

Commercial Snapper Grouper Permit White Paper

South Atlantic Fishery Management Council
December 2021

Introduction

On May 7, 2020, President Donald Trump signed Executive Order (EO) 13921: Promoting American Seafood Competitiveness and Economic Growth. The Order instructed regional fishery management councils to submit a prioritized list of actions to reduce burdens on domestic fishing and to increase production within sustainable fisheries.

The Council reviewed the order and guidance provided by NOAA Fisheries on topics to consider. Over several meetings held during the latter part of 2020, the Council evaluated and prioritized a wide range of concerns and issues raised by members, staff, fishermen and advisors. The Council's response (submitted on October 30, 2020) addressed data, policy and fishery management topics that pose burdens to fishing operations and prevent optimizing yield from the fisheries managed by the Council.

The snapper grouper fishery has been managed under a limited access program since implementation of Amendment 8 to the Fishery Management Plan for the Snapper Grouper Fishery of the South Atlantic Region (Snapper Grouper FMP) (SAFMC 1998). The "two for one" program to limit access to the fishery was identified as an item to be evaluated in response to the EO. The Council's response stated the intent to "evaluate performance of the snapper grouper commercial permit two for one provision and consider if changes will provide social or economic benefits to the fishery" stating as rationale that "fishermen are reporting that the burden to entry has become excessive, especially to younger fishermen." This item was added to the Council's workplan for 2021.

At the September 2021 meeting, the Council reviewed initial information describing background of the provision, a preliminary evaluation of trends in the commercial snapper grouper fishery, and recent input from the Snapper Grouper Advisory Panel (AP). The Council was interested in further discussing potential changes to the commercial snapper grouper permit provisions and requested additional feedback from the AP on the topic. The AP reviewed background information on the topic and provided additional comments at their October 2021 meeting.

Background

Permits were first required in the snapper grouper fishery via Amendment 4 to the Snapper Grouper FMP, which became effective in 1992. Each permit is issued to a vessel. In 1998, [Amendment 8 to the Snapper Grouper FMP](#) established the 2 for 1 method of limiting snapper grouper permit holders. This provision for allowing new entrants into the fishery applied to unlimited snapper grouper permits (SG 1) only and specified new entrants must acquire two existing individual SG 1 permits to be issued a valid SG 1 permit for their vessel. In doing so, one of the existing permits would be permanently "retired" and no longer available. Once a single SG 1 permit is purchased, the purchaser has one year from the expiration date of that first

permit to find another SG 1 permit in order to qualify for the 2 for 1 provision. Prior to implementation of Amendment 8, there were concerns over excess capacity and intense competition over the snapper grouper resource among recreational and commercial participants as well as commercial participants employing different gear. In the late 1990s the size of the commercial fleet increased, with some snapper grouper stocks experiencing overfishing and approaching overfished status. Concern was also raised that any gains from regulatory measures with an open access fishery would attract new entrants and the fishery would not be able to sustain increased effort.

In 1997, fishermen were asked to identify their preferred management option during a socio-demographic survey conducted by Rhodes, Backman, and Hawkins (**Table 1**). The highest percentage of active snapper grouper fishermen indicated that they preferred license limitation as opposed to other options, which included co-management, an individual transferable quota, limited closure, or unsure.

Table 1. Preferred management option of active/inactive commercial snapper grouper fishermen. Source: Rhodes, Backman, and Hawkins (1997). Retrieved from Amendment 8 to the Snapper Grouper FMP (1998).

Variable	Active		Inactive	
	Percent	n	Percent	n
License Limitation	39%	77	12%	3
Co-Management	17%	40	44%	11
Individual Transferable Quota	7%	14	0%	0
Limited Closure	11%	21	12%	3
Not Sure of Best	13%	25	24%	6
Other	12%	24	8%	2

The Council’s preferred alternative for Action 1 in Amendment 8 included the following intent:

(4.2.1.1 VII Transfer of Permits): 2. *The Council’s intent is that the two for one permit requirement would apply until the optimum level of vessels in the fishery is reached. Once data become available to determine this level and the fishery reaches such level, the Snapper Grouper FMP will be amended to drop the 2 for 1 provision.*

The amendment did not specify optimum level of vessels or methods for determining when the optimum number of vessels would be achieved, however.

The objectives of Amendment 8 aimed to:

- Prevent overfishing,
- Provide a mechanism to vest participants,
- Promote stability,
- Create market-driven harvest pace,
- Minimize gear and area conflicts,
- Decrease incentive for overcapitalization,
- Prevent continual dissipation of returns, and

- Evaluate and minimize local depletion.

The final rule for Amendment 8 resulted in two different snapper grouper commercial permits: the SG 1 permit (i.e., unlimited) and the trip-limited permit (SG 2). The latter limited harvest of snapper grouper species to 225 pounds per trip and could only be transferred to immediate family or onto a new vessel under the same owner. The SG 1 permit has no poundage restrictions (aside from species-specific trip limits) and is transferable.

Initial eligibility was limited to vessels that possessed a valid snapper grouper permit from February 11th, 1996, to February 11th, 1997, that could show at least “one landing of snapper-grouper” from January 1st, 1993, to August 20th, 1996. Vessels that landed greater than 1,000 lbs whole weight (ww) of snapper grouper species during 1993, 1994, 1995, and through August 20th, 1996, received the SG 1 unlimited permit. Vessels that caught less than 1,000 lbs ww but showed at least one landing of snapper grouper species during 1993, 1994, 1995, and through August 20th, 1996, received the SG 2 trip-limited permit.

Prior to implementation of Amendment 8, a total of 1,523 vessels initially qualified for permits. Of these, 1,075 vessels qualified for transferable permits (SG 1) based on having landed 1,000 pounds or more of snapper grouper species in any one year between 1993 and 1996. Four hundred and forty-eight vessels qualified for non-transferable permits (SG 2) having landed less than 1,000 pounds of snapper grouper species in any one year between 1993 and 1996.

