INITIAL REVIEW DRAFT

Regulatory Impact Review
for a Proposed Regulatory Amendment

Charter Halibut Recreational Quota Entity Funding Mechanism

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Abstract: This Regulatory Impact Review analyzes proposed regulations that would apply exclusively to the guided (i.e., charter) recreational Pacific halibut fishing sector in the International Pacific Halibut Commission (IPHC) Regulatory Areas 2C and 3A. The measures under consideration include establishing a fee collection program for charter vessel operators to fund the Recreational Quota Entity (RQE). The RQE is authorized to purchase commercial halibut quota share from the Halibut Individual Fishing Quota (IFQ) Program on behalf of charter halibut anglers in Areas 2C and 3A. Any quota held by the RQE would be converted into pounds of halibut on an annual basis and added to the charter halibut allocation in the corresponding IPHC Area. These additional pounds would help to relax management measures for the charter anglers fishing in that area. This analysis considers the administrative requirements to implement a fee collection mechanism for charter vessel operators that could be used by the RQE to fund administrative costs and purchase of halibut quota share as specified in the RQE program.

List of Acronyms and Abbreviations

ADF&G	Alaska Department of Fish and Game
AFSC	Alaska Fisheries Science Center
AKFIN	Alaska Fisheries Information Network
Area 2C	Southeast Alaska (IPHC management area)
Area 3A	Central Gulf of Alaska (IPHC management area)
Area 3B	Western Gulf of Alaska (IPHC management area)
Area 4	Bering Sea and Aleutian Islands (IPHC management area)
BSAI	Bering Sea and Aleutian Islands
CATCH	Catch Accountability Through Compensated Halibut
CCL	Combined Catch Limit
CEY	Constant Exploitation Yield
CFEC	Commercial Fisheries Entry Commission (State of Alaska)
CFR	Code of Federal Regulations
CHLAP	Charter Halibut Limited Access Program
CHP	Charter Halibut Permit
Council	North Pacific Fishery Management Council
CQE	Community Quota Entity
CSP	Catch Sharing Plan (Pacific Halibut)
E.O.	Executive Order
EA	Environmental Assessment
F	Fishing intensity
FCEY	Fishery Constant Exploitation Yield
FMP	fishery management plan
FR	*Federal Register*
GAF	Guided Angler Fish
GHL	guideline harvest level
GOA	Gulf of Alaska
IFQ	Individual fishing quota

IPHC	International Pacific Halibut Commission
IRFA	Initial Regulatory Flexibility Analysis
LAPP	Limited access privilege program
lb	pounds
Mlb	Million pounds
MWR	U.S. Military Morale, Welfare, and Recreation Program
NEPA	National Environmental Policy Act
NMFS	National Marine Fisheries Service
NOAA	National Oceanic and Atmospheric Administration
NPFMC	North Pacific Fishery Management Council
O26	Over 26 inches (fish length)
OFL	Overfishing limit
OMB	Office of Management and Budget
PA	Preferred alternative
PPA	Preliminary preferred alternative
PRA	Paperwork Reduction Act
PSEIS	Programmatic Supplemental Environmental Impact Statement
PWS	Prince William Sound
QS	Quota share
RAM	Restricted Access Management (Program)
RFA	Regulatory Flexibility Act
RIR	Regulatory Impact Review
RQE	Recreational Quota Entity
SBA	Small Business Act
Secretary	Secretary of Commerce
TAC	total allowable catch
TCEY	Total Constant Exploitation Yield
U26	Under 26 inches (fish length)
U.S.	United States
U.S.C.	United States Code
USCG	United States Coast Guard

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Executive Summary

This document analyzes proposed management measures that would apply exclusively to the guided (i.e., charter) recreational Pacific halibut fishing sector in the International Pacific Halibut Commission (IPHC) Regulatory Areas 2C and 3A. The measures under consideration include establishing a fee collection program for charter vessel operators to fund the Recreational Quota Entity (RQE). This RQE is authorized to purchase commercial halibut quota share from the Halibut Individual Fishing Quota (IFQ) Program on behalf of charter halibut anglers in Areas 2C and 3A. Any quota held by the RQE would be converted into pounds of halibut on an annual basis and added to the charter halibut allocation in the corresponding IPHC Area. These additional pounds would help to relax management measures for the charter anglers fishing in that area. This analysis considers the administrative requirements to implement a fee collection mechanism for charter vessel operators that could be used by the RQE to fund administrative costs and purchase of halibut quota share as specified in the RQE program.

Purpose and Need

The Council adopted the following problem statement to originate this action in April 2021.

In 2016 the Council took final action to create a Recreational Quota Entity (RQE), as a market-based solution to an ongoing allocation conflict between charter halibut guides and commercial halibut longline fishermen. This market-based solution authorizes commercial halibut quota share transfers between the RQE and a willing seller. Although the regulations to authorize formation of an RQE were implemented, the Council lacked the authority to regulate the funding mechanism for the RQE. Legislation has been proposed by the U.S. Congress, to grant the Council and NMFS the authority to develop and implement a fee collection mechanism for charter vessel operators that could be used by the RQE to fund administrative costs and purchase of halibut quota share as specified in the RQE program.

In anticipation of the potential enactment of this legislation, the Council would begin the analytical process to explore the administrative requirements necessary to implement a fee collection program for charter vessel operators.

Alternatives

The Council adopted the following alternatives for analysis in April 2021.

Alternative 1: No action (Status quo).

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

Describe the potential methods to collect a fee from charter vessel operators (e.g., halibut stamps) and mechanisms to subsequently distribute those funds to the RQE. Analysts should explore the range of potential fee collection methods currently used for North Pacific fisheries, including State of Alaska fisheries, and similar programs and provide information on likely administrative costs for collection and disbursement to the RQE.

Description of Alternatives

Alternative 1

Under Alternative 1 there would be no Federal requirement to pay a fee in support of an RQE's purchase of halibut quota. However, the RQE has been established and currently has the authority to purchase halibut quota for use by charter anglers. While the RQE could design and facilitate a stamp program

outside of regulatory action, working independently of Federal or State regulations means it would have to identify a separate enforcement component; there would be no Federal requirement to obtain and carry this stamp.

Alternative 2

Under Alternative 2, a fee collection program would be established to fund an RQE. It was clarified by the Council that this option would consider NMFS as the primary fee collection agency for whatever type of program was developed. Council members highlighted that NMFS has experience with fee collection programs and a more direct link to the NMFS Alaska Region could add legitimacy to the fee requirement and ensure that there is associated enforcement. Based on discussion at the Council, the expectation is that the fee collection would occur between charter operators and the agency. NMFS would submit the funds to the Federal government who would in turn provide the funds back to the agency through annual appropriations to then distribute the funds back to the RQE. **All options that consider a fee being collected by NMFS from charter operators would require Congressional action to provide this authority as well as allowing for the authority for the appropriation of funds back to the RQE.**

The Council's motion did not dictate the specific mechanism that would be used to collect fees from charter operators. This action is unique from other Council actions in that the ability for Alternative 2 to be a viable option hinges primarily on the practical elements of creating a functional fee collection program that minimizes the burden to charter operators, anglers and NMFS. Based on this Council guidance for Alternative 2 to consider a range of fee mechanisms, the concept of a Charter Halibut Stamp and an Annual Operator Fee were considered for this analysis.

Based on these options, the analysis highlights expectations for additional cost and resource needs associated administrative, data management, and enforcement. However, at this stage the analysis does not provide specific cost estimates associated with these options as requested in the motion. This task may be completed once the Council has narrowed the design scope of one or more mechanism it is considering.

Option 1: Charter Halibut Stamp

Throughout discussions around compensated reallocation (NPFMC 2007), the charter sector representatives' testimony throughout the RQE program development (NMFS 2017), and most recent RQE funding discussion paper (NPFMC 2021), the Council and charter stakeholders have been considering the concept of a halibut stamp for many years. A charter halibut stamp mechanism (which could be established under a different name), would require charter operators to purchase a halibut stamp for each guided angler, for each day that the charter angler is on a charter vessel that intends to harvest halibut operating in IPHC regulatory areas 2C and 3A. Based on the concepts considered, this mechanism most closely resembles a user fee, which has been highlighted as important from the charter representatives. Unguided halibut anglers would not be required to obtain this stamp. Funds from the halibut stamp would generate the revenue to support overhead costs for the RQE and as well as the purchase of halibut quota from willing commercial sellers. This option would require on-the-water enforcement to ensure operators are adhering to the requirements to purchase a stamp.

Responsibility and Liability

Under any federal fee collection mechanism this analysis assumes that operators would be responsible and liable for in ensuring the fees are paid. This assumption is based on the current language of the proposed legislation stating that, "….The North Pacific Fishery Management Council may recommend, and the Secretary of Commerce may approve, regulations necessary for the collection of fees **from charter vessel operators** who guide recreational anglers…." (bolded text added).

There would be advantages to having the charter operators be responsible for accessing the stamps for their anglers. For example, operators would be more likely aware of the requirements and would have experience using the online platform, which could both increase compliance and decrease the need for user support. **If the Council determines operators are liability for ensuring a halibut stamp for each of their anglers on a halibut charter, the Council will also need to identify who is represented by the term "operator" (e.g., CHP holder, business, etc.).**

Online Platform for the Sale and Distribution of Stamps

There are substantial benefits to having an online platform for the sale of halibut stamps, as well as for a system that allows halibut stamps to be printed or digitally obtained immediately after purchase, rather than distributed through the mail. For example, having a digital platform for sales makes record keeping and payment collection much simpler and more accurate.

For example, NMFS or a third party could design a platform to allow operators quick and easy access to purchase and obtain charter halibut stamps for use by their anglers. Operators could log into the site and purchase a cache of charter halibut stamps. They could choose to use this application once during the season if they knew exactly how many halibut anglers they would be guiding, multiple times throughout the season, or even every day if they preferred.

Validating a Digital or Printed Stamp

A key challenge to effective digital distribution of charter halibut stamps is to create a digital halibut stamp that cannot be duplicated (which for example, would be an issue if an operator buys one and prints out 100).

There may be ways to validate a digital or printed stamp to reduce the likelihood that it would be used more than once. Each purchased stamp could include a unique number or code which could match a database produced by Restricted Access Management (RAM) or a third party and made available to enforcement officers. When a charter angler is required to use a charter halibut stamp, they could validate and endorse it, likely with the date, the angler's name, their fishing license number, and possibility a signature from the angler or operator. If the stamp was in a digital form an option could allow for an electronic signature.

Timing of Payment

If a system is developed that allows for quick and easy digital access to halibut stamps, it may be reasonable to request operators to pay at the time when they obtain the halibut stamps. If the operator is averse to paying a large fee up front for a cache of stamps for the season (or a portion of the season), an accessible online system could allow the operator to buy stamps in bundles of any amount on a weekly or even daily basis so long as they had Internet access. A slight variation to this option is that operators could be charged at the time when their stamps were validated. This would still require payment prior to use.

Conversely a system could be conceived in which operators request a certain number of stamps and fee collection is required monthly or at the end of the season. This is similar to the process ADF&G uses for the sale and distribution of physical licenses and stamps (NPFMC 2021). Licensed vendors are accountable for the sale and reporting of all stamps and must return receipts to ADF&G monthly. Vendors are responsible for returning unused supplies within 30 days of the end of the selling season. ADF&G staff noted that the small physical size of king salmon stamps and tedious requirements of ripping and mailing carbon copy receipts results in high occurrences of misplaced and misreported stamps. This option would be much more administratively labor intensive.

Monitoring and Enforcement

In order for a federal fee collection mechanism to be effective there needs to be a means to enforce the requirement to purchase stamps. State and federal licenses/permits/ stamps typically have an on-the-water enforcement component and sometimes an out-of-the-field investigation component. They also rely on joint management between state and federal agencies.

The halibut stamp mechanism would require operators to purchase a halibut stamp for each guided angler, for each day that the charter angler is on a charter vessel that intends to harvest halibut operating in IPHC regulatory areas 2C and 3A. Similar to other State and Federal requirements, there may be a component of on-the-water enforcement. For instance, a law enforcement officer would check for a valid halibut stamp for each guided angler halibut fishing in addition to checking the angler's fishing license, the CHP for the vessel and, if necessary, king salmon stamps. Additionally, enforcement may include a component of off-the-water investigation or auditing.

NOAA Office of Law Enforcement representatives highlighted several questions and concerns with the proposed halibut stamp concept. One primary concern expressed is about using resources to enforce what seems to be a civil funding mechanism between a non-profit organization and the private entities it represents. OLE representatives also raised concerns about the level of federal and state resources that could be allocated to this effort, particularly in the event of a violation. Issuing and prosecuting violations is costly. There is a lengthy process required to investigate and document a potential violation, followed by a collaborative effort with NOAA General Council to prosecute the violation and determine fines and penalties. If the RQE held QS at the time, these costs may be associated with cost recovery; however, IFQ Cost Recovery fees have most recently been at their maximum of 3% of the ex vessel revenue. OLE staff supported the concept that operators would have some level of liability and noted that this would likely boost compliance rates.

Terminology and Outreach

ADF&G staff who are experienced with state licensing and permits emphasized the importance of clear terminology that is used consistently by regulators, enforcement, charter operators and anglers (NPFMC 2021). ADF&G has seen many types of misunderstandings among customers when clear and consistent explanatory language is not used. Similar confusion regarding terminology could potentially occur if a halibut stamp program does not utilize an actual, physical stamp. Again, clarity and compliance may be increased if the name includes a description of those required to carry it; for example, "charter halibut angler" or "guided halibut angler", which makes it clearer that the requirement would not be for an unguided angler or someone not intending to catch halibut.

Education, outreach, and clear communication of program goals are essential to have charter angler and operator support as well as high compliance for any mechanism that is developed. This will be the responsibility of NMFS, the RQE, and supporting charter stakeholders.

Potential Revenue

The Council's discussion paper for April 2021 (NPFMC 2021) included an analysis of the 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 Council requested the analysis consider 10, 15, and 20 dollars per stamp as well as one-day and three-day stamps. This analysis was done by looking at past angler-day effort, a metric defined as any day where halibut were harvested or days that were open to halibut retention where bottomfish hours or statistical areas were recorded were considered to be a halibut fishing trip.

This analysis shows that based on average angler days in Area 2C between 2009- 2019, a $10 fee per angler day may have generated about $895,000, a $15 fee per angler day may have generated about $1.3 million and a $20 fee may have generated about $1.8 million per year. Based on average angler days in Area 3A between 2009-2019, a $10 fee per angler day may have generated about $1.1 million, a $15 fee per angler day may have generated about $1.7 million and a $20 fee could have generated about $2.2 million per year. Tables of the analysis also show the amounts of revenue that would be slightly reduced from these amounts if there is a discount rate applied to multi-day stamps.

Option 2: Annual Operator Fee

The second fee collection mechanism that has been identified would be a direct annual fee charge to the operators, which could be an annual fee assessed on the Charter Halibut Permit (CHP) and tied to the annual renewal of CHPs. This would primarily be an administrative action and may not require an on-the-water enforcement component. It would establish a system similar to the system NMFS employs for Cost Recovery. NMFS IFQ Cost Recovery system bills IFQ permit holders annually based on up to 3% of the pounds of halibut landed on a permit and an assessed ex vessel price.

The simplest way to administer this fee would be to charge a uniform fee across all CHPs annually. However, there is wide distribution in the degree of use of CHPs in both Area 2C and Area 3A, thus this method may not be perceived as equitable. It may motive CHP holders with modest charter halibut effort to sell their permit or to choose not to renew.

Annual Operator Fee Tied to Angler Effort

Alternatively, an Annual Operator Fee could be tied to charter halibut angler effort associated with a CHP, either through a per halibut angler fee or a tiered fee structure based on angler effort. Similar to the NMFS Cost Recovery Program, NMFS could draft a unique invoice letter for each CHP holder, annually detailing charter halibut angler effort associated with each CHP they hold. Paper invoices could be distributed, and payments could be made electronically through eFish. Also similar to the Cost Recovery Program, if fees are not paid, or not paid in full, the CHPs could be flagged and may not be issued by RAM until payments are fully received.

Data Availability on Angler Effort

In order for NMFS to design an annual fee that is scaled to an operator's associated angler effort, the agency would likely need to rely on ADF&G saltwater logbook data as a primary data source. Logbook data represents the only mandatory census source of charter halibut angler effort. Timely and accurate logbook data are required under both NMFS and State of Alaska regulations. Alaska statutes also specifically support accurate data collections. NMFS has previously used logbook data to implement charter regulatory programs. For instance, it was integral for the development of the Charter Halibut Limited Access Program and the issuance of CHPs. Each trip also requires documentation of CHP(s) used, which would allow angler effort to be linked to CHPs.

However, there are some drawbacks and obstacles to the use of these data in assessing angler effort associated with CHPs. ADF&G has expressed concern that using logbook data to assess a fee could lead to non-reporting and may compromise the overall quality of the data. Logbooks were designed for resource management and not as a data source for the purpose of charging fees. It is also not explicitly designed to capture halibut angler effort by CHP, and for example, use of the eLogbook data to assess operator fees based on CHPs would require some restructuring of the application, particularly when multiple CHPs are used on one trip. Using logbook data in this way would impose additional cost and burden on the ADF&G Sport Fish Division.

Moreover, NMFS does not have a formal data sharing agreement with ADF&G for logbook data, and therefore receives periodic updates to logbook data, rather than through a formal data flow. Typically, these updates occur after all paper logbooks have been entered into the system and ADF&G staff have completed the task of updating and cleaning the data. With the current data flow schedule, NMFS would not have access to the previous year's data in time to assess a fee before CHPs must be issued for the current year.

Angler effort by CHP is not something that has typically been used from the logbook data. An initial review of these data highlighted that substantial additional data editing would need to be conducted for the level of accuracy necessary for charging a fee. Many of the obvious errors appear to be transcription errors (e.g., misreading handwriting on paper logbooks or inverted numbers while typing). These are the types of errors that may substantially decrease with the migration to eLogbooks. Beginning in 2021, saltwater operators in Area 2C were required to use the electronic logbook (eLogBook) to report sport fishing guide activity. Saltwater operators in Area 3A could choose to use either paper or eLogBook in 2021; the majority of 3A operators are still using paper logbooks. It is expected that the migration to an electronic data reporting system will reduce transcription errors, improve accuracy, expedite the data entry process and decrease the time necessary to clean the data.

However, not all CHP errors are able to be detected by data managers and agency staff. CHPs are able to be leased and shared; they are not linked to a single vessel or business. Thus, staff cannot determine without contacting an operator whether another businesses CHP was lawfully used or whether a charter operator mis-entered their CHP number and entered a valid CHP from another business. In the case of an annual operator fee linked to a CHP, a CHP holder could be inadvertently billed for effort they did not authorize on their CHP. This would need to be addressed through an appeals process.

Liability and Responsibility

With an annual operating fee mechanism, it would be the responsibility of the CHP holder to ensure fees were paid on time. CHPs are frequently leased or shared; however, this is a private arrangement and not a transaction facilitated through NMFS. Similar to the relationship between a QS holder and a hired skipper in the commercial fishery (which does not include a formal transfer of IFQ through NMFS), the QS holder remains the IFQ permit holder and that person is then liable for cost recovery fees and any penalties associated. Likewise, in the situation of an annual CHP operator fee, it would be the responsibility of the CHP holder to recover this fee from the leasee (and/ or the anglers) if they wished to do so. For instance, in the case of a formal lease arrangement, this aspect may be included in the terms of the civil contract.

