

Commercial Snapper Grouper Permit Discussion

Snapper Grouper Committee
December 2021



Overview

- 1) Refresher of information previously discussed at the September 2021 Council meeting
- 2) Additional analysis and information (what's new?)
- 3) Recent Snapper Grouper AP input (October 2021 meeting)
- 4) Discussion and Committee Action



Refresher: Background

- Part of response to E.O. 13921 in 2020.
 - The Council indicated 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.”
- Amendment 8 established the 2 for 1 method of limiting the number commercial snapper grouper permit holders.
 - Became effective in 1998.
 - Concern over excess capacity and intense competition over the SG resource.



Refresher: Background

- Resulted in two different snapper grouper commercial permits:
- The **SG 1 permit** (i.e. “unlimited permit”).
 - No overall poundage restrictions (aside from species-specific trip limits) and is transferable.
- The **SG 2 permit** (limited harvest to 225 lbs of SG species).
 - Intended to only be transferred to immediate family or onto a new vessel under the same owner.



Refresher: Analysis

- Recent reports
 - Buck (2018)
 - Overstreet et al (2018)
- Permit trends
 - 49% reduction in SG 1 permitted vessels since AM 8 implementation
 - 67% reduction in SG 2 permitted vessels since AM 8 implementation
- Profile of recent fishery
 - On average: 556 vessels, 11,100 trips, 4.96 million lbs SG landings with an ex-vessel value of \$18.1 million.



Refresher: Analysis

- Trends in the fishery.
 - Decreased number of vessels, effort, and landings.
 - Relatively stable total revenue.
 - Decreased landings offset by increasing price.
 - Increasing average revenue per vessel.
 - Strong reliance on SG species as portion of total annual revenue.



Additional Analysis (i.e. what's new?)

- At the September meeting the Committee requested additional information on:
 - 1) Maximum time period allowed to purchase an additional SG 1 permit when a non-corporate SG 1 permit is purchased
 - 2) Corporate ownership of permits
 - 3) Leased SG 1 permits and associated landings
 - 4) Info on SG 2 permits (landings, utilization, and ownership type)
 - 5) Potential yield in the fishery



Additional Analysis: Timing

- To enter commercial fishery, must purchase two “non-exempt” permits or a single “exempt” permit.
 - Maximum time period allowed to purchase an additional SG 1 permit to qualify for the “2 for 1” provision varies based on first permit’s expiration date.
 - Once a single SG 1 permit is purchased, the purchaser has one year from the expiration date of that first permit to obtain another SG 1 permit.



Additional Analysis: Corporate ownership of permits

- Ownership structure:
 - 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.
- SG 1 exemption from “2 for 1” provision:
 - As of September 2021, there were 242 corporate owned SG 1 permits, only two of which would not be exempt from the 2 for 1 provision.



Additional Analysis: Permit trends

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

Year	Vessels with SG 1 (Unlimited) permit	Vessels with SG 2 (225-lbs Limited) permit
2015	571	121
2016	565	116
2017	554	114
2018	549	110
2019	543	108
Average	556	114

Table 4. Number of SG 1 permits assigned to leased vessels, SG 1 permits consolidated, and SG 1 and SG 2 permits terminated, 2015-2019.

Year	SG 1 permits assigned to leased vessels	SG 1 permits consolidated*	SG 1 permits terminated**	SG 2 permits terminated**
2015	198	6	1	4
2016	216	8	0	2
2017	225	4	0	4
2018	227	9	0	2
2019	232	9	2	4
Average	220	7	1	3

- On average, 220 SG 1 permits (~40%) assigned to leased vessels.
- Decrease of about eight SG 1 permits and three SG 2 permits per year.
 - Attrition rate of -1.4% and -2.8%, respectively.
 - Due to consolidation (SG 1 only) or non-renewal.



Additional Analysis: SG 2 permits

- Landings

- SG 2 permitted vessels landed an average of approximately 63,000 lbs gw in snapper grouper species annually in recent years.
- Approximately 1 to 2% of total SG landings.

- Utilization

- 94% of SG 2 permits had at least one pound of snapper grouper landings between 2012 and 2016.
 - 29% of SG 2 permits had landings in all five years examined.
- For comparison, 97% of SG 1 permits had at least one pound of snapper grouper landings over the same time series
 - 45% of SG 1 permits had landings in all five years examined.



Additional Analysis: Future meetings

- Continued efforts to:
 - Collect additional information on “leased” permits and associated landings.
 - Updated information on potential yield in the fishery.
 - Findings will be presented at a future meeting.



Updated Snapper Grouper AP Input: Discussion

- The AP discussed provisions of the commercial snapper grouper permit at their October 2021 meeting.
- Differing regional perspectives on under- vs over-capitalization of the fishery.
 - FL, SC, and southern coastal NC- fishermen aging out of fishery and could use new entrants. Resource could sustain additional participants.
 - Central coastal NC- Several new, young entrants and notable pressure on fishery resources from both sectors.



Updated Snapper Grouper AP Input: Discussion

- Some members noted that it is difficult to enter the commercial fishery due to the cost and scarcity of SG 1 permits.
- Some members also felt that there is no notable room for growth, so now may not be the time to increase commercial effort.
- Concern over:
 - Recreational pressure makes it difficult for additional commercial pressure from a sustainability standpoint.
 - Loss and lack of working waterfront.
 - “Corporate loophole” for SG 2 permits, where they may not be retired as initially intended.



Updated Snapper Grouper AP Input: Recommendations

- Consider:
 - Limitation on how many permits can be owned or leased out by a single person.
 - Exemption of certain number of SG 1 permits from the 2 for 1 provision.
 - Unused SG 1 permits could be exempt from 2 for 1 provision.
 - New permits could be made available for coastal communities that don't have local commercial fishermen.
- Increase fish stocking; find ways to increase populations and habitat; water quality improvement efforts; stop reduction of marshland estuary habitats.
 - Consider MPAs for stocking areas.



Updated Snapper Grouper AP Input: Recommendations

- Additional information on:
 - How many SG 1 permits have been retired in recent years.
 - How quickly commercial ACLs are being reached and how much faster they could potentially be reached with additional participants.
 - Previous efforts for SG management, including the strategic plan (visioning amendment).
- **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

- 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?
 - Possibly re-evaluate at another specified time (i.e. 3-years, 5-years, etc.).
 - d) Other?

