quota accounts holding shares. Eligible accounts must be held by individuals who are United States citizens or permanent resident aliens.

Preferred Alternative 3. Individual transferable quota annual allocation can be transferred only to accounts with an associated valid snapper grouper (unlimited) permit. Eligible accounts must be associated with individuals who are United States citizens or permanent resident aliens.

Discussion

- **Alternative 1 (No Action)** may not be a viable alternative. The Magnuson-Stevens Act “prohibits any person other than a United States citizen, a corporation, partnership, or other entity established under the laws of the United States or any State, or a permanent resident alien, that meets the eligibility and participation requirements established in the program from acquiring a privilege to harvest fish.”
- **Preferred Alternative 2** would require that allocation only be transferred to a Wreckfish ITQ account holding shares. **Preferred Alternative 3** would require that allocation only be transferred to a Wreckfish ITQ account associated with a valid snapper grouper unlimited permit. Multiple alternatives can be selected as preferred under this action.

Environmental Consequences

- **Biological:** Establishing requirements to obtain annual allocation through transfer is an administrative action that would not directly affect the physical or biological environment.
- **Economic: Preferred Alternative 2** would be more restrictive than **Alternative 1 (No Action)** and potentially add a cost to fishery participants if they do not already possess wreckfish shares. As such, shares would need to be purchased or annual allocation could not be transferred. The valid snapper grouper unlimited permit requirement of **Preferred Alternative 3** may add an additional cost to wreckfish fishery participants in comparison to **Alternative 1 (No Action)** and **Preferred Alternative 2** if they do not already possess such a permit.

- **Social: Preferred Alternative 2** would mirror what is currently in place under the paper-based reporting system, requiring individuals interested in receiving allocation via transfer to already hold wreckfish individual transferable quota shares. This would result in additional burden to an individual interested in participating in the fishery as they would need to both find a current shareholder willing to sell them a percentage of shares in the fishery and possibly provide compensation for receiving those shares. Additionally, **Preferred Alternative 2** would result in the benefits of allocation being realized only in communities with active wreckfish shareholders, as is currently the case under the paper-based reporting system. **Preferred Alternative 3** would not require someone receiving allocation via transfer to have shares but would require them to have a commercial snapper grouper unlimited permit, which is a requirement to harvest wreckfish (Action 3). This would ensure that the annual wreckfish allocation has the highest potential to be fully utilized and the highest possible social benefits from harvest realized.
- **Administrative:** For all alternatives, including **Alternative 1 (No Action)**, the agency would need to build a one-time code to allow the electronic system to only display accounts that meet the standard for obtaining annual allocation from transfers. Building the code for **Preferred Alternative 2** and **Preferred Alternative 3** would require linkages to the permits system and could modify some existing code used for the Gulf IFQ programs, which may reduce the administrative burden.

Wreckfish Advisory Group Comments

The Wreckfish Advisory Group felt that the requirements to receive annual allocation through transfer should mirror the requirements to harvest wreckfish.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2** and **Preferred Alternative 3** best met the purpose and need. The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council felt it was key to ensure that only those individuals that had the ability to harvest wreckfish (**Action 3, Preferred Alternative 3**) were able to access annual allocation through transfer.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSION.

Action 10. Retaining Annual Allocation before a Commercial Annual Catch Limit Reduction

Purpose of Action: While no stock assessment or annual catch limit reduction is expected for wreckfish, this action would add language to the CFR to provide the Regional Administrator with the ability to withhold annual allocation in the event a reduction is required in the future.

Alternative 1 (No Action). Distribute 100% of the wreckfish annual allocation to individual transferable quota shareholders on January 1st of each year.

Preferred Alternative 2. Provide the Regional Administrator with the authority to withhold the amount of wreckfish annual allocation before distribution at the beginning of a year in which a commercial annual catch limit reduction is expected to occur. Withheld wreckfish annual allocation will be distributed to shareholders if the effective date of the final rule implementing the quota reduction has not occurred by:

Preferred Sub-alternative 2a. June 1.