Analysis

In 2018, Kari MacLauchlin Buck developed a detailed socio-economic profile of the commercial snapper grouper fishery that examined snapper grouper permits, fishing communities, participation, and landings from available data covering the years of 1998 to 2016. A summary of the report findings was presented to the Snapper Grouper Advisory Panel (AP) at their April 2018 meeting, with the AP providing feedback and [recommendations](#). Also, a summary presentation was provided to the Snapper Grouper Committee (Committee) at the [December 2018 meeting](#). Much of the information in the report was provided on a sub-state level which was broken up into northern North Carolina (NC), central NC, southern NC, northern South Carolina (SC), southern SC and Georgia, northern Florida (FL), central FL, southern FL, and the FL Keys. A full copy of this report is available at https://safmc.net/download/SGProfileReport_May2018.pdf. Among the information in this report is:

- A profile of snapper grouper communities by sub-region
- Permit characteristics including:
 - The geographic distribution of SG 1 and SG 2 permits
 - Ownership structure of permits (Corporate vs Non-Corporate)
 - Permit portfolios
 - Permit counts by year
 - Permit histories
 - Market price of permits
- Characteristics of permitted vessels
- Regional catch portfolios

- Regional participation and effort
- Landings and revenue
 - By species and species groups
 - By gear
 - By sub-region

Additionally in 2018, Elizabeth Overstreet, Larry Perruso, and Christopher Liese from the NOAA Southeast Fisheries Science Center produced a technical memorandum on the economics of the commercial snapper grouper fishery examining data collected in 2014, 2015, and 2016. Information in the report is provided for the snapper grouper fishery as a whole and on components of the overall fishery including the deepwater species, the jacks complex, the yellowtail snapper component, the vermilion snapper component, and other sub-sets such as by gear type and SG 2 permitted vessels. A summary presentation was provided to the Council at the [June 2019 meeting](#). Additionally, a summary presentation was provided to the Council’s Socio-Economic Panel (SEP), Scientific and Statistical Committee (SSC), and the Snapper Grouper AP at their respective spring 2019 and fall 2019 meetings. The [SSC and SEP](#) as well as the [Snapper Grouper AP](#) provided feedback and comments on the report. A full copy of this report can be found at <https://www.fisheries.noaa.gov/resource/document/economics-us-south-atlantic-snapper-grouper-fishery-2016>. Among the information in the report is:

- Effort in trips, vessels, days at sea, and crew days
- Landings in total, by gear type, by month, and geographic distribution
- Ex-vessel prices
- Revenue in total, by species groups, and for the top five species
- Trip and annual vessel-level economic information including estimates of costs, gross revenues, net revenues, and economic returns

The following information seeks to partially summarize, supplement, or update some of the findings in these reports to provide a profile of the recent fishery and trends in the fishery over time. Unless indicated otherwise, dollar figures presented were adjusted for inflation to 2019 dollars using the annual, not seasonally adjusted, gross domestic product implicit price deflator provided by the U.S. Bureau of Economic Analysis.

Permits

A commercial snapper grouper permit (SG permit) is issued for a specific vessel and to the vessel’s owner. The ownership structure of SG permits has changed over time with an increasing percentage of permits being owned by corporations versus individuals. Corporate ownership can circumvent the 2 for 1 provision of the SG 1 permit under certain provisions. If a permit holder transfers a permit to a corporation in which that permit holder or immediate family members are shareholders, then the transfer is exempt from the 2 for 1 provision and the permit is designated as a family/corporate transfer. However, if that permit is transferred by sale of the corporation to a non-family member, it is still subject to the 2 for 1 requirement. The details of transfer provisions for commercial snapper grouper permits are specified in 50 C.F.R. §622.171 (See **Appendix** for the full text of regulation).

In 1998, approximately 17% of SG 1 permits and 15% of SG 2 permits were owned by corporations. By 2016, this had increased to approximately 45% of SG 1 permits and 25% of SG 2 permits falling under a corporate ownership structure (Buck 2018). As of September 2021, there were 242 corporate owned SG 1 permits, only 2 of which would not be exempt from the 2 for 1 provision (SERO permits office, personal communication, September 13, 2021). Despite the increase in corporate ownership of permits, the majority of SG 1 and SG 2 permits are still owned by individuals rather than corporations.

The estimated cost to enter the snapper grouper commercial fishery by obtaining a SG 1 permit was about \$60,000 to \$80,000 (2017 \$), based on prices found online at the time. The increase in advertised prices from about \$40,000 (2011 \$) in 2011 suggests that the cost to obtain an SG 1 permit is increasing. Additionally, temporary use of a SG1 permit is common, with advertised prices for SG 1 annual “leases” at \$6,000 to \$8,000 (2017 \$) (Buck 2018). Recent feedback from fishermen involved in the snapper grouper fishery indicates that permit prices have continued to increase and the cost to obtain a single SG 1 permit from purchasing a corporate permit exempt from the “2 for 1 provision” or a two non-exempt permits is approximately \$80,000 to \$100,000 in total (2021 \$). “Leasing” of permits typically equates to approximately 10% of the permit cost, or \$8,000 to \$10,000 annually (2021 \$).

The number of SG permitted vessels has decreased since implementation of Amendment 8 in 1998. Based on a comparison of SG permitted vessels between 1998 and 2019, SG 1 permits have decreased by 532 vessels or 49% (**Table 2**). Over the same time series, SG 2 permits have decreased by 300 vessels or 67% (**Table 2**). In recent years (2015 to 2019), the number of permitted vessels has decreased by approximately seven SG 1 permitted vessels per year and three SG 2 permitted vessels per year which equates to an average attrition rate of approximately -1.2% annually for SG 1 permitted vessels and -2.8% annually for SG 2 permitted vessels (**Table 3**). A condition of the snapper grouper permit is that permitted vessels must report their fishing activity via logbooks submitted for each trip, which also shows which permits have recorded landings. On average, 83% of SG permitted vessels reported landings of snapper grouper species annually in recent years (**Table 4**).

