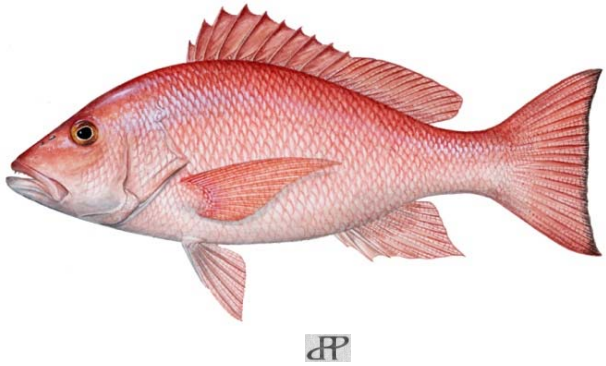
Modifications to the Red Snapper Individual Fishing Quota Program



Scoping Document for Amendment 36 to the Fishery Management Plan for the Reef Fish Resources of the Gulf of Mexico

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ABBREVIATIONS USED IN THIS DOCUMENT

Council	Gulf of Mexico Fishery Management Council
GT-IFQ	grouper-tilefish individual fishing quota (program)
Gulf	Gulf of Mexico
IFQ	individual fishing quota
Magnuson-Stevens Act	Magnuson-Stevens Fishery Conservation and Management Act
MSY	maximum sustainable yield
NMFS	National Marine Fisheries Service
NOAA	National Oceanic and Atmospheric Administration
OY	optimum yield
PP	public participant
RS-IFQ	red snapper individual fishing quota (program)

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I. INTRODUCTION

Reef Fish Amendment 26[1] (GMFMC 2006) established the red snapper individual fishing quota (RS-IFQ) program in the Gulf of Mexico (Gulf). The objectives of the program were to reduce overcapitalization in the commercial harvest of red snapper, and to the extent possible, the problems associated with the derby fishery. As mandated by the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) and by Amendment 26, the Gulf of Mexico Fishery Management Council (Council) and National Marine Fisheries Service (NMFS) collaboratively conducted a 5-year review[2] of the RS-IFQ program (GMFMC and NMFS 2013), which was formally approved at the April 2013 Council meeting. The Council proceeded to appoint an Ad Hoc Red Snapper IFQ Advisory Panel to assist in recommending improvements to the program by identifying potential changes to the RS-IFQ program (Appendix A). The Council discussed a list of issues as potential modifications to the program at its February and April 2014 meetings and made modifications to the list. At its August 2014 meeting, the Council requested development of this scoping document to begin considering potential modifications to improve the performance of the RS-IFQ program.

This Scoping Document aims to:

- Provide an overview of the Red Snapper IFQ Program including its history, the purpose and need, and program objectives.
- Describe a range of potential changes to the Red Snapper IFQ Program.
- Provide questions to facilitate public feedback regarding the potential changes. Feedback may propose a solution, or offer support or opposition for a potential change or issue, and is most useful when accompanied by supporting rationale.

What is Scoping?

Scoping is the initial stage of the regulatory process in which the Council seeks input from other agencies, organizations, and the public on a management issue. Scoping is the first and best opportunity for the public to make suggestions or to raise issues and concerns before the Council begins developing an amendment, and can be thought of as a brainstorming process. At this early stage, the Council intends to identify the scope of issues to be addressed in the plan amendment, and seeks public input on the preliminary scope of issues. Public input is important in identifying potential impacts, reasonable alternatives, and novel solutions which may improve the performance of the RS-IFQ program. After receiving input obtained during the scoping

[1] Reef Fish Amendment 26 to Establish a Red Snapper Individual Fishing Quota Program: http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/Amend26031606FINAL.pdf

[2] Red Snapper 5-year Review: http://www.gulfcouncil.org/docs/amendments/Red%20Snapper%205-year%20Review%20FINAL.pdf The report's conclusion section is provided in Appendix B.

process, the Council will review and refine the potential actions in the development of management options which focus on the significant issues for further consideration. Following development of the actions and alternatives, the public hearing process will begin and the public will have the opportunity to comment on the actions and alternatives under consideration. Public input will continue to be considered as the Council deliberates and chooses the most appropriate action.

Background on Establishing the Red Snapper IFQ Program

Prior to establishing the RS-IFQ program, the Gulf commercial red snapper fleet was overcapitalized, which means the collective harvest capacity of fishery vessels and participants was in excess of that required to efficiently take their share of the total allowable catch (Agar et al. 2014; Leal et al. 2005; Weninger and Waters 2003). This overcapacity caused commercial red snapper regulations to become increasingly restrictive over time, resulting in derby-type conditions where participants compete with each other to harvest as many fish as possible before the quota is met and the fishery is closed (Weninger and Waters 2003). Solis et al. (2014) estimated that about one-fifth of the existing fleet could harvest the current commercial quota.

Derby fishing creates negative social and economic conditions, which include reducing or eliminating considerations about weather conditions in deciding when to fish, adversely affecting safety at sea; flooding the market with fish, which depresses ex-vessel prices and reduces producer surplus; and increasing competition which exacerbates user conflicts (Waters 2001). Further, derby fishing can unnecessarily adversely affect target and non-target stocks by providing participants less flexibility in deciding when, where, and how to fish.

An IFQ program surfaced as a tool with strong potential for effectively addressing the problems for commercial red snapper fishing. Although originally identifying a license limitation program as the preferred management approach, the Council ultimately voted in favor of an IFQ program. This decision was informed by public comments, and was based on the determination an IFQ program would better resolve or reduce chronic problems related to overcapacity and derby conditions. Per the Magnuson-Stevens Act, the adoption of the RS-IFQ program in the Gulf required two referenda among eligible program participants: an initial referendum before development of the amendment and a final referendum before the amendment was submitted to the Secretary of Commerce.

The IFQ program was intended to help the Council address overfishing by reducing the rate of discard mortality that normally increases with increased fishing effort in overcapitalized fisheries (NRC 1999; Leal et al. 2005). IFQs provide the opportunity to better utilize fishing and handling methods, increase economic efficiency, and reduce bycatch of non-targeted species. Improving catch efficiency may also result in a decrease in regulatory discards of red snapper and other reef fish species by allowing fishermen the choice on when and where to fish. Additionally, the slower paced fishing and transferability of quota under the IFQ program supports consolidation of the fishery, allowing fewer fishermen to operate over a longer season.

Amendment 26 evaluated a wide range of alternatives for various IFQ program components related to: program duration; ownership caps and restrictions; initial eligibility requirements; initial allocation of quota shares; appeals; transfer eligibility requirements; adjustments in

commercial quota; enforcement; and administrative fees. The Council's intent was to design an IFQ program that best balances social, economic, and biological tradeoffs, and improves the fishery's ability to achieve fishery goals and objectives, including optimum yield (OY).

