



## Charter Halibut Management Committee

### REPORT

October 26- 27, 2021

The North Pacific Fishery Management Council's Charter Halibut Management Committee held an online public meeting October 26 -27, 2021. On the 26<sup>th</sup> the Committee developed requests for analyses by ADF&G of potential halibut harvests in 2022 under a range of management scenarios. The analyses will be reviewed by the Committee at a subsequent meeting prior to the December 2021 Council meeting and will inform their recommendations to the Council for charter halibut management measures in 2022. The Committee met again on October 27<sup>th</sup> to discuss Council recommendations for a funding mechanism for the Charter Halibut Management Committee. All meeting materials are posted to the [eAgenda](#).

#### Committee Members in Attendance:

Andy Mezirow (Area 3A), <i>Chair</i>	Mike Flores (Area 3A)	Richard Yamada (Area 2C)
Seth Bone (Area 2C)	Kent Huff (Area 2C)	Steve Zernia (Area 3A)
Forrest Braden (Area 2C)	Matt Kopec (Area 3A)	
Daniel Donich (Area 3A)	Stan Malcolm (Area 2C)	Sarah Marrinan, <i>Coordinator</i>

#### Members Absent:

*None*

#### Others in Attendance:

Sarah Webster	Bob Powers	Ben Jevons	Brian Richie
Kurt Iverson	Tom Taube	Karla Bush	Martin Schuster
James Hasbrouck	Doug Duncan	Scott Vulstek	Chris Russell
Tom Gemmell	Kristen Labrecque	Jim Martin	Alicia Miller
Leslie Pemberton	Mel Erikson	Ben Cheeseman	Glenn Merrill
Tom Meyer	Kaylah Hillery	Shannon Gleason	Mason Smith

### Final 2020 and preliminary 2021 charter halibut harvest estimates

Sarah Webster (ADF&G) presented final estimates of the 2020 charter halibut removals (harvest + release mortality) for IPHC Area 2C and 3A, and preliminary removal estimates for 2021, which she also provided in documents posted to the Committee meeting eAgenda. Final 2020 estimates for Area 2C charter halibut removals were 38% under the 0.780 Mlb allocation (0.483 Mlb estimated removals) and final 2020 estimates for Area 3A removals were 8.4% under the 1.710 Mlb allocation (1.567 Mlb estimated removals).

For 2021, preliminary estimates for Area 2C showed removals 42.5% over the 0.810 Mlb allocation (1.154 Mlb estimated removals). The recommended management measures for Area 2C had included a 35% "COVID buffer" due to expectations of the constraining impacts of the pandemic on angler effort in Southeast Alaska. The ADF&G handout demonstrated that realized removals were more similar to estimates without a COVID buffer. Projected total removals for Area 2C (including release mortality) made in December 2020 without a COVID buffer were 1.209 Mlb relative to the 1.154 Mlb removals which occurred. Although some Southeast ports were not up to pre-pandemic effort levels (i.e., Juneau

and Ketchikan), harvest was near or greater than pre-pandemic levels likely due to a wider slot limit than in recent years and increasing angler success rates. All Area 2C ports saw substantially greater harvest and effort in 2021 relative to 2020.

Similarly in Area 3A a 25% “COVID buffer” proved to be too high. For 2021, Area 3A preliminary removals were 25.9% over the 1.950 MIb allocation (2.454 MIb estimated removals). The 2.454 MIb estimated removals was more in line with the December 2020 projections of 2.470 MIb of removals, which did not include a COVID buffer. In Southcentral, both effort and harvest had increased in all ports, and were up past pre-pandemic levels in many ports. Harvest per unit effort was also greater in most 3A ports, indicating more fish harvested per angler per day.

## **Management Measures for Analysis for 2022**

Given the estimated overages in 2021, the Charter Halibut Management Committee recommended measures for analysis that are more similar to measures considered under pre-pandemic conditions. **Public testimony was received on proposed management measures by Mel Erikson.**

### **Area 2C**

The Charter Halibut Management Committee requested the following management measures for analysis for Area 2C.

1. Reverse slot limit with U35-U50 on the low end and O50-O80 on the high end
2. Reverse slot limit with U35-U50 on the low end and O80 on the high end, analyzed with a day of the week closure starting from the end of the season (after September 17) working to the beginning of the season (before May 15) for each day of the week.
3. Reverse slot limit with U35-U50 on the low end and O80 on the high end, with a day of the week closure (analyzed for each day of the week), and additional day of the week closures (analyzed for each day) starting from the end of the season working to the beginning of the season.
4. Annual limits of 2-4 fish, in combination with each of the above options.