Table 2. Change in SG permitted vessels between 1998 and 2019.

Vessels that qualified for SG 1 in Amendment 8 (1998)	1,075
Vessels that qualified for SG 2 in Amendment 8 (1998)	448
Vessels with SG 1 Permits in 2019¹	543
Vessels with SG 2 Permits in 2019¹	148
Change in SG 1 Permitted Vessels between 1998 and 2019	-532
Change in SG 2 Permitted Vessels between 1998 and 2019	-300
Percent Change in SG 1 Permitted Vessels between 1998 and 2019	-49%
Percent Change in SG 2 Permitted Vessels between 1998 and 2019	-67%

¹ Source: NMFS SERO for permit numbers (October 15, 2020)

Table 3. Number of SG 1 and SG 2 permitted vessels, 2015-2019.

Year	Vessels with SG 1 (Unlimited) Permit	Change in SG 1 Permits from previous year	Vessels with SG 2 (225-lbs Limited) Permit	Change in SG 2 Permits from previous year
2015	571	N/A	121	N/A
2016	565	-6	116	-5
2017	554	-11	114	-2
2018	549	-5	110	-4
2019	543	-6	108	-2
Average	556	-7	114	-3

Source: NMFS SERO for permit numbers (October 15, 2020).

Table 4. Number and percentage of SG permitted vessels that reported landing snapper grouper species, 2015-2019.

Total vessels with SG Permit	Permitted vessels that landed SG species	Percentage of permitted vessels that landed SG
692	580	84%
681	561	82%
668	568	85%
659	541	82%
651	530	81%
670	556	83%

Source: NMFS SERO for permit numbers (October 15, 2020) and SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (April 2021).

Effort, Landings, and Revenue

Recent Fishery

The information in **Table 5** and **Table 6** describes trips, landings, and gross revenue (i.e., total revenue without any costs removed) from vessels that harvested snapper grouper species from the South Atlantic region each year from 2015 through 2019. Vessel participation has slightly decreased from 2015-2019, peaking at 580 vessels in 2015 and generally decreasing thereafter. Landings of snapper grouper species and associated revenue have shown a similar trend. During this time, these vessels accounted for an annual average of approximately \$18.1 million in gross revenue from snapper grouper landings and \$25.9 million in total gross revenue (**Table 5**).

Vessels that landed snapper grouper species in the South Atlantic region tend to be highly reliant on the species group as a source of revenue. Average annual gross revenue per vessel was approximately \$46,700 (2019 \$) from 2015-2019, with 70% of this revenue occurring from the sale of snapper grouper species (**Table 6**).

Overstreet et al (2018) reported estimates of economic returns at the annual level for all vessels that recorded commercial snapper grouper landings from 2014 through 2016. Some of the most

important estimates of economic returns on an annual basis are net cash flow and net revenue from operations. Of these measures, net cash flow most closely represents the amount of net revenue generated by a vessel while the net revenue from operations most closely represents economic profits to the vessel owner(s). Net cash flow is total annual revenue minus the costs for fuel, other supplies, hired crew, vessel repair and maintenance, insurance, overhead, loan payments, and purchases of annual allocation (if applicable). Net revenue from operations is total annual revenue minus the costs for fuel, other supplies, hired crew, vessel repair and maintenance, insurance, overhead, and the opportunity cost of an owner’s time as captain as well as the vessel’s depreciation. Net cash flow and net revenue from operations at the annual vessel level were both positive, generally indicating that snapper grouper vessels in the commercial sector were profitable, though net revenue from operations was somewhat close to the break-even level. Specifically, net cash flow and net revenue from operations averaged 18.9% and 4.5% of total gross revenue, respectively (Overstreet et al, 2018).

Table 5. Number of vessels, trips, landings and ex-vessel revenue by year for snapper grouper species, 2015-2019.

Year	Vessels	Trips	SA SG Landings (lbs gw)	Gross revenue from SA SG Landings (2019 \$)	Other Species or Other Region Landings (lbs gw)	Gross Revenue from Other Species or Other Region (2019 \$)	Total Landings (lbs gw)	Total Gross Revenue (2019 \$)
2015	580	11,030	5,314,662	\$18,807,835	3,622,406	\$8,374,374	8,937,068	\$27,182,209
2016	561	11,506	5,166,638	\$18,730,588	3,630,778	\$7,831,282	8,797,416	\$26,561,870
2017	568	11,817	5,507,780	\$19,955,198	3,915,584	\$8,474,365	9,423,364	\$28,429,564
2018	541	10,605	4,372,642	\$16,415,315	3,207,444	\$6,762,364	7,580,086	\$23,177,680
2019	530	10,677	4,448,748	\$16,739,707	3,751,104	\$7,535,645	8,199,852	\$24,275,352
5-Year Average	556	11,127	4,962,094	\$18,129,729	3,625,463	\$7,795,606	8,587,557	\$25,925,335

Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

Table 6. Revenue metrics by year for vessels that landed snapper grouper species, 2015-2019.

Year	Percent of Total Gross Revenue From SA SG landings	Percent of Total Gross Revenue from Other Species or Other Region	Average SA SG Gross Revenue per Vessel (2019 \$)	Average Gross Revenue from Other Species or Other Region per Vessel (2019 \$)	Average Gross Revenue per Vessel (2019 \$)
2015	69%	31%	\$32,427	\$14,439	\$46,866
2016	71%	29%	\$33,388	\$13,960	\$47,347
2017	70%	30%	\$35,132	\$14,920	\$50,052
2018	71%	29%	\$30,343	\$12,500	\$42,842
2019	69%	31%	\$31,584	\$14,218	\$45,803
5- year Average	70%	30%	\$32,575	\$14,007	\$46,582

Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

Historic Trends

Logbook data for the commercial snapper grouper fishery are available from the Southeast Coastal Fisheries Logbook from 1993 through 2020. For the purposes of this report, data were examined through 2019, since 2020 was likely an outlier in fishing behavior due to the effects of Covid-19 and finalized data were not available at the time of this report. The time series from 1993 through 2019 provides information such as vessel counts, trips, landings, and revenue from a time prior to the implementation of Amendment 8 in 1998 through recent years, allowing examination of trends in the commercial snapper grouper fishery.