Enforcement and Appeals

Enforcement of an annual operating fee would be primarily administrative. Similar to the NMFS Cost Recovery Program, failure to submit RQE Program fees could result in NMFS denying the issuance of a CHP. In some cases, non-payment of RQE fees could result in a formal collections process by the US Treasury Dept.

It will also be necessarily to include a formal process for operators to appeal the fee amount billed to them. NMFS could consider issuing an interim CHP for use while the appeal is being settled.

Potential Revenue

The potential revenue generated from a fee collection will differ depending on whether it is based on the intent to catch halibut versus anglers who actually catch halibut. ADF&G Saltwater Logbooks do not explicitly capture the intent to catch halibut. Therefore, if an Annual Operator Fee is based on angler effort, it may be most appropriate to use effort in which halibut were actually caught and retained versus a

metric which included bottomfishing effort in which no halibut were retained (part of the metric used to estimate angler effort and resulting potential revenue under the halibut stamp concept). This will ensure effort from anglers that are targeting rockfish, for example, would not be charged against a CHP. Revenue from a fee charged per halibut angler day (in days which halibut were retained) will invariably be smaller than angler days, which include days with bottomfishing effort or bottomfishing hours recorded where halibut are not retained.

For example, analysis using average halibut angler days in which halibut was retained from 2017 – 2019, and fees that may have been collected for these days shows that for Area 2C a $10/ angler fee would have amounted to approximately $0.7 million in revenue, a $15/ angler fee would amount to a $1.1 million in revenue, and a $20/ angler fee would have resulted in $1.4 million in revenue. For Area 3A, a $10/ angler fee would have amounted to approximately $0.7 million in revenue, a $15/ angler fee would amount to a $1.1 million in revenue, and a $20/ angler fee would have resulted in $1.4 million in revenue.

The analysis also demonstrates the potential distribution of the fees on businesses, by looking at halibut angler effort associated with businesses. These scenarios are truly hypothetical as the fees would be connected at the CHP holder level (not the business); however, they highlight the range of fees owed by operators could be substantially different. With a $10 fee, in Area 2C the average business would pay approximately $2,100, but the maximum bill could be up to $44,000 for one operator in a year. This is similar for Area 3A operators, where the average fee liability would be $2,900 but the maximum bill for a single operator could be up to $40,000 per year. A tiered fee system could reduce the variability in fees paid by an individual operator, but it could also substantially reduce the total revenue collected.

Use of Revenue from a Federal Fee Collection Program

The intention under any federal fee collection method would be to have funding collected appropriated for distribution to the RQE in the following year. This would require the Congressional action.

During the development of the RQE Program, federal regulations did not establish limits on the use of RQE funds, however, language describing the intended use of fees has been adapted into the proposed U.S. bill. This language was adopted from the Council's intent which was articulated during final action. The bill states, "….any fees collected under this section shall be available, without appropriation or fiscal year limitation, for the purposes of—

> (1) financing administrative costs of the Recreational Quota Entity program;
>
> (2) the purchase of halibut quota shares in International Pacific Halibut Commission regulatory areas 2C and 3A by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations);
>
> (3) halibut conservation and research; and
>
> (4) promotion of the halibut resource by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations)."

Therefore, it is expected that with these funds the RQE will primarily seek to identify and purchase halibut QS that is allowable under the transfer restrictions established in the program.

Costs vs Benefits for Charter Halibut Sector

A federal fee collection program of any design would impose a clear cost on charter halibut operators and likely on charter halibut anglers as well. Depending on the design of a funding mechanism, this could affect up to 274 CHP holders in Area 2C and 300 CHP holders in Area 3A. If costs are passed on to the

angler, this would affect an average of approximately 39,000 anglers in Area 2C and 77,000 anglers in Area 3A. Based on the wide variation in angler effort across businesses, the range of fees owed by operators could be substantially different.

Analysts would expect this additional expense to be absorbed differently across businesses, as exemplified by the response to the cost of Guided Angler Fish program. Some charter businesses may make this additional expense explicit in their pricing and inform the angler of its purpose. Some businesses may choose to incorporate all or a portion of the additional expense in the overall price, without differentiating. Some businesses may wholly absorb the cost in their operational expenses which would ultimately affect their annual profitability.

While the individual costs of a fee collection mechanism to fund the RQE are relatively easy to predict, the individual and sector-level benefits that could be derived from this revenue are much more complicated to predict. The expectation is that with the federal fee mechanism the RQE can afford to buy pounds of halibut to be added with the charter sector's allocation and loosen charter management measures. The complexity of assessing benefits associated with loosened management measures is in part due to an unknown angler demand curve and uncertainty in assessing how anglers will respond to changes in price and/or quality of the halibut they are able to harvest across a diverse charter sector. It is also complicated by the variability of what is being "purchased", as factors like halibut abundance and future angler effort also play an important role in the equation of what management measures will be set under the CSP.

If some or all of the cost of purchasing the QS is passed onto the anglers, this constitutes an increase in the price of charter trip for the anglers. If anglers are still willing to pay for a charter halibut trip with this increased price, this indicates there was either consumer surplus (i.e., anglers were already willing to pay more to harvest the same halibut), the quality of the product is better (e.g., they can retain a larger halibut/ more halibut) or they have additional opportunity to catch halibut (i.e., through less day of the week closures) and therefore are willing to pay more for it.

In order for the charter operators to benefit, they would either need to see an increase in angler demand, be able to offer more halibut charter trips (with a decrease in day of the week closures) or an increase in angler willingness to pay above and beyond what the angler may be willing to be pay directly for halibut stamp. Charter operators may also benefit from satisfied customers who return year after year, or from the satisfaction of knowing the anglers have more opportunity, even if it does not affect their profitability.

For both anglers and charter operators a lag in the amount of time the between when fees are paid and when management measures are able to be loosened may also dictate benefits. Charter anglers may pay a fee with no effect on harvest opportunity in that year. Likewise, there may also be some operations contributing but leave the fishery before fully appreciating the benefits. Conversely future charter anglers and/ or businesses may reap the benefits of additional pounds of halibut without contributing as much to funds required to purchase the QS.

With close cooperation between NMFS, the RQE and stakeholders, the effect on charter halibut anglers and charter operators (as a whole) is expected to be positive in the long-term because the RQE would be expected to be working on behalf of the charter operators and anglers. However, charter operations across Area 2C and 3A are operationally diverse and cater to different types of anglers with different levels of price sensitivity. Thus, there may be some individuals related to the charter sector that are not benefited.

Thus, even when considering NMFS as the fee collection agency, cooperation between the RQE (and the charter halibut stakeholders it represents) and NMFS will be imperative to achieving the intended benefits of the program. This would be a unique type of funding structure; with a federal entity assisting in the collection of funds to further one sector's allocation of a resource. The initiative to collect this fee has

come from the charter halibut sector stakeholders. The agency does not have additional conservation or management motivation to continue this effort, in fact for any federal fee collection program, despite cost recovery, the agency will likely incur additional expenses. Therefore, for any type of federal fee collection program, the Council may wish to promote opportunities for flexibility and communication that will allow for cooperation with the RQE and charter halibut stakeholders. For example, this may include allowing the RQE to determine where to set the fee and how often to revisit it. It may also be important to build in the flexibility to discontinue the funding mechanism without additional Council action and regulatory changes if the RQE and charter halibut stakeholders have determined that the costs outweigh the benefits they are receiving.

The other challenge in describing the benefits from access to additional halibut is in the variability of what halibut QS could mean for the charter sector. The halibut QS that the RQE is able to purchase with revenue from a fee collection mechanism will not likely result the in a consistent set of target management measures for the charter sector. The current CSP system takes into account information on the dynamic factors of halibut abundance (through the combined catch limit for charter and commercial halibut catch) and projected angler effort when annual management measures are adopted. A change in trip price, quality of the fishing trip (opportunity to catch more or larger fish), or more opportunity for charter halibut fishing trips (through reduction of day of the week closures) that are a direct result of a federal funding mechanism and the additional RQE QS holdings could affect angler effort which could in turn affect management measures. The analysis presents some examples of how additional pounds of halibut held by the RQE would have impacted charter management measures under different past scenarios of catch limits and projected charter removals.

1 Introduction

This document analyzes proposed management measures that would apply exclusively to the guided (i.e., charter) recreational Pacific halibut fishing sector in the International Pacific Halibut Commission (IPHC) Regulatory Areas 2C and 3A. The measures under consideration include establishing a fee collection program for charter vessel operators to fund the Recreational Quota Entity (RQE). This RQE is authorized to purchase commercial halibut quota share from the Halibut Individual Fishing Quota (IFQ) Program on behalf of charter halibut anglers in Areas 2C and 3A. Any quota held by the RQE would be converted into pounds of halibut on an annual basis and added to the charter halibut allocation in the corresponding IPHC Area. These additional pounds would help to relax management measures for the charter anglers fishing in that area. This analysis considers the administrative requirements to implement a fee collection mechanism for charter vessel operators that could be used by the RQE to fund administrative costs and purchase of halibut quota share as specified in the RQE program.

This document is a Regulatory Impact Review (RIR). An RIR provides assessments of the benefits and costs of the alternatives, the distribution of impacts, and identification of the small entities that may be affected by the alternatives (the RIR). This RIR addresses the statutory requirements of the Magnuson Stevens Fishery Conservation and Management Act, the National Environmental Policy Act, Presidential Executive Order 12866, and some of the requirements of the Regulatory Flexibility Act. An EA/RIR is a standard document produced by the North Pacific Fishery Management Council (Council) and the National Marine Fisheries Service (NMFS) Alaska Region to provide the analytical background for decision-making.

NMFS Alaska Region Office has made the preliminary determination that the proposed action would be a change to regulations that does not result in substantial modification of fishing location, timing, effort, authorized gear types, or harvest levels relative to the status quo and relative to what has been analyzed in previous approved actions. In 2014, NMFS implemented a Catch Sharing Plan (CSP) for the guided recreational (charter) and commercial IFQ halibut fisheries in IPHC Areas 2C and 3A. Prior actions related to the establishment of the CSP or the allowance of an RQE to hold halibut quota share on behalf of charter anglers are summarized in Section 3.4.3 and 3.4.5. Any pursuant regulatory changes would have no effect, individually or cumulatively, on the human environment as defined in NAO 216-6. As such, NMFS foresees that this action would qualify for a Categorical Exclusion from further review under the National Environmental Policy Act (NEPA). For that reason, this document does not include an Environmental Assessment.

1.1 Purpose and Need

The Council adopted the following problem statement to originate this action in April 2021.

> *In 2016 the Council took final action to create a Recreational Quota Entity (RQE), as a market-based solution to an ongoing allocation conflict between charter halibut guides and commercial halibut longline fishermen. This market-based solution authorizes commercial halibut quota share transfers between the RQE and a willing seller. Although the regulations to authorize formation of an RQE were implemented, the Council lacked the authority to regulate the funding mechanism for the RQE. Legislation has been proposed by the U.S. Congress, to grant the Council and NMFS the authority to develop and implement a fee collection mechanism for charter vessel operators that could be used by the RQE to fund administrative costs and purchase of halibut quota share as specified in the RQE program.*

In anticipation of the potential enactment of this legislation, the Council would begin the analytical process to explore the administrative requirements necessary to implement a fee collection program for charter vessel operators.

1.2 History of this Action

During the development of the CSP, the Council considered several mechanisms for building in compensated reallocation of halibut from the commercial halibut sector to the charter sector. The Council rejected the compensated reallocation alternative in October 2007 because a draft analysis identified a number of hurdles to its successful and timely implementation. These hurdles included 1) the need for both Federal and state legislation to authorize the proposed actions; 2) the need for funding the purchase of commercial QS; 3) controversy regarding the proposed pro rata reduction of the value of commercial halibut QS; and 4) the additional time required to allow various facets of the proposed program to be implemented (NPFMC 2007). The Council continued to include an alternative with regulations for guided angler fish (GAF), which is a more limited approach that allows voluntary, in-season leasing of commercial halibut IFQs to individual CHP holders rather than long-term transfer. Meanwhile, the Council continued to consider a permanent management solution to address a more comprehensive program for compensated reallocation (NMFPC 2013).

The halibut charter representatives continued to spearhead the effort to develop this concept and address the previously defined hurdles. Through funding from the National Fish and Wildlife Foundation's Fisheries Innovation Fund, Environmental Defense Fund and in-kind contributions from the charter sector, the Catch Accountability Through Compensated Halibut (CATCH) project generated a proposal for a non-profit organization to represent guided anglers and to have the opportunity to purchase commercial halibut quota to be added to the charter allocation and hold it in a common pool for all guided anglers (Yamada & Flumerflet 2014). This proposal spurred several versions of analysis that resulted in the development of the RQE Program.

In **December 2016**, the Council took final action to approve a regulatory program that authorized a charter halibut RQE to purchase and hold commercial halibut quota share on behalf of charter halibut anglers in IPHC Regulatory Areas 2C and 3A. This final rule became effective **October 22, 2018** (83 FR 47819). Section 3.4.5below provides details behind the design of the RQE program, including limitations on halibut quota transfers to an RQE, and the annual process for using halibut quota held by an RQE (NMFS 2017).

The Council's Preferred Alternative and the Final Rule establishing the RQE did not dictate the RQE's method of funding itself or any halibut quota share purchases (NPFMC 2017; 83 FR 47819). This scoping decision was a choice made by the Council in order to focus analytical effort toward how an RQE may be structured and impacts under the assumption that an RQE would have the means to acquire QS. The analysis did consider RQE involvement in the QS market and ways to mitigate or limit adverse effects on other prospective buyers, which resulted in a series of QS transfer restrictions. The Council did not establish jurisdiction for itself over the potential avenues considered for funding sources by charter stakeholders and determined it will be the responsibility of the RQE to develop a way to fund the program. Although this open-ended approach means the charter sector could attempt to acquire their funding through many different avenues (e.g., grants, donations, user fees, etc.), at the time of analysis, the charter sector was considering the concept of a halibut stamp paid for by charter anglers or a charter halibut tax on operations implemented as a proportion of gross revenue or number of fish harvested to not disadvantage smaller operations (NPFMC 2017). It is also relevant to note that much of the testimony received from the commercial sector highlighted a desire to ensure the charter sector had "skin in the game".

In **April 2019**, the Council tasked staff to prepare a discussion paper that would examine a mechanism for the RQE to fund the purchase of halibut quota shares by selling halibut stamps to charter operators. The Council specified that the discussion paper should examine a requirement for charter operators to purchase a halibut stamp from the RQE for each guided angler each day that the anglers plan to harvest halibut on a charter vessel operating in IPHC Regulatory Areas 2C and 3A.

The discussion paper was received by the Council in **April 2021** (NPFMC 2021) and addressed a series of analytical questions including:

- assessing design specification of example programs run by the State of Alaska (included in the discussion paper but not repeated here),
- analyzing the amount of revenue that could be generated from different fee structures (incorporated into Section 3.6.1.4 of this document),
- describing how fees could be used to purchase halibut quota and pay for administrative costs for the RQE (incorporated into Section 3.6.3),
- considering the need for 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 (discussion paper highlighted this is process would not be necessary), and
- highlighting additional monitoring and enforcement provisions that may be necessary as well as monitoring and enforcement concerns (further characterized in Section 3.6.1.2 for the stamp mechanism).

Based on the discussion paper, the Council initiated an Initial Review Analysis to explore the administrative requirements necessary to implement a fee collection program for charter vessel operators.

1.3 Description of Management Area

The proposed action is directly applicable to the IPHC halibut Regulatory Areas 2C (Southeast Alaska) and 3A (Southcentral Alaska) as demonstrated in Figure 1.

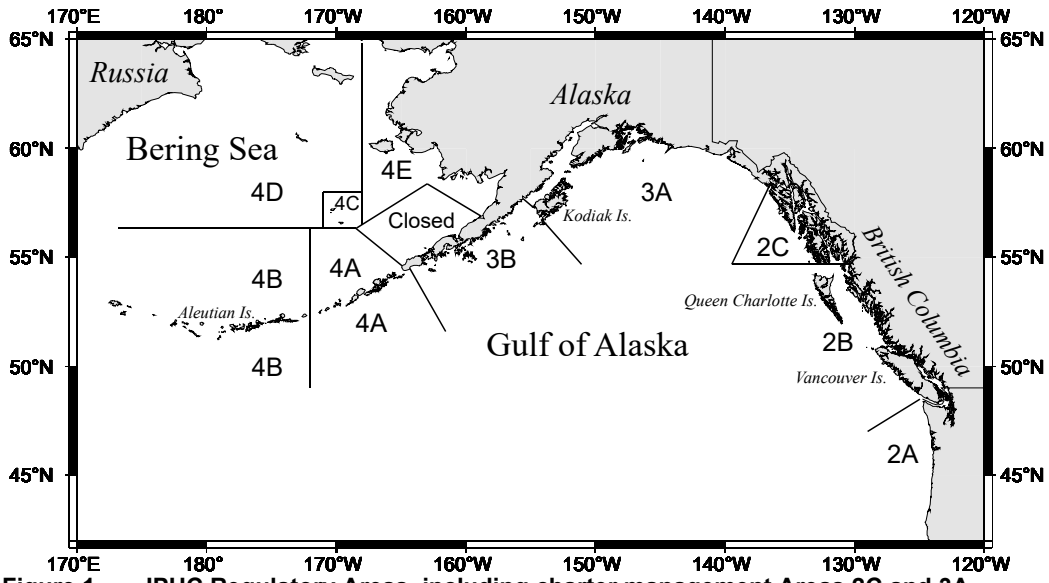


Figure 1 IPHC Regulatory Areas, including charter management Areas 2C and 3A

2 Description of Alternatives

The Council adopted the following alternatives for analysis in April 2021.

Alternative 1: No action (Status quo).

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

> Describe the potential methods to collect a fee from charter vessel operators (e.g., halibut stamps) and mechanisms to subsequently distribute those funds to the RQE. Analysts should explore the range of potential fee collection methods currently used for North Pacific fisheries, including State of Alaska fisheries, and similar programs and provide information on likely administrative costs for collection and disbursement to the RQE.

2.1 Alternative 1, No Action

Under Alternative 1 there would be no Federal requirement to pay a fee in support of an RQE's purchase of halibut quota. However, the RQE has been established and currently has the authority to purchase halibut quota for use by charter anglers.

While the RQE could design and facilitate a stamp program or other type of fee collection outside of regulatory action, working independently of Federal or State regulations means they would have to identify their own enforcement component; there would be no Federal requirement to obtain and carry this stamp or pay an annual fee. Establishing a Federal requirement for possession of a halibut stamp or payment of a fee requires Federal regulations as well as Congressional action described in Section 3.4.8.

2.2 Alternative 2, Establish a Federal Fee Collection Program

Under Alternative 2, a fee collection program would be established to fund an RQE. Although not explicitly stated in the alternative, it was clarified by the Council (in April 2021) that **this option would establish NMFS as the primary fee collection agency** for whatever type of program was developed (e.g., a charter halibut stamp, an annual operator fee, etc). Council members highlighted that NMFS has experience with fee collection programs and a more direct link to the NMFS Alaska Region could add legitimacy to the fee requirement and ensure that there is associated enforcement. Based on discussion at the Council, the expectation is that the fee collection would occur between charter operators and the agency. Then NMFS would submit the funds to the Federal government who would in turn provide the funds back to the agency through annual appropriations to then distribute the funds back to the RQE. **This alternative would require Congressional action to provide this authority as well as allowing for the appropriation of funds back to the RQE. Section 3.4.8 includes a status update on parallel Congressional action to grant this authority.**

This alternative also does not dictate the specific mechanism that would be used to collect fees from charter operators. This action is unique from other Council actions in that the ability for Alternative 2 to be a viable option hinges primarily on the practical elements of creating a functional and efficient fee collection program that minimizes the burden to charter operators, anglers and NMFS. Through the RQE analysis and recent discussion paper, the Council has been considering the concept of a halibut stamp. A halibut stamp would require all charter operators to purchase an RQE halibut stamp for each guided angler, each day, that they plan to harvest halibut on a charter vessel operating in IPHC Regulatory Areas 2C and 3A.