Conclusions from the 5-year Review

The original purpose and need defined in Amendment 26 (GMFMC 2006), reads as follows:

> *The purpose of the IFQ program proposed in this amendment is to reduce overcapacity in the commercial fishery and to eliminate, to the extent possible, the problems associated with derby fishing, in order to assist the Council in achieving OY.*

National Standard 1 of the Magnuson-Stevens Act mandates conservation and management measures prevent overfishing and achieve OY from a fishery. OY is defined as the amount of fish that will provide the greatest overall benefit to the nation, particularly with respect to food production and recreational opportunities. OY must take into account the protection of marine ecosystems and is prescribed based on the maximum sustainable yield (MSY) from the fishery, as reduced by any relevant economic, social, or ecological factors. In practice, the commercial sector's share of the quota is equivalent to the sector's share of OY for the red snapper fishery. Commercial harvests that are equal or very close to the quota without exceeding it would be consistent with the prevention of overfishing and achievement of OY mandated by the Magnuson-Stevens Act.

The RS-IFQ program 5-year review (GMFMC and NMFS 2013) evaluated the progress of the program towards achieving its goals and objectives. The performance of the RS-IFQ program in achieving OY was assessed by measuring its ability to constrain harvest at or below the quota while allowing RS-IFQ participants to harvest as much red snapper as possible. Recommendations from the review have been presented to the Council and incorporated into the potential changes included in this scoping document. As part of the process of considering program modifications, the Council may wish to evaluate modifications to continue progress towards the program's goals and objectives, to improve program performance, participant satisfaction, and to continue assisting the Council in achieving OY.

The conclusions of the RS-IFQ program 5-year review[3] are:

Participant Consolidation and Overcapacity

Conclusion 1: The RS-IFQ program has had moderate success reducing overcapacity, however economic analyses indicate that additional reductions in fleet capacity are still necessary.

Achievement (or Harvesting) of Optimum Yield

Conclusion 2: The RS-IFQ program has been successful in reducing quota overages, which is consistent with the achievement of OY. Landings have averaged greater than

[3] The full supporting summaries for each conclusion are provided in Appendix B. The entire Red Snapper IFQ Program 5-year review may be accessed at http://www.gulfcouncil.org/docs/amendments/Red%20Snapper%205-year%20Review%20FINAL.pdf

95% of the commercial quota; however, many inactive accounts remain and account for as much as 1.5% of the commercial quota.

Mitigating the Race to Fish and Safety at Sea

Conclusion 3: The RS-IFQ program was successful at mitigating the race to fish providing fishermen with the opportunity to harvest and land red snapper year-round. Inflation-adjusted share, allocation, and ex-vessel prices increased, indicating that fishermen were successfully maximizing profits and had increased confidence in the RS-IFQ program. Safety at sea has increased and annual mortalities related to fishing have declined since the RS-IFQ implementation. [According to Boen and Keithly (2012),] medium and large shareholders perceive that the RS-IFQ program has improved safety at sea.

Biological Outcomes

Conclusion 4: The implementation of the RS-IFQ program coupled with revisions to the red snapper rebuilding plan and reductions in quota and the commercial size limit, have all contributed to lower commercial fishing mortality rates and reduced discards. The RS-IFQ system has also prevented commercial quota overruns, which were frequent prior to RS-IFQ implementation. Discards continue to be high in the eastern Gulf where a large percentage of legal-sized red snapper are discarded by fishermen due to a lack of allocation.

Social Impacts

Conclusion 5: Large shareholders and western Gulf shareholders are generally more supportive of the RS-IFQ program than small to medium shareholders and those from the eastern Gulf. Entry and participation in the red snapper fishery is now more difficult and costly due to the increased costs of shares and allocation. Consolidation has resulted in less competition for harvest and higher revenues per trip. Crew sizes are smaller, but the ability to hire and keep stable crews has improved. The increase in the number of shareholders not landing any fish has led to perceptions that many are profiting from the program at the expense of hard-working fishermen.

Enforcement and Program Administration

Conclusion 6: RS-IFQ participants are generally satisfied with the IFQ online system and customer service when contacting NMFS and the 24-hour call service for advance landing notifications. Vessel monitoring systems, notification requirements, and random dockside inspections aid enforcement in monitoring program compliance; however, a variety of enforcement violations have been identified. Compliance has improved since RS-IFQ program implementation but additional enforcement efforts may be necessary to deter violations. IFQ program expenses currently exceed the 3% cost recovery collected for program administration, research, and enforcement.

IFQ Program Basics

- An IFQ **share** is a percentage of the red snapper commercial quota assigned to an IFQ participant, or shareholder. IFQ **allocation** refers to the actual pounds of red snapper represented by the shares that is possessed, landed, or sold during a given calendar year.
- At the beginning of each year, allocation is distributed to shareholders based on the share percentage held by the IFQ shareholder and the annual quota. Shares (percentage of the quota) and allocation (pounds available for the year) can be transferred among IFQ program participants; the transfer of shares equates to a sale of ownership of those shares and the transfer of allocation is a onetime transaction for the right to catch the quantity of pounds sold, often referred to as "leasing" by the public.
- **Appendix A** contains a glossary of terms used in the IFQ program.

Grouper-Tilefish IFQ program

In 2010, the multi-species Grouper-Tilefish IFQ program (GT-IFQ) was established. Although the program was established and IFQ shares distributed independently of the RS-IFQ program, both programs use the same web-based monitoring and reporting system. Therefore, the same shareholder, vessel, and dealer accounts are used to participate in both programs (i.e., a fisherman has one IFQ account that can be used for both the RS-IFQ and GT-IFQ programs). Additionally, shareholder accounts may hold and transfer shares and allocation from both programs, as well as land species in both programs. In 2013, of the 399 accounts with shares in the RS-IFQ program, 71% of those accounts also held shares in the GT-IFQ program. In that same year, of the 599 accounts that held red snapper allocation, 79% also held allocation in the GT-IFQ program; of the 368 vessels landing red snapper, 91% also landed grouper or tilefish. In addition, both programs follow the same regulations for landing notifications, offloading, cost-recovery fees, and account status determinations. Thus, while evaluating modifications to the RS-IFQ program, it will be important to consider the potential effects such changes may have on the GT-IFQ program.

Purpose and Need for Reef Fish Amendment 36

The purpose of this action is to consider modifications to improve the performance of the RS-IFQ program. The need is to prevent overfishing; to achieve, on a continuing basis, the optimum yield from federally managed fish stocks; and to rebuild a stock that has been determined to be overfished.

