

C4 Errata to the BSAI Pacific Cod Trawl CV Analysis

January 31, 2019

The authors of the BSAI Pacific cod analysis, presented under agenda item C4, have developed this errata paper to address corrections that have been identified as needed in the RIR and SIA. These changes will be reflected in any future drafts of these documents and findings and conclusions will be updated as necessary.

Alternative 3 Language Correction

As stated in the RIR, the first paragraph of Alternative 3 reads as follows:

Alternative 3. The total amount of Bering Sea subarea BSAI non-CDQ Pacific cod catcher vessel trawl sector A-season (Option: A and B-season) allocation that can be delivered to Amendment 80 vessels catcher-processors limited by this action acting as a mothership is equal to the percentage of trawl catcher vessel sector's Bering Sea subarea BSAI Pacific cod delivered to catcher-processors acting as motherships relative to the total BSAI Bering Sea subarea catcher vessels trawl catch between:

The language did not correctly capture deleted text in the Council's June 2018 motion and should read as follows, with the striken-out text deleted:

Alternative 3. The total amount of Bering Sea subarea ~~BSAI~~ non-CDQ Pacific cod catcher vessel trawl sector A-season (Option: A and B-season) allocation that can be delivered to Amendment 80 vessels catcher-processors limited by this action acting as a mothership is equal to the percentage of trawl catcher vessel sector's Bering Sea subarea ~~BSAI~~ Pacific cod delivered to catcher-processors acting as motherships relative to the total ~~BSAI~~ Bering Sea subarea catcher vessels trawl catch between:

The major difference between the language as analyzed and the Council's intended language is how catch of non-Amendment 80 catcher-processors would be treated under the proposed Alternative 3 limit. As analyzed, the Pacific cod delivered to the one non-Amendment 80 catcher-processor would be included when calculating the cap (if Alternative 2 Option 2 were selected) but the Pacific cod catch delivered to that vessel in the future would not be counted against the cap. If the Council were to select Alternative 2 and any Option 1 sub-option, there would be no impact on the results presented in the analysis. However, the analysis needs to be updated to include the impacts should the Council wish to select Alternative 2 - Option 2. For that option, the analysis needs to describe how the BS trawl catcher vessel catch of Pacific cod delivered to the non-Amendment 80 catcher-processor would impact the various sectors and reaching the cap. Because the analysis would describe the impacts of the processing of one vessel, the discussion will be qualitative and not quantitative to protect confidential information.

Correcting the language under Alternative 3 does not impact the sideboard calculations included in the Analysis. The A-season target and incidental catch of Pacific cod by trawl catcher vessels delivering to catcher-processors acting as a mothership range from over 7 percent to 0 percent depending on the years selected and which vessels qualify or are exempted under Alternative 2. Including both the A- and B-season increase the range from about 10 percent to 0 percent. If only target catch of Pacific cod were included in the calculation, the A-season the percentages would decrease by a maximum of about 0.75 percent for the most inclusive option to 6.5 percent and the A- and B-season range would decrease up to 3 percent (the maximum cap would be over 7 percent). As stated in the analysis, the exact percentage for all the options cannot be presented to protect confidential information. Parallel language in the SIA will also need to be corrected, but this change will not alter any conclusions reached in that document.

Corrections to Table 2-43 and Alternative 4 Qualified Vessel Counts

LLP license identified as LLP license number 14 in RIR Table 2-43 qualifies under Alternative 4: Options 3 and 4. The vessel associated with that LLP license did report a targeted Pacific cod landing in the BSAI from 2010 through 2012. That change increases the number of LLP licenses that would qualify under Option 3 to 81 and under Option 4 to 79. The LLP license and its associated vessel are located in the greater Seattle area (the Seattle MSA). Similar changes are needed to analogous tables and text in the SIA. Increasing the number of LLP licenses that are projected to qualify by one under those options does not change the overall impacts or conclusions associated with Alternative 4 as stated in the RIR or the SIA.

Coast Guard Act Processing as a Mothership Limitations

The RIR at Section 2.6.6 describes The Frank LoBiondo Coast Guard Authorization Act of 2018 (Public Law Number: 115-282) and notes that limitations imposed on the firm granted a Jones Act wavier end after the 2024 fishing year, unless replaced sooner by Council action. Two other places in the document indicate that the limitations go “through the 2025 fishing year” instead of “to the 2025 fishing year”. Those edits will be made in future versions of the document. Correcting the date the limitations will expire does not change any of the findings or conclusions in the RIR or SIA.

Clarifications to State of Alaska and Community Taxes Discussion

The SIA at Section 6.2 (Alternative 1 discussion) contains the following paragraph and associated footnote text:

Additionally, these shoreside deliveries generate public revenues to Unalaska/Dutch Harbor, Akutan, and King Cove from fishery related taxes and fees. While the net loss of local fish tax revenues from deliveries not made to Unalaska/Dutch Harbor shoreside processors (but instead to catcher-processors acting as motherships) would likely be minimized if not offset by commensurate increases in tax revenues related to state shared resource landing taxes derived from offshore processing and landing related activities, given the relative contribution of each source to total fishery related tax revenues in Unalaska/Dutch Harbor (see Table 27). On the other hand, the relative importance of shoreside compared to offshore sources of fishery derived public revenues is higher in Akutan (see Table 33) and King Cove (Table 39).^{FN} [^{FN} text: While revenues associated the local fish tax in King Cove is not separately disclosed, the amount of revenue derived from King Cove’s local Business Impact Tax, applied only to the local shoreside processor, alone routinely exceeds revenues derived from the shared state resource landing tax.]