However, the Council determined that it would be advantageous to allow flexibility in concept as the NMFS AK Region and RQE stakeholders collaborate in consideration and design of a workable

mechanism. It was expected this document would return with multiple options for consideration, and practical considerations for these options. This additional effort would be necessary for the Council to establish a framework for a fee collection program that works for NMFS AK Region as well as RQE stakeholders. Based on this Council guidance for Alternative 2, charter halibut stakeholders, NMFS AK region and Council staff have identified the following fee collection mechanisms.

1. Charter halibut stamp

Based on the charter sector representatives' testimony throughout the RQE program development (NMFS 2017) and most recent RQE funding discussion paper (NPFMC 2021), the Council has been considering the concept of a halibut stamp. A halibut stamp (which it is referred to here, but could be established under a different name, as further discussed in Section 3.6.1.3) would require charter operators to purchase a halibut stamp for each guided angler, for each day that the charter angler is on a charter vessel that intends to harvest halibut operating in IPHC regulatory areas 2C and 3A. Unguided halibut anglers would not be required to obtain this stamp. Funds from the halibut stamp would generate the revenue to support overhead costs for the RQE (potentially in developing the stamp program) and as well as the purchase of halibut quota from willing commercial sellers. This option would require on the water enforcement of the stamp.

This has been previously noted as the charter sector's preferred method because interest has been expressed in the concept of an angler user fee. Although, based on proposed US Legislative language (as stated in Section 3.4.8), vessel operators would be responsible for ensuring this fee was collected, this concept could more closely align the benefits/costs with individual anglers.

2. Annual operator fee

Another fee collection mechanism for the Council to consider may be an annual fee imposed on the operators or charter halibut permit (CHP) holders. This would be an administrative action and may not require an on-the-water enforcement component. For instance, an annual fee could be tied to annual renewal of CHPs. This option would require NMFS to assess a fee, bill operators, receive and process payments and, assuming authorization is provided through US Legislative action, appropriate funds to the RQE.

An annual operator fee could be imposed uniformly across CHP holders or linked to angler effort. Given the distribution of use of CHPs, with many holders using their CHP a modest number of times a year, a uniform fee is unlikely to be an equitable or popular option. However, a shorter section on this mechanism has been included in the analysis for comparative purposes. An annual operator fee that is linked to angler effort would require reliance on ADF&G saltwater logbook information to assess angler effort per CHP. Angler effort and associated fees could be considered in tiers of effort, or as specific dollar amount per angler. This option would also require an established appeals process if CHP holders wished to appeal the amount of the assessed fee.

The analysis highlights expectations for additional cost and resource needs associated administrative, data management, and enforcement associated with these two options. However, at this stage the analysis does not provide specific cost estimates associated with these options as requested in the motion. This task may be completed once the Council has narrowed the design scope of one or more mechanism it is considering. Section 3.6 of this analysis further describes the mechanics and decision-points around each mechanism as well as highlighting the advantages and challenges.

3 Regulatory Impact Review

This Regulatory Impact Review (RIR)[1] examines the benefits and costs of a proposed regulatory amendment to establish a fee collection program for charter vessel operators to fund the Recreational Quota Entity (RQE). The RQE is authorized to purchase commercial halibut quota share from the Halibut Individual Fishing Quota (IFQ) Program on behalf of charter halibut anglers in Areas 2C and 3A. Any quota held by the RQE would be converted into pounds of halibut on an annual basis and added to the charter halibut allocation in the corresponding IPHC Area. These additional pounds would help relax management measures for the charter anglers fishing in that area.

The preparation of an RIR is required under Presidential Executive Order (E.O.) 12866 (58 FR 51735, October 4, 1993). The requirements for all regulatory actions specified in E.O. 12866 are summarized in the following Statement from the E.O.:

> *In deciding whether and how to regulate, agencies should assess all costs and benefits of available regulatory alternatives, including the alternative of not regulating. Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nevertheless essential to consider. Further, in choosing among alternative regulatory approaches agencies should select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach.*

E.O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be "significant." A "significant regulatory action" is one that is likely to:

- Have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local or tribal governments or communities;
- Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in E.O. 12866.

3.1 Statutory and Regulatory Authority

The IPHC and NMFS manage fishing for Pacific halibut through regulations established under authority of the Northern Pacific Halibut Act of 1982 (Halibut Act). The IPHC adopts regulations governing the Pacific halibut fishery under the Convention between the United States and Canada for the Preservation of the Halibut Fishery of the North Pacific Ocean and Bering Sea (Convention), signed at Ottawa, Ontario, on March 2, 1953, as amended by a Protocol Amending the Convention (signed at Washington, DC, on March 29, 1979). For the United States, regulations developed by the IPHC are subject to acceptance by the Secretary of State with concurrence from the Secretary of Commerce. After acceptance by the Secretary of State and the Secretary of Commerce, NMFS publishes the IPHC regulations in the Federal Register as annual management measures pursuant to 50 CFR 300.62. IPHC and NMFS

[1] Analysts have consulted with NMFS Alaska Region and preliminarily determined that none of the alternatives have the potential to have an effect individually or cumulatively on the human environment. This determination is subject to further review and public comment. If this determination is confirmed when a proposed rule is prepared, the proposed action will be categorically excluded from the need to prepare an Environmental Assessment.

regulations authorize the harvest of halibut in commercial, personal use, sport and subsistence fisheries by hook-and-line gear and pot gear.

The Halibut Act, at Sections 773c(a) and (b), provides the Secretary of Commerce with general responsibility to carry out the Convention and the Halibut Act. In adopting regulations that may be necessary to carry out the purposes and objectives of the Convention and the Halibut Act, the Secretary of Commerce is directed to consult with the Secretary of the department in which the U.S. Coast Guard is operating, which is currently the Department of Homeland Security.

The Halibut Act, at Section 773c(c), also provides the Council with authority to develop regulations, including limited access regulations, that are in addition to, and not in conflict with, approved IPHC regulations. Regulations developed by the Council may be implemented by NMFS only after approval by the Secretary of Commerce. The Council has exercised this authority in the development of subsistence halibut fishery management measures, codified at §300.65, the limited access program for charter operators in the charter halibut fishery, codified at §300.67, and the catch sharing plan and domestic management measures in waters in and off Alaska, codified at §§300.61, 300.65, 300.66, and 300.67. The Council also developed the Individual Fishing Quota (IFQ) Program for the commercial halibut and sablefish fisheries, codified at §679, under the authority of section 5 of the Halibut Act (16 U.S.C. 773c(c)) and Section 303(b) of the Magnuson-Stevens Act (16 U.S.C. 1801 *et seq.*).

Annual management measures are implemented each year through a cooperative management program among Alaska Department of Fish and Game (ADF&G) and the NMFS. The CSP determined that the ADF&G logbooks would be used as the primary data source for estimating charter halibut harvest.

After the Council identifies a preliminary preferred alternative, Section 4 will evaluate whether that alternative set is consistent with the Halibut Act.

3.2 Purpose and Need for Action

The Council adopted the following problem statement to originate this action in April 2021.

In 2016 the Council took final action to create a Recreational Quota Entity (RQE), as a market-based solution to an ongoing allocation conflict between charter halibut guides and commercial halibut longline fishermen. This market-based solution authorizes commercial halibut quota share transfers between the RQE and a willing seller. Although the regulations to authorize formation of an RQE were implemented, the Council lacked the authority to regulate the funding mechanism for the RQE. Legislation has been proposed by the U.S. Congress, to grant the Council and NMFS the authority to develop and implement a fee collection mechanism for charter vessel operators that could be used by the RQE to fund administrative costs and purchase of halibut quota share as specified in the RQE program.

In anticipation of the potential enactment of this legislation, the Council would begin the analytical process to explore the administrative requirements necessary to implement a fee collection program for charter vessel operators.

3.3 Alternatives

The Council adopted the following alternatives for analysis in April 2021.

Alternative 1: No action (Status quo).

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

Describe the potential methods to collect a fee from charter vessel operators (e.g., halibut stamps) and mechanisms to subsequently distribute those funds to the RQE. Analysts should explore the range of potential fee collection methods currently used for North Pacific fisheries, including State of Alaska fisheries, and similar programs and provide information on likely administrative costs for collection and disbursement to the RQE.

3.4 Background Information on the Status Quo

The harvest of halibut off Alaska occurs in three fisheries—the commercial, recreational, and subsistence fisheries. The recreational fishery includes guided (i.e., charter) anglers and unguided anglers. This proposed action would not affect the management of the subsistence halibut fisheries or unguided recreational anglers.

The commercial halibut fishery is managed under the Halibut and Sablefish IFQ Program which established allocations of quota share (a long-term use privilege) for halibut and sablefish that correspond with issuance of annual IFQ – the pounds of IFQ fish (species, area, and vessel class specific) that the person may harvest in a given season. The charter halibut fisheries in Areas 2C and 3A are managed under the Charter Halibut Limited Access Program (CHLAP) and the Catch Sharing Plan (CSP).[2] The CHLAP limits the number of operators in the charter fishery, while the CSP establishes annual allocations to the charter and commercial fisheries and describes a process for determining annual management measures to limit charter harvest to the allocations in each Regulatory Area. The more recent development of the RQE program allows for a non-profit entity representing charter halibut anglers to purchase and hold commercial halibut IFQ for use in the charter halibut sector. These programs are all summarized in the following Sections 3.4.1 through 3.4.5 below. Impacts expected from allowing an RQE to purchase halibut IFQ (i.e., impacts to anglers, operators, commercial halibut sector and market, communities and net benefits to the Nation) are included in NMFS (2017).

The proposed action is not intending to modify the IFQ Program, the CHLAP, the CSP, or the RQE program. The proposed funding mechanism would be in addition to these current management structures focusing on allowing the previously established RQE to function as intended with the assistance of a federal mechanism to use charter funding to access the commercial halibut quota market. Thus, this document relies heavily on the information and evaluation contained in the final analyses, as well as the proposed and final rules that established these programs. Additionally, these documents are incorporated by reference.

Relevant aspects of these programs are summarized below to help the reader understand how these fee collection mechanisms may fit into current management. Additionally, this background section includes information on operators, anglers, and communities to aid in later analysis of the impacts of NMFS administering a fee collection program. These sections are primarily included to be available to the reader as reference, as an understanding of the status quo management is needed to consider the proposed funding mechanisms in the analysis of impacts (Section 3.5 and 3.6 below).

3.4.1 Commercial Halibut IFQ Program

The commercial halibut and sablefish fisheries off Alaska are managed under the IFQ Program. The IFQ Program was implemented in 1995. The IFQ Program limits access to the commercial directed halibut fishery to those persons holding halibut quota share (QS) in specific management areas. A more detailed description of QS allocation and management is provided in the final analysis (NPFMC/ NMFS 1993),

[2] The vast majority of charter halibut activity off of Alaska occurs in these two regulatory areas, thus they are the only areas managed under the CHLAP and the CSP. Charter halibut fishing that takes place in any other regulatory area off Alaska is managed similar to the unguided recreational sector (i.e., currently with a limit of two-fish of any size).

the preamble to the proposed rule (57 FR 57130, December 3, 1992), and the twenty-year program review (NPFMC/ NMFS 2016).

The IFQ Program assigned QS by IPHC Regulatory Area based on certain thresholds of historical participation in the commercial halibut fishery. NMFS initially issued QS to qualified participants beginning in 1994. Once QS was issued, NMFS allows QS to be transferred from initial recipients to individuals meeting specific eligibility requirements. QS provides individual harvesting privileges that are allocated on an annual basis through the issuance of IFQ permits. An annual IFQ permit authorizes the holder to harvest a specified amount of halibut in a designated IPHC Regulatory Area. The specific amount of IFQ (in net pounds) is determined by the number of QS units held, the total number of QS units issued in a specific IPHC Regulatory Area, and the total amount of the halibut catch limit allocated by the IPHC in a particular year. If the abundance of halibut decreases over time, the catch limit will decrease and, subsequently, the number of pounds on a person's annual IFQ permit also will decrease. By providing an exclusive privilege to harvest a certain amount of the catch limit at the beginning of the season, and by extending the season over a longer period, the IFQ Program allows QS holders to determine where and when to fish, how much gear to deploy, and how much overall investment to make in harvesting.

The Council and NMFS developed the IFQ Program with several goals in mind. Particularly applicable to this proposed action, the IFQ Program was designed to preserve an owner-operated fleet and to limit consolidation of QS ownership. To accomplish these goals, the IFQ Program was designed to control transferability of QS through: (1) Limits on the amount of QS that can be owned or controlled by individuals and companies (QS transfer and use caps); (2) vessel size categories that limit the size of vessels that can use the annual allocations resulting from the QS; (3) restrictions on who can purchase catcher vessel QS; and (4) limitations on leasing certain categories of QS.

Halibut QS is designated as one of four QS classes (also called "vessel categories" or "size categories" of QS; see Figure 2). These QS categories include A-class for freezer catcher-processor vessels; B-class for vessels greater than 60 ft length overall (LOA); C-class for vessels 36 ft to 60 ft LOA; and D-class for vessels 35 ft or less LOA. The term "catcher vessel QS" refers to QS that can be used to catch, but cannot be used to process, halibut at sea (i.e., B-, C-, and D-class QS). Figure 2 demonstrates the much greater prevalence of C and D class halibut QS in Area 2C (about 93% of the 2C QS), which by comparison makes up about 60% of the QS in Area 3A.

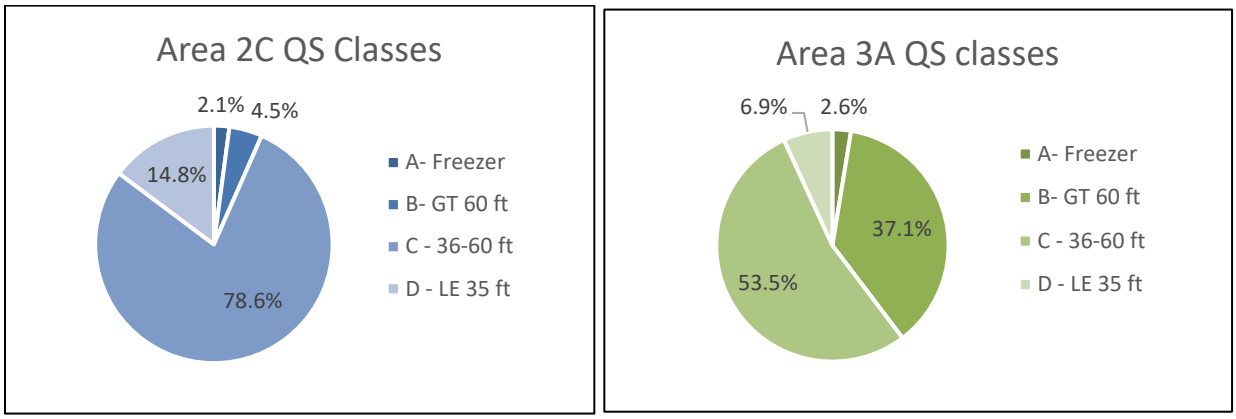


Figure 2 Halibut QS class composition in Areas 2C and 3A

Source: NMFS RAM Program QS holder data, Accessed 8/2/2021.

Halibut QS also has a designation of "blocked" or "unblocked." Blocked QS must be sold as a unit and cannot be separated. No person may hold more than three blocks of halibut QS in any IFQ Regulatory

Area. The purpose of the QS block provision was to ensure that the smallest, most affordable QS would remain available to a part-time fleet of smaller operators in order to maintain some of the fleet diversity that existed prior to the IFQ Program's implementation, and to reduce potential disruption to isolated Alaska fishing communities. Figure 3 demonstrates the much greater prevalence of blocked halibut QS in Area 2C relative to Area 3A.

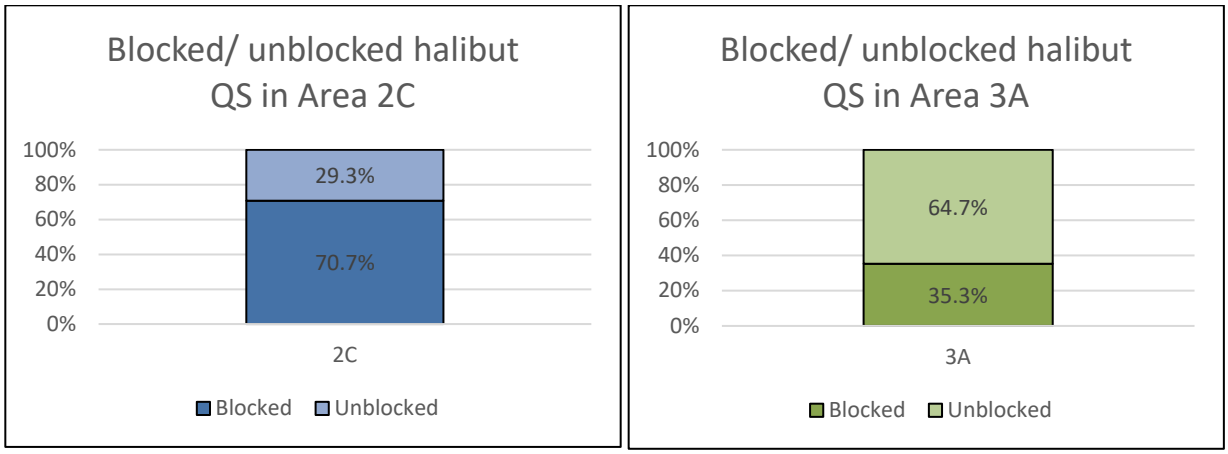


Figure 3 Blocked and unblocked halibut QS in Area 2C and 3A

Source: NMFS RAM Program QS holder data, Accessed 8/2/2021.

3.4.2 Charter Halibut Limited Access Program

The CHLAP was adopted by the Council in 2007, and officially began in 2011. The CHLAP established Federal charter halibut permits (CHPs) for operators in the charter halibut fishery in Areas 2C and 3A. NMFS implemented the CHLAP, based on recommendations by the Council, to meet allocation objectives in the charter halibut fishery. Specifically, this program provides stability in the fishery by limiting the number of charter vessels that may participate in Areas 2C and 3A. The CHLAP also issues a limited number of permits to non-profit corporations representing specified rural communities (Community Quota Entities; CQEs) and to the U.S. military's Morale, Welfare and Recreation (MWR) program for service members.

Since 2011, all vessel operators in Areas 2C and 3A with charter anglers on board must have an original, valid permit on board during every charter vessel fishing trip on which halibut are caught and retained. As can be seen in Table 1 and Table 2, in 2021 there were 529 valid CHPs in Area 2C and 426 valid CHPs in Area 3A (not including CQE CHPs and MWR CHPs). CHPs are endorsed for the appropriate Regulatory Area and the number of anglers that may catch and retain halibut on a charter vessel fishing trip, ranging from 4 to 38 anglers. The average number of anglers endorsed on an Area 2C CHP is 5.1 with a slightly greater average in Area 3A, at 7.4 anglers.