II. SCOPE OF POTENTIAL ACTIONS

The potential changes to the RS-IFQ program presented in this document were initially compiled from three sources: 1) previous Council discussions, 2) the conclusions and recommendations of the RS-IFQ program 5-year review, and 3) recommendations made by the Ad Hoc Red Snapper IFQ Advisory Panel. Administrative changes suggested to date, including changes proposed by the Ad Hoc Red Snapper IFQ Advisory Panel were omitted from this document because they were considered and included in a recently published rule [79 FR 15287, March 19, 2014[4]]. A summary of the administrative changes was discussed at the April 2014 Council meeting.

Per the Magnuson-Stevens Act, the adoption of the RS-IFQ program in the Gulf required two referenda among eligible program participants: an initial referendum before development of the amendment and a final referendum before the amendment was submitted to the Secretary of Commerce. A list of potential changes to the RS-IFQ program generated from the three sources above was submitted to NOAA General Counsel for evaluation as to whether the changes to be considered would trigger referendum requirements. With the exception of the proposal to collect resource rent through auctions, which has been removed from further consideration in this amendment, NOAA General Counsel has determined that no referendum requirements apply to the development of this amendment.

The Council is considering a variety of potential changes to the RS-IFQ program. Some of the issues and potential changes may require multiple actions for the Council to address. These potential changes are organized in the following sections under eight headings. Each section provides background information on the potential changes and identifies challenges to resolving the identified issues. Next, the **Potential Changes** are provided in a bulleted list with additional discussion, followed by **Scoping Questions** to aid the public in providing the Council with input on the potential actions. Suggestions toward identifying a range of alternatives for a potential action may also be particularly useful. Some general questions to consider include:

- What is the issue or problem to be addressed? How could a solution be designed to achieve the intended goal and minimize any unintended consequences?
- How does the potential change or issue fit with the objectives of the program?
- How does the action improve program performance, participant satisfaction, or the achievement of OY?
- How would a change to the RS-IFQ program affect the GT-IFQ program and its participants?

[4] http://www.gpo.gov/fdsys/pkg/FR-2014-03-19/pdf/2014-06065.pdf

1. Program Eligibility Requirements

Amendment 26 evaluated a range of alternatives concerning eligibility requirements for possessing and transferring RS-IFQ shares and allocation. These alternatives ranged from limiting IFQ share and allocation transfers to only commercial reef fish permit holders, to allowing the transfer of RS-IFQ shares and allocation to any U.S. citizen or permanent resident alien. The Council ultimately decided to allow any U.S. citizen or permanent resident alien to participate in the RS-IFQ program after the first five years (January 1, 2012). Only commercial reef fish permit holders could obtain shares and allocation during the first five years of the program giving them the first opportunity to buy shares while initial consolidation occurred.

When the RS-IFQ program began in 2007, and for the first five years of the program, only those entities that possessed a valid Gulf commercial reef fish permit were eligible to participate in the program under the shareholder role. A shareholder account is a RS-IFQ account that may hold shares and/or allocation, and includes accounts that only hold allocation. A shareholder account, vessel account, and valid commercial reef fish permit are needed to harvest red snapper. During those first five years, shareholder accounts that no longer had a valid Gulf commercial reef fish permit could maintain or decrease their shares or allocation, but could not obtain additional shares or allocation, nor harvest red snapper.

Beginning January 1, 2012, all U.S. citizens and permanent resident aliens were eligible to obtain a RS-IFQ shareholder account. At this point, all shareholder accounts can increase their share and allocation holdings, but only those with an associated Gulf commercial reef fish permit can harvest red snapper. Public participant (PP) accounts for the purpose of this document are accounts that do not have an associated Gulf commercial reef fish permit while holding red snapper shares or allocation. These accounts can be divided into two categories: those that participated in the program prior to 2012 (i.e., accounts that previously held Gulf commercial reef fish permits) and those that were created on or after January 1, 2012.

Analysis of public participation

The RS-IFQ database was queried on February 10, 2015 for the current information about PP accounts. At that time, there were 384 accounts with red snapper shares, of which 140 were PP accounts (32%). There were 126 PP accounts created prior to 2012 and 14 PP accounts created after 2012 that subsequently obtained red snapper shares. Of these 140 accounts, only 75 accounts had an active status, 16 had a suspended status (i.e., have not completed an IFQ online account application renewal or renewed their reef fish permit to certify U.S. citizenship), and 49 had an initial status.[5] The 140 PP accounts with shares collectively held 27.79% red snapper shares. The majority of shares resided in PP accounts that were created before 2012 and had an active status (Tables 1 and 2).

There were 257 allocation transactions from 52 PP accounts from January 1, 2014 through September 11, 2014. PP accounts transferred 1,342,479 lbs of red snapper. Many shareholders

[5] *Active status* is defined as an account that has been accessed by the account holder and the account holder has certified U.S. citizenship within two years. Accounts are *suspended* if citizenship has not been certified within two years. Accounts with an *initial status* have never been accessed; holders must provide citizenship certification before the account can be accessed.

have multiple accounts and may keep shares in one account without a permit, but transfer quota allocation to accounts with a permit that they fish. All transactions were investigated to find the number of unique account to account transfers. There were 96 unique account transfer pairs, some of which made multiple transactions between the account pair. All unique account transfer pairs were investigated for arms-length transactions. Arms-length transactions, as used here, are defined as transactions where the parties in the transaction are independent of each other (e.g. not being a relative or having an entity in common). To determine arms-length transactions, each account was broken down to the lowest known entity level (e.g. shareholders in a corporation), and then entities were compared between accounts. If any name was in common within the unique pair transaction, the transaction was not considered unique. Judgment calls were made on accounts with similar surnames, but were otherwise different. Of the 96 pairs, 77 pairs were considered arms-length transactions, and these accounted for a majority of pounds transferred (Table 3).

Table 1. Number of PP accounts by type with the associated share percentages.

	Type	Accounts	Shares
Account Creation	Pre-2012	126	24.45%
	2012+	14	3.34%
Account Status	Active	75	25.36%
	Suspended	16	1.97%
	Initial	49	0.46%

Table 2. RS-IFQ shareholdings by entities with and without a commercial reef fish permit.

	# of Accounts		**% of Shares**	
Year	**No Permit**	**Permit**	**No Permit**	**Permit**
2007	76	421	14.29	85.72
2008	120	354	12.75	87.26
2009	120	319	13.83	86.18
2010	121	304	15.24	84.77
2011	120	298	18.14	81.87
2012	119	288	21.07	78.94
2013	126	273	24.36	75.65

Table 3. Transactions by arms-length status.