For comparison purposes, tables similar to **Table 5** and **Table 6** are provided for the years immediately leading up to implementation of the 2 for 1 permit provision (1993 to 1997; **Tables 7** and **8**) and immediately afterwards (1998 to 2002; **Tables 9** and **10**). Generally, the number of vessels and trips recording commercial landings of snapper grouper species from the South Atlantic region increased through 1998 but have exhibited a decreasing trend since that time. In recent years, both trips and vessel counts have become more stable, although they still show a slightly downward trend (**Figure 1**). Landings have decreased as well but gross revenue has remained relatively stable (**Figure 2** and **Figure 3**).

From a revenue perspective, the decrease in landings has been partially offset by generally increasing ex-vessel prices for many species, including those found within the snapper grouper complex. Overall, the decreasing participation combined with relatively stable revenue has led to an increasing average revenue per vessel. Prior to the implementation of Amendment 8, the opposite trend was observed in the fishery (**Figure 4**). While somewhat stable throughout the time series, there has been a general increasing reliance on revenue derived from landings of snapper grouper species as a percent of total revenue for vessels within the fishery (**Figure 5**). In other words, vessels active within the commercial snapper grouper fishery have shown an increasing reliance on this group of species, from a revenue perspective, in recent years.

Table 7. Number of vessels, trips, landings and ex-vessel revenue by year for snapper grouper species, 1993-1997.

Year	Vessels	Trips	SA SG Landings (lbs gw)	Gross revenue from SA SG Landings (2019 \$)	Other Species or Other Region Landings (lbs gw)	Gross Revenue from Other Species or Other Region (2019 \$)	Total Landings (lbs gw)	Total Gross Revenue (2019 \$)
1993	909	13,895	6,360,201	\$17,562,035	3,132,703	\$6,568,085	9,492,904	\$24,130,120
1994	977	16,325	6,859,917	\$19,146,415	3,258,284	\$6,388,221	10,118,201	\$25,534,636
1995	1,032	15,990	6,851,568	\$19,990,069	3,555,708	\$7,003,527	10,407,276	\$26,993,596
1996	1,130	16,832	6,323,858	\$18,576,357	4,304,655	\$7,562,228	10,628,513	\$26,138,585
1997	1,285	19,505	6,786,334	\$19,992,970	4,643,328	\$8,726,984	11,429,662	\$28,719,954
5- year Average	1,067	16,509	6,636,376	\$19,053,569	3,778,936	\$7,249,809	10,415,311	\$26,303,378

Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

Table 8. Revenue metrics by year for vessels that landed snapper grouper species, 1993-1997.

Year	Percent of Total Gross Revenue From SA SG landings	Percent of Total Gross Revenue from Other Species or Other Region	Average SA SG Gross Revenue per Vessel (2019 \$)	Average Gross Revenue from Other Species or Other Region per Vessel (2019 \$)	Average Gross Revenue per Vessel (2019 \$)
1993	73%	27%	19,320	\$7,226	26,546
1994	75%	25%	19,597	\$6,539	26,136
1995	74%	26%	19,370	\$6,786	26,157
1996	71%	29%	16,439	\$6,692	23,131
1997	70%	30%	15,559	\$6,791	22,350
5- year Average	72%	28%	18,057	\$6,807	24,864

Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

Table 9. Number of vessels, trips, landings and ex-vessel revenue by year for snapper grouper species, 1998-2002.

Year	Vessels	Trips	SA SG Landings (lbs gw)	Gross revenue from SA SG Landings (2019 \$)	Other Species or Other Region Landings (lbs gw)	Gross Revenue from Other Species or Other Region (2019 \$)	Total Landings (lbs gw)	Total Gross Revenue (2019 \$)
1998	1,268	18,483	6,270,145	\$19,029,299	7,357,982	\$13,046,022	13,628,127	\$32,075,321
1999	1,078	16,490	6,162,227	\$19,465,433	7,639,774	\$14,894,112	13,802,001	\$34,359,544
2000	1,016	15,330	6,328,839	\$20,212,860	7,290,769	\$13,532,615	13,619,608	\$33,745,475
2001	943	15,945	6,558,021	\$19,543,335	6,073,705	\$11,571,826	12,631,726	\$31,115,161
2002	912	15,915	6,338,763	\$18,644,729	5,058,585	\$10,093,966	11,397,348	\$28,738,695
5-Year Average	1,043	16,433	6,331,599	\$19,379,131	6,684,163	\$12,627,708	13,015,762	\$32,006,839

Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

Table 10. Revenue metrics by year for vessels that landed snapper grouper species, 1998-2002.

Year	Percent of Total Gross Revenue From SA SG landings	Percent of Total Gross Revenue from Other Species or Other Region	Average SA SG Gross Revenue per Vessel (2019 \$)	Average Gross Revenue from Other Species or Other Region per Vessel (2019 \$)	Average Gross Revenue per Vessel (2019 \$)
1998	59%	41%	15,007	\$10,289	25,296
1999	57%	43%	18,057	\$13,816	31,873
2000	60%	40%	19,895	\$13,320	33,214
2001	63%	37%	20,725	\$12,271	32,996
2002	65%	35%	20,444	\$11,068	31,512
5-Year Average	61%	39%	18,825	\$12,153	30,978

Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

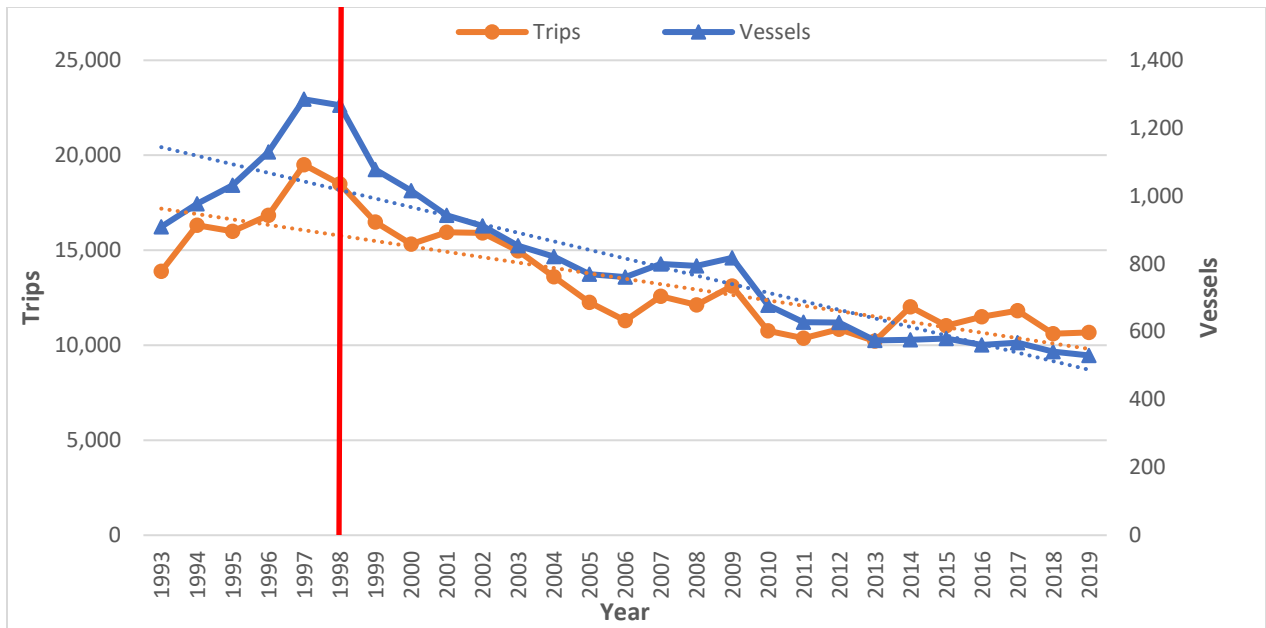


Figure 1. Vessels and trips landing snapper grouper species in the South Atlantic region, 1993-2019. Note: the red line indicates implementation of Amendment 8 and the 2 for 1 permit provision. Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

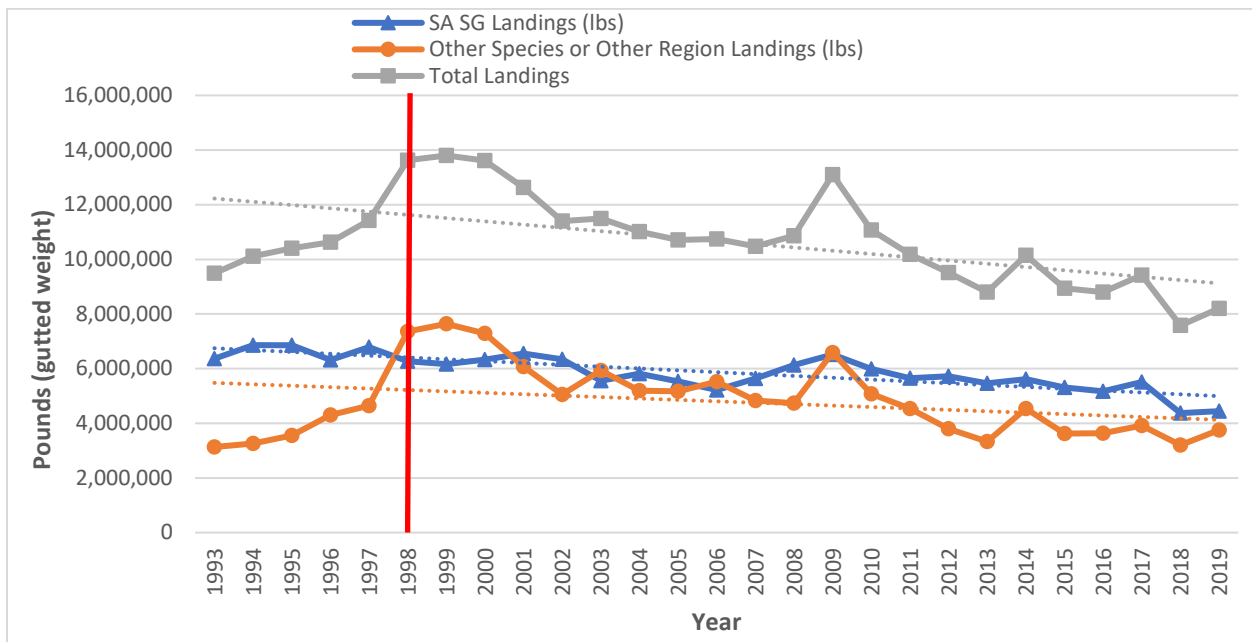


Figure 2. Landings from vessels that recorded sales of snapper grouper species, 1993-2019. Note: the red line indicates implementation of Amendment 8 and the 2 for 1 permit provision. Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