CHPs were issued as transferable or non-transferable, depending on the level of participation during qualifying years. Non-transferable permits were issued to businesses that met some, but not all, of the historic and recent participation requirements. Non-transferable permits were intended to be phased out when the individual or entity that was issued the permit no longer participates in the charter fishery. The Council and NMFS expected the number of operators in the charter halibut fishery to decline as holders of non-transferable permits leave the fishery. In 2012 (after the resolution of appeals), 160 of the Area 2C CHPs were issued as non-transferable, not including CQE CHPs and MWR CHPs which are all non-transferable. By 2021 (as shown in Table 1 and Table 2), 155 of the Area 2C CHPs were non-transferable. In Area 3A, 98 of the Area 3A CHPs were originally issued as non-transferable (after the resolution of

appeals) which has dropped to 85 of the total number of CHPs, not including CQE CHPs and MWR CHPs.

Table 1 Number of transferable and non-transferable CHPs in Area 2C, 2021

Area 2C			
Permit type	**Number of non-transferable permits**	**Number of transferable permits**	**Total number of permits**
CHP	155 (29%)	374 (71%)	529
CQE	48	NA	48
MWR	1	NA	1
Total	204 (35%)	374 (65%)	578

Source: NMFS RAM Program CHP data, Accessed 8/23/2021

Table 2 Number of transferable and non-transferable CHPs in Area 3A, 2021

Area 3A			
Permit type	**Number of non-transferable permits**	**Number of transferable permits**	**Total number of permits**
CHP	85 (20%)	341 (80%)	426
CQE	56	NA	56
MWR	6	NA	6
Total	147 (35%)	341 (65%)	488

Source: NMFS RAM Program CHP data, Accessed 8/23/2021

When the Council recommended implementation of the CHP, it also initially stated that leasing of CHPs would not be allowed. However, CHPs were issued to qualified ADF&G licensed fishing guide business owners. Permits could be held by U.S. citizens or U.S. businesses (with 75 percent U.S. ownership of the business, unless grandfathered in). This decision means that CHPs are not necessarily linked to a skipper, or a particular vessel. CHP holders consist of individuals, groups of individuals, and businesses and it made defining and enforcing a prohibition on "leasing" a challenging task with the risk of unintended consequences.

The Council has continued to grapple with the concepts of leasing, latent capacity, and the retirement of non-transferable CHPs in the charter halibut sector. In April 2018, the Council took action to require an annual renewal of CHPs (84 FR 64023; effective 12/20/2019). By annually documenting and updating the ownership structure of active CHPs, this action intended to facilitate the retirement of non-transferable permits, as well as address the Council's intent to collect information on leasing of CHPs by asking CHP holders whether they have received financial compensation for leasing their permit(s) in the previous year. This action also improves the ability to enforce CHP transfer limitations and ownership caps.

Complete regulations for the CHLAP are published at §§ 300.65, 300.66, and 300.67. Additional details on the development and rationale for the CHLAP can be found in the proposed rule for the CHLAP (74 FR 18178, April 21, 2009).

3.4.3 Area 2C and 3A Catch Sharing Plan

Since 2014, the charter halibut fisheries in Areas 2C and 3A have been managed under the CSP. The CSP defines an annual process for allocating halibut between the commercial and charter fisheries so that each sector's allocation varies in proportion to halibut abundance, specifies a public process for setting annual management measures, and authorizes limited annual leases of commercial IFQ for use in the charter fishery as guided angler fish (GAF).

This section provides a summary of these aspects of the CSP. Additional detail on the development and rationale for the CSP can be found in CSP Analysis (NPFMC 2013), preamble for the CSP proposed rule (78 FR 39122, June 28, 2013), and in the final rule implementing the CSP (78 FR 75844, December 12, 2013).

3.4.3.1 Combined Catch Limits and Sector Catch Limits

The CSP replaced the charter halibut Guideline Harvest Level (GHL) that was in place from 2004 through 2013 for managing the charter fisheries in Areas 2C and 3A (see 50 CFR 300.65). The CSP establishes commercial IFQ and charter fishery allocations that vary proportionally with changing levels of annual halibut abundance and that are intended to balance the differing needs of the commercial IFQ and charter fisheries over a wide range of halibut abundance in Areas 2C and 3A. Under the CSP, the IPHC allocates the combined (commercial IFQ and charter) catch limits (CCL) for Areas 2C and 3A pursuant to the CSP's allocation formulas.

The CSP percentage allocation differs between Areas 2C and 3A and varies somewhat, depending upon the CCL. Overall, the charter fishery's relative share of the CCL is higher when the CCL is lower, but lower when the CCL is higher. The IPHC multiplies the CSP allocation percentages for Areas 2C and 3A by the annual CCL in that area to calculate the commercial and charter halibut allocations in net pounds. Fishery-specific catch limits are calculated by deducting separate estimates of wastage (*i.e.,* the mortality of discarded fish) from the commercial IFQ and charter fishery allocations. At current low levels of halibut abundance (2021), the charter fishery in Area 2C is allocated its highest percentage (18.30%) of the CCL. The charter halibut fishery in Area 3A is in a middle level of its allocation at 17.5%. This means 81.7% and 82.5% of the halibut CCL was allocated to the commercial sectors in Area 2C and Area 3A, respectively in 2021.

3.4.3.2 Annual Management Cycle

The CSP also describes a public process by which the Council develops recommendations to the IPHC for charter angler harvest restrictions (annual management measures) that are intended to limit harvest to the annual charter fishery catch limit in Areas 2C and 3A. It has long been a goal for charter halibut management to have consistent management measures (e.g., bag limits, size restrictions, etc.) throughout the season. However, the absence of inseason management means that small variance relative to the charter sector's allocation were expected to occur. The process defined in the CSP and used to set annual management measures was developed to allow rapid annual adjustment of management measures to ensure the charter sector remains at or below its allocation given the best information available predicting charter harvest for the following year. This is a collaborative process between stakeholders, ADF&G, the Council, NMFS and the IPHC.

Each year in October, the Council's Charter Halibut Management Committee (Charter Committee) reviews charter harvest in Areas 2C and 3A during the current year in relation to the charter catch limit. The Charter Committee makes recommendations on possible management measures for Areas 2C and 3A to be analyzed for the coming year. Some of these measures directly restrict the number or size of fish that may be retained (e.g., daily bag limits, trip limits, annual limits, and size limits), whereas other measures indirectly restrict the harvest (e.g., day of week closures, or prohibition on harvest by skipper and crew).

In December of the same year, the Charter Committee meets again to review the ADF&G analysis. The Committee identifies various management measures that will most likely constrain charter halibut harvest under a range of possible catch limits that could eventually be adopted by the IPHC. In forming their recommendations, the Committee also considers economic impacts on charter operations. The NPFMC in turn considers the recommendations of the Committee along with public testimony to develop a recommendation to the IPHC.

At its annual meeting in January of each year, the IPHC allocates the CCL for Area 2C and Area 3A between the commercial IFQ fishery and the charter fishery for that year based on the CSP regulations described above. The IPHC takes into account Council recommendations, any additional information available to the IPHC, and input from the public and IPHC staff. Upon adoption of the regulations, the IPHC formally notifies the respective Canada and United States governments, and, after acceptance by the Secretary of State, and with the concurrence of the Secretary of Commerce, NMFS publishes in the Federal Register the charter halibut management measures for each area as part of the IPHC annual management measures.

3.4.3.3 Timeseries of Management Measures, Allocation, and Harvest in Areas 2C and 3A

The CHLAP and CSP were developed in response to increasing harvests in the charter fisheries in Areas 2C and 3A over the past 20 years. Until 2003, charter and unguided anglers were managed under the same two-halibut daily bag limit in all IPHC Regulatory Areas in Alaska. Since 2003, charter management measures have become more restrictive in Areas 2C and 3A, where most charter fishing occurs, as NMFS and the IPHC have sought to limit charter harvests to specific harvest limits. In 2003, NMFS implemented a final rule to establish a guideline harvest level (GHL) that identified target harvest limits for the charter fishery in Areas 2C and 3A (68 FR 47256, August 8, 2003). After the GHL was implemented, NMFS and the IPHC implemented a variety of additional management measures in Areas 2C and 3A in an effort to constrain charter fishery harvests to the harvest limits established by the GHL. Table 3 and Table 4 demonstrate the historical catch limits, regulations, and harvest in the charter fisheries in Areas 2C and 3A.

In Area 2C, charter anglers have only been allowed to harvest a bag limit of one halibut per person, per day since 2009. Implementation of a one-halibut daily bag limit was intended to keep charter fishery harvests to approximately the Area 2C GHL. In the years following implementation of the one-fish bag limit, additional restrictions were required to maintain harvest near the Area 2C GHL, including a prohibition on halibut harvest by charter captains and crew, limits on the maximum number of lines that could be deployed, maximum size limits, and beginning in 2012, a reverse slot limit (protected slot limit) that allows charter vessel anglers to retain halibut that are either below or above a specific size range. With the implementation of the CSP in 2014, charter fishery management became more restrictive in Area 2C to maintain charter fishery harvests within the Area 2C CSP allocations. Since the CSP program began, Area 2C exceeded its allocation in 2014 (by 8.7%) and 2018 (by 2.8%). Area 2C charter representatives have typically recommended a reverse slot limit as a preferred management measure over other measures used in Area 3A (e.g., day-of-the-week closures). This is in part due to many operations' reliance on cruise ships for clientele and the challenges with scheduling around cruise ships.

In Area 3A, a two-fish daily bag limit with no size limits was maintained until the CSP went into effect in 2014. Since 2014, the Area 3A charter fishery has continued to be managed under a two-fish daily bag limit with no harvest by charter captains or crew, but management measures have become increasingly restrictive each year to maintain charter fishery harvests within the CSP allocation. Other types of restrictions have included annual limits on the number of halibut a charter angler can harvest, one halibut trip per vessel per day, one trip per CHP per day, a size limit on one of the two fish in the daily bag limit, and day-of-the-week closures. Since the CSP program began, Area 3A has been over its allocation in every year expect for 2020 (between 5.4% up to 15.9%). However, predicting harvest in Area 3A is more

difficult given the combination of measures and the inability to fully predict angler response to the types of measures used (e.g., if Wednesdays are closed to charter halibut fishing, will anglers be able to rebook on a different day of the week?). It is difficult to retrospectively identify the "cause" of the overage in this area.

The year 2020 was unique due to the onset of the COVID-19 pandemic and subsequent response, including a dramatic drop in out-of-state Alaskan tourism. In 2020, the charter fishery in Area 2C had a catch limit of 780,000 pounds and was originally set under a one-fish daily bag limit with a reverse slot limit that allowed the retention of a halibut of 40 inches or less, or 80 inches or more, and a prohibition on the harvest of halibut by skippers or crew. Due to the expected impacts of the COVID-19 pandemic, these measures were relaxed and the charter sector began fishing under a new set of measures beginning June 14, 2020 (85 FR 37023, June 19, 2020). The reverse slot limit was relaxed to allow the retention of a halibut of 45 inches or less, or 80 inches or more; however, Area 2C still ended up 36% below its allocation. In 2020, Area 3A had an allocation of 1,710,000 lb and began the year with a two-fish daily bag limit with a 26-inch maximum size limit on one fish; a 4-fish annual limit for each charter fishery angler; closures to charter fishing on Wednesdays and Thursdays throughout the year; a limit of only one charter trip per day per vessel (and per charter halibut permit); and a prohibition on the harvest of halibut by skippers or crew. These measures were also relaxed mid-season due to the expected impacts of the pandemic. The size limit changed to a 32-inch maximum size limit on one fish, and the annual limits and day-of-the-week closures were withdrawn beginning June 14, 2020. Area 3A ended up 6.6% under its allocation for 2020.

Table 3 Area 2C charter regulation history, allocation, and removals

Year	Mgmt Type	Area 2C Charter Regulations	Allocation	Removals* (Mlb)	Under (-)/ Over (+) Allocation	
					Mlb	%
pre - 2003	no GHL	Two fish any size, no limit on crew retention.	NA			
2003	GHL	Two fish any size, no limit on crew retention.	1.432	1.412	-0.020	-1.4%
2004	GHL	Two fish any size, no limit on crew retention.	1.432	1.75	0.318	22.2%
2005	GHL	Two fish any size, no limit on crew retention.	1.432	1.952	0.520	36.3%
2006	GHL	Two fish any size, State EO prohibiting crew harvest 5/26-12/31.	1.432	1.804	0.372	26.0%
2007	GHL	Two fish (one ≤ 32"; effective 6/1), no crew retention 5/1-12/31 (State EO and Federal Rule).	1.432	1.918	0.486	33.9%
2008	GHL	Two fish (one ≤ 32"), except one-fish bag limit Jun 1-10 (halted by injunction).	0.931	1.999	1.068	114.7%
2009	GHL	One fish any size, no harvest by skipper & crew, line limit (effective 6/5).	0.788	1.249	0.461	58.5%
2010	GHL	One fish any size, no harvest by skipper & crew, line limit.	0.788	1.086	0.298	37.8%
2011	GHL	One fish ≤ 37", no harvest by skipper and crew, line limit.	0.788	0.344	-0.444	-56.3%
2012	GHL	One fish ≤ 45" or ≥ 68", no harvest by skipper and crew, line limit.	0.931	0.605	-0.326	-35.0%
2013	GHL	One fish ≤ 45" or ≥ 68", no harvest by skipper and crew, line limit.	0.788	0.762	-0.026	-3.3%
2014	CSP	One fish ≤ 44" or ≥ 76", CSP provisions.	0.761	0.827	0.066	8.7%
2015	CSP	One fish ≤ 42" or ≥ 80", CSP provisions.	0.851	0.814	-0.037	-4.3%
2016	CSP	One fish ≤ 43" or ≥ 80", CSP provisions.	0.906	0.839	-0.067	-7.4%
2017	CSP	One fish ≤ 44" or ≥ 80", CSP provisions.	0.915	0.941	0.026	2.8%
2018	CSP	One fish ≤ 38" or ≥ 80", CSP provisions.	0.810	0.716	-0.094	-11.6%
2019	CSP	One fish ≤ 38" or ≥ 80", CSP provisions.	0.820	0.697	-0.123	-15.0%
2020	CSP	One fish ≤ 40" or ≥ 80"; changed to one fish ≤ 45" or ≥ 80" on 6/14/2020, CSP provisions.	0.780	*0.500*	*-0.280*	*-36.0%*
2021	CSP	One fish ≤ 50" or ≥ 72", CSP provisions.	0.810			

Notes: CSP provisions mean no harvest by captains or crew.
Removal estimates for 2020 are preliminary.

Table 4 Area 3A charter regulation history, allocation, and removals

Year	Mgmt Type	Area 3A Charter Regulations	Allocation (Mlb)	Removals* (Mlb)	Under (-)/ Over (+) Allocation	
					Mlb	%
pre-2003	no GHL	Two fish any size, no limit on crew retention.	NA			
2003	GHL	Two fish any size, no limit on crew retention.	3.65	3.382	-0.268	-7.3%
2004	GHL	Two fish any size, no limit on crew retention.	3.65	3.668	0.018	0.5%
2005	GHL	Two fish any size, no limit on crew retention.	3.65	3.689	0.039	1.1%
2006	GHL	Two fish any size, no limit on crew retention.	3.65	3.664	0.014	0.4%
2007	GHL	Two fish any size, state EO prohibiting crew harvest 5/1-12/31.	3.65	4.002	0.352	9.6%
2008	GHL	Two fish any size, state EO prohibiting crew harvest 5/24-9/1.	3.65	3.378	-0.272	-7.5%
2009	GHL	Two fish any size, state EO prohibiting crew harvest 5/23-9/1.	3.65	2.734	-0.916	-25.1%
2010	GHL	Two fish any size, no limit on crew retention.	3.65	2.698	-0.952	-26.1%
2011	GHL	Two fish any size, no limit on crew retention.	3.65	2.793	-0.857	-23.5%
2012	GHL	Two fish any size, no limit on crew retention.	3.103	2.284	-0.819	-26.4%
2013	GHL	Two fish any size, no limit on crew retention.	2.734	2.514	-0.220	-8.0%
2014	CSP	Two fish (one ≤ 29"), CSP provisions.	1.782	2.066	0.284	15.9%
2015	CSP	Two fish (one ≤ 29"), 5-fish annual limit, Thursday closure (6/15-8/31), CSP provisions.	1.890	2.094	0.204	10.8%
2016	CSP	Two fish (one ≤ 28"), 4-fish annual limit, Wednesday closure, CSP provisions.	1.814	2.021	0.207	11.4%
2017	CSP	Two fish (one ≤ 28"), 4-fish annual limit, Wednesday closure, 3 Tuesdays closed, CSP provisions.	1.890	2.089	0.199	10.5%
2018	CSP	Two fish (one ≤ 28"), 4-fish annual limit, Wednesday closure, 6 Tuesdays closed, CSP provisions.	1.790	1.886	0.096	5.4%
2019	CSP	Two fish (one ≤ 28"), 4-fish annual limit, Wednesday closure, 5 Tuesdays closed, CSP provisions.	1.890	2.054	0.164	8.7%
2020	CSP	Two fish (one ≤ 26"), 4-fish annual limit, Wednesday and Tuesday closure, CSP provisions. On 6/14/20 begin fishing with two fish (one ≤ 32"), no annual limit, 7 days fishing per week, CSP provisions.	1.71	*1.597*	*-0.113*	*-6.6%*
2021	CSP	Two fish (one ≤ 32"), Wednesday closure, CSP provisions.	1.95			

Notes: CSP provisions mean no harvest by captains or crew. Additionally, since 2014 vessels in Area 3A have been limited to one trip per day and since 2016 CHPs have been limited to one trip per day.
Removal estimates for 2020 are preliminary.

3.4.3.4 Guided Angler Fish Program

In 2014, as part of the CSP, NMFS implemented the Guided Angler Fish (GAF) Program to authorize limited annual transfers of commercial halibut IFQ as GAF to qualified CHP holders. The GAF Program provides additional harvest opportunities for charter anglers. Using GAF, qualified CHP holders may lease or use their own commercial IFQ to offer charter anglers the opportunity to retain halibut up to the limit for unguided anglers when charter management measures limit charter anglers to a more restrictive harvest limit. For example, if charter management regulations in Area 2C restrict charter anglers to a one-halibut daily bag limit, a charter angler could retain one halibut and use one GAF to retain a second halibut, bringing the retained amount to two halibut—the same daily bag limit that applies to unguided anglers. The GAF Program is described in more detail in the CSP Analysis (NPFMC 2013) and in the proposed rule for the CSP (78 FR 39122, June 28, 2013) and updated information on GAF usage is made available annually through NMFS reports.3 A brief summary of the GAF Program is provided below.

In order to receive GAF, an IFQ holder and a CHP holder receiving GAF must submit an application to NMFS for review and approval. GAF transfers may be between separate IFQ and CHP holders, or a person holding both IFQ and a CHP can transfer their IFQ to himself or herself as GAF. Upon approval of the transfer application, NMFS issues a GAF permit to the holder of the CHP. Once the transfer is approved, the GAF permit holder may offer additional GAF harvest opportunities to anglers on board the vessel on which the operator's GAF permit and the assigned CHP are used.