### **Area 3A**

The Charter Halibut Management Committee requested the following management measures for analysis for Area 3A. Unless otherwise noted, all scenarios include no harvest by captain and crew, one trip per vessel per day, one trip per charter halibut permit per day and closed Wednesdays all season:

1. Maximum size limit of 26 – 32 inches on one fish combined with one or more Tuesday closures from June 01 – August 31 or for the entire season
2. Status quo with all Tuesdays closed and additional days closed on Mondays or Thursdays combined with maximum size limits
3. Maximum size limit on one fish combined with annual limits of 2 – 4 fish
4. Maximum size limit on one fish combined with annual limits of 2 – 4 fish and Tuesday closures
5. One-fish bag limit, no size limit (with and without Wednesday closure)
6. One-fish bag limit with reverse slot limit combined with Tuesday and Wednesday closures
7. Status quo with all days of the week open and a season closure prior to May 16 or June 1 and after July 31

## **Recreational Quota Entity funding mechanism**

The second day of the meeting Sarah Marrinan (NPFMC staff) presented a brief status update of the Council’s consideration of a funding mechanism for the Recreational Quota Entity (RQE). The Council took final action to approve the RQE program concept in December 2016; however, it did not dictate the RQE’s method of funding itself or any halibut quota share purchases. More recently, the Council considered a discussion paper (April 2021) and an Initial Review Analysis (October 2021) on a charter halibut stamp concept and other options for an enforceable fee collection mechanism. At the analysis

stage, the Council clarified that it wished to consider a fee collection program with NMFS as the primary fee collection agency for whatever type of program was developed.

When the Council reviewed the analysis in October, it identified the charter halibut stamp as its preliminary preferred alternative and released the analysis for Final Review. The Council also recommended that the Charter Halibut Management Committee review the current analysis and provide their recommendations to the Council prior to Final Action. Thus, the objective for the Committee was to review the analysis, options, and decision points, then make recommendations to the Council as appropriate.

### **Discussion on important program attributes of a program**

Glenn Merrill (NMFS) highlighted some of the agency concerns around the implementation costs of a charter halibut stamp program and asked Committee members to highlight the attributes of the stamp program that were most important (e.g., easy to use, cheap to administer, and quick to put in the water, etc). Members agreed with Mr. Merrill that a mechanism which was able to be implemented quickly, simple to use, and enforceable was desirable.

Additionally, Committee members spoke to their desire to have a program that linked closely and accurately with angler effort. Although it was clear that the operators would be responsible for obtaining the stamps and ensuring that each halibut angler had a valid stamp, members felt a fee that tracked with the effort was more equitable to businesses and would be supported by the industry. Some operators would wish to directly pass on the cost to the angler as a user fee. A mechanism that closely resembled a user fee system would be easier to explain and manage than one which required a large upfront payment from the operator and more effort on the part of the business to incrementally recoup and explain these costs. Members also thought a system, like a stamp that was linked to angler effort, would be more transparent given its parallels to programs like the King Salmon Stamp.

### **Discussion on alternatives and other ideas**

A few other concepts were discussed by NMFS staff and Committee members. Mr. Merrill asked if an end-of-the-year affidavit system could suffice. For example, instead of relying purely on logbook data for calculation of angler effort, could operators report under penalty of perjury the number of charter halibut clients they had in the past year? Although misreporting the number of anglers would be a violation that could result in penalties, Committee members were still concerned operators might be incentivized to report only the trips where anglers retained halibut, rather than trips that had the intent to harvest halibut. While trips with retained halibut could be audited or verified using logbook data, logbook data does not explicitly capture the “intent to harvest halibut”.

Another concept that was discussed was the potential for a hybrid approach between an operator fee and the stamp program. It was suggested that perhaps NMFS’s role could be in assessing a monthly or yearly operator fee, and the RQE could support the design and administration of an application to issue charter halibut stamps to anglers. In this way, the RQE would carry the costs to develop the stamp program and provide the necessary continued user support.

Another concept discussed was issuing a stamp or permit for the whole vessel for the day. This would reduce the overall number of transactions. There could be a uniform fee across vessels, or more preferably because of the difference in effort across vessels, a means to link the vessel stamp fee to the number of anglers. It was suggested that perhaps an operator could record the number of halibut anglers per trip in their logbook. However, some Committee members expressed concern that this concept is too far from the user fee intent. They felt it may be more difficult to explain to anglers and to pass the cost onto anglers through this method.

