

D3 RQE FUNDING MECHANISM

APRIL 2021

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HISTORY OF ACTION

- **December 2016**, the Council took **final action to approve a regulatory program that would authorize a charter halibut non-profit RQE** to purchase and hold commercial halibut quota share on behalf of the charter halibut anglers in Area 2C and 3A, which could relax annual management measures
 - Final Rule establishing the RQE did not dictate the RQE's method of funding itself or any halibut quota share purchases
- Management measures would **apply to all charter halibut anglers - no option to opt out**
- **March 27, 2019 Senate Bill S.906-Driftnet Modernization and Bycatch Reduction Act** was introduced but vetoed.
 - **Reintroduced** February 8, 2021



STATUS OF RQE

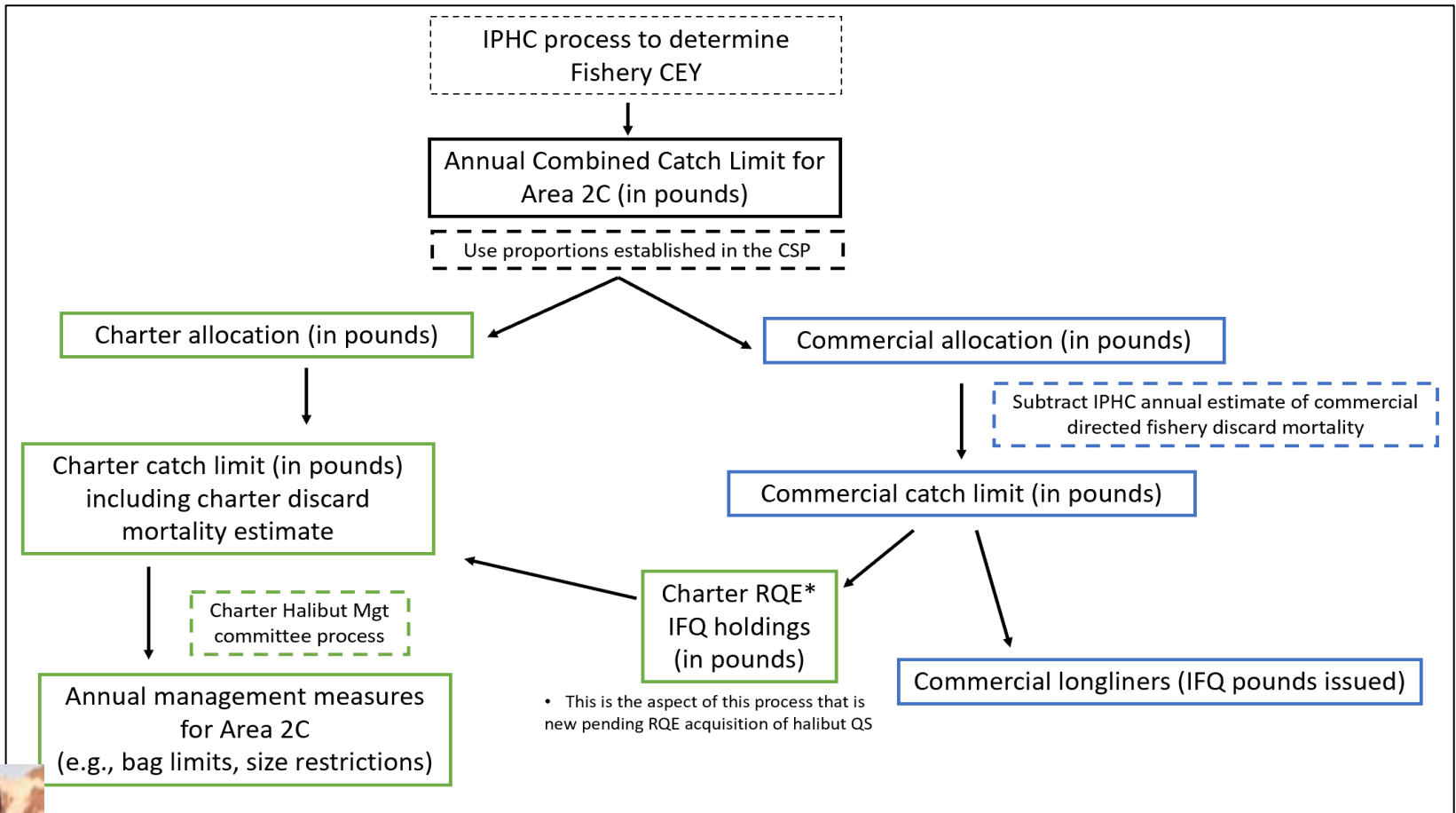
- **March 4, 2020, NMFS approved an application for the CATCH Association to serve as the RQE**