NMFS issues GAF in whole numbers of halibut based on a conversion factor from IFQ pounds. Conversion factors are based on the average net weights of GAF harvested in the applicable IPHC Regulatory Area (Area 2C or 3A) during the previous year (Table 5). Average weights are determined from data that charter vessel guides report directly to NMFS. For 2021, 72 pounds of IFQ yields one GAF in Area 2C, and 57 pounds of IFQ yields one GAF in Area 3A.

Table 5 IFQ pounds Conversion Factor for GAF in Area 2C and 3A

Year	Conversion Factor IFQ lb / GAF	
	Area 2C	Area 3A
2014	26.4	12.8
2015	67.3	38.4
2016	65.1	36.1
2017	74	42
2018	71	44
2019	66	42
2020	61	40
2021	72	57

Source: NMFS GAF Report, 2020

A summary of participation and transfer activity in the GAF Program are shown in Table 6 and Table 7. Despite the greater number of pounds of IFQ typically need for one GAF in Area 2C relative to 3A, more pounds of IFQ and total GAF have been transferred each year in Area 2C relative to Area 3A. GAF transfer amounts have been relatively low in Area 2C but had been increasing prior to the start of the pandemic in 2020. In 2019, 1,601 GAF were transferred to 56 GAF permit holders representing 97,680 lb of Area 2C IFQ. GAF permit holder must also hold a CHP, thus these 56 GAF permit holders can be compared to 261 total CHP holders (excluding CQEs and MWR CHP holders).

[3] https://www.fisheries.noaa.gov/resource/document/guided-angler-fish-gaf-program-annual-reports

Participation rates in the GAF program continue to be quite low in Area 3A with between 7 and 17 unique permit holders being issued GAF, relative to the 289 CHP holders in the area (excluding CQEs and MWR CHP holders). Among the few who do choose to lease GAF in Area 3A, many represent self-transfers from halibut QS they also hold. Possibly related to this fact, there also tends to be lower GAF harvest rates in Area 3A relative to Area 2C, in which case unused GAF is converted back into IFQ at the end of the season (see NMFS GAF Report 2020).

Table 6 Summary of IFQ to GAF transfers in Area 2C

Year	IFQ Pounds Transferred	Number of GAF Transferred	Number of GAF Permits Issued	Number of GAF Permit Holders	Percentage of self-transfers
2014	29,498	1,117	92	30	14%
2015	36,934	548	119	27	7%
2016	47,064	723	132	32	10%
2017	53,206	719	207	34	7%
2018	80,656	1,222	332	46	6%
2019	97,680	1,601	341	56	5%
2020	57,645	801	235	48	8%

Source: NMFS GAF Report, 2020

Table 7 Summary of IFQ to GAF transfers in Area 3A

Year	IFQ Pounds Transferred	Number of GAF Transferred	Number of GAF Permits Issued	Number of GAF Permit Holders	Percentage of self-transfers
2014	11,654	910	19	13	47%
2015	10,337	269	25	13	40%
2016	10,442	289	26	11	38%
2017	9,786	233	22	13	41%
2018	12,760	304	31	17	35%
2019	13,524	338	29	13	45%
2020	5,240	92	15	7	67%

Source: NMFS GAF Report, 2020

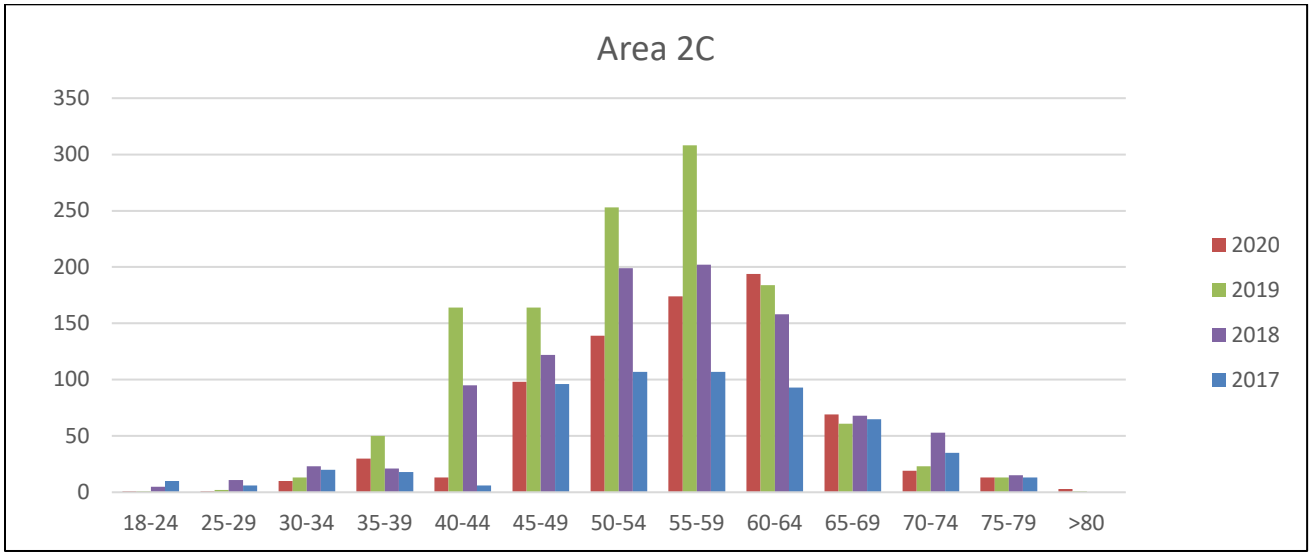
Depending on the management measures in a given year, the ability to use GAF can mean something different for a charter halibut angler in Area 2C compared to one in Area 3A. In Area 2C a one-fish bag limit has been in place since 2009 and the reverse slot limit has been in place since 2012. Therefore, for charter anglers in Area 2C, a GAF could mean the difference between being able to harvest a second fish of any size versus just one fish. If the charter angler was only able to catch a halibut that was within the protected slot limit, for them, a GAF could mean the ability to retain a single fish.

For charter anglers in Area 3A a GAF can represent a number of things. Since 2014, charter anglers in Area 3A have been able to catch two fish, but one of those fish has been limited in size. Thus, a GAF could represent a larger sized second fish. If the angler is only able catch fish larger than the size restriction, a GAF could mean the difference between retaining one fish or two. GAF also do not count

toward an angler's annual limit and they are not subject to the day-of-the-week closures. Therefore, they could represent the option to catch a halibut when they otherwise could not.

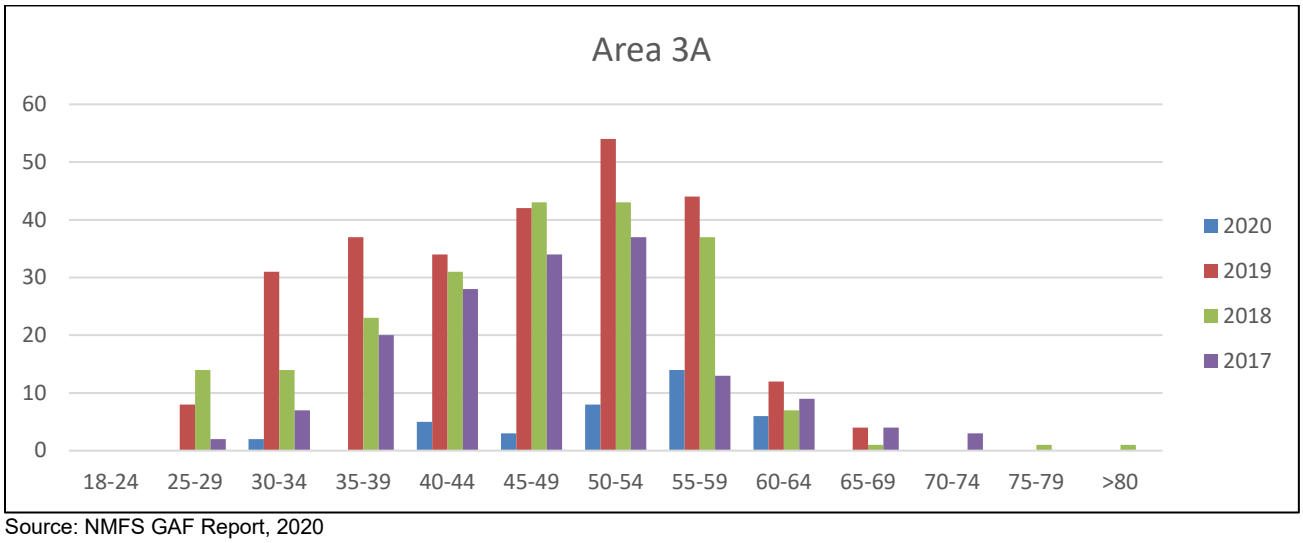
The length frequencies reported for GAF, as can be seen in Figure 4 and Figure 5, demonstrate that Area 2C GAF tend to be larger than GAF harvested in Area 3A (hence the greater conversion factor). The majority of GAF harvested in Area 2C are within the protected slot size which has been in place in recent years.

Figure 4 GAF length frequency distribution in Area 2C



Source: Source: NMFS GAF Report, 2020

Figure 5 GAF length frequency distribution in Area 3A



Source: NMFS GAF Report, 2020

If GAF transfers involve a monetary transaction (as opposed to self-transfers or gifts of GAF) then GAF participants are required to report the value of the transaction. Of the transfers for which price information was reported, and excluding prices associated with self-transfers, lease prices have been around $5 per pound in both Area 2C and 3A (Table 8). However, the greater conversion factor for Area 2C (due to the larger GAF typically harvested in this area) makes an Area 2C GAF generally a more expensive fish.

Table 8 Weighted average price per pound and price per GAF in Area 2C and 3A

Year	Area 2C			Area 3A		
	Weighted avg. $ / lb	IFQ lb / GAF conversion factor	Avg $/GAF	Weighted avg. $ / lb	IFQ lb / GAF conversion factor	Avg $/GAF
2014	$5.62	26.4	$148.37	$5.01	12.8	$64.13
2015	$5.62	67.3	$378.23	$4.66	38.4	$178.94
2016	$5.43	65.1	$353.49	$5.46	36.1	$197.11
2017	$5.32	74	$393.68	$4.59	42	$192.78
2018	$5.17	71	$367.07	$5.11	44	$224.84
2019	$5.33	66	$351.78	$5.28	42	$221.76
2020	$4.99	61	$304.39	$4.00	40	$160.00

Source: NMFS GAF Report, 2020

Three restrictions on GAF transfers were implemented with the GAF Program. First, IFQ holders in Area 2C are limited to transferring up to 1,500 pounds or 10 percent, whichever is greater, of their initially-issued annual halibut IFQ for use as GAF. In Area 3A, IFQ holders may transfer up to 1,500 pounds or 15 percent, whichever is greater, of their initially-issued annual halibut IFQ for use as GAF. Second, no more than 400 GAF will be assigned during one year to a GAF permit assigned to a holder of a CHP that is endorsed for six or fewer anglers. Third, no more than a total of 600 GAF will be assigned during one year to a GAF permit assigned to a holder of a CHP endorsed for more than six anglers. The restrictions on transfers of GAF are intended to prevent a particular individual, corporation, or other entity from acquiring an excessive share of halibut fishing privileges as GAF.

NMFS' costs associated with management, data collection, and enforcement of the GAF Program are recoverable through IFQ Program Cost Recovery fees. The IFQ permit holder is responsible for paying IFQ Program Cost Recovery fees on all pounds of IFQ landed as GAF. The fee calculation is based on the standard price calculated by NMFS, aggregated to IPHC Regulatory Area 2C or 3A.

3.4.4 Community Quota Entity Program

An amendment to the IFQ Program in 2004 allowed for a distinct set of remote coastal communities in the Gulf of Alaska (GOA) to be eligible to purchase and hold catcher vessel QS in Areas 2C, 3A, and 3B (69 FR 23681, April 30, 2004). Eligible communities can form non-profit corporations called Community Quota Entities (CQEs) to purchase catcher vessel QS. The IFQ resulting from the QS must be leased (i.e., made available for fishing) to community residents annually.

NMFS determined that CQE eligibility applied to 46 Alaskan communities, based on certain criteria for size, accessibility, and historical participation in the halibut or sablefish fisheries. Currently, 25 communities have formed non-profit corporations and have applied for and been approved to obtain QS by transfer.[4] Of those 25 CQEs, 5 have purchased QS. CQEs may also apply to NMFS to be able to participate in the CHLAP by purchasing CHPs and are authorized to receive Community Charter Halibut Permits which is similar to a CHP, but available only to CQEs. To date, 20 CQEs have applied for and been issued Community CHPs. Although CQE's may also receive CHPs by purchasing (i.e., transferring) them from non-CQE permit holders, no CQE has received any CHPs by transfer to date.

[4] NMFS website includes a list of CQE's currently registered: https://www.fisheries.noaa.gov/sites/default/files/akro/20cqenamescontacts.htm

As noted in Section 3.4.2, CQE communities are also authorized to hold Charter Halibut Permits. By mid-2021, 48 CHPs had been issued to CQEs in Area 2C, and 56 CHPs had been issued to CQEs in Area 3A.

More information on the provisions of the CQE Program is provided in the RQE final analysis (NPFMC 2017) and the CQE Program Review (NPFMC 2010).

3.4.5 Recreational Quota Entity

In December 2016, the Council took final action to approve a regulatory program that would authorize a charter halibut RQE to purchase and hold commercial halibut quota share on behalf of the charter halibut anglers in IPHC Regulatory Areas 2C and 3A. The RQE would provide a mechanism for a compensated reallocation of a portion of commercial halibut quota share to the charter halibut fishery. This final rule became effective October 22, 2018 (83 FR 47819, September 21, 2018). This program is described below, but further detail can be found in the final analysis (NPFMC 2017) and the proposed rule (82 FR 46016, October 03, 2017).

Under this program, any halibut quota share purchased by a RQE would augment the apportioned pounds of halibut for the charter catch limit for that Area in that year, which could be used to relax the annual charter management measures (e.g., bag limits and size restrictions) up to the allowance for the unguided recreational sector. Halibut QS held by the RQE would generate annual pounds of recreational fishing quota (RFQ); a type of annual harvest privilege similar to IFQ that would have special requirements that pertain only to the RQE. RFQ would be calculated in the same manner as IFQ. Under this proposed rule, the specific amount of RFQ (in net pounds) would be determined by the number of QS units held by the RQE as of October 1 of the preceding calendar year, the total number of halibut QS units issued in Area 2C or 3A as of January 15 of the year the IFQ or RFQ is issued, and the total amount of halibut allocated to the commercial IFQ fisheries in Areas 2C and 3A for that year.

Although the amount of RFQ would be calculated in the same way as IFQ, it would be subject to different requirements. The additional pounds of RFQ for each regulatory Area would be combined with the charter catch limit determined under the CSP to calculate an adjusted charter catch limit for the year for Area 2C or 3A. Annual charter management measures for Areas 2C and 3A would be analyzed, recommended to the IPHC, and adopted for implementation based on the estimated adjusted charter catch limits. RFQ held by the RQE would be available for harvest by all charter anglers aboard registered charter vessels of any size, regardless of the QS class from which that RFQ originated. RFQ cannot be transferred as GAF. These management measures would apply for all charter halibut anglers in the corresponding IPHC Areas. In other words, there would not be an option for certain anglers or certain operators to opt out.

3.4.5.1 RQE Organizational Structure and Board

The final rule allows the establishment of an RQE as a single qualified non-profit entity to represent and manage separate QS holdings for Areas 2C and 3A.

The Council recommended establishment of an RQE that is a qualified non-profit entity registered with the Internal Revenue Service (IRS) to purchase and hold commercial halibut QS for use by the guided halibut sector. To implement this recommendation, NMFS proposed requirements specifying that the RQE must be a qualified non-profit entity registered under the laws of the State of Alaska and recognized as exempt from Federal income tax by the IRS. Non-profit status is a state law concept and does not directly apply to Federal tax law. A non-profit organization may be eligible for certain benefits, such as state sales, property and income tax exemptions. Although most Federal tax-exempt organizations are non-profit organizations, being recognized as a non-profit organization at the state level does not automatically grant the organization exemption from Federal income tax. To qualify as exempt from

Federal income tax, an organization must seek recognition of exemption from Federal income tax under section 501(a) of the Internal Revenue Code.

The final rule established specific requirements for an entity to be authorized as the RQE. To be approved as the entity eligible to purchase and hold halibut QS, the applicant wishing to become the RQE would be required to demonstrate it is a non-profit entity registered under the laws of the State of Alaska by submitting to NMFS the articles of incorporation and management organization information, including bylaws and a list of key personnel including, but not limited to, the board of directors, officers, representatives, and managers.

Articles of incorporation are public documents that must be filed with the state agency where the corporation becomes incorporated (e.g., with Alaska's Division of Corporations, Business, and Professional Licensing). As stated in the final rule, the RQE would need to be incorporated within the State of Alaska consistent with incorporation requirements applicable to CQEs. Bylaws are private documents describing the organization's operating procedures that are not filed with any government agency.

The Council chose to not specify how the board of directors of the RQE should be structured. It considered options to require a certain number of board members representing different user groups, but ultimately decided that these decisions were best left to the RQE. The Council intends that the RQE board should have the flexibility to tailor its composition in a way that best addresses the RQE's needs. The Council noted that a representative of the Alaska Department of Revenue may sit as an ex-officio (non-voting) member of the RQE board, and the Commissioner of the Alaska Department of Fish and Game, or their designee, may sit as a voting member of the RQE board; however, the Council did not intend to be prescriptive with respect to RQE board membership. The Council intended for the RQE to determine whether these officials would be a member of the RQE board. For example, if funding for the RQE is provided or administered by the State of Alaska, then a board member from the Alaska Department of Revenue might be beneficial; however, the Council intended for this determination to be at the discretion of the RQE. Because the Council intended for the RQE to have flexibility to select members of the RQE board, the composition of the RQE board is not specified in regulation.

The final rule noted that the approved RQE must maintain its non-profit and tax-exempt status. If the approved RQE entity does not meet this requirement, NMFS would not issue the RFQ that would otherwise be issued to the RQE based on its QS holdings.

3.4.5.2 RQE Status

On March 4, 2020, NMFS approved an application for the CATCH Association (Catch Accountability through Compensated Halibut) to serve as the RQE. The CATCH association achieved the requirements to form the RQE by submitting articles of incorporation and management organization information to NMFS, including 1) bylaws and 2) a list of key personnel including, but not limited to, the board of directors, officers, representatives, and managers.

3.4.5.3 Use of RQE Funds and Annual Report

During the development of the RQE Program, the Council discussed how a non-profit RQE would operate financially and considered placing restrictions on the RQE's activities and use of its funds; however, the Council struggled with defining such activities. Moreover, there were challenges with enforcing such broad provisions and determining the punishment for violating the requirements. Thus, no regulations were established regarding the use of funds obtained by the RQE.

However, during final action, the Council included policy language to describe its intent for funds generated through this program, stating that it, "**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." This language describing the intended use of fees has been adapted into the proposed U.S. bill (as described in Section 3.4.8). Therefore, if this bill passes through Congress, funds coming from a federal fee collection program shall be available for these purposes.

The Council also included an annual reporting requirement for the RQE in years where the group held quota. This report would allow the Council to track the development and activity of the RQE and its use of funds to determine if the RQE was operating in a way consistent with the intent. If the Council determined that RQE funds were not being used in an appropriate way, the Council could take action.

The RQE would be required to include the following general information in its annual report:

(1) Any changes to the bylaws, board of directors, or other key management personnel of the RQE during the preceding year;

(2) amounts and descriptions of annual administrative expenses;

(3) amounts and descriptions of funds spent on conservation, research, and promotion of the halibut resource and a summary of the results; and

(4) amounts and descriptions of all other expenses.