There was also a question about the ability to create a mechanism that could integrate sales with the ADF&G license and permit store. ADF&G staff stated the State would have to agree to accept this

additional administrative burden. Halibut is managed at the Federal (and international) level, so it may be a challenging request in terms of using State resources to administer such a program.

### **Discussion on enforcement**

Based on questions from the Committee, Will Ellis (NOAA OLE) provided an explanation of the difference between on-the-water enforcement versus the cost of enforcing a program like an annual operator fee, which would determine angler effort post-season based on ADF&G logbooks. Mr. Ellis explained that a post-season operator fee would not require significant additional costs to OLE to enforce. Rather, the enforcement would likely be administered by other departments in NMFS (e.g., Operation Management Division, Information Services Division, and Restricted Access Management). OLE already does an annual audit on logbooks (trend analysis, etc.) to determine if further investigations are warranted.

At-sea enforcement of a new stamp requirement would generate additional enforcement costs because OLE and State Troopers would be enforcing something new. Although at-sea boardings currently occur, checking for a charter halibut stamp would incrementally increase costs. State Troopers and OLE typically check for three things related to halibut (valid CHP, annual limits, and bag limits/ size restrictions), but a halibut stamp would require that officers check for four items. The number of vessel boardings may also need to increase. Initially, when new regulations are implemented, it is useful to increase enforcement to ensure compliance through at-sea boardings or dockside contact. This is not necessarily for citing violations, but to ramp up education on the new requirement. This is common and has occurred in the past (e.g., when annual limits were first employed).

Committee members questioned how these additional costs compare to the change in enforcement costs for management of the commercial IFQ Program. Mr. Ellis stated he believed increased costs to enforce a charter halibut stamp would certainly not be as significant as increased costs that occurred with the commercial IFQ Program. When the commercial halibut fishery shifted from an approximately 3-day derby fishery to a nearly year-round fishery, cost significantly increased for enforcement of this fishery. In particular, having staff available for offloads in 35 ports in the state and costs associated with Prior Notice of Landing make enforcement of the IFQ Program much more expensive. OLE increased the officer program mostly in response to this shift in management and the way the fishery operated. However, movement of halibut quota share (QS) from the commercial sector to the charter sector through the RQE may not reduce these overall enforcement costs associated with the commercial fishery.

### **Recommendations and rationale for a Charter Halibut Stamp Program:**

Ms. Marrinan provided a second presentation with detail of the proposed charter halibut stamp mechanism, highlighting the decision points and challenge points for the Committee to consider.

In response **the Charter Halibut Management Committee unanimously agreed on a motion and rationale recommending a Charter Halibut Stamp mechanism, which is appended as an attachment to this document. Public testimony was received on RQE funding concepts by Mel Erikson.** In addition to what is captured in the attached motion and rationale, several points were discussed and explained.

#### ***1) Stamp***

- Committee members recommended using the term “Charter Halibut Stamp” to make it clear this only applies to charter anglers and only those intending to harvest halibut.
- The Committee recommended considering multi-day stamp options, mirroring the 1-, 3-, and 7-day options in the King Salmon Stamp program. However, there was discussion that perhaps the multi-day option fits better for Area 2C charter operations and it may be possible to have a different fee structure (such as a single day stamp only) for Area 3A.
- Guide business owners would only be charged for the Charter Halibut Stamp when the stamp was validated for use. This would alleviate some concern about having to pay for a Charter

Halibut Stamp when the trip was not able to occur due to ocean/ weather conditions. Under this system, if the vessel departs for the trip, but had to turn around due to ocean/ weather conditions, the fee would still be charged.

- The Committee discussed that it is important to have an electronic system to expedite the purchase and distribution of stamps. Committee members also felt it was important to have a system that allows stamps to be accessed offline (and printed out) given the limited data connectivity on the water and in certain ports.
- The Committee recommended this Charter Halibut Stamp requirement would apply to Community Quota Entity (CQE) and Military Morale, Welfare, and Recreational (MWR) permits as well. One member stated CQE and MWR clients are paying guided anglers who are subject to the same charter angler regulations (e.g., bag limits) as all charter clients, and their harvests are deducted from the charter halibut allocation. Hopefully, these clients will also benefit in the same way through the relaxed management measures. Therefore, members felt it made sense to include CQE and MWR clients in this program.