Sub-alternative 2b. August 1.

Discussion

- There is currently no stock assessment scheduled for wreckfish and no Council action that would reduce the commercial annual catch limit. Additionally, any reduction in catch levels would still go through the Council’s Scientific and Statistical Committee and amendment development process.
- The Regional Administrator would only withhold allocation if the commercial ACL were to be reduced based on the corresponding Council-approved amendment. The allocation withheld would directly correspond to the amount of the reduction.

Environmental Consequences

- **Biological:** This action is primarily administrative, so little or no direct or indirect effects are expected on the biological environment regardless of which alternative is selected. Reducing the ACL for wreckfish would be a separate action and any effects to the biological environment from that action would be analyzed in the plan amendment or framework action supporting the reduction. However, under specific circumstances, **Alternative 1 (No Action)** could delay the implementation of an ACL decrease by a year. This could occur if the need for the ACL reduction were identified too late in the year for implementing a framework action to retain annual allocation on January 1. The result would be the necessary ACL decrease would be delayed until the next year. This could have negative biological effects on the species requiring an ACL decrease.
- **Economic:** The potential additional wreckfish landings under **Alternative 1 (No Action)** would provide net economic benefits for wreckfish fishery participants but could also lead to longer-term economic costs if overfishing were to occur. **Preferred Alternative 2** would reduce the risk of overfishing wreckfish in years that the ACL is being reduced,

which could lead to long-term economic benefits. In the short-term, there would be economic costs due to the reduced quota available to the fishery and likely reduced landings of wreckfish. The likelihood of these reduced landings occurring is higher under **Sub-alternative 2b** than **Preferred Sub-alternative 2a**.

- **Social:** While this opportunity to continue to harvest wreckfish at the higher level would provide social benefits for wreckfish fishery participants, it could also lead to long-term loss of social benefits if overfishing was to occur. **Preferred Alternative 2** would reduce the risk of overfishing wreckfish in years that the ACL is being reduced, which would promote long-term social benefits. The likelihood of these reduced landings occurring is higher under **Sub-alternative 2b** than **Preferred Sub-alternative 2a**.
- **Administrative:** Should the ACL need to be withheld, **Preferred Alternative 2** would reduce the burden on the administrative environment compared to **Alternative 1 (No Action)**. However, if the expected ACL decrease did not occur, NMFS would then need to distribute the held back amount. **Sub-alternative 2b** would likely have less of an administrative burden under **Preferred Alternative 2** relative to **Preferred Sub-alternative 2a** because there would be more time to implement an ACL reduction and not incur the need to redistribute held back quota.

Wreckfish Advisory Group Comments and Recommendations

The Wreckfish Advisory Panel did express concern about allowing the Regional Administrator to retain annual allocation before a commercial ACL reduction and reiterated the importance of getting an updated stock assessment for wreckfish.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2, Preferred Sub-alternative 2a** best met the purpose and need of improving program monitoring and management. The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council determined that allowing the Regional Administrator to withhold the amount of wreckfish annual allocation before distribution, in the event an ACL reduction was expected to occur, would help avoid possible issues with the commercial ACL being exceeded if a reduction were to take place mid-season after the annual allocation has already been released to shareholders.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 11. Modify the commercial fishing year for wreckfish.

Purpose of Action: The Wreckfish program would be built into the existing Southeast Catch Share Online System, which has an annual mandatory down time period from December 31 at 6 pm eastern standard time (EST) to January 1 at 2 pm EST. A calendar year fishing year would reduce administrative burden and system downtime as the ITQ program moves towards an electronic reporting system.

Alternative 1 (No Action). The commercial fishing year for wreckfish begins on April 15 and ends on April 14.

Preferred Alternative 2. The commercial fishing year for wreckfish begins on January 1 and ends on December 31.