	Between Arms-length Pairs	Between Related pairs
Number of pairs	77	19
Number of transactions	191	66
Total Pounds transferred	969,089 lbs	373,390 lbs

Potential Changes

Two potential changes have been suggested to modify the eligibility requirements for owning shares and landing allocation. These options are compared in Table 4. These options would have opposite effects on the eligibility requirements. **Option a** would restrict those who may purchase RS-IFQ shares, and **Option b** would expand the eligibility requirements of those who may land RS-IFQ shares. **Option a** would require the recipient of future transfers of RS-IFQ shares to possess a commercial reef fish permit. This would end the public sale of shares which began on January 1, 2012. This does not restrict the transfer of allocation which could still be received by any public participant; a commercial reef fish permit would continue to be required to harvest RS-IFQ allocation. At the request of the Council, NMFS published a control date in the *Federal Register* notifying program participants that the requirements for participation may be modified in the future (76 FR 74038, November 30, 2011). A comparable control date was published in the Federal Register notifying grouper-tilefish IFQ program participants that participation requirements may be modified in the future (79 FR 72566, December 8, 2014). **Option b** would further expand public participation in the program, by allowing entities without a commercial reef fish permit to land RS-IFQ allocation. Commercial reef fish permits are limited access and under moratorium, thus adoption of this option would require restructuring the commercial sector. Furthermore, this option may conflict with the Council's intent to not pursue intersector trading at this time.

- **Option a**: Restrict the future transfer of shares to only shareholder accounts that hold a valid commercial reef fish permit.
- **Option b**: Allow accounts with shares but without a commercial reef fish permit to harvest the allocation associated with those shares.

Table 4. Comparison of two potential changes (Options a and b) to program eligibility concerning the requirement to possess a commercial reef fish permit. The highlighted cells note the change from status quo.

	Need a commercial reef fish permit?			
	Pre-2012	**Status Quo (2012+)**	**Potential Action**	
			Option a	**Option b**
Hold Shares	No	No	No	No
Receive Shares	Yes	No	Yes	No
Hold Allocation	No	No	No	No
Receive Allocation	Yes	No	No	No
Land Allocation	Yes	Yes	Yes	No

An additional modification related to program eligibility was suggested for consideration:

- Restrict the ability for shareholders not actively engaged in fishing to transfer their shares and allocation to other shareholders.

This option was suggested in response to the reported practice of shareholders who do not actively fish, but transfer the annual allocation from the shares they hold to other accounts, often for a monetary gain ("leasing"). Shareholders are a unique entity that may be comprised of any

of the following: an individual(s), a business entity, a fish house (dealer/processor), or most recently, a member of the general public who may or may not be associated with the fishery. If the Council pursues addressing this option, it may be difficult to enact the intended policy change given the complexity of the relationships among shareholder accounts (e.g. related accounts, arms-length accounts). As stated above, at this time there is no clear method to distinguish related accounts within the IFQ system.

Scoping Questions

- Should the Council restrict or expand the eligibility requirements for obtaining shares, obtaining allocation, and landing allocation in the RS-IFQ program? How would this affect current participants in the IFQ program?

- How would modifying the eligibility requirements affect progress toward the program objectives (reducing overcapacity and reducing the problems with the derby fishery)?

- Is there a need to address impacts from the recent availability of RS-IFQ shares to the general public?

- Given the multiple participation roles in the RS-IFQ program, how could a regulation be designed to restrict shareholders who are not actively fishing from transferring their allocation?

- Will restricting shareholders who are not actively fishing from transferring their allocation disproportionally affect small shareholders who do not receive enough allocation from shares to effectively harvest their allocation (e.g., a share that results in 5-lbs of red snapper allocation)?

- Will restricting shareholders who are not actively fishing from transferring their allocation change market conditions or reduce the amount of allocation available to participants without shares?

2. Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

Allocation is the annual poundage of red snapper that corresponds with the proportion of shares held by a shareholder. At the end of each year, there may be un-harvested allocation remaining in shareholders' accounts. An IFQ account is considered active if the account landed, sold, and/or bought allocation in that year.

During the first year of the RS-IFQ program (2007), 29% of accounts (173 accounts) were inactive; these accounts contained 2.6% (78,543 lbs) of the quota. The number of inactive accounts has decreased each year. In 2012, 94 inactive accounts remained containing 2.0% of the quota. More than half of inactive accounts at present are initial accounts that have never been accessed by the user (Table 5).

One of the RS-IFQ 5-year review's conclusions noted the unused allocation in inactive IFQ accounts totaled approximately 1.5% of the quota. In 2014, this amount of unused allocation has decreased, as shareholders have been actively locating the holders of inactive accounts and buying their shares. By early October 2014, 85 inactive accounts remained, in which less than 1% of the quota is held (J. Stephen, SERO, pers. comm.). Resolving these remaining inactive accounts could improve the commercial IFQ program participants' ability to achieve optimum yield, and potentially to address regulatory discards.

Table 5. Accounts with remaining allocation by account status (active or inactive).

	Total Accounts			Active Accounts		Inactive Accounts	
Year	**# Accounts**	**Remaining quota (lbs)**	**% Quota**	**No. of Accounts**	**Remaining quota (lbs)**	**No. of Accounts**	**Remaining quota (lbs)**
2007	327 (55%)	122,311	4.10%	154	43,768	173	78,543
2008	292 (53%)	59,515	2.70%	124	9,177	168	50,338
2009	242 (46%)	61,318	2.80%	105	19,638	137	41,680
2010	306 (51%)	132,450	4.20%	184	79,299	122	53,151
2011	236 (40%)	62,147	1.90%	134	11,404	102	50,743
2012	216 (36%)	75,626	2.00%	122	20,352	94	55,274
2013	258 (43%)	148,867	2.95%	162	69,057	96	79,810

Note: EOY = end of year. Source: NMFS 2014, Table 16.

Potential Changes

- Allow closure of accounts and redistribution of shares in accounts that have never been activated in the current system, if the accounts are not active by a specified date.

- Redistribute shares from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards.

- Redistribute shares from inactive accounts to address reduction of regulatory discards through permit banks or NMFS administration (particularly for eastern Gulf shareholders and vessels).

- In the event of future increases to the commercial red snapper quota, consider alternatives to redistribute the quota increases to new entrants and small shareholders.

Scoping Questions

- Should inactive accounts be closed if not activated by a specified date? What date or years should be used to identify inactive shares? Must those years be consecutive?

- What should be done with the shares from inactive accounts? If they should be distributed to new entrants and small shareholders, how could this be accomplished in a fair and equitable manner?

- How should a new entrant be defined? For example, those without shares, or someone who has never established an IFQ account, or someone who has never held a commercial reef fish permit before?

- How could shares held in inactive accounts be redistributed to address regulatory discards? What are the benefits or weaknesses to using a permit bank or NMFS administration for the distribution?

- In the event of future increases to the commercial red snapper quota, should part of this additional quota be retained and redistributed to small shareholders and new entrants? How and to whom should this quota be distributed? What should be the baseline quota above which a redistribution would occur?