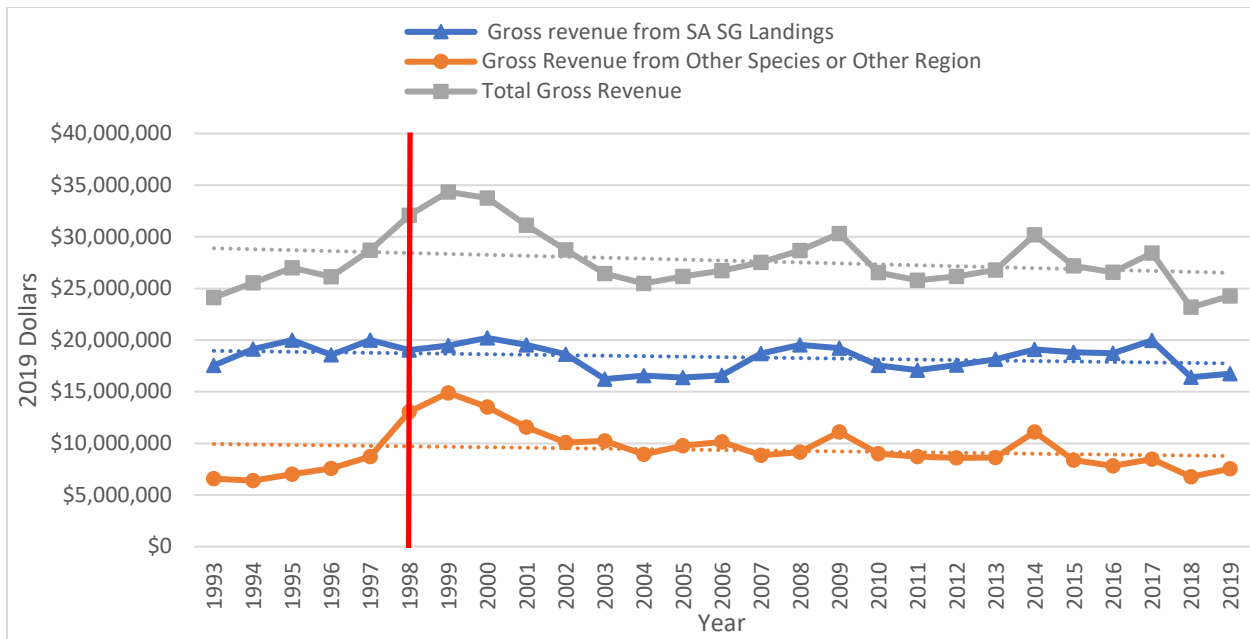


Figure 3. Total gross revenue from vessels that recorded sales of snapper grouper species, 1993-2019 (2019 \$). Note: the red line indicates implementation of Amendment 8 and the 2 for 1 permit provision.

Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

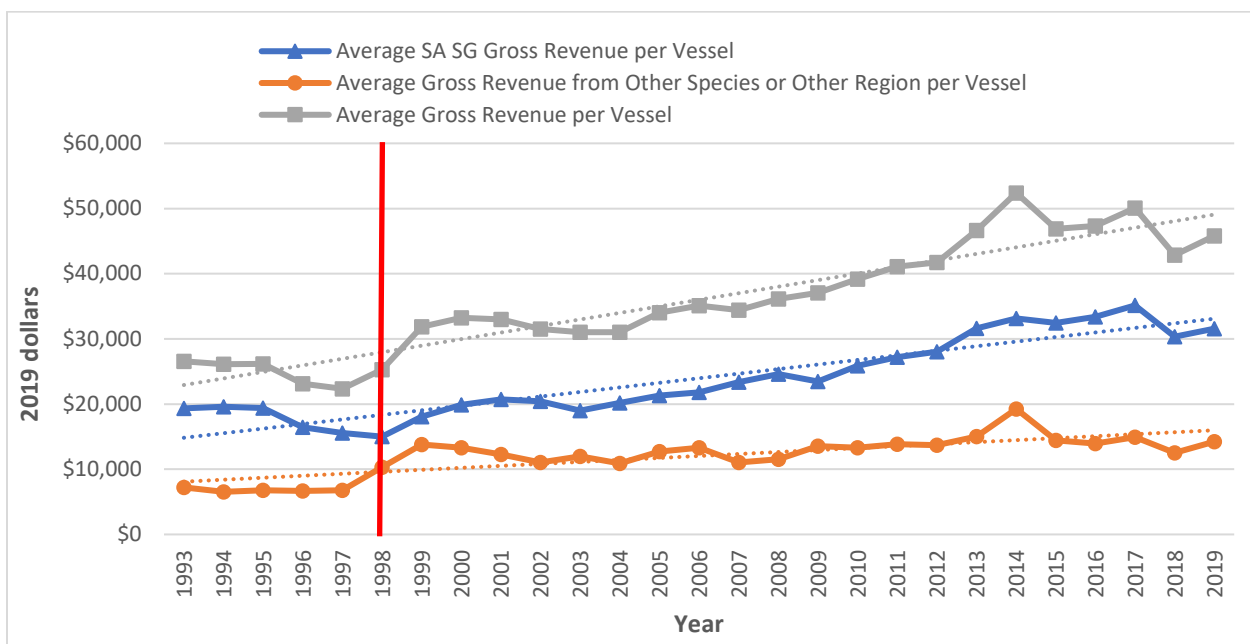


Figure 4. Average revenue per vessel for vessels that recorded sales of snapper grouper species, 1993-2019 (2019 \$). Note: the red line indicates implementation of Amendment 8 and the 2 for 1 permit provision.

Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

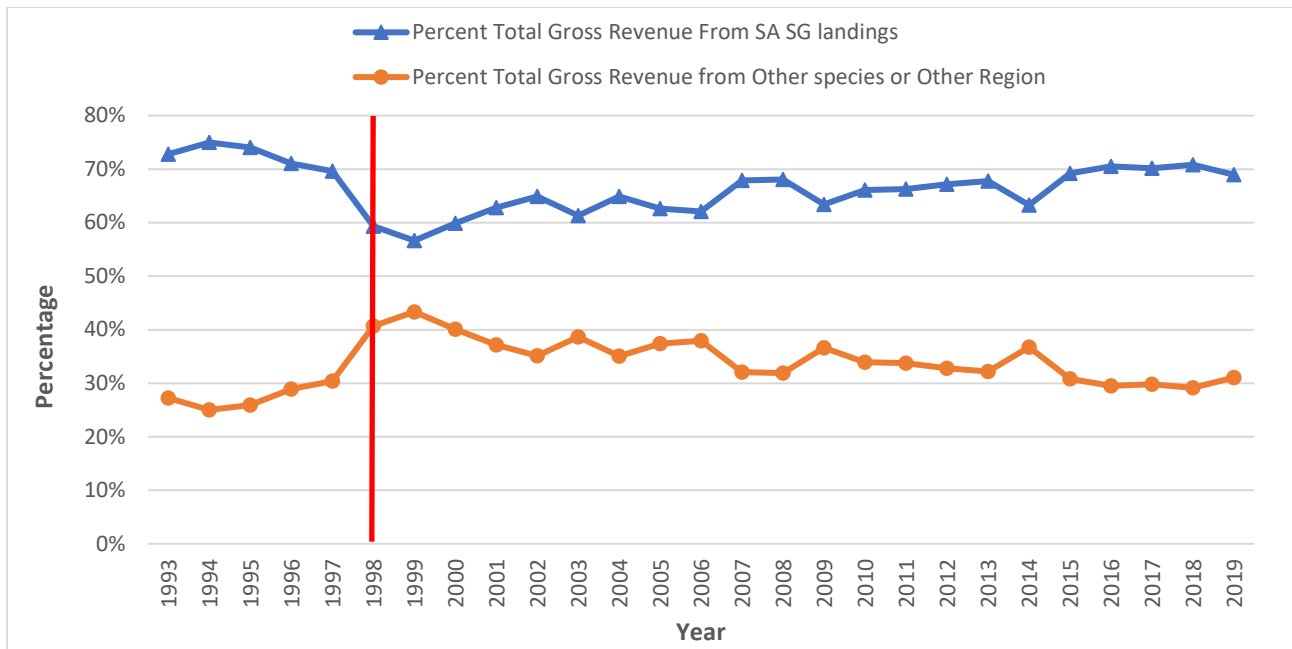


Figure 5. Percentage of total gross revenue from South Atlantic snapper grouper landings versus revenue from other species or other regions for vessels that recorded sales of snapper grouper species, 1993-2019. Note: the red line indicates implementation of Amendment 8 and the 2 for 1 permit provision.

Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

SG 2 permit specific information

During the discussion of the commercial snapper grouper permit provisions at the September 2021 meeting, the Council requested additional information on the SG 2 permit regarding landings from SG 2 permitted vessels, utilization of the permit, and ownership type. While updated information is being gathered, existing information on SG 2 permitted vessels is available for 2014-2016 in Overstreet et al (2018) and from 2012-2016 in Buck (2018). From 2014-2016, SG 2 permitted vessels landed an average of approximately 63,000 lbs gw of snapper grouper species annually (**Table 11**; Overstreet et al, 2018). When compared to overall landings for all vessels involved in the commercial fishery, SG 2 permitted vessels accounted for 1% to 2% of total commercial snapper grouper landings each year. Buck (2018) reported a fairly high utilization of the SG 2 permit, with 94% of SG 2 permits having at least one pound of snapper grouper landings between 2012 and 2016 and approximately 29% of SG 2 permits having landings in all five years. For comparison, approximately 97% of SG 1 permits had at least one pound of snapper grouper landings over the same time series and approximately 45% of SG 1 permits had landings in all five years. While variable by year, approximately 25% of the SG 2 permits were held by corporations in 2016 (Buck, 2018).

Table 11. Number of vessels, landings, and ex-vessel revenue by year for SG 2 permitted vessels, 2014-2016.

	2014	2015	2016	Average
Vessels	55	44	49	49
Snapper Grouper Landings (lbs gw)	64,952	67,605	55,597	62,718
Total Landings (lbs gw)	348,700	240,639	267,674	285,671
% SG (by weight)	19%	28%	21%	23%
% Other (by weight)	81%	72%	79%	77%
Revenue (2016 \$)	\$786,367	\$587,771	\$620,421	\$664,853
% SG (by revenue)	27%	40%	32%	33%
% Other (by revenue)	73%	60%	68%	67%

Source: Overstreet et al, 2018.

Recent Snapper Grouper Advisory Panel Discussion

The AP convened via webinar from April 21-23, 2021. The AP discussed the 2 for 1 commercial SG 1 permit policy during Other Business, offering the following comments and recommendations:

Discussion:

- The number of commercial Snapper Grouper permits has been greatly reduced. Consider whether the number of permits has “reached the goal” for the 2 for 1 policy.
 - Consider technology impacts on efficiency.
- Enforcement needs to be more efficient. There are a small number of “bad actors” doing great damage.
- The fishery may not be able to sustain additional permits. Several fish populations have shown declines.
- A small portion of permits are catching a large portion of the landings.
- The majority of management has been toward decreasing pressure on fish stocks. It may be counterproductive to increase the number of permits, leading to increased fishing pressure.

Recommendations:

- Prior to the AP meeting, AP member Andrew Mahoney circulated a proposal addressing commercial permits and new entry into the commercial fishery.
- A white paper detailing information regarding the 2 for 1 policy would be useful.
 - Should include analysis or survey of commercial fishermen to determine value of permits to retired permittees.
 - Should include information on where (geographically) current permits are active.
 - Investigate permit use (owner-operator or leased permit).
- Consider age of fleet and development of new participants.
 - See if we can estimate average age of fishery participants.
- Consider monetary value of permit and how that can be affected by policy change.
- Consider the cause of reductions to populations (sector, too many participants overall, etc.).