Discussion

- The current electronic reporting systems have a required shut down time from December 31st at 6pm EST to January 1st 2pm EST to reset the system for the next year. By consolidating the reporting system downtimes, impacts on other electronic programs in an online system can be reduced. Additional system downtimes may affect all programs in the online system which currently include Gulf of Mexico Red Snapper IFQ, Gulf of Mexico Grouper-Tilefish IFQ, Highly Migratory Species' Bluefin Tuna IBQ, and law enforcement's ability to enter Turtle Excluder Device reports.
- This is anticipated to have minimum impact since the fishery is still closed during roughly the same time period.
- There is currently a spawning closure for wreckfish from January 15th through April 15th, established in Snapper Grouper Amendment 3. The spawning closure was put in to place because fishermen observed wreckfish caught during the January through April period to be full of roe or milt and actively spawning. Preliminary research by the state of South Carolina at the time supported this spawning season. Additionally, fishermen stated that wreckfish appear to bite baited hooks very aggressively during the spawning period making fishing quite efficient at that time of year.
 - No new information on the timing of wreckfish spawning is available.

Environmental Consequences

- **Biological:** There is not expected to be any difference in the biological effects under **Alternative 1 (No Action)** and **Preferred Alternative 2**. Neither alternative would modify the fishery in such a way that it would result in effects to wreckfish, other affected species or protected species.
- **Economic:** The fishing year does not directly affect landings or fishing behavior, therefore the economic effects of **Alternative 1 (No Action)** and **Preferred Alternative 2** would likely be similar.

- **Social:** The fishing year does not directly affect landings or fishing behavior, therefore the social effects of **Alternative 1 (No Action)** and **Preferred Alternative 2** would likely be similar.
- **Administrative:** The need for this action is purely administrative and **Preferred Alternative 2** would reduce the administrative burden compared to **Alternative 1 (No Action)** because the updates and maintenance of the ITQ program can happen at the same time as the other programs.

Wreckfish Advisory Group Comments and Recommendations

- Shareholders favor **Preferred Alternative 2** under Action 11.
 - Consider the timing with the golden tilefish longline season, which was implemented under Amendment 52 to the Snapper Grouper FMP (Amendment 52). The final rule for Amendment 52 changed the fishing year for the golden tilefish longline endorsement holders to begin January 15.
 - The spawning season closure was set based on science and there is no evidence to support changing the current regulations.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2** best met the purpose and need of modernizing the Wreckfish ITQ program as recommended by the Wreckfish ITQ Program Review (2019). The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council felt that modifying the fishing season would help the NMFS with the administrative processes necessary to maintain the online Wreckfish ITQ system and would not have any substantial impact on wreckfish fishermen.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 12. Pre-landing Notification Requirement for Commercial Vessels Participating in the Wreckfish Component of the Snapper Grouper Fishery.

Purpose of Action: This action proposes a pre-landing (hail-in) requirement for the wreckfish portion of the snapper grouper fishery. The Magnuson-Stevens Act requires that limited access privilege programs “include an effective system for enforcement, monitoring, and management of the program, including the use of observers or electronic monitoring systems” (16 U.S.C. 1853a). These types of tools have proven successful in other catch share programs.

Alternative 1 (No Action). Commercial vessels participating in the wreckfish component of the snapper grouper fishery are not required to notify the National Marine Fisheries Service in advance of landing wreckfish.

Preferred Alternative 2. The owner or operator of a commercial snapper grouper unlimited permitted vessel participating in the wreckfish component of the snapper grouper fishery is responsible for ensuring that the National Marine Fisheries Service is contacted at least three hours, but no more than 24 hours, in advance of landing using a National Marine Fisheries Service approved method. When providing advance notice of landing, they must include the expected date and time of landing, the pre-approved landing location, the estimated weight of wreckfish on-board the vessel, the dealer where the wreckfish are to be received, and the identity of the shareholder and vessel.

Note: NMFS would develop specific details of how the notification system would operate and would provide the Council with the opportunity to have input into the methodology for collection. As part of this system, an approved emergency notification process could be developed if the software/hardware used becomes non-operational.