- *The Council “envisions the RQE will use funds primarily for the acquisition of commercial halibut quota; halibut conservation/research; promotion of the halibut resource; and administrative costs. The Council intends RQE resources not be involved in political campaigns.”*
- Annual reporting requirements



PROCESS FOR CHARTER RQE HOLDINGS TO BE INCORPORATED IN ANNUAL MANAGEMENT MEASURES



DISCUSSION PAPER

- Design specifications and implementation of numbered stamps used to harvest animals or fish – king salmon, duck or deer tags for example.
- Amount of revenue that could be generated by the sale of the stamps for guided halibut trips in regulatory areas 2C and 3A based on past participation.
- The amount of potential fees collected by the RQE from charter operators, and how fees would be used to purchase halibut QS and would also be used to fund administrative costs of the RQE program, and all other purposes as dictated by Federal law
- A NMFS approval process for the design specifications of the stamps, and an annual financial review of the stamps sold and other related RQE expenses.
- Monitoring and enforcement provisions if all guided halibut fishermen are required to be in possession of a valid RQE halibut stamp when harvesting charter halibut.



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KING SALMON STAMP



Cost	<p>Resident - \$10 annually Non-resident – Tiered based on number of days</p>
Purchasing process	<p>Purchased from ADF&G office, ADF&G online store, or licensed vendor Electronic stamps include an endorsement number If purchased with fishing license, number will be on license</p>
Vendor Process	<p>eVendor app to sell products, collect money, report sales/earnings monthly Vendors earn small commission, remaining revenue goes to F&G fund Can apply for exemption to sell physical stamps Accountable for all sold and misplaced products</p>
Authenticity	<p>Endorsement number on electronically purchased stamps linked to fishing license number Sticker layer from physical vendor book affixed to fishing license Signature</p>
Enforcement	<p>Enforcement officers can easily detect falsified stamps Verbal warning most typical, can be fine of up to \$100 plus \$150 per salmon</p>
Lessons learned	<p>Online sales make collection of information and fees timelier and more accurate Physical size of stamp is too small</p>



KING SALMON STAMP COST AND SALES



Resident annual	Nonres. 1-day	Nonres. 3-day	Nonres. 7-day	Nonres. 14-day	Nonresident annual	Nonresident military annual
\$10	\$15	\$30	\$45	\$75	\$100	\$30

Breakdown of nonresident sales and revenue for different multi-day options

	Average quantity issued (2013-2019)	Average revenue (2013-2019)
Annual	4%	15%
1-Day	40%	18%
3-Day	26%	24%
7-Day	27%	36%
14-Day	3%	7%



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ALASKA BIG GAME LOCKING TAGS



Cost	Depends on species , from \$60 for wolf to \$2,200 for bull/cow muskox Price structure set in statute
Purchasing process	Responsibility of hunter even on guided hunts Purchased from ADF&G office, ADF&G online store, or licensed vendor Not all vendors carry all types of tags , can 'hunt down'
Vendor Process	Tags sent out to vendors based on historic sales eVendor app to sell products, collect money, report sales/earnings monthly Vendors earn small commission , remaining revenue goes to F&G fund Can apply for exemption to sell physical stamps Accountable for all sold and misplaced products
Authenticity	Metal band with number, very difficult to duplicate
Enforcement	Verbal warning and retroactive tag purchase most common Fines of up to \$1,000 and 6 months in prison in more serious instances
Lessons learned	Confusion regarding number of required items to hunt (license, locking tag, permit and/or harvest record) Terminology not used consistently, increased as more sales conducted online



