

Commercial Snapper Grouper Permits

Discussion Document
March 2024

Introduction

The South Atlantic Fishery Management Council (Council) most recently reviewed the make-up of limited access commercial snapper grouper permits in 2021 in response to Executive Order (EO) 13921. The EO 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 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” policy of commercial snapper grouper unlimited permits that was implemented to limit access to the fishery was identified as an item to be evaluated in response to the 2021 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.”

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 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 and provided additional comments at their October 2021 meeting (see summary below).

At the December 2021 meeting, the Council reviewed recommendations from the Snapper Grouper AP and additional information on the commercial snapper grouper fishery. Upon this review the Council indicated that the information presented at the September 2021 and December 2021 Council meetings provided a satisfactory response to the EO and that further consideration of changes to the commercial snapper grouper permit could be considered in the

Management Strategy Evaluation (MSE) as well as the subsequent amendment that examines holistic management changes in the snapper grouper fishery.

At their October 2023 meeting the Snapper Grouper AP again discussed commercial permits under Other Business, specifically focusing on whether consolidation of snapper grouper unlimited permits is still necessary and if transfers of 225-pound trip limited permits should be addressed. A summary of the AP's discussion was subsequently reviewed at the Council's December 2023 meeting and the Council directed staff to update the commercial "two for one" discussion document as well as information on 225-pound trip limited permits for review at the March 2024 meeting.

Recent Snapper Grouper Advisory Panel Discussions

The AP convened via webinar from October 19-21, 2021 and discussed provisions of the commercial snapper grouper permits, offering the following discussion 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.
- Not a booming 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 one person can own or lease out.
- Consider an exemption for a certain number of permits from the "two for one" policy.
 - Unused permits could be exempt from the "two for one" 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.
- 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.
- **Overall, there are mixed opinions on removing “two for one” 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.**

At their October 2023 meeting the Snapper Grouper AP discussed commercial permits under Other Business. The AP recommended that the Council review the “two for one” policy of commercial snapper grouper unlimited permits to:

- Define the date or number of participants that would end the “two for one” policy, and
- Request clarification from the Council or NMFS on the long-term intent for allowing the leasing of commercial vessels.

In regard to the transfer of 225-pound trip limited permits, the AP noted:

- 225-pound commercial permits are only transferable to a vessel owned or leased by the same permit holder. They:
 - Can not be sold to a new owner.
 - Can not be transferred to immediate family.
- Under current rules, permits can be transferred between individuals by permit ownership under a corporation and transfer of corporation ownership to another individual.
- One AP member proposed revising regulations to disallow this type of transfer.

Background

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 “two for one” 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 to qualify for the “two for one” 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 in the conservation of fish stocks from regulatory measures with an open access fishery would attract new entrants and the fishery would not be able to sustain increased effort.

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 permit limited harvest of snapper grouper species to 225 pounds combined per trip and could only be transferred onto a different vessel owned by the same entity. 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

Reports

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. 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. 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 (SEFSC) 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. In 2023, [the report](#) was subsequently updated with slightly different information and included a timeline from 2014 to 2018. 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
- 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 2022

dollars using the annual, not seasonally adjusted, gross domestic product implicit price deflator provided by the U.S. Bureau of Economic Analysis.

Permits

Transferability: 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).

Ownership: 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, a slight majority of SG 1 permits are still owned by individuals rather than corporations.

Cost of entry: Buck (2018) noted that 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). More 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 often equates to approximately 10% of the permit cost, or \$8,000 to \$10,000 annually (2021 \$). A commercial snapper grouper permit cannot be directly leased, however the vessel that the permit is assigned to can be leased.

Permit statistics and trends: Full-year data after 2020 are currently unavailable for detailed analysis due to issues and ongoing updates with the SERO permits system. It is expected that information from 2021 onwards will be available later in 2024. The number of SG permitted vessels has decreased since the implementation of Amendment 8 in 1998. Based on a comparison of SG permitted vessels between 1998 and 2020, SG 1 permitted vessels have decreased by 540 vessels or 50%. Over the same time series, SG 2 permitted vessels have decreased by 344 vessels or 77% (**Table 1**). In recent years, the number of permitted vessels has decreased by approximately seven SG 1 permitted vessels per year and three SG 2 permitted vessels per year which equates to an average attrition rate of approximately -1.4% annually for SG 1 permitted vessels and -2.8% annually for SG 2 permitted vessels (**Table 2** and **3**).