Discussion

- Under **Preferred Alternative 2**, which would require a pre-landing notification be submitted to NMFS in advance of landing, fishermen would be able to log into the electronic reporting system for the Wreckfish ITQ program and submit the pre-landing notification. Additionally, NMFS would pay for a call service center to staff a 24-hour line, where the call service would ask and enter all required fields within the pre-landing notification and submit on behalf of the fishermen. NMFS would develop the specific details of how the notification process would operate and would provide the Council with the opportunity to have input into the process.
- Selection of an alternative in this action other than **Alternative 1 (No Action)** does not modify the offloading site and time requirements. Modification of those requirements is discussed in Action 14 of this amendment.
- **For Actions 12 - 14, landing would mean to arrive at a dock, berth, beach, seawall, or ramp.** This definition matches the one used for the Gulf of Mexico IFQ programs. If a vessel were to move from one landing location to another for offloading wreckfish, they would need to make another pre-landing notification. This is common in the Gulf IFQ programs as fishermen may sell to more than one dealer.

Environmental Consequences

- **Biological:** Regardless of the alternative selected, this action is not anticipated to have negative biological effects on wreckfish. The commercial sector is constrained by its ACL and operates under a well-regulated ITQ system.
- **Economic:** In comparison to **Alternative 1 (No Action)**, **Preferred Alternative 2** would create an additional cost on wreckfish fishery participants due to the time it would take to notify NMFS in advance of landing wreckfish. This cost would likely be minimal on a per trip basis, as it would take place while underway or at port. In cases where vessels may arrive at their offloading site in less than 3 hours from the time that they were able to notify NMFS, there may be additional time spent waiting to offload in order to adhere to the 3-hour minimum notice requirement. In this circumstance, there would be additional costs under **Preferred Alternative 2**.
- **Social:** **Preferred Alternative 2** may result in positive or negative social effects when compared to **Alternative 1 (No Action)** depending on how individual fishing businesses must change their practices to account for the additional requirement. Providing advance notice of landing will take additional time when on a fishing trip when the captain and/or crew may traditionally have been completing other tasks. Additionally, increased monitoring requirements for the wreckfish fishery have been controversial with shareholders who feel it is overly burdensome and unnecessary for effective monitoring and management of the wreckfish fishery. Thus, **Preferred Alternative 2** may result in a decrease in support for and participation in management when compared to **Alternative 1 (No Action)**.
- **Administrative:** The administrative effects under **Preferred Alternative 2** would be considerable when compared with **Alternative 1 (No Action)** as the agency would need to create the entire process for the submission of the pre-landing notification including submission process, communication process and data system. The submission process would likely include creation of webpages for data entry. The agency would also likely need to support a call service center to take submissions when electronic submission is not possible. The communication process would also need to be built so that information submitted is sent to law enforcement and port agents near the landing location in advance of landing. Administrative impacts on the agency would also be in the form of outreach and education to ensure the participants understand the program changes.

Wreckfish Advisory Group Comments and Recommendations

- The Wreckfish Advisory Group would prefer to see a 24-hour call-in line over a vessel monitoring system. They would also like to see provisions for equipment failure included in the document, especially in the case of bad weather.
- The Wreckfish Advisory Group felt that any trip declaration requirement should only apply to the Wreckfish ITQ program because the Magnuson-Stevens Act requirements are specific to Limited Access Privilege Programs.

- The Wreckfish Advisory Group would like a one-hour notification window prior to landing to be considered because it would allow vessels to be close to cell phone range when they needed to submit their pre-landing notification. It was noted that one hour was included in the Gulf of Mexico Headboat Collaborative Study.
- The Wreckfish Advisory Group noted that they were already subject to observers, a noted option in the Magnuson-Stevens Act, and that requiring trip declarations and pre-landing notifications were an undue and unjustified burden on Wreckfish ITQ shareholders.