BIG GAME LOCKING TAG PRICE STRUCTURE



Nonresident Tags:	Guide required?	Cost
Brown/Grizzly Bear	Yes	\$1,000.00
Black Bear	--	\$450.00
Bison	--	\$900.00
Caribou	--	\$650.00
Deer	--	\$300.00
Elk	--	\$600.00
Goat	Yes	\$600.00
Moose	--	\$800.00
Muskox - Bull	--	\$2,200.00
Muskox - Cow (additional permit required)	--	\$2,200.00
Sheep	Yes	\$850.00
Wolf	--	\$60.00
Wolverine	--	\$350.00
Replacement Tag	--	\$5.00



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FEDERAL DUCK STAMP PROGRAM



Cost	<p>\$25 for an annual stamp 98% of sales go to conservation efforts</p>
Purchasing process	<p>Sold at U.S. Post Offices, national wildlife refuges, and contracted vendors E-stamps can be purchased online and printed for immediate use, only valid until physical stamp arrives in mail (45 days) Must be carried at all times when waterfowl hunting</p>
Vendor Process	<p>U.S. Post Office has an agreement with USFWS Amplex corporation is the USFWS Duck Stamp distributor. Handles applications and contracts with vendors, distribution of stamps Vendors can charge a service fee in addition to stamp cost Vendors liable for the cost of all sold and misplaced stamps</p>
Authenticity	<p>Printed by an approved security printer Microprint, embossing, and fluorescent added</p>
Enforcement	<p>Refuge law enforcement and USFWS office receive a packet of information indicating where indicators are located Penalties up to the discretion and judgement of officer</p>
Lessons learned	<p>USPS relationship is inefficient compared to those handled by Amplex Corporation, but partnership locked in due to design of the program Art and conservation aspects of the program have increased support</p>



FEDERAL DUCK STAMP

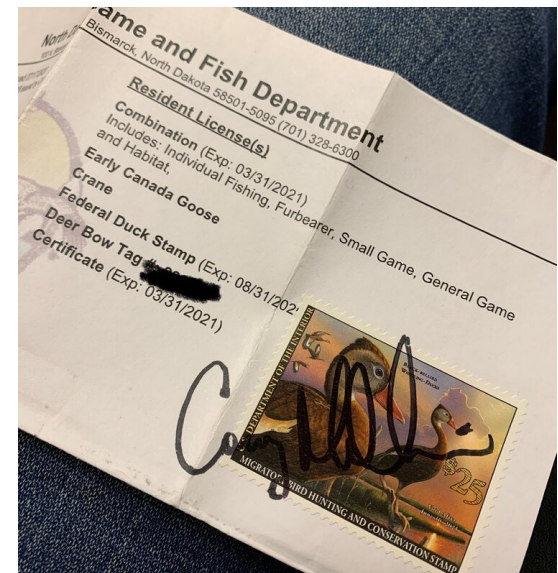


Photo courtesy of C. Ingram and C. Mulhair (Split Reed)