- How could quota redistribution be accomplished to reduce regulatory discards in the commercial fishery?

3. Full Retention Requirement to Address Regulatory Discards

As red snapper continue expanding into the eastern Gulf, attention to the issue of regulatory discards (bycatch) has been renewed. Possible options to address regulatory discards include requiring the retention of all commercially caught red snapper and eliminating the minimum size limit. A full retention provision would require commercial fishermen to keep all red snapper they catch. Because there is a finite amount of annual red snapper allocation, this option would require establishing a mechanism by which quota could be obtained to account for these fish. This option would rely on fishermen's compliance, could require electronic monitoring, and could pose challenges for law enforcement. Modifying, or eliminating the minimum size for commercially caught red snapper could potentially reduce the number of regulatory discards, but could create implications for the rebuilding plan. Furthermore, fishermen would still need to obtain available quota as many fish currently discarded are not due to the minimum size limit, but due to a lack of allocation.

Potential Changes

- Eliminate the commercial red snapper minimum size limit.
- Consider the full retention of commercially caught red snapper.

Scoping Questions

- How would fishing behavior change as a result of removing the minimum size limit, or requiring the full retention of all red snapper landed?
- What regulatory and monitoring requirements would be necessary for a full retention provision to be adopted and enforced?
- How would a requirement for full retention of red snapper affect the ability of the fleet to fish year round?
- How could red snapper allocation be made available to cover the full retention of red snapper?
- What are other possible solutions to reduce regulatory discards of red snapper?

4. Caps on the use or possession of IFQ Shares and Allocation

This issue addresses the consolidation of shares within the RS-IFQ program and considers whether upper limits should be imposed on the amount of IFQ allocation an entity may possess, or the amount of IFQ allocation a vessel may land. Although there is a cap on the amount of shares that may be held by a single entity, there is no cap to the amount of RS-IFQ allocation that may be held or used by an individual or entity, or the amount of allocation that may be harvested by an individual vessel. Although the purchase of RS-IFQ shares has been available to any U.S. citizen or permanent resident alien since January 1, 2012, red snapper allocation may only be harvested by a vessel with a commercial reef fish permit.

Reducing overcapacity was a primary goal of the RS-IFQ program. As noted in Amendment 26, eliminating the derby-like fishing conditions and reducing overcapacity was anticipated to result in slower paced fishing activity, supporting fewer fishermen, operating over a longer season (GMFMC 2006). Consolidation of shareholdings has occurred, with nearly a 25% reduction in the number of accounts holding shares since the start of the program. Since 2007, the number of shareholder accounts holding large (>1.5%) and medium (0.1-1.5%) amounts of shares has remained similar, whereas the number of small shareholder accounts has been greatly reduced (Table 6; GMFMC and NMFS 2013).

The structure of the RS-IFQ program has allowed for the emergence of a new participation role of brokers, who buy and sell allocation but do not land red snapper. The number of individuals in this category has increased since the implementation of the program, resulting in an apparent shift in how people participate. Annually, between 20-27% of all accounts only trade allocation and do not land allocation; however, many of these accounts are related (i.e., same permit holders) to other IFQ accounts that do land red snapper.

Table 6. Number of accounts by shareholding size.

Year	Small	Medium	Large	Total
	<0.05%	0.05-1.4999%	≥ 1.5%	
Initial	415	125	14	554
2007	368	112	17	497
2008	346	111	17	474
2009	313	108	18	439
2010	297	109	19	425
2011	284	116	18	418
2012	273	117	17	407
2013	261	120	18	399

Note: Except for the Initial row, all numbers were based on the last day of the year. "Initial" numbers were at the start of the program (1/1/2007). Source: Table 1 in NMFS 2014.

The Boen and Keithly (2012) survey found the RS-IFQ program had a reported positive impact on the financial position by large and medium shareholders, whereas those with small shareholdings expressed the opposite opinion. Most shareholders agreed that the RS-IFQ

program made it more difficult for others to enter the fishery. Share consolidation and an increase in the number of shareholders not landing any fish have led to the perception that many people are profiting simply by transferring ("leasing") allocation and not fishing. The costs to go fishing have also increased for some fishermen because shareholders are now charging captains and crew costs associated with the purchase of allocation.

National Standard 4 specifies that "if it becomes necessary to allocate or assign fishing privileges among various U.S. fishermen, such allocation shall be … carried out in such manner that no particular…entity acquires an excessive share of such privileges." Limiting the amount of shares an individual or entity may own is intended to limit share consolidation, as the concentration of share holdings by a relatively small number of entities could result in market power. Amendment 26 addressed ownership caps and restrictions on IFQ share certificates. The preferred alternative established an ownership cap such that no person shall own IFQ shares in excess of the maximum percentage issued to a recipient at the time of the initial apportionment of IFQ shares. This resulted in an IFQ share ownership cap set at 6.0203% of the commercial quota.

In the GT-IFQ program, share caps were established for each of the five categories of shares, based on the maximum shares issued to an entity for each category at the time of initial apportionment. These range from a share cap of 2.5% of gag grouper shares, to 14.7% of deep-water grouper shares. Unlike the RS-IFQ program, the GT-IFQ program established an allocation cap that is set annually equal to the combined sum of the maximum allocations associated with the five share caps.

Potential Changes

- Establish a cap on the amount of RS-IFQ allocation that may be held by an entity.
- Establish a cap on the amount of RS-IFQ allocation that can be landed by a single vessel.
- Limit the amount of shares/allocation non-permitted IFQ accounts may possess.

Scoping Questions

- Should non-permitted IFQ accounts have different caps (shares and/or allocation) than accounts with reef fish permits?
- Does establishing a vessel account landing cap disproportionally affect shareholders who have one vessel versus multiple vessels associated with their account?
- Would an allocation cap be based on the amount an account (shareholder or vessel) can hold cumulatively over the year, or at one point in time?
- Should an allocation cap be larger than the equivalent share cap?
- For participating vessels, would a landing cap be more applicable than an allocation cap for addressing consolidation concerns?

5. Requirements for the Use of Shares and Allocation

Use-it or lose-it provisions are a type of restriction on the sale or transfer of IFQ allocation or shares, which may be crafted to address a particular objective or issue. For example, restrictions could require a shareholder to harvest the allocation distributed to the account to ensure that OY is achieved. Amendment 26 (GMFMC 2006) evaluated alternatives for use-it or lose-it provisions that would have revoked and redistributed shares from accounts using less than 30%, or 50%, of the allotted RS-IFQ shares, over a 3-year, or 5-year, moving average period. Ultimately, the Council selected no action and did not adopt this use-it or lose-it provision.