Law Enforcement Advisory Group Comments and Recommendations

- The wreckfish portion of the snapper grouper fishery is “self-regulating,” especially considering its small size.
- Enforcement efforts at the state level depend on guidance from NOAA and the Council. It is important to remember that law enforcement agencies have limited resources and must prioritize their efforts.
- Requiring a pre-landing notification would help enforcement/monitoring as wreckfish vessels are not being intercepted at the dock currently because there is no way for officers to know when the vessels might be landing and offloading catch.
- Having an estimate of the amount (weight or numbers) of fish being brought to shore would help law enforcement officers determine how long they will be spending inspecting the vessel or monitoring offload.
- A 3-hour pre-landing notification would provide adequate time for law enforcement to respond and meet the vessel at the dock for offloading and the Law Enforcement AP (LE AP) would not recommend shortening that time period.
- There is no requirement that the wreckfish portion of the snapper grouper fishery be monitored by law enforcement, the LE AP suggested the Council think of creative ways to monitor this fishery.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2** best met the purpose and need to improve program monitoring and enforcement. The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council determined that implementing a pre-landing notification would allow for better monitoring, enforcement, and compliance in the wreckfish portion of the snapper grouper fishery because it would provide law enforcement officers the information they need to intercept vessels as they land. Additionally, the information reported by fishermen as part of the pre-landing notification will help ensure proper monitoring and accounting of wreckfish landings.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 13. Modify offloading site requirements and establish approved landing locations for wreckfish.

Purpose of Action: Catch share programs are required to include an effective system for enforcement, monitoring, and management of the program. The landing locations and fixed times for offload support the ability of the agency to enforce and monitor the program. These tools have proven successful in other catch share programs.

Alternative 1 (No Action). Wreckfish must be offloaded only at the fixed facility of a dealer with a Gulf of Mexico and South Atlantic Dealer Permit. Wreckfish may be offloaded at a location other than a fixed facility of a dealer who holds a Gulf of Mexico and South Atlantic dealer permit if the wreckfish shareholder or the vessel operator advises the NMFS Office for Law Enforcement of the location not less than 24 hours prior to offloading. There are no landing location requirements for wreckfish.

Preferred Alternative 2. Remove the offloading site requirements for wreckfish. Individual transferable quota wreckfish must be landed at an approved landing location. Landing locations must be approved by NMFS Office for Law Enforcement prior to a vessel landing individual transferable wreckfish at these sites. Landing locations must be publicly accessible via freely traversable roads or navigable waters and no other condition may impede free and immediate access to the site by an authorized law enforcement officer.

Discussion

- Offload sites are different from landing locations. Landing locations are places where a vessel may arrive at a dock, berth, beach, seawall, or ramp. Landing locations may be areas where fish are not offloaded. As such, landing locations requirements offer shareholders more flexibility than offloading site requirements. Landing locations (as opposed to offloading site requirements) are utilized in the Gulf of Mexico IFQ programs.
- Under **Preferred Alternative 2** “freely traversable roads” means that a law enforcement officer can travel across or through the path necessary to reach the landing location unimpeded (i.e. no locked gates or private residences). NMFS may revoke a landing location’s approval if a location does not meet the definition.

Environmental Consequences

- **Biological:** **Alternative 1 (No Action)** or **Preferred Alternative 2**, are not anticipated to have negative biological effects on wreckfish. The commercial sector is constrained by an ACL and operates under a well-regulated ITQ system.
- **Economic:** Removing offloading site requirements under **Preferred Alternative 2** and allowing landing to take place at any NMFS approved location would increase flexibility in landing sites that could result in reduced costs if a vessel ends up traveling a shorter

distance, thus decreasing fuel costs. Should this occur, there would be net economic benefits from **Preferred Alternative 2** in comparison to **Alternative 1 (No Action)**.