Additionally, on average 220 SG 1 permits (40% of all SG 1 permits) were assigned to leased vessels annually. A condition of the commercial 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 from 2016 to 2020 (Table 4). This also equates to 17% of vessels not landing snapper grouper species in a given year, which provides a rough estimate of the amount of latent effort that could enter the fishery.

Table 1. Change in SG permitted vessels between 1998 and 2021*.

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

¹ Source: Snapper Grouper Amendment 52, Table 3.3.1.1.1; NMFS SERO Sustainable Fisheries (SF) Access permits database for permit numbers from 2020.

Table 2. Number of SG 1 and SG 2 permitted vessels, 2016-2020.

Year	Vessels with SG 1 (Unlimited) permit	Vessels with SG 2 (225-lbs Limited) permit	Total number of vessels with SG permit
2016	565	116	681
2017	554	114	668
2018	549	110	659
2019	543	108	651
2020	535	104	639

Source: Snapper Grouper Amendment 52, Table 3.3.1.1.1; NMFS SERO Sustainable Fisheries (SF) Access permits database.

Table 3. 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	Percent of SG 1 permits assigned to leased vessels	SG 1 permits consolidated*	SG 1 permits terminated**	SG 2 permits terminated**
2015	198	35%	6	1	4
2016	216	38%	8	0	2
2017	225	41%	4	0	4
2018	227	41%	9	0	2
2019	232	43%	9	2	4
Average	220	40%	7	1	3

Source: Personal Communication, NMFS SERO Permits Office, November 24, 2021.

*Permits consolidated under the “2 for 1” provision.

**Permits terminated due to non-renewal.

Table 4. Number and percentage of SG permitted vessels that reported landing snapper grouper species, 2016-2020.

Year	Total SG permitted vessels	Permitted vessels that landed SG species	Permitted vessels that did not land SG species	Percentage of permitted vessels that landed SG	Percentage of permitted vessels that did not land SG species
2016	681	563	118	83%	17%
2017	668	568	100	85%	15%
2018	659	542	117	82%	18%
2019	651	534	117	82%	18%
2020	639	517	122	81%	19%
Average	660	545	115	83%	17%

Source: Source: Snapper Grouper Amendment 52, Table 3.3.1.1.1; NMFS SERO Sustainable Fisheries (SF) Access permits database and SEFSC-SSRG Socioeconomic Panel (January 2024 version).

SG 2 permit-specific information: The Council has requested information on SG 2 permits and permitted vessels. While the previously mentioned SERO permits system update prevents in-depth analysis of SG 2 permits for recent years, 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 5**; Overstreet et al, 2018). When compared to overall landings for all vessels involved in the commercial fishery, SG 2 permitted vessels accounted for approximately 1% to 2% of total commercial snapper grouper landings each year. Most of the snapper grouper landings from SG 2 permitted vessels came primarily from the waters off South Florida and to a lesser extent the southern portion of the North Carolina coast. The top 5 species landed by revenue were king and cero mackerel, yellowtail snapper, mutton snapper, golden tilefish, and gag.

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). This percentage has likely notably increased as SG 2 permits held by individuals have been retired.

Table 5. 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 Species (by weight)	81%	72%	79%	77%
Revenue (2016 \$)	\$786,367	\$587,771	\$620,421	\$664,853
% SG (by revenue)	27%	40%	32%	33%
% Other Species (by revenue)	73%	60%	68%	67%

Source: Overstreet et al, 2018.

Effort, Landings, and Revenue

Recent Fishery

The information in **Table 6** and **Table 7** describes trips, landings, and gross revenue (i.e., total revenue without costs removed) from vessels that harvested snapper grouper species from the South Atlantic region each year from 2018 through 2022. Vessels reporting snapper grouper landings have decreased over the time period. Landings of snapper grouper species and associated revenue have shown a similar trend, with the exception of 2022 when both landings and revenue increased (2022 \$; **Table 6**).

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 \$48,000 (2022 \$) from 2018-2022, with 72% of this revenue occurring from the sale of snapper grouper species (**Table 7**).

