

Snapper Grouper Two for One Permit Provision Discussion

South Atlantic Fishery Management Council
September 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.

Background

Permits were first required in the snapper grouper fishery via Amendment 4 to the Snapper Grouper FMP that 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. 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 gears. 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 (SG2). 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. Upon implementation of Amendment 8, to obtain a SG1 permit, a commercial fisherman had to purchase two permits and retire one of them (2 for 1 requirement) to commercially fish within the snapper grouper fishery.

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 SG1 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 1996 through August 20th, 1996, received the SG2 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 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 Committee 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. In 1998 approximately 17% of SG 1 permits and 15% of SG 2 permits were owned by corporations. By 2016, the most recent information available as of the writing this report, this had increased to approximately 45% of SG 1 permits and 25% of SG 2 permits falling under a corporate ownership structure. This structure 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). 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 SG1 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 SG1 permit is increasing. Additionally, temporary use of

a SG1 permit is common, with advertised prices for SG1 annual “leases” at \$6,000 to \$8,000 (2017 \$) (Buck 2018).

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**). 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 (2015 to 2019)(**Table 3**).

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 2 Permitted Vessels between 1998 and 2019	-532
Change in SG 1 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 permits (October 15, 2020)

Table 3. Number and percentage of SG permitted vessels that reported landing snapper grouper species, 2015-2019.

Year	Vessels with SG 1 (Unlimited) Permit	Vessels with SG 2 (225-lbs Limited) Permit	Total Vessels with SG Permit	Permitted Vessels that Landed SG	Percentage of Permitted Vessels that Landed SG
2015	571	121	692	580	84%
2016	565	116	681	561	82%
2017	554	114	668	568	85%
2018	549	110	659	541	82%
2019	543	108	651	530	81%
Average	556	114	670	556	83%

Source: NMFS SERO for permits (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, albeit 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 timeseries, 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

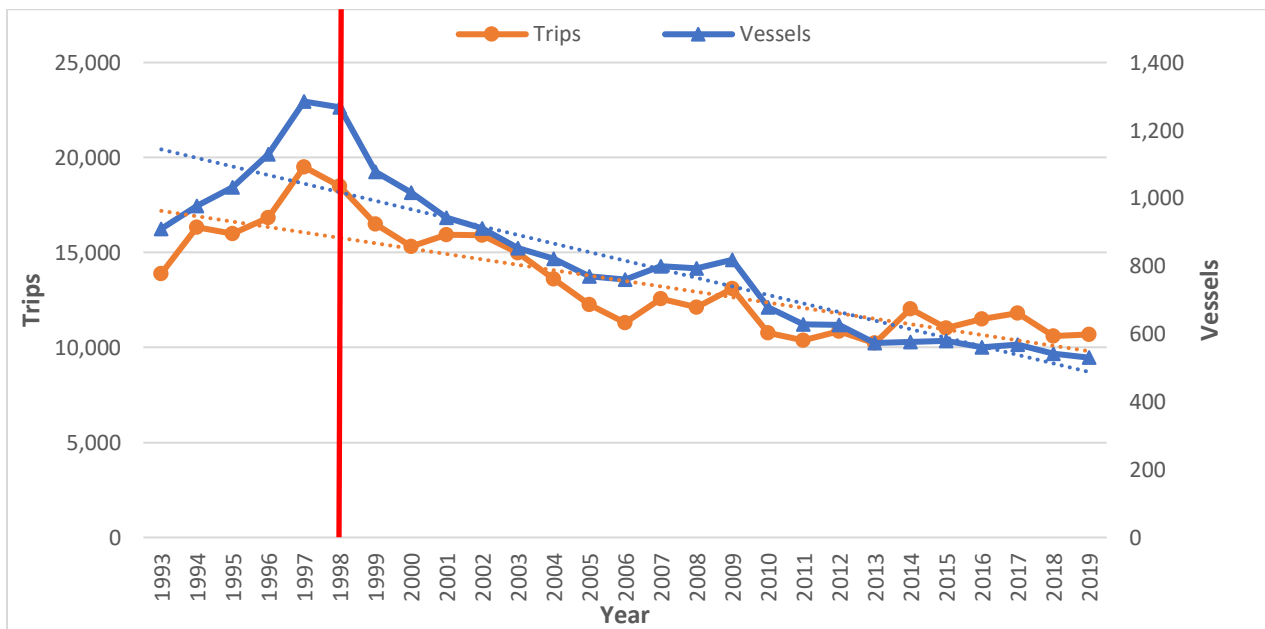
5-Year Average	1,043	16,433	6,331,599	\$19,379,131	6,684,163	\$12,627,708	13,015,762	\$32,006,839
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Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