Later in the year, the AP convened again via webinar from October 19-21, 2021. In response to the Council's request, the AP discussed provisions of the commercial snapper grouper permits, offering the following comments and recommendations:

Discussion:

- Some members noted that it is difficult to enter the commercial fishery due to the cost and scarcity of permits.
- Members posed the question of whether stocks are healthy enough to sustain additional pressure from new entry?
 - One member commented that in Morehead City, NC, maybe not. He noted a particular decline in groupers and a great deal of local commercial and recreational pressure on snapper grouper species.
- There has been some new and younger participation in the commercial fishery in the Morehead City, NC area. In FL and southern NC coastal areas, the participants are aging out of the fishery and there is need for new entrants. The fishery could sustain additional effort.
 - Differing regional perspectives on whether fleet is overcapitalized and could use new entrants.
- No heavily blooming fishery, so may not be time to increase commercial effort.
- Concern about “corporate loophole” for SG 2 permits, where these permits may not be retired as initially intended.
- Recreational pressure makes it difficult for additional commercial pressure from a sustainability perspective.
- Lack and loss of working waterfront is point of concern.

Recommendations:

- Possible limitation on how many permits people can own or lease out.
- Consider exemption for a certain number of permits from the 2 for 1 policy.
 - Unused permits could be exempt from the 2 for 1 policy if sold.
- The AP requested information on how many SG1 permits have been retired in recent years. The AP also asked about how quickly commercial ACLs are being reached and how much faster they could potentially be reached with additional participants.
- Increase fish stocking; find ways to increase populations and habitat. Also water quality improvement efforts; stop reduction of marshland estuary habitats.
- MPAs for stocking areas.
- Should look back towards previous efforts for snapper grouper management, including the strategic plan (visioning amendment).
- One AP member recommended for commercial sector movement towards harvesters being able to produce for coastal communities that don't have local harvesters.
- Andrew Mahoney previously distributed a Special Management Permit Plan and spoke on this plan in Other Business in April 2021.

- Further information on Andrew Mahoney’s proposed plan could be discussed at a future meeting.
- **Overall, there are mixed opinions on removing 2 for 1 policy at this time. Some members are in favor of removing it while others would like it to remain in place.**
 - **Additional information could aid future evaluations and discussions.**

Discussion and Committee Action

Analysis of the 2 for 1 commercial SG 1 permit provision that was put in place in 1998 via Amendment 8 shows a notable decrease in the number of commercial snapper grouper permits that are available in the fishery. In recent years trips and vessel numbers have remained somewhat stable, albeit with a slightly downward trend. Decreasing participation combined with relatively stable revenue has increased average revenue per vessel within the fishery.

Assuming that the Committee is interested in further discussing provisions of the commercial snapper grouper permit, staff will continue to gather information requested by the Committee and present it at future meetings. This will include information, where available, on leasing of permits and landings from leased vessels with a SG 1 permit. Additionally, past efforts to show potential yield in the fishery will be updated to reflect landings and available yield in recent years.

Considering the most recent Snapper Grouper AP input, the information previously provided, and what is available in Buck (2018) and Overstreet et al (2018), the Committee could consider the snapper grouper permit provisions as a whole, as well as the 2 for 1 permit provision and its current role in the commercial fishery. Additionally, it is requested that the Committee provide direction on how to move forward with further evaluation of commercial permit provisions for the snapper grouper fishery. In discussing these topics, the Committee may want to consider the following questions to help guide the conversation:

- 1) **Does the Committee feel that the information provided satisfies the Council’s response to E.O. 13921?**
- 2) **How would the Committee like to proceed with future evaluation of the provisions for SG 1 and SG 2 permits?**
 - a. **Include potential changes to commercial snapper grouper permits in discussion of the Management Strategy Evaluation and future amendment related to long-term wholistic measures for changes to the snapper grouper fishery?** (refer to Attachment 2b)
 - b. **Begin an amendment focused on changes to the commercial snapper grouper permit?**
 - c. **Do not further discuss changes to the commercial snapper grouper permit at this time?**
 - i. **Possibly re-evaluate at another specified time (i.e. 3-years, 5-years, etc.).**
 - d. **Other?**

APPENDIX. Full text of 50 C.F.R. §622.171 South Atlantic snapper-grouper limited access.

§622.171 South Atlantic snapper-grouper limited access.

(a) *General.* The only valid commercial vessel permits for South Atlantic snapper-grouper are those that have been issued under the limited access criteria specified in the Fishery Management Plan for the Snapper-Grouper Fishery of the South Atlantic Region. A commercial vessel permit for South Atlantic snapper-grouper is either a transferable commercial permit or a trip-limited commercial permit.

(b) *Transfers of permits.* A snapper-grouper limited access permit is valid only for the vessel and owner named on the permit. To change either the vessel or the owner, an application for transfer must be submitted to the RA.

(1) *Transferable permits.* (i) An owner of a vessel with a transferable permit may request that the RA transfer the permit to another vessel owned by the same entity.

(ii) A transferable permit may be transferred upon a change of ownership of a permitted vessel with such permit—

(A) From one to another of the following: husband, wife, son, daughter, brother, sister, mother, or father; or

(B) From an individual to a corporation whose shares are all held by the individual or by the individual and one or more of the following: husband, wife, son, daughter, brother, sister, mother, or father. The application for transfer of a permit under this paragraph (b)(1)(ii)(B) and each application for renewal of such permit must be accompanied by a current annual report of the corporation that specifies all shareholders of the corporation. A permit will not be renewed if the annual report shows a new shareholder other than a husband, wife, son, daughter, brother, sister, mother, or father.

(iii) Except as provided in paragraphs (b)(1)(i) and (ii) of this section, a person desiring to acquire a limited access, transferable permit for South Atlantic snapper-grouper must obtain and exchange two such permits for one new permit.

(iv) A transfer of a permit that is undertaken under paragraph (b)(1)(ii) of this section will constitute a transfer of the vessel's entire catch history to the new owner.

(2) *Trip-limited permits.* An owner of a vessel with a trip-limited permit may request that the RA transfer the permit to another vessel owned by the same entity.

(c) *Renewal.* NMFS will not reissue a commercial vessel permit for South Atlantic snapper-grouper if the permit is revoked or if the RA does not receive an application for renewal within one year of the permit's expiration date.