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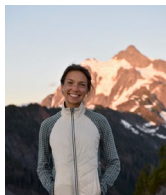
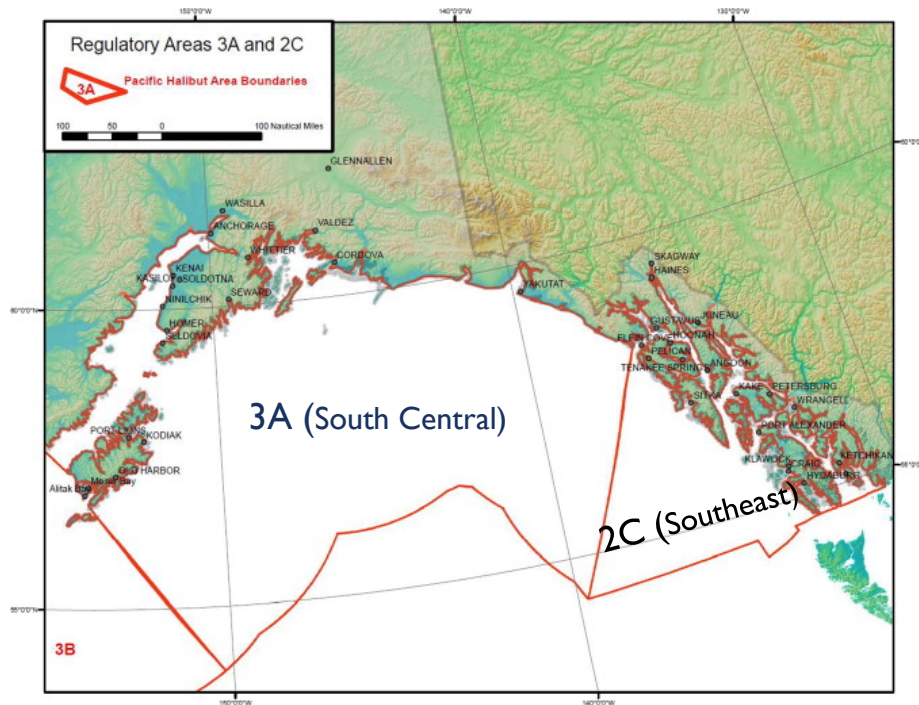
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- Design specifications and implementation of numbered stamps used to harvest animals or fish – king salmon, duck or deer tags for example.
- **Amount of revenue that could be generated by the sale of the stamps for guided halibut trips in regulatory areas 2C and 3A based on past participation.**
 - Consider 10, 15, and 20 dollars per stamp
 - One day and three-day stamps should be considered
- The amount of potential fees collected by the RQE from charter operators, and how fees would be used to purchase halibut QS and would also be used to fund administrative costs of the RQE program, and all other purposes as dictated by Federal law
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POTENTIAL REVENUE BASED ON DIFFERENT STAMP PRICES

2C	Angler Days	\$10	\$15	\$20
Average (2009-2019)	89,434	\$894,343.64	\$1,341,515.45	\$1,788,687.27
3A	Angler Days	\$10	\$15	\$20
Average (2009-2019)	110,282	\$1,102,822.73	\$1,654,234.09	\$2,205,645.45



AREA 2C REVENUE WHEN DISCOUNT RATE IS APPLIED

Year	Days Fished				Total Anglers
	1	2	3	4+	
2019	51%	14%	22%	13%	49,930
2010-2019 Average	45%	15%	24%	17%	39,343

Stamp	Estimated 2019 Sales	Daily discount rate	Price structure based on daily stamp price					
			Price	Revenue	Price	Revenue	Price	Revenue
1-day	25,510	0%	\$10	\$255,100.00	\$15	\$382,650.00	\$20	\$510,200.00
3-day	17,752	33%	\$20.10	\$356,815.20	\$30.15	\$535,222.80	\$40.20	\$713,630.40
7-day	6,668	57%	\$30.10	\$200,706.80	\$45.15	\$301,060.20	\$60.20	\$401,413.60
Total potential revenue				\$812,622.00	\$1,218,933.00	\$1,625,244.00		
2019 revenue from non-discounted stamp fee				\$1,067,530.00	\$1,601,295.00	\$2,135,060.00		
Difference in potential revenue				\$254,908.00	\$382,362.00	\$509,816.00		



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AREA 3A POTENTIAL REVENUE WHEN DISCOUNT RATE IS APPLIED

Year	Days Fished				Total Anglers
	1	2	3	4+	
2019	78%	16%	4%	2%	74,357
2010-2019 Average	77%	16%	5%	3%	76,719