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

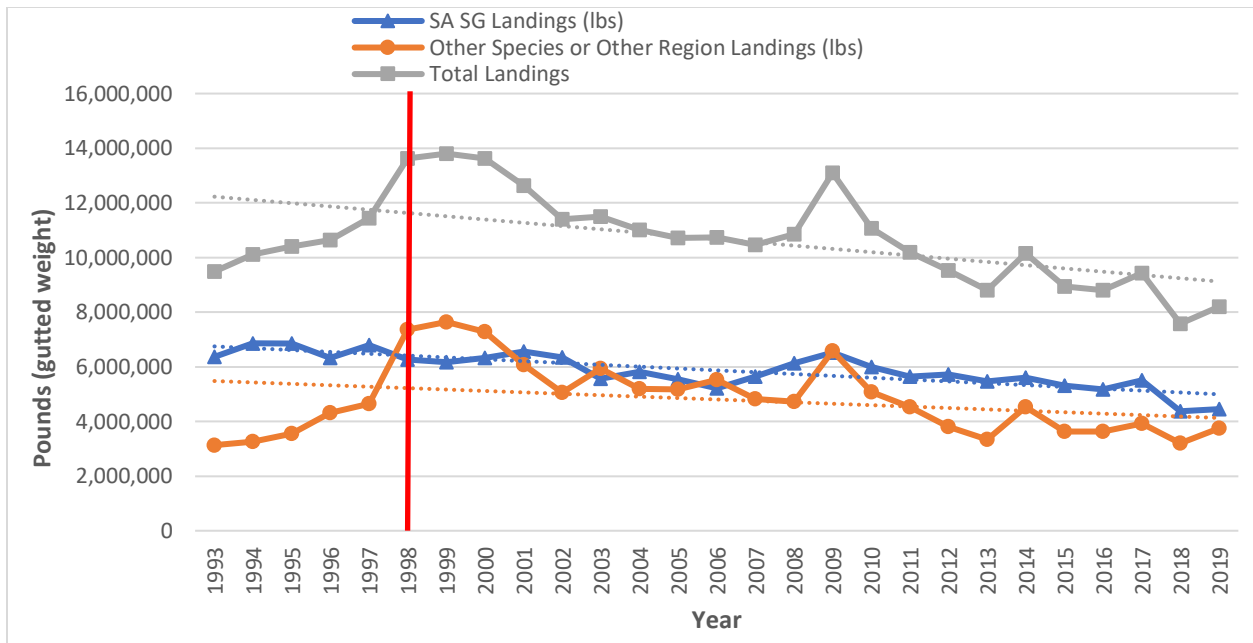
Year	Percent of Total Gross Revenue From SA SG landings	Percent of Total Gross Revenue from Other Species or Other Region	Average SA SG Gross Revenue per Vessel (2019 \$)	Average Gross Revenue from Other Species or Other Region per Vessel (2019 \$)	Average Gross Revenue per Vessel (2019 \$)
1998	59%	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).