Table 6. Number of vessels, trips, landings and ex-vessel revenue by year for snapper grouper species, 2018-2022.

Year	Vessels	Trips	SA SG Landings (lbs gw)	Gross revenue from SA SG Landings (2022 \$)	Other Species or Other Region Landings (lbs gw)	Gross Revenue from Other Species or Other Region (2022 \$)	Total Landings (lbs gw)	Total Gross Revenue (2022 \$)
2018	542	10,618	4,381,998	\$18,619,136	3,207,535	\$7,659,421	7,589,533	\$26,278,557
2019	534	10,732	4,465,694	\$19,014,496	3,858,576	\$8,718,388	8,324,270	\$27,732,885
2020	517	9,302	3,827,852	\$16,362,118	2,574,053	\$6,114,596	6,401,905	\$22,476,714
2021	466	8,452	3,582,016	\$15,441,443	2,258,743	\$5,539,765	5,840,759	\$20,981,208
2022	451	8,176	3,799,348	\$17,582,715	2,220,112	\$5,407,837	6,019,460	\$22,990,552
Average	502	9,456	4,011,382	\$17,403,981	2,823,804	\$6,688,002	6,835,185	\$24,091,983

Source: SEFSC-SSRG Socioeconomic Panel (January 2024 version).

Table 7. Revenue metrics for vessels that landed snapper grouper species, 2018-2022 (2022 \$).

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	Average Gross Revenue from Other Species or Other Region per Vessel	Average Gross Revenue per Vessel
2018	71%	29%	\$34,353	\$14,132	\$48,484
2019	69%	31%	\$35,608	\$16,327	\$51,934
2020	73%	27%	\$31,648	\$11,827	\$43,475
2021	74%	26%	\$33,136	\$11,888	\$45,024
2022	76%	24%	\$38,986	\$11,991	\$50,977
Average	72%	28%	\$34,746	\$13,233	\$47,979

Source: SEFSC-SSRG Socioeconomic Panel (January 2024 version).

Historic Trends

Logbook data for the commercial snapper grouper fishery are available from the Southeast Coastal Fisheries Logbook from 1993 through 2022. The time series 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.

Generally, the number of vessels and trips recording commercial landings of snapper grouper species from the South Atlantic region increased through 1997 but have exhibited a decreasing trend since that time (**Figure 1**). Landings have decreased as well but gross revenue has remained relatively more 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 more stable revenue led to an increasing average revenue per vessel through 2014. From 2015 onward, average revenue per vessel has decreased (**Figure 4**). There has been a general increasing reliance on revenue derived from landings of snapper grouper species as a percentage of total revenue for vessels within the fishery (**Figure 5**).