Other requirements for the use of shares and allocation could be put in place to restrict some aspect of participants' behavior. For example, RS-IFQ shares and allocation are transferable. Some RS-IFQ share and allocation holders do not fish and have limited their participation in the programs to trading IFQ shares and annual allocations or are completely inactive in the program. In public testimony, complaints have been made about such use of IFQ shares and allocation by those who do not actively fish. Alternately, requirements for the use of shares and allocation could be broadened to provide additional flexibility to shareholders, such as in the event of personal hardships, by allowing unused allocation to carry over and be used in the following fishing year.

Even if a requirement for the use of shares or allocation is intended to address a particular issue, IFQ participants may act in a variety of ways that may confound new requirements for the use of shares and allocation. Identification of those who only transfer but do not use IFQ allocation is complex because many entities hold multiple accounts within the IFQ system. For example, many participants hold IFQ shares and allocation in one account that does not have a reef fish permit, and transfer allocation to other associated accounts with a reef fish permit that land red snapper. Likewise, a participant may be a part of multiple accounts (e.g. sole owner, partnership, part of a business that owns an account, etc.). Multiple accounts may confound the issue as participants may use one or more account to hold the shares, while another account harvests the allocation. Some participants may use the multiple accounts in a way to separate their assets (e.g. shares separate from vessels; incorporation of each vessel owned), while others may use it as a means of adding a spouse/partner to an asset that remains separate from the day to day business of fishing. In addition, some dealers also obtain a shareholder account to obtain shares or allocation to be used for vessels that land with that dealer. New requirements for the use of shares and allocation would need to be designed with these multiple types of participation in mind.

The Council has included for consideration a "lease-to-own" provision which would enable fishermen who regularly buy allocation ("leasing") but cannot afford to purchase shares, to earn credit toward owning IFQ shares. IFQ allocation may be transferred multiple times among accounts and is not tracked as individual units in the system. Thus, at the time of landing, it may not be possible to identify the original shareholder who initially transferred that allocation to another account. This inability to track IFQ allocation would confound the ability to credit fishermen who regularly buy allocation. To design such a "lease-to-own" provision would require changes to the online reporting system to track the individual units of allocation for the current quota of 5.04 million pounds.

Potential Changes

- Establish use-it or lose-it provisions.
- Consider placing restrictions on the sale of IFQ allocations and shares.
- Consider adopting a roll-over provision for unused IFQ allocation.
- Consider adopting a lease-to-own provision, such that an entity leasing allocation earns some credit toward ownership of IFQ shares.

Scoping questions

- Should the Council reconsider use-it or lose-it provisions?
- How could a use-it or lose-it provision be enacted given the different types of shareholders (owner-operators, fleet owners, dealers, business entities)?
- What should be the minimum annual percentage (or amount) of a participant's IFQ shares or allocation required to be fished to maintain possession of the corresponding shares?
- Would this disproportionally affect small shareholders who receive a minimum amount of allocation from shares? Should small shareholders be exempted from this requirement? If so, would should be the maximum amount of exempt quota shares?
- If a use-it or lose-it provision is adopted, what time frame should be used?
- How would a lease-to-own provision be tracked, as individual units of allocation are not identified in the system?

6. Mid-Year Quota Changes

Although the red snapper quota has been increasing in recent years, it is possible that a quota decrease could occur at some time, such as following a stock assessment. Because RS-IFQ allocation is distributed at the beginning of the year, it would not be possible to reduce the amount of allocation distributed later in the year, should the need for a mid-season quota reduction occur. Because most IFQ program participants use their quota throughout the year, withholding some predetermined proportion would not prevent fishermen from beginning harvest. On the other hand, not knowing whether the remainder of a shareholder's quota will be released during the year could introduce seasonal inefficiencies in fishing operations.

Potential Changes

- Withhold distribution of some portion of a shareholder's allocation at the beginning of the year if a mid-year quota reduction is expected.

Scoping Questions

- Should the Council consider delaying the full distribution of an IFQ participant's allocation at the beginning of the year if a mid-year quota reduction is expected?

- Would a quota withholding be annual, or only during prescribed conditions, such as while the stock is under a rebuilding plan, or if preliminary results of a stock assessment are expected to result in a quota decrease?

- What proportion of a shareholder's allocation should be withheld at the beginning of the year? Would this disproportionally affect small, medium, or large shareholders? Should allocation only be withheld from accounts that hold a certain amount of shares or pounds of allocation? How would this amount be determined?

- How would a late release of quota affect the industry (derby-like conditions, effect on market value, etc.)? What would be the economic impact on prices should additional allocation be released later in the year?

7. Enforcement of all Reef Fish Landings

The use of vessel monitoring systems (VMS) for all commercial reef fish trips became mandatory on May 6, 2007, shortly after implementation of the RS-IFQ program. Hail-in requirements, VMS, and random dockside enforcement are used to ensure compliance with IFQ program regulations. Regulations are jointly enforced by NOAA Office of Law Enforcement, the U.S. Coast Guard, and state enforcement agents through joint enforcement agreements.

When harvesting red snapper and other IFQ species, vessels are required to have a Gulf commercial reef fish permit and to notify NMFS before leaving port ("hail out"). While at-sea, vessels are monitored using the VMS. When returning to port, vessels landing IFQ species must "hail-in", and provide an advance landing notification (3-12 hours prior to landing)[6] indicating the landing time and location, the intended dealer, and the estimated pounds landed. The hail-out is accomplished through the VMS, while the hail-in may be completed through the VMS, phone, or internet. Landing may occur at any time but fish may not be offloaded between 6 p.m. and 6 a.m., local time. A landing transaction report is completed by the IFQ dealer and validated by the fisherman. The landing transaction includes the date, time, and location of transaction; weight and actual ex-vessel value of fish landed and sold; and the identities of the shareholder account, vessel, and dealer. All landings data are updated on a real-time basis as landing transactions are processed.

Although compliance has improved since RS-IFQ program implementation, one of the Red Snapper 5-year review conclusions noted additional enforcement efforts may be necessary to deter violations. In discussions, it has been suggested to extend the hail-in requirement to all commercial reef fish trips, in addition to those landing IFQ species. By extending the requirement to all commercial reef fish trips, law enforcement and port agents can be alerted in advance of trips returning to port and can meet vessels to inspect landings. Such a provision would also reduce illegal harvest of IFQ species that may not be reported or reported as another species (e.g., vermilion snapper). Based on fisherman surveys in 2011, Porter et al. (2013) concluded compliance had improved under catch share management, but increased enforcement efforts may be justified to ensure compliance benefits continue. IFQ program staff have made several enhancements to auditing of landing notifications and transactions in the past several years to aid enforcement and enhance compliance with reporting (GMFMC and NMFS 2013). Requiring all commercial reef fish vessels to hail-in prior to landing would be expected to improve the enforcement of IFQ species.