Stamp	Estimated 2019 sales	Daily discount rate	Price structure based on daily stamp price					
			Price	Revenue	Price	Revenue	Price	Revenue
1-day	57,878	0%	\$10	\$578,780.00	\$15	\$868,170.00	\$20	\$1,157,560.00
3-day	15,017	33%	\$20.10	\$301,841.70	\$20.10	\$452,762.55	\$40.20	\$603,683.40
7-day	1,462	57%	\$30.10	\$44,006.20	\$45.15	\$66,009.30	\$60.20	\$88,012.40
Total potential revenue			\$924,627.90		\$1,386,941.85		\$1,849,255.80	
2019 revenue from non-discounted stamp fee			\$1,035,910.00		\$1,553,865.00		\$2,071,820.00	
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EXPENSES FOR STAMP DEVELOPMENT AND FACILITATION

- Designing and maintaining an electronic online/ offline halibut stamp system
- Designing the paper backup stamp
- Printing
- Mailing
- Accounting
- Extensive communication and public outreach
- Employees (e.g., user support)
- Legal aspects of program design
- Completion of an annual report to the Council



OTHER ADMIN EXPENSES

- Salary for executive director and any other employees
- Legal expenses and requirements for maintaining nonprofit status
- Expenses for engagement/ communication with operators (e.g., meetings)
- Brokerage fees associated with quota transactions
- Federal Cost Recovery Fees on quota held



TRANSFER RESTRICTIONS

Area 2C

- Annual limit of 1% of the 2015 2C QS pool (all QS classes)
- Total limits of up to 10% of the 2015 QS pool (all QS classes)
- Limit of 10% of D-class QS and limit of 10% of B-class
- Prohibited from purchasing blocks of QS that equate to 1,500 lb or less (in 2015 lb)

Area 3A

- Annual limit of 1.2% of the 2015 2C QS pool (all QS classes)
- Total limits of up to 12% of the 2015 QS pool (all QS classes)
- Prohibited from purchasing D-class QS
- Prohibited from purchasing blocks of QS that equate to 1,500 lb or less (in 2015 lb)



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50 CFR 679.5 requires ***for each year that the RQE holds halibut quota shares:***

- 1) Changes in bylaws, board of directors, and key management personnel
- 2) Amount and descriptions of annual administrative expenses
- 3) Amount and descriptions of funds spent on conservation, research, and promotion of the halibut resource
- 4) Amounts and descriptions of all other expenses

And by regulatory area:

- 1) The amount of halibut QS by vessel category and block held by the RQE
- 2) A list of all transfers (purchases, sales, and any other transfers) of halibut QS, including transaction prices if applicable
- 3) The number of CHPs and associated angler endorsements purchased by the RQE



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CURRENT ENFORCEMENT CONTEXT

- Joint Enforcement Agreement between NOAA OLE and State of Alaska Wildlife Troopers
- In addition to on-the-water enforcement OLE may use the CHP data and ADF&G logbook data to support Federal investigations or post-season audits
- More effective enforcement if potential violations are identified quickly
- ADF&G has expressed concern that attaching enforcement uses to logbook data could lead to non-reporting and may compromise the quality of the data



PROPOSED ENFORCEMENT OF A HALIBUT STAMP

- Federal action isn't required for the RQE to design a fee collection program
 - RQE seeking Federal action to have help with monitoring and enforcement
 - There's an interest in a user fee concept – typically this requires on-the-water enforcement
- Potential on-the-water enforcement?
 - Ensure anglers have stamp
 - Requires unfalsifiable stamp identifiers
- Potential off-the-water enforcement?
- Role of State Wildlife Troopers not established



OLE CONCERNS AND CONSIDERATIONS

- RQE program halibut stamp like a civil, contractual relationship between a non-profit organization (the RQE) and the private entities it represents (charter operators)
 - Breach of contracts should be dealt with in civil courts
- Extensive Federal and State resources necessary for enforcement
- Charter operator accountability for informing anglers about a new stamp
- Council should reconsider other concepts, such as a straight annual operator fee (administrative enforcement)
 - In an annual fee, burden may not be proportionately distributed relative to angler effort



Next steps

Thank you

Especially to:

And all reviewers/contributors

Questions?

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