- **Social:** Removing offloading site requirements under **Preferred Alternative 2** and allowing landing to take place at any NMFS approved location would increase flexibility in landing sites that could reduce the burden on vessels if they are now able to land at a more convenient location and could adjust to different locations as circumstances require. Overall, there would be social benefits from the increased flexibility under **Preferred Alternative 2** when compared to **Alternative 1 (No Action)**.
- **Administrative:** **Preferred Alternative 2** would allow other landing locations to be approved by law enforcement, providing a bit more flexibility for fishermen but increasing the potential administrative burden on law enforcement initially. Once the system is in place, the administrative burden on law enforcement is expected to be minimal. There would also be the burden on the agency to build out a list of approved landing locations to be selected and if combined with Action 12, a way to include those in the pre-landing notification.

Law Enforcement Advisory Panel Comments and Recommendations

- Language of the alternative should be “publicly accessible via public roads AND navigable waters.”
- There may be issues with private residences being approved as landing locations, the LE AP’s preference would be disallowing private residences as pre-approved landing locations.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2** best met the purpose and need to improve program monitoring and enforcement and increase flexibility to fishers. The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program, while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council determined that moving to pre-approved landing sites would allow wreckfish fishermen more flexibility in determining where they wanted to land their vessel prior to offloading wreckfish.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 14. Modify offloading time requirements for wreckfish.

Purpose of Action: Wreckfish shareholders expressed that the daily unloading timeframe (8 am to 5 pm) is overly burdensome. The allowable offloading time requirement affects the efficiency of their fishing operations. Shareholders would like to see the approved offloading times requirement removed. Catch share programs are required to include an effective system for enforcement, monitoring, and management of the program. The fixed times for offload support the ability of the agency to enforce and monitor the program. These tools have proven successful in other catch share programs.

Alternative 1 (No Action). Wreckfish may only be offloaded between the hours of 8 a.m. and 5 p.m., local time.

Preferred Alternative 2. Wreckfish may only be offloaded between the hours of 6 a.m. and 6 p.m., local time.

Alternative 3. Wreckfish may only be offloaded between the hours of 5 a.m. and 8 p.m., local time.

Alternative 4. Remove the requirement to offload wreckfish between the hours of 8 a.m. and 5 p.m., local time.

Discussion

- The current program limits offloading of wreckfish between minimum daylight hours, 8 a.m. – 5 p.m. local time and only at fixed dealer facilities.
 - Shareholders reported that they rarely, if ever, encounter law enforcement officials at the dock when they offload. The allowable offloading time requirement affects the efficiency of their fishing operations. If they arrive at the dock too late to offload, the fish must remain aboard overnight. Unloading the next day impedes the fleet from going back out on another trip by several hours, thereby reducing the number of daylight hours they can fish.
 - NMFS law enforcement has noted that enforcement has not typically been seen at wreckfish offloads due to difficulty in knowing when a vessel may be landing, stemming from a lack of VMS or other reporting measures.
- The offloading site and time requirements were implemented in Amendment 5 to the Snapper Grouper FMP (1991). The rationale was to aid NMFS law enforcement in monitoring offloading of wreckfish by requiring offloading to occur during hours when officers were typically working, and it was safe to be monitoring offloads (daylight hours).
 - Since fishermen report that they rarely encounter law enforcement when offloading, the intended outcome of approved offloading sites and times as a deterrent for landing unreported fish has not been realized. Law enforcement has noted that not knowing where/when a specific vessel was landing makes dockside monitoring challenging.