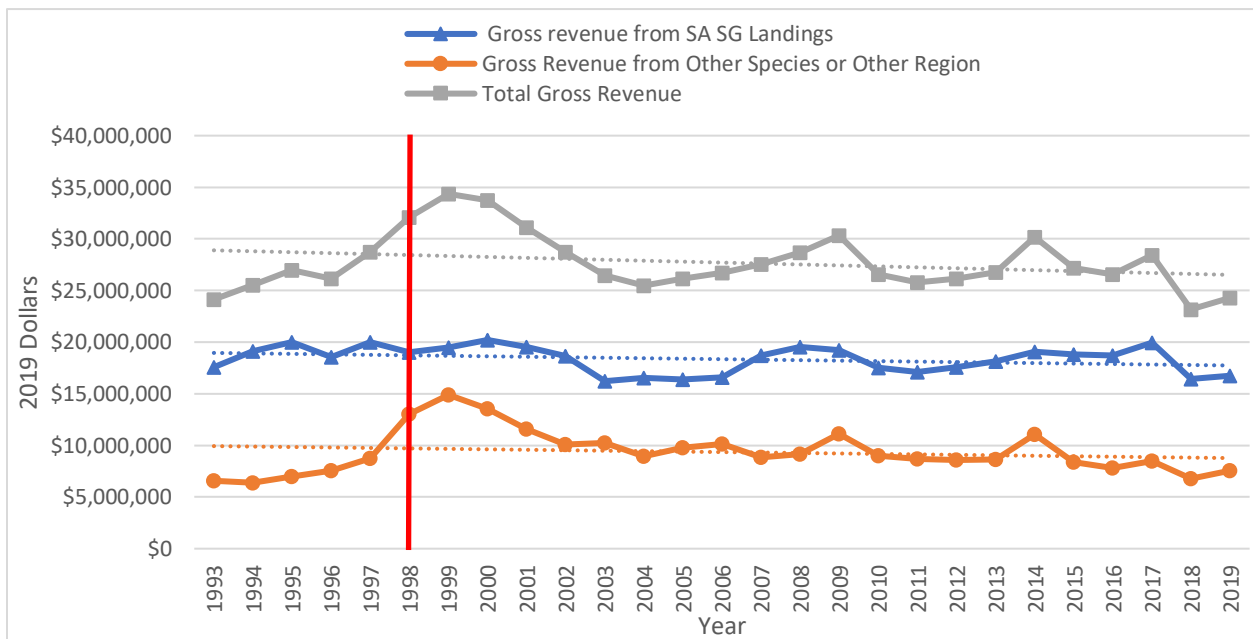


Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021).

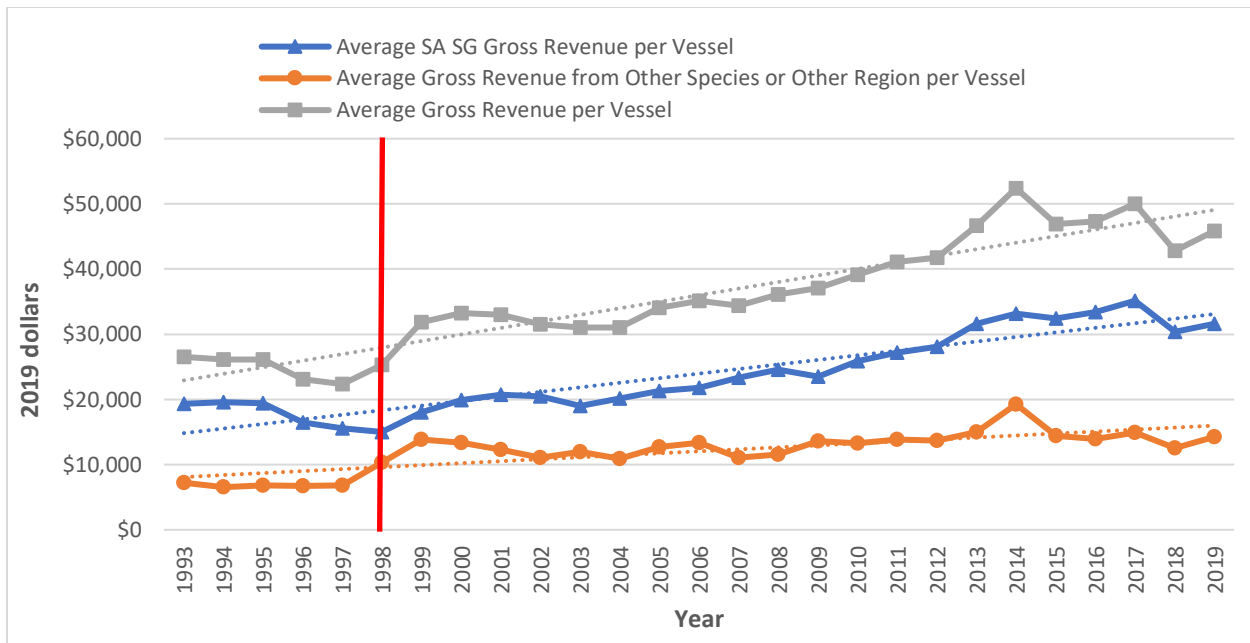
Figure 1. Vessels and trips landing snapper grouper species in the South Atlantic region, 1993-2019. Note: the red line indicates implementation of Amendment 8 and the 2 for 1 permit provision.