The identified paragraph and associated footnote should be replaced by the following text, footnote, and table:

Additionally, these shoreside deliveries generate public revenues in Unalaska/Dutch Harbor, Akutan, and King Cove from fishery related taxes and fees. While these communities derive public revenues from tax sources related to both shoreside and offshore processing activities, the relative contribution of the two sectors to local public revenues varies by community, as shown in Table X¹. Among the tax revenue sources in the table, revenues from city raw fish taxes and state shared fishery business taxes derive from catcher vessel landings at shoreside processors in the community, while revenues from the state shared fishery resource landing tax derive from landings made by catcher-processors and motherships.

¹ New table numbers will be adjusted accordingly after the new text is included in the next iteration of the document.

As shown in Table X, public revenues from the state shared fishery resource landing tax generated in Akutan and King Cove are modest in relation to those generated by the local fish taxes and/or the state shared fisheries business tax within those communities² as well as in relation to revenues generated by the state shared fisheries resource landing tax in Unalaska/Dutch Harbor. For Akutan and King Cove, a continued shift in BSAI non-CDQ directed Pacific cod fishery trawl-caught deliveries from local shoreside processors to catcher-processors acting as motherships would represent a close-to-complete loss of combined local and state fishery tax derived general fund revenues from those shifted deliveries.

In the case of Unalaska/Dutch Harbor, as shown in Table X, on an annual average basis for fiscal years 2000-2017, local general fund revenues deriving from the state shared fishery resource landing tax were roughly half of those deriving from the local fish tax and the state shared fisheries business tax combined. While both sources of revenue are clearly substantial and important components of Unalaska/Dutch Harbor's general fund revenues on an ongoing basis, the loss of combined local fish tax and shared state fishery business fish tax revenues from BSAI non-CDQ directed Pacific cod fishery trawl-caught deliveries continuing to shift from Unalaska/Dutch Harbor shoreside processors to catcher-processors acting as motherships would only be partially offset by increases in tax revenues related to state shared fishery resource landing taxes. As a result, continued erosion of the historic proportion of the trawl catcher vessel sector allocation of BSAI Pacific cod delivered to shoreside processors in Unalaska/Dutch Harbor under Alternative 1 would represent additional foregone fish landing tax related revenues to the community.

Table X. Unalaska/Dutch Harbor, Akutan, and King Cove Summary of Selected Fishery Landing Tax Revenues as a Percentage Local and State Landing Tax Revenues, State Landing Tax Revenues, and City General Fund Revenues

Community (Fiscal Year Range)		Percent of Local and State Landing Tax Revenues		Percent of State Landing Tax Revenues		Percent of City General Fund Revenues			
		City Raw Fish Tax + State Shared Fishery Business Tax	State Shared Fisheries Resource Landing Tax	State Shared Fisheries Business Tax	State Shared Fisheries Resource Landing Tax	City Raw Fish Tax	State Shared Fisheries Business Tax	City Raw Fish Tax + State Shared Fishery Business Tax	State Shared Fisheries Resource Landing Tax
Unalaska/Dutch Harbor (2000-2017)	Annual Avg.	66.2%	33.8%	47.8%	52.2%	14.5%	12.5%	27.0%	13.9%
	High Year	75.2%	48.1%	57.5%	65.9%	19.3%	15.1%	34.4%	22.2%
	Low Year	51.9%	24.8%	34.1%	42.5%	11.6%	9.4%	21.9%	9.5%
Akutan (2011-2014 and 2016-2017)	Annual Avg.	93.4%	6.6%	84.3%	15.7%	47.0%	28.6%	75.5%	5.3%
	High Year	94.9%	9.8%	88.5%	22.2%	56.8%	33.7%	82.3%	7.9%
	Low Year	90.2%	5.1%	77.8%	11.5%	42.3%	24.7%	70.9%	4.4%
King Cove (2000-2017)	Annual Avg.	Unavailable	Unavailable	91.3%	8.7%	Unavailable	17.4%	Unavailable	1.6%
	High Year	Unavailable	Unavailable	93.1%	11.4%	Unavailable	29.5%	Unavailable	2.3%
	Low Year	Unavailable	Unavailable	88.6%	6.9%	Unavailable	11.1%	Unavailable	0.9%

Source: See Tables 27, 28, 33, 34, 39, and 40.

² While revenues associated the local fish tax in King Cove are not separately disclosed, the amount of revenue derived from King Cove's local Business Impact Tax, applied only to the local shoreside processor, alone routinely exceeds revenues derived from the shared state fishery resource landing tax. The local fish tax revenues are proportionally more important in King Cove (and Akutan) relative to shared state fisheries business tax revenues than is the case in Unalaska/Dutch Harbor, due to state fishery business tax sharing guidelines. If processing occurs within an incorporated city, which is not located within an organized borough (like Unalaska/Dutch Harbor), 50 percent of the tax collected by the state is shared with the city; however, if processing occurs within an incorporated city, which is located within an organized borough (like Akutan and King Cove), 25 percent of the tax collected by the state is shared with the city and 25 percent of the tax is shared with the borough (in this case the AEB).