Potential Changes

- Require all vessels with a commercial reef fish permit to hail-in prior to landing, even if they are not in possession of IFQ species.

Scoping questions:

- Should the hail-in requirement be extended to all commercial vessels landing any reef fish species?

[6] As of October 27, 2014, this landings notification will be extended to 3-24 hours prior to landing.

- What options or alternatives should be evaluated and considered regarding a VMS hail-in for all commercial reef fish trips?

- What would be the potential benefits or impacts of requiring all commercial vessels landing reef fish to hail-in?

8. Additional Issues to Address

The potential changes addressed in this scoping document are preliminary. Through the Council process, some will likely be removed or modified, and others added. Potential changes could address any aspect of the RS-IFQ program, including but not limited to program functioning, administration, social conflicts, and participant satisfaction.

The 5-year review of the GTF-IFQ program is currently underway. Although this scoping document addresses the RS-IFQ program specifically, public comment is welcome with regard to potential improvements to the GTF-IFQ program. It is important to note that both the RS-IFQ and GT-IFQ programs are managed under a common reporting system. This means that changes made to one program could affect the other program. It is possible that future IFQ program reviews could be combined to evaluate all reef fish species managed under IFQs.

Scoping Questions

- Are there additional issues to address to improve the functioning and performance of the RS-IFQ program?

- Are there proposed actions for the RS-IFQ program that should be applied to the G-TF IFQ program?

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APPENDIX A. INDIVIDUAL FISHING QUOTA PROGRAM GLOSSARY

Active Account –An account, in which the allocation holder has landed, bought, and/or sold allocation within that year. Accounts activity status changes yearly based on the actions taken by the account.

Advance Landing Notification - A required 3-12 hour advanced landing notification stating the vessel identification, approved landing location, dealer's business name, time of arrival, and estimated pounds to be landed in each IFQ share category. Landing notifications can be submitted using either a vessel's VMS unit, through an IFQ entity's on-line account, or through the IFQ call service. The landing notification is intended to provide law enforcement officers the opportunity to be present at the point of landing so they can monitor and enforce IFQ requirements dockside. For the purpose of these regulations, the term landing means to arrive at the dock, berth, beach, seawall, or ramp. (The advanced landing notification window was expanded to 3-24 hours on October 27, 2014.)

Allocation – Allocation is the actual poundage of red snapper by which an account holder is ensured the opportunity to possess, land, or sell, during a given calendar year. IFQ allocation will be distributed to each IFQ shareholder at the beginning of each calendar year, and expire at the end of each calendar year. Annual IFQ allocation is determined by the amount of the shareholder's IFQ share and the amount of the annual commercial red snapper quota. Dealer accounts may not possess allocation.

Allocation Transfer – A transfer of allocation (pounds) from one shareholder account to another shareholder account. Through January 1, 2012, allocation can be transferred only to an entity that holds a valid Gulf commercial reef fish permit.

Arms-length Transaction – Transactions where the parties in the transaction are independent of each other (e.g. not being a relative or having an entity in common).

Entity – An individual, business, or association participating in the IFQ program. Each IFQ account is owned by a unique entity.

Gulf of Mexico Commercial Reef Fish Permit Holder – An entity that possesses a valid Gulf commercial reef fish permit and therefore, is eligible to be exempt from bag limits, to fish under a quota, or to sell Gulf reef fish in or from the Gulf Exclusive Economic Zone. There is an eligibility requirement and an annual fee associated with the permit.

IFQ Dealer Endorsement – The IFQ dealer endorsement is a document that a dealer must possess in order to receive Gulf of Mexico red snapper. The dealer endorsement can be downloaded free of charge from the IFQ dealer's online account.

Inactive Account – An account, in which the allocation holder has neither landed, bought, nor sold allocation within that year, including those who never logged into their account. Accounts activity status changes yearly based on the actions taken by the account.

Initial Account - An account which was never logged into by the account's owner(s) in the current online system, which began in 2010.

Landing Transaction – A landing transaction report that is completed by an IFQ dealer using the online IFQ system. This report includes the date, time, and location of transaction; weight and actual ex-vessel price of red snapper fish landed and sold; and information necessary to identify the fisherman, vessel, and dealer involved in the transaction. The fisherman landing IFQ species must validate the dealer transaction report by entering his unique vessel's personal identification number when the transaction report is submitted. After the dealer submits the report and the information has been verified, the website will send a transaction approval code to the dealer and the allocation holder.

Participant - An individual, business, or other entity that is part of an IFQ entity. For example, John Smith, the participant, may belong to multiple accounts such as John Smith, John and Jane Smith, and ABC Company. Share and allocation caps are tracked at the IFQ participant level and not the IFQ entity level.

Public Participant – A shareholder account that was opened after January 1, 2012, that does not have a permit associated with the account. Public participants may own and trade shares and allocation, but cannot harvest red snapper.

Share – A share is the percentage of the commercial quota assigned to a shareholder account that results in allocation (pounds) equivalent to the share percentage of the quota. Shares are permanent until subsequently transferred. Dealer accounts may not possess shares.

Share Cap – The maximum share allowed to be held by a person, business, or other entity. The share cap prevents one or more IFQ shareholders or entities from purchasing an excessive amount of IFQ shares and monopolizing the red snapper commercial sector.

Share Transfer – A transfer of shares from one shareholder account to another account. A shareholder must initiate the share transfer and the receiver must accept the transfer by using the online IFQ. Through January 1, 2012, shares can be transferred only to an entity that holds a valid Gulf commercial reef fish permit.

Shareholder – An account that holds a percentage of the commercial red snapper quota.

Shareholder Account – A type of IFQ account that may hold shares and/or allocation. This includes accounts that only hold allocation.

APPENDIX B. AD HOC RED SNAPPER IFQ ADVISORY PANEL SUMMARY

Red Snapper IFQ Advisory Panel Meeting Summary
Gulf Council Office
Tampa, FL
November 5-6, 2013

In attendance	Council and Staff	Other attendees
Tom Adams	Doug Boyd	Jim Clements
Billy Archer	Assane Diagne	Sue Gerhart
Buddy Bradham	Ava Lasseter	Cathy Gill
Jason DeLaCruz	Karen Hoak	Buddy Guindon
Bob Gill	Carrie Simmons	Stephen Holiman
John Graham	Steven Atran	Peter Hood
Scott Hickman		Mike Jepson
Chris Horton		Tony Lamberte
David Krebs		Mara Levy
Seth Macinko		Kristen McConnell
Jerry Rouyea		Christina Package
Bob Spaeth		Jessica Stephen
Bill Tucker		Melissa Thompson
David Walker		Donny Waters
Mike Whitfield		Wayne Werner
Troy Williamson		
Jim Zubrick		

The meeting convened at 9 a.m. The AP appointed Bob Gill as Chair and Scott Hickman as Vice-chair. Assane Diagne reviewed the actions and preferred alternatives from Amendment 26, which established the Red Snapper IFQ program. Jessica Stephen summarized the IFQ program's 5-year review conclusions.