## 2) *Fee Structure and Payment*

- In terms of the fee, the Committee recommended beginning with the highest price considered in the analysis (\$20 per angler for a 1-day Charter Halibut Stamp). Members stated that given the expected costs of quota, for which the RQE may need to pay higher than market price, it may take many years to build up enough revenue to have an impact on management measures. In addition, there will be expenses to cover, such as administrative costs and NMFS Cost Recovery. Thus, members expressed an interest in building up revenue right away with the possibility of tapering off later if appropriate.
- Committee members felt it was important to include flexibility in changing the fee (i.e., increase, decrease or suspend) or fee structure in the future based on the goals of the program. Members expressed support for a system where, similar to annual management measures, any potential changes could be recommended through the Charter Halibut Management Committee to the Council.
- The Committee recommended that the liability to ensure the fee is paid should fall to the Sportfishing Guide Business Owner (as defined by ADF&G definition) or designee. This is the entity most likely responsible for the business's financial accounts. However, similar to liability for ensuring safety equipment is onboard and anglers have their fishing licenses, the Committee recommended that the Charter Vessel Guides (as defined by NMFS definition) should be liable to ensure that there are validated stamps on the vessel for each angler fishing for halibut.

## 3) *Enforcement*

- The Committee recommended on-the-water and dockside enforcement as a primary enforcement tool for the Charter Halibut Stamp. Members indicated that although incremental costs would occur for the agencies that provide this enforcement, compliance rates would be high because the responsibility is directed to the operators and also because operators have an incentive to contribute to a program that is intended to provide direct benefits to the sector.

## 4) *Cost Recovery*

- The Committee recommended not attempting to change the structure of the IFQ Cost Recovery system. The expectation is the RQE would pay into this program based on halibut QS it held (it would all be considered "used" and levied based on the standard per pound ex vessel rate). Members felt this would be the least disruptive to the current IFQ Program and participants. One member also expressed it would align charter interests with the commercial

efforts to encourage NOAA funds are available for management in the NMFS Alaska Region when cost saving opportunities are realized.

The Committee highlighted additional information that would be useful at the next round of analysis:

- Future analysis would benefit from a more concrete set of cost estimates for the design, implementation and management of different mechanisms. It would also be helpful to differentiate short-term vs long-term costs.
- Information on Federal requirements, special additional costs and challenges associated with applications for Federal use.
- Information about the enforcement costs and compliance rates associated with the King Salmon Stamps.
- Information to help consider if and at what age youth anglers may be exempt from this program
- Additional consideration for flexibility for refunding Charter Halibut Stamps when fishing does not occur.

### Future meetings

- The IPHC will hold its Interim meeting **Nov 30 – Dec 1, 2021**.
- The Charter Halibut Management Committee is scheduled to meet **Dec 6, 2021** (virtually) to review ADF&G analysis of predicted charter halibut harvest and provide final recommendations of 2022 management measures.
- The Council and its Advisory Panel will meet **Dec 6-16, 2021** and will receive the Charter Halibut Management Committee report and provide recommendations to the IPHC.
- *Another Charter Halibut Management Committee to review and comment on Final RQE analysis and Catch Sharing Plan allocation review? Timing TBD*
- The IPHC will hold its Annual Meeting **Jan 25-29, 2021**.
- The Council is *tentatively* scheduled to review the Final Draft of the RQE funding analysis and the Catch Sharing Plan Allocation Review at the February meeting (**Jan 31- Feb 8, 2022**).

October 2021

## C-3 RQE Program Funding Initial Review

### Charter Halibut Committee Recommendations to the NPFMC

The Charter Halibut Management Committee (CHMC) recommends the following elements and options for consideration for final action and identifies the following preferred alternatives:

#### **Alternative 2: Establish a fee collection program for Charter Vessel Operators to fund the Recreational Quota Entity**

##### *Option 1: Charter Halibut Stamp*

##### *1) Stamp*

- a) The term “charter halibut stamp” should be used even though the program is electronically based.*
- b) The halibut stamp should be modelled after the State of Alaska King Salmon Stamp program and include options for 1, 3, and 7 days.*
- c) Stamps should be issued based on effort, not retention.*
- d) Stamps would be accessed from an online platform and have a unique identifier like a bar code, numerical identifier or QR code.*
- e) Guide business owners could download a pool of stamps anytime but would be billed only after the stamps are validated for use. This allows issuance in times of no internet connectivity.*
- f) This includes CQE permits and MWR permits.*