Additionally, the RQE would be required to submit the following information by Regulatory Area:

(1) The total amount of halibut QS by vessel category and block held by the RQE at the start of the calendar year, on October 1, and at the end of the calendar year;

(2) a list of all transfers (purchases, sales, and any other transfers) of halibut QS, including transaction prices if applicable; and

(3) the number of CHPs and associated angler endorsements purchased and held by the RQE.

If the RQE held QS in the previous year and has not submitted a timely and complete annual report by the January 31 deadline, NMFS would not approve a transfer of QS or issue RFQ until the report is submitted. To confirm receipt of the report, NMFS proposed that the RQE submit the annual report to both the Council and NMFS.

3.4.5.4 RQE Transfer Restrictions

Under this proposed RQE Program, two-way transfers of QS would be allowed. Quota share acquired by the RQE could be transferred to an otherwise eligible participant in the commercial IFQ fishery. Because QS and the resulting IFQ used in the commercial IFQ fishery is subject to vessel categories and block designations on initially-issued QS—unlike the QS and resulting RFQ used by the RQE, which is exempt from such categories and designations—NMFS will track QS units, IFQ pounds, and vessel class and block designations that apply to ensure that original categories and designations for the commercial IFQ fishery are maintained during the transfer process.

The Council included a number of types of transfer restrictions on an RQE's acquisition of QS including: restrictions on the type of quota share that could be purchased (i.e., QS class and block status) that differ by Area, annual limits on transfer, total limits on holdings, and combined limits on how much QS could be held and GAF could be transferred in a year. This section summarizes these limits which are depicted in Figure 6. Further details and rationale for the restrictions established are in the final analysis (NPFMC 2017) and in the proposed rule (82 FR 46016, October 03, 2017).

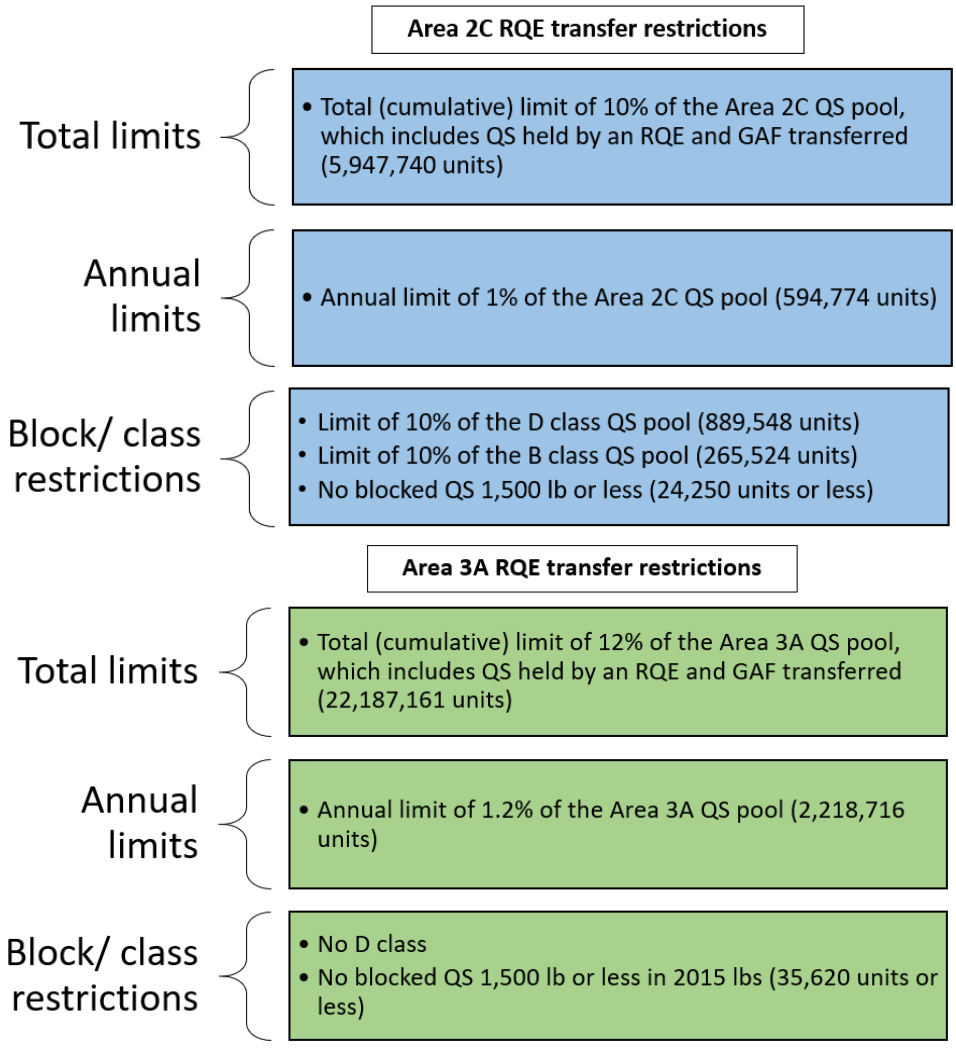


Figure 6 RQE transfer restrictions for Area 2C and 3A

3.4.5.4.1 Vessel Class Restrictions

There are limits on the amounts of QS the RQE could hold by vessel class in Areas 2C and 3A. In Area 2C, the RQE is limited to holding an amount equal to 10 percent of D class QS and an amount equal to 10 percent of B class QS, based on the 2015 QS pools. Translated to QS units, the RQE is prohibited from holding more than 889,548 units of D class QS, and more than 265,524 units of B class QS in Area 2C. In Area 3A, the RQE is prohibited from purchasing or holding D class QS. The RQE could purchase any amount, up to the annual transfer and cumulative use limits of A-, B-, and C- class QS in Area 3A.

The Council considered the current composition of the QS pools in Areas 2C and 3A, and the potential impact on specific QS categories when proposing these regulations. D class QS cannot be fished on vessels greater than 35 ft LOA in Area 3A or 2C. Thus, the proposed limits on the RQE acquiring D class shares is intended to maintain vessel size diversity in the commercial fleet. Additionally, the Council and NMFS noted that D class QS tends to sell for a lower price and could therefore make it a desirable and accessible class of QS for the RQE to purchase. Therefore, the limits are being proposed to reduce the potential for the RQE to obtain so much D class QS as to impact the size diversity of the commercial IFQ fishery fleet by substantially reducing the amount of QS available for small vessels in the commercial fleet. The proposed limits on D class QS purchases are also intended to protect the opportunity for new entrants in the commercial fishery because these participants often use vessels that are 35 ft LOA or less.

In Area 2C, B- and C- class QS also provide entry-level opportunities. A total prohibition on acquisition of D class QS in Area 2C could put market pressure on other parts of the Area 2C QS market that are important for entry and diversity. While C class QS makes up about 79 percent of the total Area 2C QS pool, B class QS represents a relatively small percentage (4.5 percent). Therefore, the RQE QS purchases in Area 2C are limited to 10 percent of the B class QS pool (based on the 2015 QS pool). Because restrictions on B class QS transfers would limit the QS market opportunity for the RQE in Area 2C, the Council recommended and NMFS proposes some limited opportunity in the D class market to relieve some of the potential market pressure on the remaining C class QS (10 percent of the D class QS pool in Area 2C). These provisions are intended ensure that most of the B- and D-class QS are used in the commercial IFQ fishery and are intended to balance entry-level opportunities and fleet diversity in the commercial IFQ fishery, with potential benefits to the charter fishery from transfers of QS to the RQE.

3.4.5.4.2 Block Restrictions

In addition to vessel class restrictions, the RQE has limits on the size of QS blocks that it can purchase in both Area 2C and 3A. The RQE is prohibited from purchasing blocks of QS by class that equate to 1,500 pounds or less (based on 2015 pounds). For Area 2C, this means that the RQE could not purchase blocked QS of 24,250 units or less. For Area 3A, the RQE would be prohibited from purchasing blocked QS of 35,620 units or less. These prohibitions were established to ensure that small and more affordable blocks of QS remain available for purchase by new entrants and small businesses in the commercial IFQ fishery. The prohibition on the transfer of small blocks of QS will have limited impact on the total available market of QS that the RQE could purchase.

3.4.5.4.3 Annual Limits

This proposed rule would establish Area-specific annual limits on the amount of halibut QS that can transfer to an RQE. The intended effect of these transfer limits is to limit the amount of halibut QS that could be transferred from the commercial IFQ fishery and used as RFQ in the charter fishery each year, and to minimize any abrupt negative impacts that may occur to participants in the commercial IFQ fishery or to CQEs due to additional competition in the QS market that may occur with the entry of an RQE. Annual transfer limits would allow users in the commercial IFQ and charter fisheries time to adapt business plans and personal strategies to changes in the composition of the fisheries.

The Council recommended and NMFS proposes an annual transfer limit equivalent to 1 percent of the commercial QS units in Area 2C based on the 2015 pool of all QS categories (59,477,396 units). Based on the 2015 QS pool, the RQE would be limited to receiving by transfer a maximum of 594,774 units of Area 2C QS in a year. Even if the QS pool changes in future years, this proposed rule would fix the annual transfer limit in Area 2C at 594,774 QS units. This will clearly define the limit for fishery participants and prevent a change in the limit if there are future changes in the Area 2C or 3A QS pools. For example, in 2017, the QS:IFQ ratio is 14.1209 QS units per pound of IFQ, and the annual transfer limit would be 42,120 pounds of IFQ for Area 2C.

The Council recommended and NMFS proposes an annual transfer limit equivalent to 1.2 percent of the commercial QS pool in Area 3A based on the 2015 pool of all QS categories (184,893,008 units). Based on the 2015 QS pool, the RQE would be limited to receiving by transfer a maximum of 2,218,716 units of Area 3A QS in a year. Even if the QS pool changes in future years, this proposed rule would fix the annual transfer limit in Area 3A at 2,218,716 QS units. For example, in 2017, the QS:IFQ ratio is 23.8911QS units per pound of IFQ, and the annual transfer limit would be 92,868 pounds of IFQ for Area 3A.

3.4.5.4.4 Total Limits Including GAF Usage

The Council also recommended a limit on the total amount of halibut QS that can be held by the RQE. For Area 2C, the RQE could hold up to 10 percent of the 2015 commercial QS pool. This proportion

would be calculated based on the entire QS pool, including categories and blocks of QS units that the RQE would be prohibited from purchasing. Ten percent of the 2015 commercial QS pool equates to 5,947,740 units.

For Area 3A, a limit of 12 percent of the entire 2015 commercial QS pool was established, including categories and blocks of QS units that the RQE would be prohibited from purchasing. Twelve percent of the 2015 commercial QS pool equates to 22,187,161 units. Total limits were established as 10 percent and 12 percent limits in Areas 2C and 3A, respectively, to provide a balance between providing ample opportunity for additional harvest opportunity for the charter fishery, while seeking to alleviate potential adverse impacts to commercial halibut participants from increased competition in the QS market and higher QS prices that could occur if the RQE were provided a higher limit on QS holdings by the RQE.

These total limits also limit the amount of GAF that could be transferred to the charter fishery as RQE QS holdings increase. The cumulative cap is intended to be managed annually on a sliding scale between RQE and GAF, with GAF transfers restricted to accommodate RQE QS holdings.

Under existing regulations, a significant amount of GAF could be transferred to CHP holders each year. For example, based on 2015 data, if all QS holders transferred the maximum allowable amounts of IFQ as GAF to eligible CHP holders, 49.1 percent of the Area 2C IFQ and 35.5 percent of the Area 3A IFQ could potentially be transferred as GAF. However, actual participation in the GAF Program has been relatively low as described in Section 3.4.3.4 and demonstrated in Table 9. From 2014 through 2020, less than 2.7 percent of Area 2C IFQ, and less than 0.2 percent of Area 3A IFQ have been transferred as GAF in any year. Although participation in the Area 2C GAF program appeared to be rising (prior to 2020), based on the cost to transfer IFQ as GAF, it is unlikely that participation in the GAF Program will increase substantially and approach the maximum allowable transfer limits.

Table 9 Percent of Area 2C and 3A IFQ that is leased as GAF each year

Year	Area 2C			Area 3A		
	IFQ Issued	IFQ pounds transferred as GAF	% transferred as GAF	IFQ Issued	IFQ pounds transferred as GAF	% transferred as GAF
2014	3,318,720	29,498	0.9%	7,317,730	11,654	0.2%
2015	3,679,000	36,934	1.0%	7,790,000	10,337	0.1%
2016	3,924,000	47,064	1.2%	7,336,000	10,442	0.1%
2017	4,212,000	53,206	1.3%	7,739,000	9,786	0.1%
2018	3,570,000	80,656	2.3%	7,350,000	12,760	0.2%
2019	3,610,000	97,680	2.7%	8,060,000	13,524	0.2%
2020	3,410,000	57,645	1.7%	7,050,000	5,240	0.1%

Source: NMFS GAF Report, 2020

Notwithstanding that unlikelihood, the Council determined that limiting the amount of GAF that could be transferred to the charter fishery as RQE QS holdings increase appropriately balances the objective of establishing an RQE to further increase harvest opportunity in the charter fishery while minimizing the negative impacts that may result in the commercial IFQ fishery from transfers of QS. Thus, the Council recommended restricting GAF transfers so that in any year, the combined amount of RFQ and GAF transferred to CHP holders could not exceed a poundage equal to the maximum amount of pounds that could be issued as RFQ in Area 2C or 3A. The proposed rule (82 FR 46016, October 03, 2017) describes examples of how NMFS would implement this provision.

3.4.5.5 Cost Recovery

The Magnuson-Stevens Act at Section 304(d)(2)(A) requires that cost recovery fees be collected for the costs directly related to the management, data collection, and enforcement of any limited access privilege programs. This includes programs such as the commercial halibut IFQ Program. Fees owed are a percentage, not to exceed 3 percent, of the ex-vessel value of fish landed and debited from IFQ permits. As stated in the proposed rule (82 FR 46016; Oct 3, 2017), the RQE would be responsible for cost recovery fees on their annual RFQ.

In years when the RQE holds QS and the RFQ is issued to augment the charter fishery's catch limit, the charter fishery would be effectively using all of this RFQ; therefore, the RQE would pay cost recovery fees on all of its RFQ. Since all annual RFQ issued to the RQE would be considered "used," NMFS would levy the fee calculated for the RQE's annual RFQ pounds that are issued, rather than estimating RFQ harvest at each point of charter landings. The fee would be calculated using the standard price calculated for Area 2C or 3A and the RFQ held by the RQE. This is similar to the method used to apply an ex-vessel value for GAF. The IFQ cost recovery fee could be levied on the RQE each year the RQE holds QS, and the resulting RFQ is issued to augment the catch limit in the charter fishery. All holdings acquired by the RQE on October 1 of the prior year would be subject to the IFQ cost recovery fee.

For purposes of cost recovery, the RQE would pay fees on all resulting pounds of RFQ, even if the charter fishery's harvest was under its catch limit in Area 2C or 3A for that year. In December of each year, NMFS would (1) determine the standard prices and the cost recovery fee percentage; (2) announce the standard prices and the cost recovery fee percentage in the Federal Register**;** and (3) issue the RQE a fee assessment. The RFQ fee assessment would be based on the number of RFQ pounds added to either the Area 2C or 3A charter catch limit based on QS holdings as of October 1 of the prior year multiplied by the standard price for Area 2C or Area 3A and multiplied by the cost recovery fee percentage (around 3 percent in recent years). The cost recovery fee payment from the RQE to NMFS would be due by January 31 of each year.

Based on NMFS policy, only "incremental" costs, *i.e.,* those incurred as a result of IFQ management, are assessable as cost recovery fees. The costs to develop the regulations, accounting, and reporting systems for the RQE Program would be considered incremental and extensions of the IFQ Program and would be recoverable under cost recovery if the RQE held RFQ at the time. Agency costs related to development of the RQE Program will be included in the IFQ cost recovery fee assessment. Recently, the costs to administer the IFQ Program has been at or above the 3 percent cost recovery fee limit; therefore, additional costs due to the development of the RQE Program would likely not increase the cost recovery fee percentage for IFQ permit holders. Cost Recovery Reports are produced annually and detail the incremental costs associated with management and enforcement in that year. [5]

3.4.5.6 Purchase of Charter Halibut Permits by an RQE

The Council did not specify limits on the acquisition of CHPs by the RQE; therefore, the RQE would be subject to regulations that apply to any other person, as defined at § 300.61, for purposes of purchasing and holding CHPs. Section 300.67(j) states that a person may not own, hold, or control more than five CHPs, with limited exceptions. The RQE would be authorized to purchase and hold up to five transferable CHPs in both Regulatory Areas combined. Any purchases or sales of CHPs by the RQE would be required to be reported in the RQE's annual report to the Council and NMFS.

During Initial Review (NPFMC 2015), the Council did consider allowing the RQE to purchase more CHP than established under the use caps (thereby temporarily removing them from use) up to specified limits at different percentage levels. Given the RQE's goal of providing stability and flexibility for the charter

[5] https://www.fisheries.noaa.gov/resource/document/individual-fishing-quota-ifq-cost-recovery-reports

fleet, the intention of this option was to limit the risk that latent capacity within the fishery may increase future angler effort and lead to further restrictions. This alternative would give the RQE an additional market-based tool to indirectly influence management measures. Rather than permanently retiring CHP capacity, this would allow an RQE to have influence on the number of CHPs in circulation.

However, the Council chose to remove this alternative from the analysis based on recommendations from the RQE committee and public testimony, as well as concern expressed at the SSC. Given the significant latent and underutilized capacity in the charter fleet, paired with current leasing patterns of CHPs, the Council determined this alternative in its current state would be unlikely to achieve the purpose and need identified. This concept was further explored in a discussion paper (NPFMC 2017), after which the Council took no action due to continued concerns about effectiveness and the possibility of regional inequities.

3.4.5.7 Redistribution of Excess RFQ

In the development of the RQE Program, the Council considered a scenario in which the charter sector reached the management measures for the unguided sector (i.e., a daily bag limit of two halibut of any size) for that Regulatory Area. As stated in the final rule for the RQE, NMFS would not issue annual RFQ in excess of the adjusted charter catch limit (the sum of the annual guided recreational catch limit under the CSP and RFQ from the RQE's QS holdings on October 1 of the previous year) needed for charter anglers to obtain the unguided recreational management measures for that Area. If the charter sector holds more RFQ than needed to reach these management measures, any excess RFQ would be redistributed temporarily (on a 1-year basis) to certain participants in the commercial IFQ fishery.

Based on the Council's recommendation, NMFS proposed the following process to implement this redistribution should the RQE QS holdings be in excess of the amount needed to provide charter anglers with harvest opportunities equal to those for unguided recreational anglers. Each January, the IPHC will recommend charter fishery management measures for Areas 2C and 3A that are expected to limit charter harvest to the adjusted charter catch limit for each Area (the sum of the annual guided recreational catch limit under the CSP and the estimated amount of RFQ from the RQE's QS holdings on October 1 of the previous year).

After the IPHC recommends charter fishery management measures, NMFS will determine if a redistribution of excess RFQ is necessary. If the IPHC has adopted charter fishery management measures that are equivalent to the unguided recreational management measures in either Area 2C or 3A (e.g., a daily bag limit of two halibut of any size), NMFS would determine the amount of RFQ that would be needed to account for charter harvest in Area 2C and Area 3A under the recommended management measures and issue that amount as RFQ to supplement the charter fishery allocation under the CSP. The difference between the total amount of available RFQ and the amount needed for the charter fishery would be excess RFQ. NMFS would redistribute the amount of excess RFQ using the process recommended by the Council.