The AP then commented on the 5-year review. Overall, members felt that the program is working well and achieving its goals. The AP discussed whether the program goals should be modified or refined, and whether it is desirable to further reduce overcapacity. It was noted that fewer vessels than the existing fleet can harvest the entire commercial quota, but maximizing economic efficiency is not the goal of the fishery. Other potential goals could address new entrants to replace retiring fishermen, and minimizing discards.

The AP also discussed the 3% recovery fee, with some members wanting IFQ program participants to pay more, and other members pointing out that 3% is the maximum allowable under the Magnuson-Stevens Act, and that the recovery fee was never intended to pay for the program.

Jessica Stephen reviewed the administrative changes NMFS is making to the IFQ programs and gave an overview of the IFQ program structure, to provide context and background information for members of the AP who are not familiar with the program. The AP then reviewed each of the actions from Reef Fish Amendment 26, which established the red snapper IFQ program.

The AP discussed the IFQ program duration and review requirements. Because red snapper is part of a multi-species fishery, members felt the red snapper IFQ program review should be aligned with other IFQ managed species, and passed the following motion:

Motion: That consideration be given to the future consolidation of the red snapper and the grouper/tilefish IFQ program reviews.

Addressing ownership caps, AP members who are IFQ program participants explained that the existing 6% cap reflected the landings of a fleet owner, not an individual fisherman. There was discussion about IFQ shareholders who sell allocation but no longer fish, and concern that putting controls on the market-based system would affect the functioning of the program.

Concerning the eligibility requirements for the transfer of IFQ shares, the AP discussed IFQ shareowners who do not possess a reef fish permit. Some members felt it was important to distinguish the IFQ program as a tool to support the commercial industry rather than being an investment tool. The AP passed the following motion.

Motion: To restrict the future transfer of shares to only those individuals possessing a valid commercial reef fish permit.

Mara Levy reviewed the legal issues and referendum requirements in the Magnuson-Stevens Act which pertain to IFQ programs. It would be necessary to define who would be included in any future referendum.

Following review of the amendment's actions, the AP discussed the conclusions from the red snapper IFQ program 5-year review. The AP noted that discards have decreased in some parts of the Gulf and increased in others. The AP expressed that a full retention fishery is ultimately the direction they need to go in the future, even though the transition has been painful in other regions and it may not be popular in the Gulf. The AP passed the following motion.

Motion: To recommend that the Council consider a regulatory full retention red snapper fishery, with no size limits.

The AP then discussed whether enforcement should be increased at landing sites, and whether the number of approved landing sites should be decreased. No additional recommendations to the 5-year review were made.

The AP reviewed the objectives of the IFQ program. Members discussed the objective to reduce overcapacity, and what vessel capacity the industry should aim for. There has been redirected effort toward other reef fish species, and most vessels target multiple species, not red snapper alone. The AP discussed capping the price at which allocation could be leased, but expressed

concerns that shareowners would modify their behavior and use of allocation in ways unintended by the lease price cap. The AP discussed red snapper discards on vessels without sufficient allocation, and passed the following motion.

Motion: That the Council consider alternatives to allow a fisherman that does not have sufficient allocation to cover bycatch, to acquire the needed allocation prior to taking their next trip.

Next, the AP discussed shares held in accounts that have never been activated, alongside the issue of how to procure quota to provide for discards and new entrants to the fishery. The AP considered developing a type of quota set-aside, and expressed the need for the industry to further discuss these issues. The following motions resulted from the discussion.

Motion: Allow redistribution of shares in accounts that have never been activated since 2010, if the accounts are not active by December 31, 2014.

Motion: That the Council establish a quota bank using the shares from the inactive accounts from the previous motion.

Motion: That the shares from the previous motion be utilized for new entrants, to address discards, and to reduce bycatch.

Motion: The Council should develop a new ad hoc Advisory Panel, primarily of commercial red snapper stakeholders, to develop a plan to address new entrants' participation and bycatch, using future red snapper quota increases.

The AP then reviewed the presentation on administrative changes to the IFQ program. The issues raised here mainly concerned the timing and feasibility of landings and required notifications. Currently, a vessel is required to land within a declared 30 minute window, which some members of the AP felt is too short. Recognizing that modifying the landing time window affects how long enforcement officials must wait at the landing site, the AP passed the following motion.

Motion: 1 hour window to land (e.g., if landing at 5 pm, could land any time between 5-6 pm).

Another issue pertained to the required time limit for dealers to report landing transactions. Some members reported that the time requirement is too restrictive around holiday weekends. Jessica Stephen noted that even if the time period for the transaction was to be extended, fish may not be moved until the dealer submits the landing transaction. The AP then passed the following motion.

Motion: Offloading and landing transaction must occur within 72 hours of landing, excluding holidays and Sundays.

Finally, the issue of offloading after hours was discussed, and the AP passed the following motion.

Motion: If offloading has begun prior to 6 pm, offloading may continue after 6pm if law enforcement authorizes offload after hours

Other issues discussed included support for prohibiting deduction of ice and water weight when completing a landing transaction, and reviewing the number of approved landing locations. The AP then discussed other items outside of their charge.

The AP discussed the potential collection of a resource rent on the commercial red snapper quota but the motion recommending to the Council to consider imposing a resource rent failed. AP members indicated that rents were collected for oil and minerals and that the public should be compensated. It was also indicated that rent collections were not the norm in fisheries and that collections should not be limited to the commercial sector but include all users of the red snapper resource.

A member raised the issue of dual-permitted vessels having a crew size limit when fishing commercially, stating that the rule prohibits these vessels from taking family members fishing. Another member noted that eliminating the crew size restriction would give those with dual-permitted vessels with IFQ shares an unfair advantage. The AP passed the following motion.

Motion: To eliminate the crew size limit for dual permitted vessels fishing under the commercial IFQ system.

The AP then discussed putting additional reef fish species into IFQ programs, noting that effort had been redirected from those species now managed under IFQs, toward these other species. Members felt an IFQ program was important as an effort control for these species. The AP passed the following motion.

Motion: That the Council consider reopening Amendment 33, adding in all applicable reef fish to the IFQ program.

Finally, the AP discussed the concept of "dude fishing", where passengers pay to experience commercial fishing. There was discussion as to whether this would be considered commercial or charter fishing, as well as safety issues. The AP passed the following motion.

Motion: Request that the Council ask staff to develop a discussion paper on an option for commercial dude trips in the Gulf. A commercial dude trip is where a member of the recreational public goes out on a commercial fishing experience.

The meeting adjourned shortly before noon.