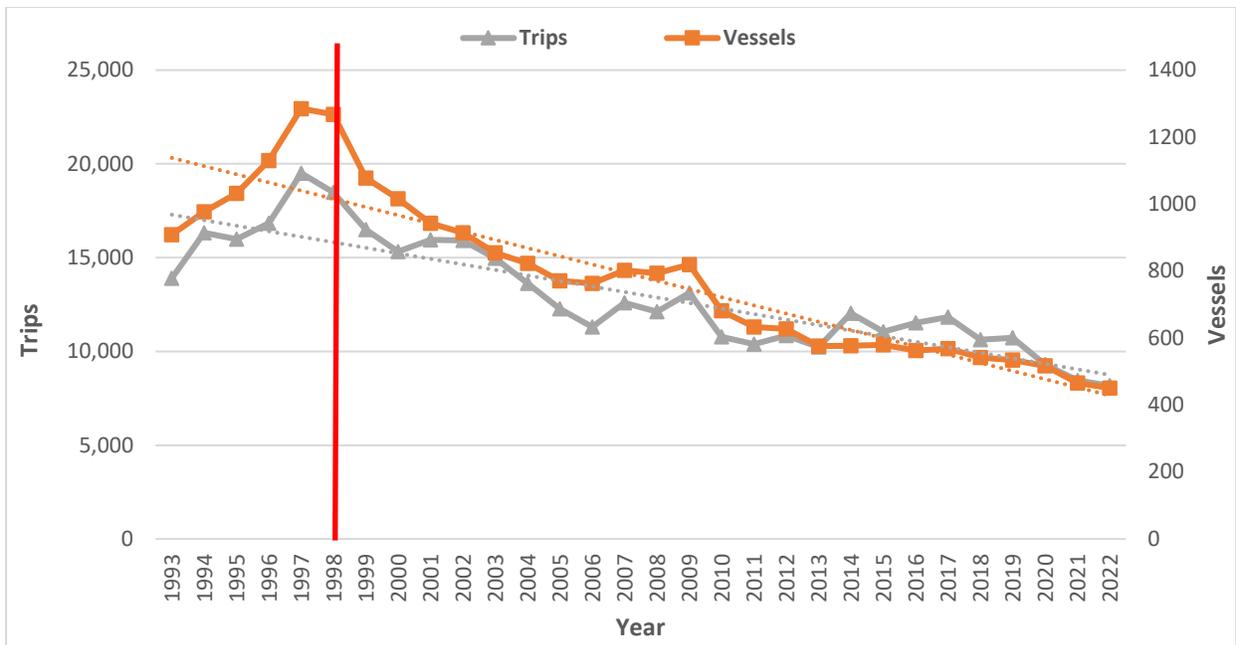


Figure 1. Vessels and trips landing snapper grouper in the South Atlantic region, 1993-2022. The red line indicates implementation of Amendment 8 and the “two for one” SG 1 permit provision.

Source: SEFSC-SSRG Socioeconomic Panel (January 2024 version).

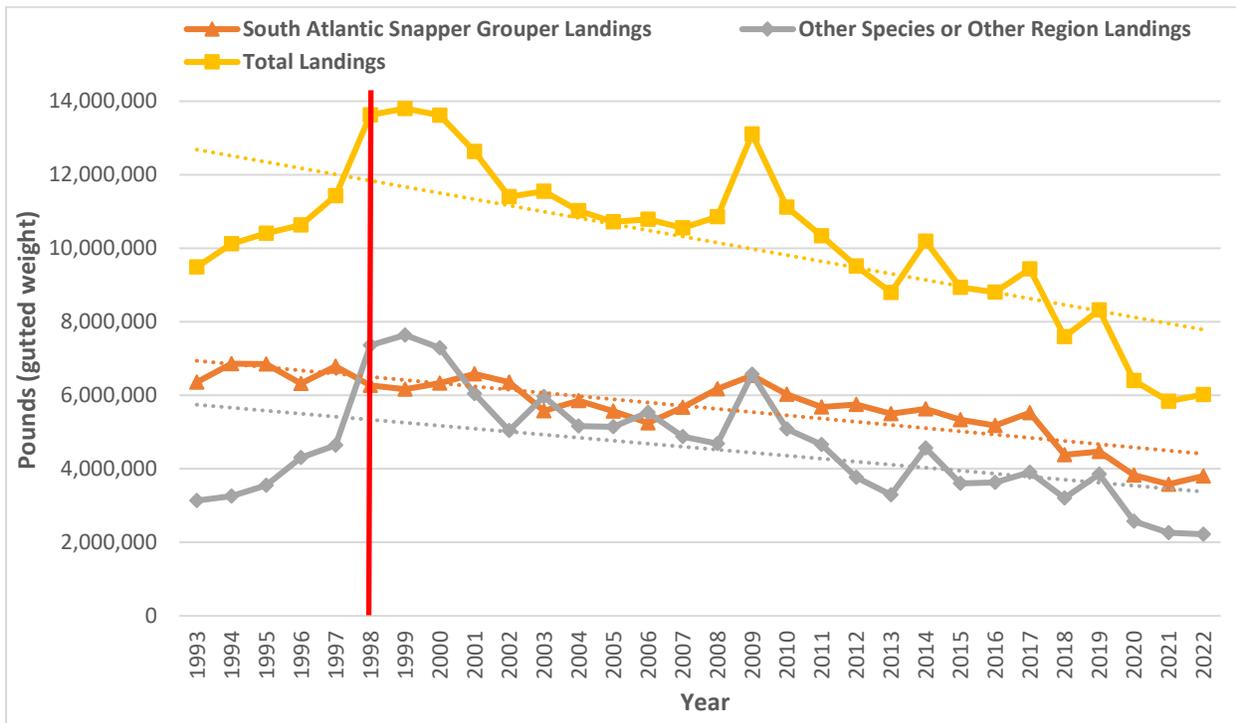


Figure 2. Landings from vessels that recorded landings of snapper grouper, 1993-2022. The red line indicates implementation of Amendment 8 and the “two for one” SG 1 permit provision.