As recommended by the Council, 50 percent of any RFQ in excess of the amount needed to achieve the unguided recreational management measures in either Area 2C or 3A would be redistributed as IFQ to all catcher vessel QS holders in the applicable area (Area 2C or Area 3A) who held not more than 32,333 QS units in Area 2C, and 47,469 QS units in Area 3A (i.e., the amount of QS that yielded 2,000 pounds of IFQ in 2015) in the year prior to the redistribution, and who also held that QS eligible for redistribution during the year that the redistribution occurs. This 50 percent would be redistributed among qualified QS holders in proportion to their QS holdings.

The Council's recommendation stated that 50 percent of excess RFQ should be redistributed "equally" to all qualified QS holders. During Council deliberations, NMFS staff and the Council clarified how NMFS would implement the Council's recommendation. This provision would be implemented by dividing the

amount of IFQ available for redistribution to qualified QS holders by the total amount of QS units held by all qualified QS holders. For example, if there were 50,000 pounds of excess RFQ to be redistributed as IFQ in Area 3A in calendar year 2025 among QS holders who held not more than 47,469 QS units in the year prior to the redistribution (2024), and in the year during which the redistribution occurs (2025), and the total sum of all QS held by those qualified QS holders was 500,000 units, then each of these qualified QS holders would receive an additional 1/10 of a pound of IFQ in 2025 for each QS unit held. NMFS does not issue IFQ in less than one-pound increments, therefore NMFS would round the amount of redistributed IFQ to the nearest pound for each qualified QS holder.

This provision would require the QS holder to hold the QS in the year prior to the redistribution to meet the clear intent of the Council, as well as in the year that the redistribution occurs in order to ensure the proper administration of this provision. This requirement would ensure that IFQ is issued to persons who hold the underlying QS eligible to receive the redistribution. If NMFS were to redistribute RFQ as IFQ only to QS holders that held QS in the year prior to the redistribution, it is possible that a person could hold QS in the year prior to the redistribution, subsequently transfer that QS before NMFS issues IFQ for the following year and receive IFQ from the redistribution even though that person does not hold QS. Issuing IFQ to persons who do not currently hold QS would be contrary to the current functioning of the IFQ Program (i.e., IFQ is issued to persons who hold QS).

The remaining 50 percent of RFQ in excess of the amount needed to achieve the unguided recreational management measures in either Area 2C or 3A would be redistributed equally among all CQEs that held halibut QS in the applicable area (Area 2C or Area 3A) in the year prior to the redistribution as well as in the year that the redistribution occurs. If no CQE held QS in the applicable area (Area 2C or Area 3A) in the preceding year and in the year that the redistribution occurs, this 50 percent of the excess RFQ would not be redistributed in that area. In other words, the excess RFQ would be unfished or "left in the water" for conservation. The rationale for requiring the CQE to hold QS in the year prior to the redistribution, and in the year the redistribution occurs is the same as the rationale for the redistribution to catcher vessel QS holders described above.

The Council and NMFS considered options that would not have required a redistribution of RFQ as only IFQ, and alternative methods to redistribute RFQ as IFQ. The Council recommended and NMFS proposes the reallocation procedures in this rule to provide additional harvest opportunity among holders of small amounts of QS as well as to CQEs who hold QS on behalf of coastal community residents. The analysis (NMFS 2017) describes the options considered by the Council and NMFS and notes that based on the current levels of halibut abundance and the cumulative use limits in Areas 2C and 3A, it is unlikely that the RQE could hold an amount of QS that would result in the need for redistribution of excess RFQ in the near future.

3.4.6 Participation in Area 2C

With an alternative to require charter halibut operators (and indirectly anglers) to be responsible for a fee which funds an RQE, it is important for the Council to have updated information on the charter halibut operators and anglers that would be impacted. This section provides a summary of operators (in terms of CHP holders, businesses, and angler-days by businesses) and charter halibut anglers (angler-days by Area and sub-area; additional information on anglers are throughout the document) and the charter sector's connections to communities (through CHP holder communities).

3.4.6.1 Area 2C Operators

In Area 2C there are 274 CHP holders (including CQEs and MWR entities; Table 10) holding 578 total CHPs (as highlighted in Table 1 in Section 3.4.2). For both Area 2C and Areas 3A there is an ownership cap of five CHP per person. Exceptions were created for initial issuees that were "grandfathered" into the program with greater than five CHPs based on previous business structures. For example, in Area 2C 15

of the existing CHP holders still hold over five CHPs with a maximum of 25 CHPs for one CHP holder. In Area 2C, most CHP are endorsed for 4, 5, or 6 anglers, with a few that allow for more anglers at one time; up to 13 anglers (not pictured).

Charter operations in Area 2C are diverse. Many operations cater to non-Alaskan resident cruise ship passengers. Area 2C also has a number of both remote and community-based lodges that offer charter halibut trips to their clientele of primarily non-residents. Both of these business styles operate all days of the week which makes many Area 2C operations particularly averse to day-of-the-week closures. As can be seen in Table 11 there is wide distribution in the angler days per business, with the vast majority catering to less than 390 anglers per season, but some businesses catering to several thousand. The more high-volume operations in Area 2C are typically lodges that were grandfathered into the Charter Halibut Limited Access Program above the CHP ownership cap due to the fleet of charter vessels associated with the lodge.

Table 10 Number of Area 2C CHP holders

Area 2C permit holders	
CHP holders	261
CQE permit holders	12
MWR permit holders	1
Total entities	274

Source: NMFS RAM Program CHP data, Accessed 8/23/2021.

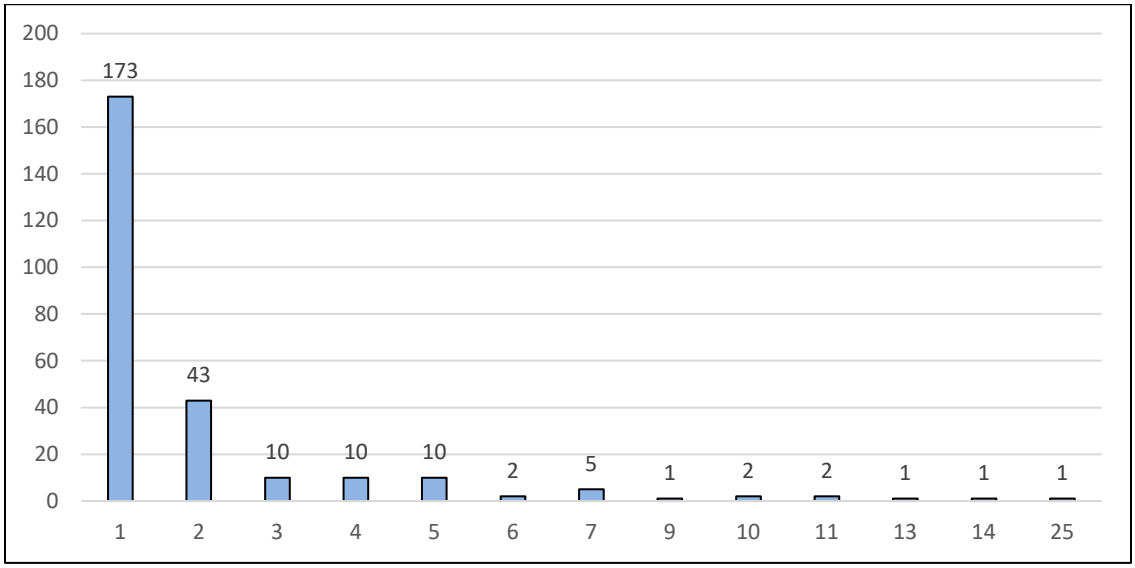


Figure 7 Number of CHPs held by unique CHP holders

Source: NMFS RAM Program CHP data, Accessed 8/23/2021.
Note: The figure does not include CQE and MWR holdings. All CQEs in Area 2C hold 4 CHPs (the maximum allowed). The one MWR in Area 2C holds 1 CHP.

Table 11 Frequency distribution of Area 2C halibut angler days by business

Angler Days Category	2C 2017 Business Freq	2C 2017 Business Freq Pct
1-29	99	32.60%
30 - 59	36	11.80%
60 - 89	16	5.30%
90 - 119	15	4.90%
120 - 149	30	9.90%
150 - 179	8	2.60%
180 - 209	12	3.90%
210 - 239	12	3.90%
240 - 269	14	4.60%
270 - 299	9	3.00%
300 - 329	3	1.00%
330 - 359	4	1.30%
360 - 389	5	1.60%
>= 390	41	13.50%
(avg halibut angler days/ business = 230)		
(max halibut angler days/ business = 4,419)		
Total Business Licenses	**304**	

Angler Days Category	2C 2018 Business Freq	2C 2018 Business Freq Pct
1-29	125	38.70%
30 - 59	26	8.00%
60 - 89	21	6.50%
90 - 119	19	5.90%
120 - 149	17	5.30%
150 - 179	15	4.60%
180 - 209	12	3.70%
210 - 239	6	1.90%
240 - 269	10	3.10%
270 - 299	13	4.00%
300 - 329	7	2.20%
330 - 359	10	3.10%
360 - 389	3	0.90%
>= 390	39	12.10%
(avg halibut angler days/ business = 216)		
(max halibut angler days/ business = 3,886)		
Total Business Licenses	**323**	

Angler Days Category	2C 2019 Business Freq	2C 2019 Business Freq Pct
1-29	125	38.80%
30 - 59	36	11.20%
60 - 89	17	5.30%
90 - 119	17	5.30%
120 - 149	16	5.00%
150 - 179	11	3.40%
180 - 209	11	3.40%
210 - 239	11	3.40%
240 - 269	6	1.90%
270 - 299	10	3.10%
300 - 329	15	4.70%
330 - 359	0	0.00%
360 - 389	4	1.20%
>= 390	43	13.40%
(avg halibut angler days/ business = 218)		
(max halibut angler days/ business = 3,652)		
Total Business Licenses	**322**	

Source: ADF&G Saltwater Logbooks sourced through AKFIN
Halibut angler days only include days where halibut was recorded as retained.
Observations with missing business license numbers were excluded.

3.4.6.2 Area 2C Anglers

The number of charter halibut angler-days that have occurred overtime for Area 2C and sub-areas are demonstrated in Table 12. Aside from 2020, which saw a dramatic reduction in angler effort across Area 2C due to the COVID-19 pandemic and associated lack of cruise ships, many Area 2C sub-areas were experiencing an increase in angler-days since 2009. Based on the preliminary estimates for harvest in 2020, Area 2C experienced 55% reduction in halibut harvest relative to 2019, emphasizing the importance of cruise ships and non-resident tourism to this sector. The Ketchikan and Juneau (Juneau, Haines, and Skagway) regions had the greatest rate of change from 2019, with 73% and 69% reduction in angler-days respectively based on primarily 2020 harvest data.

Table 12 Area 2C charter angler-days (effort) 2006-2020

Year	Area 2C angler-days by subarea						Total 2C
	Ketch	PWI	Pburg	Sitka	Jun	GlacB-2C	
2006	11,148	26,409	4,441	34,298	8,445	12,499	97,240
2007	13,359	27,906	4,754	36,066	7,990	15,912	105,987
2008	11,672	27,369	4,528	33,928	7,766	18,002	103,265
2009	10,283	17,273	3,489	22,883	7,314	13,186	74,428
2010	10,595	17,981	3,283	24,027	8,472	13,625	77,983
2011	10,552	16,015	2,257	24,038	8,771	11,301	72,934
2012	11,886	18,242	2,675	24,881	7,803	9,976	75,463
2013	13,582	20,180	3,029	24,470	9,288	11,206	81,755
2014	14,680	21,491	2,839	28,638	10,375	12,390	90,413
2015	16,685	21,931	3,071	31,113	11,391	10,613	94,804
2016	16,595	23,440	3,373	31,093	12,069	9,694	96,264
2017	18,686	25,466	3,133	33,481	13,729	9,786	104,281
2018	21,671	25,708	3,538	32,394	13,993	11,396	108,700
2019	21,002	24,412	3,194	33,057	14,674	10,414	106,753
2020	*5,646*	*13,101*	*2,003*	*17,113*	*4,522*	*5,439*	*47,826*

Source: ADF&G charter halibut management measure analysis, Dec 2020
https://meetings.npfmc.org/CommentReview/DownloadFile?p=623eb128-b772-44c4-9e17-05bae8cf6919.pdf&fileName=C1%20Charter%20Management%20Options%20Analysis%20.pdf
Angler-days are trips with halibut harvested, bottomfish hours recorded, and/or bottomfish stat areas recorded.
Angler-days is client-only except 2014-2020 data which includes all reported crew data even though prohibited.
Preliminary estimates for 2020 (in italics) are based on logbook data for charter trips through August 31, 2020, entered as of October 09, 2020.
Abbreviations: Ketchikan (Ketch); Prince of Wales Island (PWI); Petersburg/ Wrangell (Pburg); Sitka; Juneau, Haines, and Skagway (Jun); Glacier Bay 2C Portion (GlacB-2C)

Note that some anglers fish multiple days, thus Table 12 does not represent the total number of unique anglers fishing halibut in Area 2C – which is better represented in Table 20 for Area 2C. For example, this Table 20 demonstrates that about 50,000 charter halibut anglers made up 106,753 angler-days shown in Table 12 for 2019.

3.4.6.3 Community Engagement

The impact of charter fishing activities on communities can be understood in many different ways. Typically impacts might be thought of in terms of where the charter halibut operation exists. However, the scope of associated communities expands extensively when also considering nearby or hub communities that offer complimentary services (e.g., communities associated with charter processors or businesses related to tourism or travel, for example). Community-level impacts of halibut industries may

manifest in more than just coastal communities, where fisheries involvement is generally more visible. Induced community impacts may be connected to the income received by CHP holders, charter business owners, charter guides and crew. There are several resources that provide information on community-level charter halibut sector activities[6], but there are also many aspects of charter halibut community engagement that are data-limited (e.g., charter guide and crew community connections).

For purposes of this background section, we highlight the easily accessible information on CHP holders associated communities (Table 13). For Area 2C, a large proportion of the CHP are registered in Ketchikan, Sitka, Craig, Juneau/ Auke Bay, Petersburg, and Klawock, Alaska, as well the in the state of Washington and Utah with many communities represented across Alaska and other states.

[6] Examples include Appendix A to the EA/RIR/IRFA to the Catch Sharing Plan analysis (NPFMC 2013). This document includes as some basic statistical information on QS and CHP holdings by state and community as well as community profiles on Anchorage, Homer, Ketchikan, Kodiak, Petersburg, and Sitka.
Additionally, AFSC has produced an interactive map for recreational and commercial fishing, as well as subsistence fishing activities in the state of Alaska (http://www.afsc.noaa.gov/REFM/Socioeconomics/Projects/CPU.php). The map displays statistics for on sportfishing licenses sold, sportfishing licenses held, charter guide licenses held, and active fishing business through 2011 (effort is current underway for an update of this information). This map links to individual community profiles produced by the science center. Detailed updated information on IFQ impacts on communities is planned for the IFQ Program review scheduled for either 2016 or 2017.

Table 13 Area 2C CHP holder community associations

State	# of CHPs	% of CHPs
AK	447	84.5%
AR	1	0.2%
AZ	1	0.2%
CA	4	0.8%
CO	1	0.2%
FL	13	2.5%
GA	3	0.6%
ID	3	0.6%
KY	1	0.2%
NJ	1	0.2%
NV	1	0.2%
OR	3	0.6%
TX	2	0.4%
UT	14	2.6%
WA	32	6.0%
WY	1	0.2%
(blank)	1	0.2%
Total	**529**	**100.0%**

Alaska Community	# of CHPs	% of CHPs from AK
ANCHORAGE	1	0.2%
ANGOON	9	2.0%
AUKE BAY	11	2.5%
COFFMAN COVE	3	0.7%
CRAIG	54	12.1%
ELFIN COVE	13	2.9%
GUSTAVUS	6	1.3%
HAINES	2	0.4%
HOONAH	1	0.2%
JUNEAU	34	7.6%
KETCHIKAN	125	28.0%
KLAWOCK	16	3.6%
PALMER	1	0.2%
PELICAN	10	2.2%
PETERSBURG	19	4.3%
POINT BAKER	1	0.2%
PORT ALEXANDER	3	0.7%
SITKA	114	25.5%
SOLDOTNA	3	0.7%
TENAKEE SPRINGS	2	0.4%
THORNE BAY	3	0.7%
TOK	1	0.2%
WARD COVE	9	2.0%
WASILLA	1	0.2%
WRANGELL	5	1.1%

Source: NMFS RAM Program CHP data, Accessed 7/19/2021.

3.4.7 Participation in Area 3A

3.4.7.1 Area 3A Operators

In Area 3A there are 300 CHP holders (including CQEs and MWR entities; Table 14) holding 488 total CHPs (as highlighted in Table 2 in Section 3.4.2). In Area 3A, there are no existing CHP holders that hold over the five CHPs ownership cap (Figure 8). However, Area 3A CHPs have a much wider distribution of angler endorsements (not pictured). Like Area 2C, the majority of CHPs are endorsed for 4, 5, or 6 anglers; however, the maximum angler endorsement for Area 3A allows 38 anglers to fish on one vessel at one time; with 41 CHPs that allows 15 or more halibut anglers on one vessel at one time. This is indicative of several types of charter operations with larger vessels in Area 3A. Some larger vessels do multi-day charters with larger groups, and some do half-day or day trips. The Area 3A charter sector businesses also operationally diverse. Table 15 demonstrates that similar to Area 2C, there is wide distribution in the volume of anglers per business, with a greater proportion of 3A businesses catering to over 390 anglers per season relative to charter businesses in Area 2C.

Table 14 Number of Area 3A CHP holders

Area 3A CHP holders	
CHP holders	289
CQE permit holders	8
MWR permit holders	3
Total entities	300

Source: NMFS RAM Program CHP data, Accessed 7/19/2021.

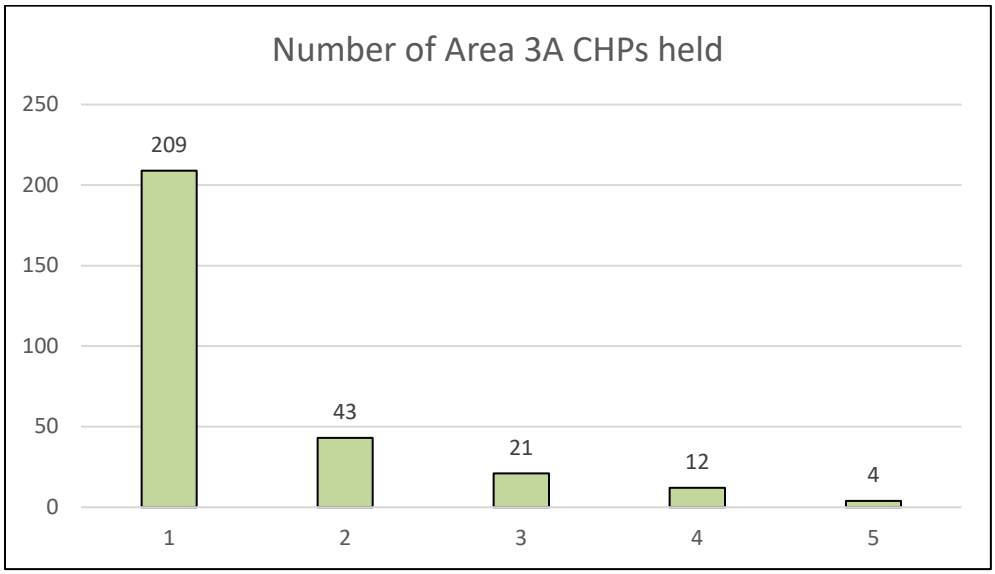


Figure 8 Number of CHPs held by unique CHP holders

Source: NMFS RAM Program CHP data, Accessed 7/19/2021.
Note: The figure does not include CQE and MWR holdings. All CQEs in Area 3A hold 7 CHPs (the maximum allowed). One MWRs in Area 3A holds 4 CHPs and the other two MWR entities each hold 1 CHP.