Environmental Consequences

- **Biological:** Regardless of the alternative selected, this action is not anticipated to have negative biological effects on wreckfish. The commercial sector is constrained by an ACL and operates under a well-regulated ITQ system.
- **Economic:** Offloading time requirements implement a cost on fishery participants since they may hinder fishing activity that otherwise would have occurred should such restrictions not be in place. Thus, less restrictive time requirements offer comparative economic benefits. **Alternative 1 (No Action)** offers the fewest hours that wreckfish may be offloaded (9 hours), followed by **Preferred Alternative 2** (12 hours), **Alternative 3** (15 hours), and **Alternative 4** (24 hours). As such, **Alternative 4** offers the highest potential economic benefits to fishery participants, followed by **Alternative 3**, **Preferred Alternative 2**, and **Alternative 1 (No Action)**.
- **Social:** **Alternative 4** would provide fishing businesses with the most flexibility in offloading time, followed by **Alternative 3** and **Preferred Alternative 2**. Additionally, **Preferred Alternative 2**, **Alternative 3**, and **Alternative 4** would address a problem in the fisheries identified by stakeholders and may help to improve perceptions of the management process. Therefore, social effects would be expected to be highest under **Alternative 4** followed by **Alternative 3**, **Preferred Alternative 2**, and **Alternative 1 (No Action)**.
- **Administrative:** **Preferred Alternative 2** and **Alternative 3** would increase the window for offloads, providing a bit more flexibility for fishermen but increasing the potential administrative burden on law enforcement. Additionally, the increased time allotment for **Preferred Alternative 2** matches the offloading times used in the Gulf of Mexico IFQ programs and provide a consistency for law enforcement. These hours were chosen in the Gulf as they typically represent what would occur outside daylight hours across the entire year. **Alternative 3** would increase the hours and could jeopardize officer safety risk for law enforcement as it includes non-daylight hours throughout the year. **Alternative 4** would remove administrative burden from law enforcement and fishermen but may not provide enough oversight of the program. Administrative burden would increase as the window for offloads increases.

Wreckfish Advisory Group Comments and Recommendations

- Shareholders preferred **Alternative 4** but if hours have to remain then **Alternative 3**.
 - Law enforcement is rarely there when fishermen are offloading during the current hours.
 - Wreckfish is the only species in the South Atlantic that has set offloading time and it is unclear what additional benefit is being provided to the wreckfish portion of the Snapper Grouper fishery.
 - Would prefer no offloading hours but would be comfortable with them if it avoids a VMS requirement.

Snapper Grouper Advisory Panel Comments and Recommendations

- The SG AP noted that offloading site and time requirements do not exist for other snapper grouper species and given challenges with offloading during set hours they should be removed from the Wreckfish ITQ program.
 - SG AP members acknowledged that often offloading takes place outside of daylight hours due to other infrastructure or environmental restrictions.

Law Enforcement Advisory Panel Comments and Recommendations

- Offloading hours between 6 am and 6 pm would increase opportunity for law enforcement presence during offloading.

Draft Council Conclusions

The Council concluded that **Preferred Alternative 2** best meets the purpose and need to improve program monitoring and enforcement. The preferred alternative also best meets the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

- The Council determined that the 6 am to 6 pm time block provided wreckfish shareholders with additional flexibility when still ensuring officer safety with daylight hours being present the majority of the year. Additionally, these requirements match those required for offloading Gulf of Mexico IFQ species.

COMMITTEE ACTION

REVIEW DRAFT COUNCIL CONCLUSIONS.

Action 15. 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 is mandated under section 304(d)(2)(A) of the Magnuson-Stevens Act.

2.15.1 Sub-Action 15-1. Implement a cost recovery plan for the wreckfish individual transferable quota program.

Alternative 1 (No Action). There is no 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 the National Marine Fisheries Service.

****account role clarification****

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 National Marine Fisheries Service.

2.15.2 Sub-Action 15-2. Collection of wreckfish individual transferable quota program cost recovery fees.

Alternative 1 (No Action). Do not implement requirements for the collection of the cost recovery fees for the wreckfish individual transferable quota program.

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

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

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

2.15.3 Sub-Action 15-3. Frequency of wreckfish individual transferable quota program cost recovery fee submission.

Alternative 1 (No Action). Do not implement requirements for the frequency of the collection of the cost recovery fees for the wreckfish individual transferable quota program.

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.

2.15.4 Sub-Action 15-4. Determination of wreckfish individual transferable quota program cost recovery fees.

Alternative 1 (No Action). Do not implement a requirement that specifies the type of value upon which cost recovery fees are based for the wreckfish individual transferable quota program.