Source: SEFSC-SSRG Socioeconomic Panel (January 2024 version).

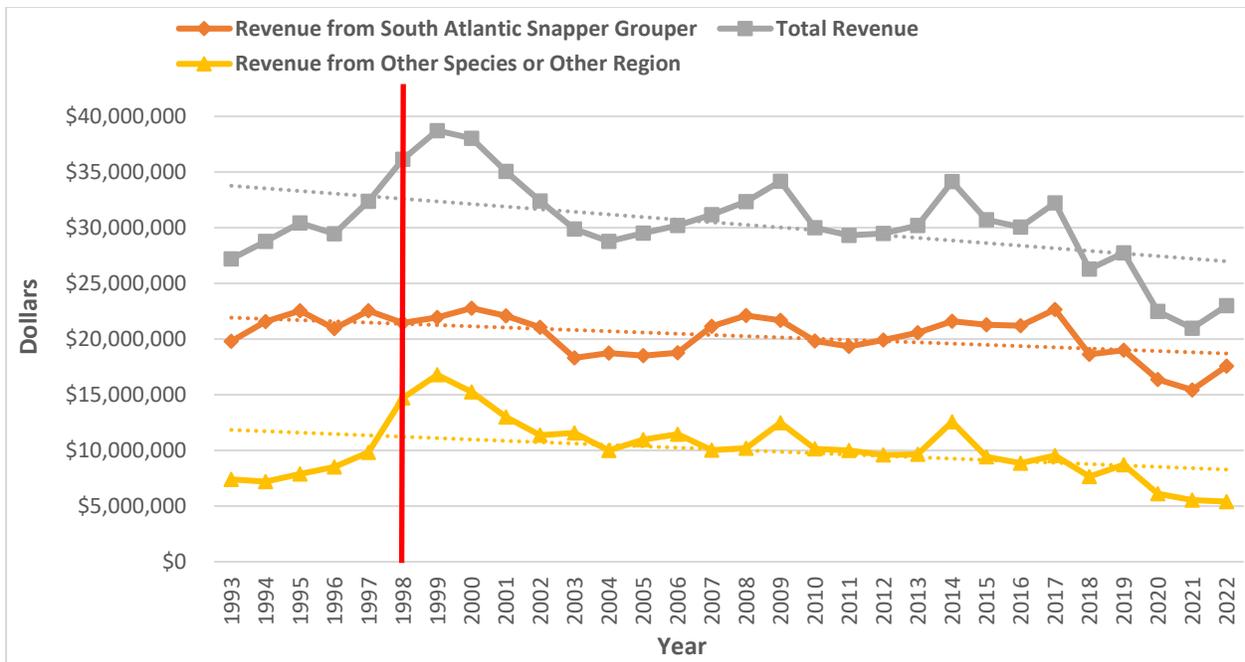


Figure 3. Total gross revenue from vessels that recorded landings of snapper grouper, 1993-2022 (2022 \$). The red line indicates implementation of Amendment 8 and the “two for one” SG 1 permit provision.

Source: SEFSC-SSRG Socioeconomic Panel (January 2024 version).

