

### C3 Charter Halibut RQE Program

The AP recommends the following: **The AP recommends the Council initiate another initial review draft to explore annual CHP registration, CHP purchases by the RQE, leasing of Non-transferrable permits and the ability for charter captains and crew to accrue sea time, while chartering, toward the 150 days at sea required to hold an IFQ Transfer Eligibility Certificate - as well as the Alternatives, Elements and Options below. [amendment passed 12-8] Changes to original motion are shaded; additions in bold, deletions in strikeout.**

Alternative 2. Establish a Recreational Quota Entity (RQE) as a qualified entity to purchase and hold (PPA) commercial halibut QS for use by the guided halibut sector

Element 1. Number of entities

Option 2. One entity with two area quota pools, Area 2C and Area 3A

Element 2. Restrictions on transfers. Two-way transfers are allowed. Quota class and block designation are retained if the quota is transferred back to the commercial sector.

Option 2. Annual limit on transfers to the RQE in each regulatory area (Area 2C and 3A) of 1% ~~3%~~ [amendment passed 16-4] of commercial QS units in each area (2015).

Option 3A. Total (cumulative) limit on amount of commercial quota share held by RQE and leased under GAF. Ten percent of the 2015 commercial QS pool may be held as RQE and GAF combined in Area 2C, and **10% 15%** [amendment passed 16-4] of the 2015 commercial QS pool may be held as RQE and GAF combined in Area 3A. The cumulative cap will be managed annually on a sliding scale between RQE and GAF, with GAF transfers restricted to accommodate RQE QS holdings.

Option 4. Restrictions on RQE quota share purchases (in either or both areas)

*Sub-option 1.* Restrict purchase of D class quota share

*Sub-option 2.* Restrict purchase of blocked QS by class that equates to ( $\leq$ 1,500 lb or  $\leq$ 2,000 lb in 2015 lb)

Element 3. Setting of annual charter management measures. Use RQE quota share holdings as of October 1 each year as the basis to estimate IFQ pounds to add to the estimated guided recreational allocation under the catch sharing plan for the upcoming year. This amount must be maintained for the following fishing year. This estimated combined allocation would be used to recommend the guided recreational harvest measures for the following year. The procedural process steps and timeline would remain unchanged.

Option 1. If the RQE holdings provide a charter harvest opportunity greater than the unguided recreational bag limit in either area, NMFS would not issue annual IFQ in excess of the amount needed for the charter sector to obtain the unguided recreational bag limit to the RQE for that area. Unallocated RQE IFQ would be reallocated as follows:

*Sub-option 5.* 50% equally to all CQEs actively participating in Area 2C/3A and either (1) 50% equally to all catcher vessel QS holders which hold not more than 1,500 to 3,000 pounds in 2015 pounds (by area, proportional to QS holdings); or 2) equally to all catcher vessel QS holders (by area,

proportional to QS holdings and based on the percent of each class of QS purchased by the RQE).

Element 4. Limit on use of RQE funds. RQE funds are limited in their use to acquisition of commercial halibut quota; halibut conservation/research; promotion of the halibut resource; and administrative costs. RQE funds shall not be used directly or indirectly to lobby local, state, or federal officials.

Option 1. RQE will be responsible for associated IFQ program fees (Observer fees and administrative fees) and fish taxes that are collectible.

Element 5. RQE Organizational Structure. The RQE organizational structure should include stakeholders from both regulatory areas and both directed fisheries.

Option 4. The RQE shall file an annual report to the Council and NMFS detailing RQE activities during the prior year.

*The final motion as amended passed 14-6*

*The following substitute motion failed 8-13:*

*The AP recommends that the Council table C3 “allowing a recreational quota entity to hold commercial halibut quota share for use by halibut charter anglers” until CHP issues such as, latent licenses and ~~transferability~~ the leasing of non-transferable permits [friendly amendment] are addressed, before considering this potential amendment to the Halibut IFQ plan.*

*Rationale in favor of substitute motion:*

- The AP heard broadly from both the charter and commercial sectors that issues with CHPs are fundamental to address charter sector allocation management. The purpose and need statement for the RQE amendment is best met through a solution that controls capacity in the guided sport sector and manages that capacity to meet the guided sport allocation under the Catch Sharing Plan.*
- Better alternatives are available that would benefit both sectors such as controlling capacity and properly administering the CHP program (e.g., stopping the transfer of non-transferable permits) prior to considering mechanisms to reallocate quota and disrupt historic halibut sectors. Without such alternatives, this this action is not ready for final action.*
- The analysis should specify the RQE structure and funding mechanism for RQE purchase of commercial quota. Without this information neither the Council nor the public can fully evaluate the impact of the proposed action on historic halibut users.*

*Following amendment to Element 4 failed 7-13:*

*Element 4. Limit on use of RQE funds. RQE funds are limited in their use to acquisition of commercial halibut quota; **acquisition of charter halibut permits;** halibut conservation/research; promotion of the halibut resource; and administrative costs. RQE funds shall not be used directly or indirectly to lobby local, state, or federal officials.*

*The following amendment to add Suboption 1 under Element 2, Option 3A, failed 7-13:*

*Suboption 1. GAF shall not be reduced below a range of 1% - 3% of the 2015 commercial QS pool for Area 2C and 3A.*

Rationale in Favor:

- Original motion is based on work of the RQE Committee reached by consensus.
- Support for the opening statement was based on concerns that there was significant uncertainty regarding latent effort and the unauthorized use of nontransferable CHPs; there was concern that this uncertainty potentially undermined the strength of the RQE analysis and therefore the ability of the AP to make a fully informed decision.

Rationale in Opposition:

- The concerns brought up in the amended opening statement of the motion would be better suited as a trailing amendment or brought up in staff tasking. Development of the RQE will be a several year process, it is not necessary to delay final action at this time in order to evaluate concerns raised with transferable and non-transferable charter halibut permits. The Public Review Draft analysis is ready for final action as presented. Development of the RQE program has been done in a deliberative manner that worked to balance both the needs of the charter halibut fleet and the commercial fishery. The multiple Elements and Options under Alternative 2 were created to address both the concerns voiced and needs articulated by both sectors throughout the analytical process.
- By reducing the annual limits on annual transfers, in Element 2 option 2, the program is made too restrictive and could make it ineffective. The program would become dysfunctional and not do what it was intended to do originally. Additionally, it would take way too long to achieve the goal of the RQE.
- Support additional analysis of the RQE amendment prior to final action, but opposed the AP motion because the purchase of commercial quota by a RQE undermines goals of the IFQ program to: preserve the owner operator nature of the halibut fishery, maintain existing characteristics of the fleet, and provide an affordable entry level. The RQE amendment imposes unjustified cost to historic halibut sectors, which is inconsistent with the purpose and need statement, and fails to include an alternative (reducing capacity in the charter sector), which is a reasonable and important alternative. Finally, the analysis does not identify the RQE structure or the funding mechanism for RQE purchase of QS.