Preferred Alternative 2. The cost recovery fee will be based on actual¹ ex-vessel value of the wreckfish landings.

Alternative 3. The cost recovery fee will be based on standard² ex-vessel value of the wreckfish landings as calculated by NMFS.

Discussion

- The Magnuson-Stevens Act, section 304(d)(2), mandates the collection of a cost recovery fee, so **Alternative 1 (No Action)** is not in compliance with current requirements.
- The Magnuson-Stevens Act states that the fee shall not exceed 3% of the ex-vessel value of fish harvested under such a program.
- A methodology must be established to recover the costs directly related to the program. These are considered incremental costs, which are costs that would not have been incurred if the program had not been established.
 - The determination of what percentage to collect is determined by NMFS based on actual costs directly related to the management and enforcement of the Wreckfish ITQ program. The MSA requires the fees be deposited in the Limited Access System Administration Funds (LASAF). Some of the factors considered when setting the cost recovery fee are anticipated catch subject to cost recovery, projected ex-vessel value of catch, costs directly related to management and enforcement of the program, projected balance in LASAF related to the program, and expected non-payment of fee liabilities.
- Fishermen can enter their estimated price into the system and then they have 15-days to correct the price, if needed.

¹ 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.).

² 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.

- Cost recovery bills will be generated on the first business day of October. Fishermen will have till October 31st to pay the bill, after that, their account is set to delinquent status. On December 15th, any shareholder still having not paid will receive notification of failure to pay, the bill will go to Treasury for collections. On January 1st, when allocation is distributed to shareholders, anyone in delinquent status will not receive allocation from shares. After January 1st, once a shareholder has paid delinquent cost recovery fees, NMFS will manually distribute the allocation from shares, this will only occur on a business day.

Environmental Consequences

- **Biological:** Typically, the collection of cost recovery fees is not expected to affect the physical or biological environment, nor have any effects 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 NMFS, by helping to offset administrative costs.
- **Social:** 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. Establishing a cost recovery program for wreckfish would have some positive social effects associated with funding for management, data collection, and enforcement which helps ensure the long-term sustainability of the fishery.
- **Administrative:** Establishing a cost recovery fee 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.

Wreckfish Advisory Group Comments and Recommendations

- The Wreckfish Advisory Group noted that their preference is for the Wreckfish ITQ shareholders to be responsible for cost recovery collection and submission.
- The Wreckfish Advisory Group remains comfortable with cost recovery fees being collected in the last quarter of the calendar year because of their desire to have the Wreckfish ITQ shareholder be responsible for the collection and submission.
- The Wreckfish Advisory Group remains comfortable with cost recovery fees being submitted once per year because of their desire to have the Wreckfish ITQ shareholder be responsible for the collection and submission.
- The Wreckfish Advisory Group, based on a presentation from NMFS Southeast Regional Office staff, felt that there was not a significant difference between actual ex-vessel value

and standard ex-vessel value. Due to this, they felt that actual ex-vessel value was their preferred because it lowered the administrative burden on the NMFS.

Draft Council Conclusions

The Council concluded that the preferred alternatives best met the purpose and need of modernizing the Wreckfish ITQ program as recommended by the Wreckfish ITQ Program Review (2019). The preferred alternatives also best meet the objectives of the Snapper Grouper FMP and the Wreckfish ITQ program, while complying with the requirements of the Magnuson-Stevens Act and other applicable law.

OTHER ITEMS OF NOTE

- The appeals process for Action 6 (divestment) and Action 7 (redistribution).
- Administrative changes that fall under NMFS' purview.

COMMITTEE ACTION

CONSIDER APPROVAL FOR FORMAL REVIEW.

DRAFT MOTION: APPROVE ALL ACTIONS AND ALTERNATIVES IN SNAPPER GROUPE AMENDMENT 48 (WRECKFISH), AS MODIFIED.