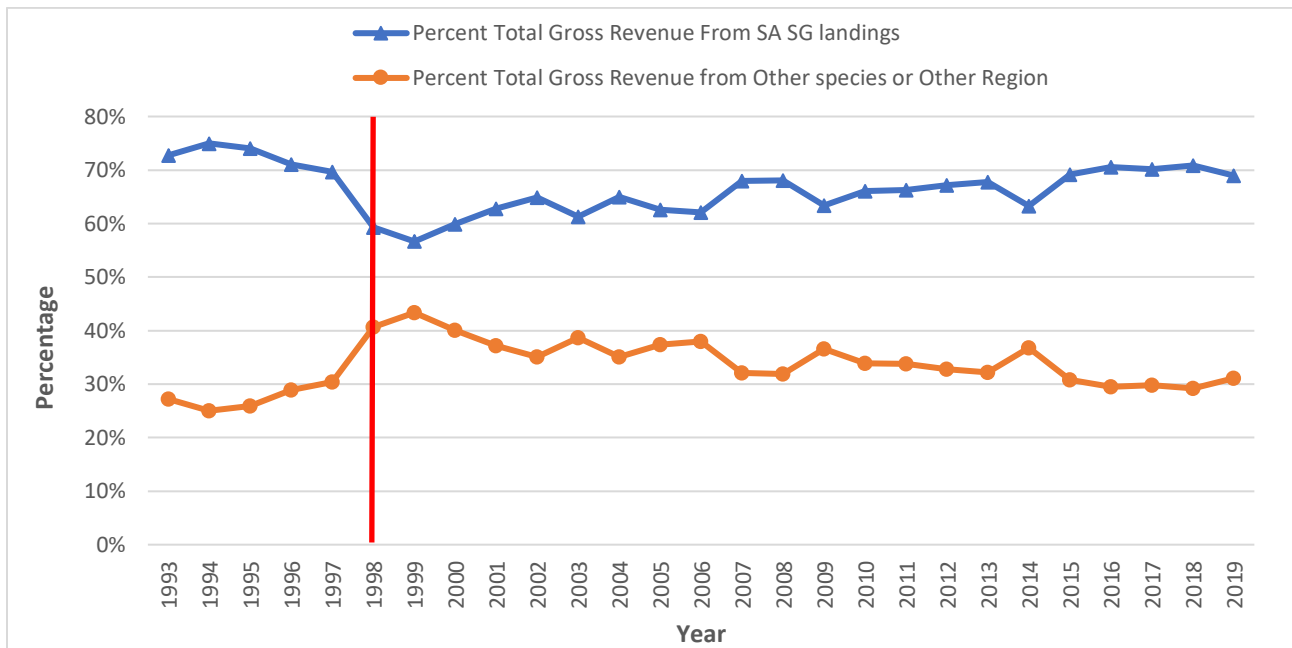
Source: SEFSC Socioeconomic Panel (Jan 2021) accessed by the SEFSC Economic Query System (August 2021). **Figure 2.** Landings from vessels that recorded sales of snapper grouper species, 1993-2019. Note: the red line indicates implementation of Amendment 8 and the 2 for 1 permit provision.



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.

Recent Snapper Grouper Advisory Panel Discussion

The South Atlantic Council's Snapper Grouper Advisory Panel (AP) convened via webinar on 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:

- Prior to the AP meeting, AP member Andrew Mahoney circulated a proposal addressing commercial permits and new entry into the commercial fishery.
- 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.
- A white paper detailing information and discussions surrounding 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).
- Enforcement needs to be more efficient. Small number of bad actors doing great damage.
- Fishery may not be able to sustain additional permits. Several fish populations have shown declines.
- Small portion of permits are catching a large portion of the landings.
- Majority of management has been toward decreasing pressure on fish stocks, may be counterproductive to increase the number of permits, leading to increased fishing pressure.
- 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.).

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.

Considering the Snapper Grouper AP input, information previously provided as well as what is provided in Buck 2018 and Overstreet et al 2018, the Committee is tasked with discussing the snapper grouper 2 for 1 permit limitation and its current role in the commercial fishery. In discussing this topic, the Committee may want to consider the following questions:

1) Has the 2 for 1 commercial SG 1 permit provision effectively met or worked towards the objectives of Amendment 8?

The objectives of Amendment 8:

- 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.

- 2) **What undesirable outcomes has the 2 for 1 commercial SG 1 permit provision caused? What would be the reasons for removing the limitation?**

- 3) **What undesirable outcomes could removing the 2 for 1 commercial SG 1 permit provision cause? Would removing the provision provide social or economic benefits to the fishery?**

- 4) **Other than removing the 2 for 1 commercial SG 1 permit provision, are there other solutions for supporting new entrants?**

- 5) **Would the Committee like to establish a timeline for reviewing the 2 for 1 commercial SG 1 permit provision? (i.e. every 3 years, 5 years, etc.)**

- 6) **Given the information currently available to the Committee (Snapper Grouper AP input, this document, and the two relatively recent reports and presentations), should further evaluation of 2 for 1 commercial SG1 permit provision be conducted? If so, what is the desirable timeline for that evaluation?**

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.