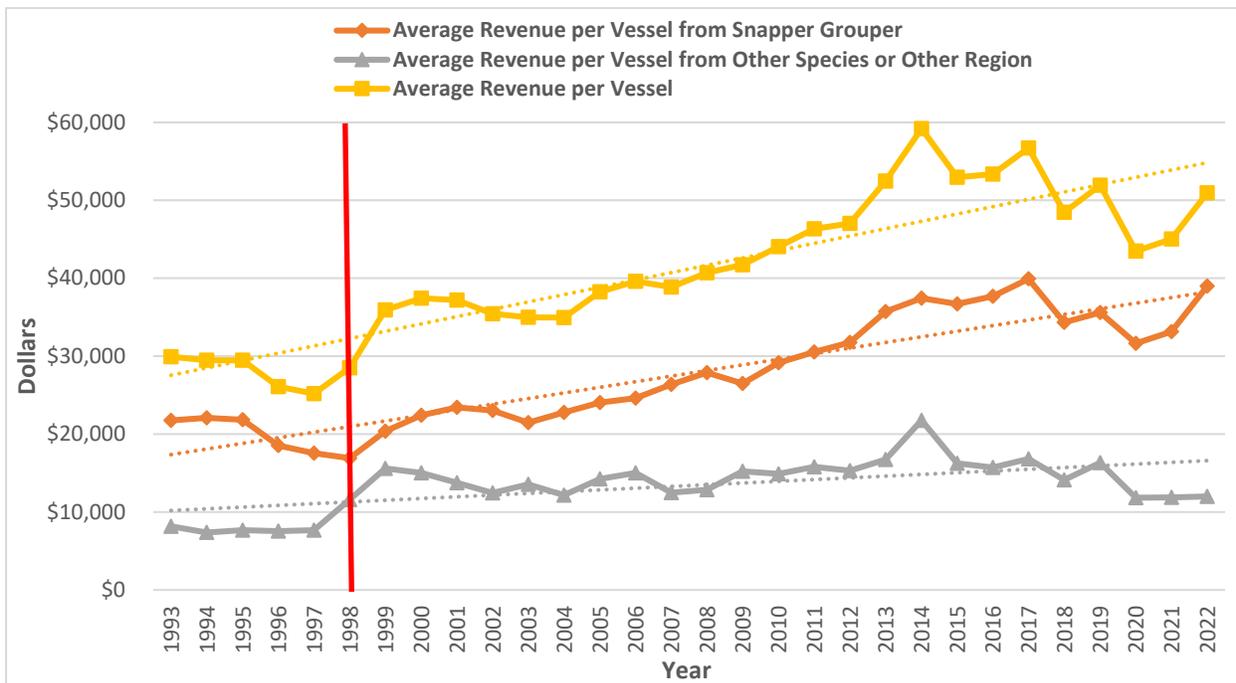


Figure 4. Average revenue per vessel for vessels that recorded sales of snapper grouper, 1993-2022 (2022 \$). The red line indicates implementation of Amendment 8 and the “two for one” SG 1 permit provision.

Source: SEFSC-SSRG Socioeconomic Panel (January 2024 version).