##### *2) Fee Structure and Payment*

- a) Halibut stamps would initially be issued with the following prices which reflect multi-day discounts: 1-day stamp \$20, 3-day stamp \$40, 7-day stamp \$60.*
- b) To change the fee structure, the RQE could submit price changes to the Charter Halibut Management Committee for review, which could then provide recommendations to the Council. The next round of analysis should identify options for the RQE to change stamp prices and explore what is procedurally involved.*
- c) Stamp fees will be due monthly, submitted electronically with a reconciliation form by the Sportfishing Guide Business Owner (ADF&G definition) or designee. An operator should have an option for validated stamps to automatically deduct from a positive balance on account or charge to a card on file when validations upload.*

##### *3) Enforcement*

- a) Enforcement would be primarily on the water, concurrent with checking for king salmon stamps, licenses, CHPs etc., which is routine during boardings.*
- b) “Charter Vessel Guides” (by NMFS definition) would be liable to ensure that there are validated stamps on the vessel for each angler fishing for halibut.*

#### **4) Cost Recovery**

- a) *IFQ cost recovery is defined in Magnusson Stevens Act and no changes should be made particular to the RQE program.*

#### **RATIONALE:**

The purpose and need statement for this action identifies the necessity of moving forward with development of a funding mechanism for the RQE to complete this unique compensated reallocation program as envisioned by the Council in 2017.

The Charter Halibut Management Committee (committee) finds that the Initial Review Draft thoroughly describes alternatives and options for a fee collection program that are sufficient for moving this action forward. The committee is aware that Federal legislation must first be signed into law before this program can be implemented.

For the funding mechanism, the committee supports Alternative 2, Option 1- the charter halibut stamp -as the Preferred Preliminary Alternative (PPA) for the following reasons:

First, since the RQE's conception in 2007, a halibut stamp has been the stated preferred mechanism for fee collection by stakeholders. It mirrors the State's king salmon stamp, a program familiar to charter operators and clients that has proven enforceable and effective in generating revenue for Alaska's sport fisheries.

Second, this committee supports an effort-based fee which a stamp program is better suited to capture than an annual operator fee. An annual operator fee would rely on after-the-fact data from State logbooks that aren't designed to collect unique angler effort for halibut, or to trace angler effort through CHP ownership and lease agreements to determine what party would be financially responsible. The analysis notes the additional cost and burden likely to fall on ADF&G if tasked with collecting data for the purpose of fee assessments.

Additionally, the analysis points to a more serious issue with using logbook data for an end-of-season fee assessment, where using that data to determine the financial responsibility of each business could create an incentive to under report halibut catch. This would invalidate the logbook data for its original purpose of collecting accurate harvest data. The analysis reports that ADF&G staff have indicated concern for such impacts.

In addressing cost concerns raised around the stamp program, this committee understands that the online portal required under the charter halibut stamp option would likely have significant upfront costs associated with it, but also assumes that there are long term costs involved in annual fee assessments that would be precise enough to be equitable to each operation. We hope the Council staff can bring cost estimates for both options back to the Council at final action for consideration. The reality is that creating programs like this have costs associated with them, and we feel the efficacy of this program shouldn't be compromised based on incremental savings between program options.

This committee believes that the majority of operators support the concept of the RQE program because of the potential benefits to their businesses and most are likely to be compliant. We do acknowledge NOAA office of law enforcement concerns summarized in the analysis that the program may bring increased enforcement costs because of increased paperwork on writing violations at sea. The analysis does not explore enforcement costs associated with the logbook



data processing needed to assign angler harvest to CHPs, likely costs associated with dockside monitoring to match catch to what is actually being written down in logbooks, and auditing of the logbook data to determine if underreporting is occurring and the subsequent costs of litigating those violations. These costs may match or exceed costs associated with on-the-water enforcement.

It is this committee's understanding that the RQE is subject to cost recovery on any quota the entity holds, just like any other quota share holder in the IFQ program. We do not support any special or separate designation of RQE cost recovery fees.

In conclusion, the committee and charter industry support a halibut stamp as the logical and most transparent way of having charter operators participate in this program, and the best way to create a visible link between the program's fees and the client's participation in the program.

We appreciate the opportunity you've given us to actively participate in the Council process and particularly appreciate the efforts of the staff, Sarah Webster, Sarah Marrinan, and Kurt Iverson. We also express thanks to ADF&G and NMFS staff in attendance at these meetings for offering their perspectives on this program to our sector.

***Motion unanimously approved by the Charter Halibut Management Committee (10/27/21)***