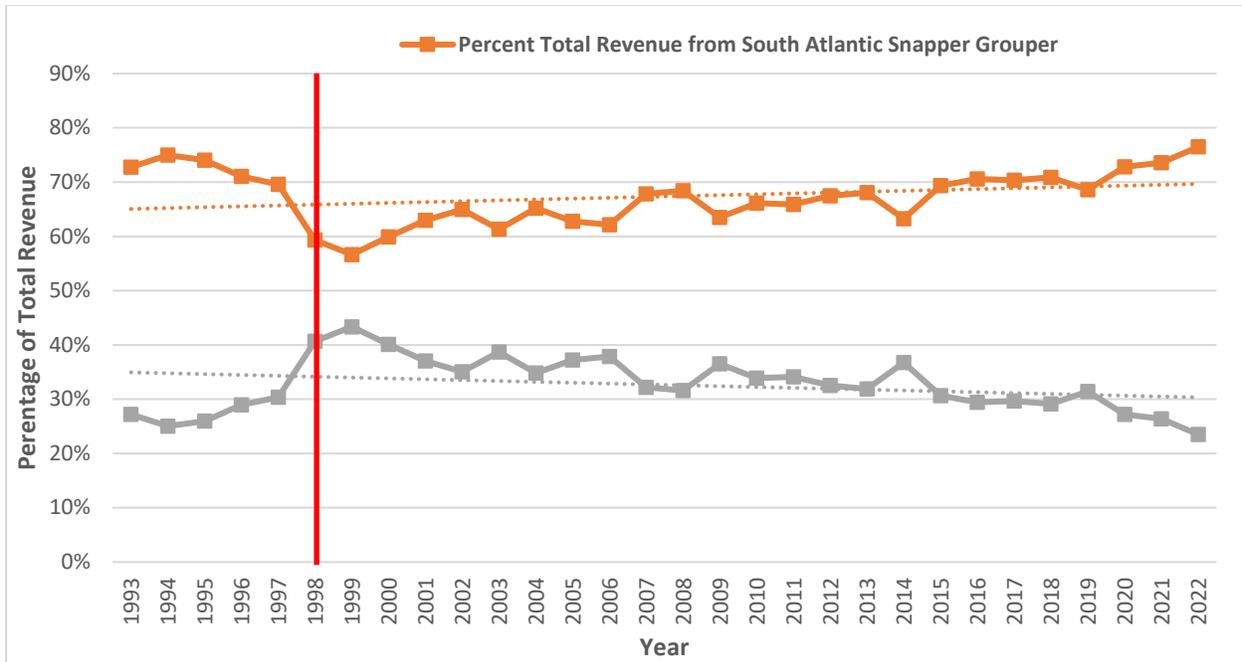


Figure 5. Percentage of total gross revenue from South Atlantic snapper grouper landings versus revenue from other species or other regions for vessels that recorded landings of snapper grouper, 1993-2022. The red line indicates implementation of Amendment 8 and the “two for one” SG 1 permit provision.

Source: SEFSC-SSRG Socioeconomic Panel (January 2024 version).

Commercial Sector ACL Utilization

Each species or species grouping within the snapper grouper fishery has a sector allocation and associated sector annual catch limit (ACL). Utilization of the commercial allocations for snapper grouper species is often variable from year to year because of changes in effort, market conditions, sector ACLs, and other factors. Nevertheless, examining the average sector ACL utilization can provide an indication of which species could withstand additional commercial effort or targeting and which species are already being harvested to their fullest potential.

Table 8 below provides the commercial sector ACL utilization from 2020 to 2022. Species highlighted in yellow have exhibited an average sector ACL utilization of 80% or higher, the sector ACL has been recently reduced, or the sector ACL is likely to be reduced in the near future. This indicates that there is likely not much leeway for additional participation or harvest in the commercial fishery for these species under current management measures. Species highlighted in green have an average sector ACL utilization of lower than 80% and the sector ACL is not likely to be reduced in the near future. This indicates that there could be some room for additional participation and harvest in the commercial fishery for these species. The primary deepwater species (golden tilefish, blueline tilefish, and snow grouper) have a very high ACL utilization rate and the commercial fishery for these species will often face an in-season harvest closure due to the sector ACL being met. Other commercially important species such as vermilion snapper and greater amberjack have commercial ACLs that have gone notably underharvested in recent years.

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

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

Yellow shading indicates an average sector ACL utilization of 80% or higher, the sector ACL has been reduced lately, or the sector ACL is likely to be reduced in the near future.

Green shading indicates an average sector ACL utilization of lower than 80% and the sector ACL is not likely to be reduced in the near future.

¹Wreckfish were not included since data are confidential in many years and the species is managed under an individual transferable quota.

*Indicates that the sector ACL has been changed recently or likely will change in the near future.

Source: [SERO ACL Monitoring website](#) accessed February 7, 2024.

Discussion and Committee Action

Analysis of SG 2 trip limited permits and the “two for one” 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 continued to decrease in addition to the number of permits available in the fishery.

If the Committee is interested in further discussing provisions of the commercial snapper grouper permit, staff will continue to gather information that is requested and present it at future meetings. This could include updated information SG 1 and SG 2 permitted vessels through 2023. Additionally, the Committee could investigate additional metrics of available yield in the commercial fishery. Given the multiple recent management changes that went into effect for several species in 2023, it would be beneficial to examine 2023 commercial landings compared to revised commercial sector ACLs. Such information will likely not be available until the Council's September or December 2024 meetings, depending on the status of the SERO permits system as well as the timing of when "final" commercial landings and logbook information are available.

Some Council members have also discussed a capacity analysis for the commercial snapper grouper fishery. Such an analysis is technical and would take a notable amount of staff time. This analysis may include examining the efficiency, capacity utilization, and level of overcapacity that exists in the commercial fleet. A recent example of a capacity analysis for the [Gulf of Mexico reef fish fishery](#) was published in 2022. If the Council believes that such an analysis would be useful in making management decisions, a request could be made of the SEFSC and would depend upon the availability of their staff.

Considering the information 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 "two for one" 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:

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

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.