Table 15 Frequency distribution of Area 3A halibut angler-trips by business

Business License Angler Days Category	3A 2017 Business Freq	3A 2017 Business Freq Pct
.1-29	81	29.00%
30 - 59	21	7.50%
60 - 89	20	7.20%
90 - 119	14	5.00%
120 - 149	12	4.30%
150 - 179	10	3.60%
180 - 209	10	3.60%
210 - 239	6	2.20%
240 - 269	18	6.50%
270 - 299	4	1.40%
300 - 329	11	3.90%
330 - 359	8	2.90%
360 - 389	7	2.50%
>= 390	57	20.40%
(avg halibut angler days/ business = 306)		
(max halibut angler days/ business = 4,091)		
Total Business Licenses	**279**	

Business License Angler Days Category	3A 2018 Business Freq	3A 2018 Business Freq Pct
.1-29	94	32.30%
30 - 59	23	7.90%
60 - 89	14	4.80%
90 - 119	9	3.10%
120 - 149	12	4.10%
150 - 179	14	4.80%
180 - 209	12	4.10%
210 - 239	9	3.10%
240 - 269	10	3.40%
270 - 299	8	2.70%
300 - 329	11	3.80%
330 - 359	11	3.80%
360 - 389	7	2.40%
>= 390	57	19.60%
(avg halibut angler days/ business = 287)		
(max halibut angler days/ business = 3,391)		
Total Business Licenses	**291**	

Business License Angler Days Category	3A 2019 Business Freq	3A 2019 Business Freq Pct
.1-29	86	30.10%
30 - 59	23	8.00%
60 - 89	16	5.60%
90 - 119	11	3.80%
120 - 149	12	4.20%
150 - 179	12	4.20%
180 - 209	10	3.50%
210 - 239	11	3.80%
240 - 269	12	4.20%
270 - 299	7	2.40%
300 - 329	8	2.80%
330 - 359	9	3.10%
360 - 389	5	1.70%
>= 390	64	22.40%
(avg halibut angler days/ business = 287)		
(max halibut angler days/ business = 2,585)		
Total Business Licenses	**286**	

Source: ADF&G Saltwater Logbooks sourced through AKFIN
Angler days only include days where halibut was recorded as retained.
Observations with missing business license numbers were excluded.

3.4.7.2 Area 3A Anglers

The number of charter halibut angler-days that have occurred overtime for Area 3A and sub-areas are demonstrated in Table 16. Aside from 2020, trends in Area 3A sub-areas have been somewhat steadier, even declining in some sub-areas like Central Cook Inlet, Lower Cook Inlet, and Kodiak. Based on the preliminary estimates for harvest in 2020, Area 3A experienced a 29% reduction in halibut harvest relative to 2019. The Area 3A portion of Glacier Bay and Yakutat had the greatest percentage declines in harvest relative to 2019 at 52% and 50% reductions, respectively based on primarily 2020 harvest data.

Table 16 Area 3A charter logbook effort, harvest per unit effort, and harvest of halibut, 2006-2020

Area 3A angler-days by subarea									
Year	GlacB-3A	Yak	EPWS	WPWS	NGulf	CCI	LCI	Kod	Tot 3A
2006	91	3,164	6,571	2,939	30,381	34,915	50,850	12,030	140,941
2007	137	2,996	6,692	3,326	35,359	36,870	52,301	13,965	151,646
2008	413	3,156	5,414	3,642	32,945	34,013	45,495	12,574	137,652
2009	220	2,201	5,134	3,364	25,591	27,516	36,801	10,059	110,886
2010	161	2,449	5,156	3,753	28,431	27,824	40,573	10,084	118,431
2011	922	2,485	3,855	3,020	27,848	27,565	41,634	10,481	117,810
2012	1,030	2,681	3,440	3,507	30,154	26,238	40,561	10,036	117,647
2013	1,264	2,919	3,618	3,736	29,872	27,741	40,615	9,313	119,078
2014	1,424	3,315	3,576	3,435	29,613	20,633	37,111	9,927	109,034
2015	1,852	3,267	3,527	3,484	30,864	19,882	33,011	8,756	104,643
2016	1,887	3,382	4,126	4,094	33,007	16,865	36,978	8,427	108,766
2017	2,211	3,405	3,579	3,679	27,934	17,330	35,426	7,899	101,463
2018	2,739	4,412	4,045	3,955	27,535	16,871	33,723	8,476	101,756
2019	2,094	4,365	4,653	4,764	29,889	15,184	33,681	8,961	103,591
2020	*1,009*	*2,174*	*3,558*	*3,809*	*21,130*	*10,914*	*24,791*	*5,703*	*73,088*

Source: ADF&G charter halibut management measure analysis, Dec 2020
https://meetings.npfmc.org/CommentReview/DownloadFile?p=623eb128-b772-44c4-9e17-05bae8cf6919.pdf&fileName=C1%20Charter%20Management%20Options%20Analysis%20.pdf
Notes: Angler-days are trips with halibut harvested, bottomfish hours recorded, and/or bottomfish stat areas recorded (not including closed days).
Angler-day is client-only except 2014-2020 data which includes all reported crew data even though prohibited.
Preliminary estimates for 2020 (in italics) are based on logbook data for charter trips through August 31, 2020, entered as of October 09, 2020.
Abbreviations: Glacier Bay 3A portion (GlacB-3A); Yakutat (Yak); Eastern Prince William Sound (EPWS); Western Prince William Sound (WPWS); North Gulf (NGulf); Central Cook Inlet (CCI); Lower Cook Inlet (LCI); Kodiak/ Alaska Peninsula (Kod)

3.4.7.3 Community Engagement

Table 17 highlights the communities associated with Area 3A CHP holders, as one example of community engagement relative to the charter halibut sector in Area 3A (with more types of connections described in Section 3.4.6.3). As can be seen in Table 17, for Area 3A, a large portion of the CHPs are registered in Homer, Seward, Kodiak, Soldotna, Ninilchik, Anchorage, and Yakutat, Alaska with many communities represented across Alaska and other states.

Table 17 Area 3A CHP holder community associations

State	# of CHPs	% of CHPs
AK	387	90.8%
AZ	1	0.2%
CA	4	0.9%
CO	2	0.5%
FL	3	0.7%
HI	1	0.2%
MN	1	0.2%
MT	2	0.5%
ND	1	0.2%
NE	1	0.2%
NM	2	0.5%
NV	3	0.7%
NY	1	0.2%
OR	1	0.2%
TX	2	0.5%
UT	3	0.7%
WA	9	2.1%
WY	2	0.5%
Total	**426**	100.0%

Alaska Community	# of CHPs	% of CHPs
ANCHOR POINT	7	1.8%
ANCHORAGE	25	6.5%
ANDERSON	1	0.3%
ANIAK	1	0.3%
BIG LAKE	1	0.3%
CHUGIAK	2	0.5%
CLAM GULCH	1	0.3%
CORDOVA	4	1.0%
EAGLE RIVER	7	1.8%
ELFIN COVE	8	2.1%
FAIRBANKS	1	0.3%
FRITZ CREEK	2	0.5%
GIRDWOOD	2	0.5%
HOMER	60	15.5%
JUNEAU	9	2.3%
KASILOF	8	2.1%
KENAI	6	1.6%
KODIAK	48	12.4%
LARSEN BAY	5	1.3%
MOOSE PASS	1	0.3%
NINILCHIK	28	7.2%
NORTH POLE	2	0.5%
OLD HARBOR	3	0.8%
OUZINKIE	1	0.3%
PALMER	3	0.8%
PEDRO BAY	1	0.3%
PELICAN	7	1.8%
PETERSBURG	1	0.3%
PORT LIONS	4	1.0%
SELDOVIA	1	0.3%
SEWARD	50	12.9%
SOLDOTNA	45	11.6%
STERLING	6	1.6%
VALDEZ	7	1.8%
WASILLA	10	2.6%
WHITTIER	2	0.5%
WILLOW	1	0.3%
YAKUTAT	16	4.1%

Source: NMFS RAM Program CHP data, Accessed 7/19/2021.

3.4.8 Status of U.S. Legislative Action

On March 27, 2019 Senate Bill S.906- Driftnet Modernization and Bycatch Reduction Act was introduced in the U.S. Senate to amend the Magnuson-Stevens Fishery Conservation and Management Act.[7] The bill was primarily focused on extending the prohibition on driftnet fishing with a mesh size of 14 inches or greater in the waters of the U.S. Exclusive Economic Zone. However, the bill also included language that would have allowed the Council to recommend and the Department of Commerce approve regulations that require charter operators to pay fees for guiding anglers who harvest halibut in IPHC Areas 2C and 3A.

The Senate Bill S.906 passed the Senate (July 22, 2020) and the House (December 10, 2020); however, President Trump vetoed S.906 on January 1, 2021. In his Congressional Record of this veto, the President explained his disagreement with the prohibition on large-scale driftnet gear.[8] With regards to the collection of fees from charter operators in IPHC Areas 2C and 3A, President Trump stated his administration would have supported the authorization of fee collection in the Pacific halibut fishery if passed separately from the driftnet bill.

The bill was reintroduced in the Senate on February 8, 2021, as S.273- Driftnet Modernization and Bycatch Reduction Act. The Senate referred the bill to the Committee on Commerce, Science, and Transportation, and the Committee discharged the bill back to the Senate on September 14, 2021. On September 14, 2021, the U.S. Senate considered the bill, amended the language on the fee provision appropriations (to the following language below), and the bill passed in the Senate that day.

The language of S.273 now states:

SEC. 6. FEES.

(a) IN GENERAL.—The North Pacific Fishery Management Council may recommend, and the Secretary of Commerce may approve, regulations necessary for the collection of fees from charter vessel operators who guide recreational anglers who harvest Pacific halibut in International Pacific Halibut Commission regulatory areas 2C and 3A as those terms are defined in part 300 of title 50, Code of Federal Regulations (or any successor regulations).

(b) USE OF FEES.—Any fees collected under this section shall be available for the purposes of—

(1) financing administrative costs of the Recreational Quota Entity program;

(2) the purchase of halibut quota shares in International Pacific Halibut Commission regulatory areas 2C and 3A by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations);

(3) halibut conservation and research; and

(4) promotion of the halibut resource by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations).

[7] Details on the Senate Bill S.906: https://www.congress.gov/bill/116th-congress/senate-bill/906/text
[8] https://www.congress.gov/congressional-record/2021/01/01/senate-section/article/S8001-1

(c) LIMITATION ON COLLECTION AND AVAILABILITY.—Fees shall be collected and available pursuant to this section only to the extent and in such amounts as provided in advance in appropriations Acts, subject to subsection (d).

(d) FEE COLLECTED DURING START-UP PERIOD. Notwithstanding subsection (c), fees may be collected through the date of enactment of an Act making appropriations for the activities authorized under this Act through September 30, 2022, and shall be available for obligation and remain available until expended.

Updates can be found on Congress.gov.[9]

3.5 Analysis of Impacts: Alternative 1, No Action

Under the no action alternative there would be no RQE funding mechanism that includes Federal support. This means that under status quo, there would be no Federal requirement to obtain and carry a charter halibut stamp or pay an annual operator fee, and NMFS would not facilitate or otherwise play a role in the collection of fees.

The RQE was approved by NMFS and established in March 2020, and currently has the authority to purchase halibut QS for use by charter anglers. Therefore, if the RQE acquired funds through donations, grants, or other private funding sources, these sources could contribute to halibut QS purchases. Additionally, the RQE could choose to design and facilitate its own fee collection program, potentially implementing requirements through a merit-based system or privately through civil contracts. However, the RQE program was designed to benefit the collective, and it does not allow charter operators or anglers to be excluded from access to the additional pounds of halibut available through RQE QS holdings, regardless of whether they agree to pay a fee. This raises the possibility that without a suitable enforcement mechanism, there may be free riders (i.e., those who benefit from, but do not contribute to the expense of QS) in the program.

In addition to the RQE's QS contribution, status quo management measures may be relaxed for individual charter operations through the GAF Program. GAF regulations were a feature of the Catch Sharing Plan implemented in 2014. The program allows individual charter operators to temporarily lease or use their own QS to liberalize management measures for individual anglers and allow the retention of halibut up to the limits allowed for unguided anglers. Section 3.4.3.4 provides additional background on this program and recent patterns of use.

Under the status quo, liberalized management measures may also occur sector-wide if overall halibut catch limits increase, and angler effort remains relatively static. Catch limits can increase either through changes to existing CSP allocations, or by increases in the halibut biomass and corresponding catch limits adopted by the IPHC.

3.6 Analysis of Impacts: Alternative 2, Establish a Federal Fee Collection Program

Alternative 2 would establish a fee collection program for charter vessel operators to fund the RQE. Based on Council discussion (in April 2021), the options considered would establish NMFS as the primary fee collection agency. NMFS currently does not have the authority to collect these funds, thus their collection and appropriation for use by the RQE under any of the options considered would require parallel Congressional action. A bill that would create this authority is currently being considered by

[9] https://www.congress.gov/bill/117th-congress/senate-bill/273/committees

Congress as described in Section 3.4.8. This section considers options with the expectation that this authority could be achieved.

However, even when considering NMFS as the fee collection agency, cooperation between the RQE (and the charter halibut stakeholders it represents) and NMFS will be imperative to a program's success. This would be a unique type of funding structure; with a federal entity assisting in the collection of funds to further one sector's allocation of a resource. The initiative to collect this fee has come from the charter halibut sector stakeholders. The agency does not have additional conservation or management motivation to continue this effort, in fact for any federal fee collection program, despite cost recovery, the agency will likely incur additional expenses. Therefore, for any type of federal fee collection program, the Council may wish to promote opportunities for flexibility and communication that will allow for co-management with the RQE and charter halibut stakeholders. For example, this may include allowing the RQE to determine the fee amount and how often to revisit it. It may also be important to build in the flexibility to discontinue the funding mechanism without additional Council action and regulatory changes if the RQE and charter halibut stakeholders have determined that the costs outweigh the benefits they are receiving.

The Council requested this analysis explore the range of potential fee collection methods currently used for North Pacific fisheries, including State of Alaska fisheries, and similar programs and provide information on likely administrative costs for collection and disbursement to the RQE. In particular, analysts have begun to explore the concepts of a halibut stamp and an annual operator fee. An annual operating fee could be charged uniformly across operators or be tied to angler effort. A uniform fee across operators is unlikely to be a popular option given the distribution of participation and many operators with very limited halibut effort; however, this option is included here for comparative purposes. Table 18 summarizes benefits and challenges associated with each mechanism.

The remainder of this section further describes the mechanics and decision-points around these mechanisms. Several topics relevant to all mechanisms are also considered (use of the revenue and Paperwork Reduction Act considerations). Finally, this section includes an analysis of the impacts of establishing a Federal fee collection on anglers, operators and communities.

Table 18 Summary of benefits and challenges among fee collection mechanisms

Category of benefit/ challenge	Charter halibut stamp		Annual operator fee – Uniform fee		Annual operator fee – Tied to angler effort	
	Benefits	Challenges	Benefits	Challenges	Benefits	Challenges
Administration	▪ Would not require issuing invoices and administering payments and non-payments of fees	▪ Cost and staff for development/ implementation/ facilitation of the program ▪NMFS does not have widespread in-person user support like ADFG offices and vendors	▪ NMFS has experience implementing other types of administrative fees		▪ NMFS has experience implementing other types of administrative fees	▪ The need to set up a robust appeals process for operators to dispute the angler effort associated with their fee
Data sourcing	▪ Would not require using ADF&G logbook data as the primary data source (which presents challenges)		▪ Would not require using ADF&G logbook as a data source (which presents challenges)			▪ Would need to use ADF&G logbook data as the data source to determine effort-based fee ▪ Time lag on data availability ▪ Wasn't designed to capture halibut angler effort in this way ▪ Need for substantial data auditing ▪ Additional ADF&G costs
Enforcement		▪ Would require substantial enforcement effort, including partner agencies such as Alaska Wildlife Troopers ▪ On the water enforcement would add to agency costs (particularly in the case of violations)	▪ May not require on the water enforcement (administrative only)		▪ May not require on the water enforcement (administrative only)	
User-fee concept (more support from the charter sector in tying to angler effort)	▪ More clearly tied to angler effort			▪ Not linked to angler effort ▪ Wide variation in CHP use and would not equitably distribute the fee burden ▪ Could result in additional unintended effects (such as some CHP holders selling)		▪ Although tied to angler effort, not as clearly as the requirement to hold a stamp

3.6.1 Option 1: Charter Halibut Stamp

A halibut stamp mechanism would include a requirement for all charter operators to purchase a halibut stamp for each guided angler, on each day the angler plans to harvest halibut on a charter vessel operating in IPHC Regulatory Areas 2C and 3A. Based on the concepts considered, this mechanism mostly closely resembles a user fee, which has been highlighted as important from the charter representatives. The benefits and challenges for establishing a halibut stamp mechanism are summarized in Table 18.

Many aspects of this mechanism were explored in a recent discussion paper (NPFMC 2021) including example program. One important point from that initial discussion was that Council would need to recommend the role that NMFS will have in the design, implementation and facilitation of a halibut stamp. If NMFS is to have an expanded role in the administration, oversight, and enforcement of the funding mechanism (as is considered in this analysis), then the mechanics and design may need to be somewhat more specific. If the majority of the fee collection is to be facilitated by the RQE itself and the extent of NMFS role is the oversight of QS transfers and on-the-water enforcement of the stamp, then many details do not need to be established in regulations and alternatives can leave more of the decision-making up to the discretion of the RQE.

Based on initial direction from the Council (see Section 2.2), this analysis considers NMFS as the primary fee collection entity, and the agency would therefore be responsible for designing, implementing and facilitating the halibut stamp under this option. Again, this would require Congressional action described in Section 3.4.8. A halibut stamp concept that is designed and implemented by the RQE is possible, but not considered here.

3.6.1.1 Mechanics of a Halibut Stamp

The following section considers the possible mechanics of a halibut stamp.

3.6.1.1.1 Responsibility and Liability

Under any federal fee collection mechanism this analysis assumes that operators would be responsible and liable for in ensuring the fees are paid. This assumption is based on the current language of the proposed legislation (Section 3.4.8) stating that, "….The North Pacific Fishery Management Council may recommend, and the Secretary of Commerce may approve, regulations necessary for the collection of fees **from charter vessel operators** who guide recreational anglers…." (bolded text added).

Moreover, in the case of a halibut stamp concept, there would be advantages to having the charter operators be responsible for accessing the stamps for their anglers. Operators would be more likely aware of the requirements and would have experience using the online platform, which could both increase compliance and decrease the need for user support. Given the hundreds of thousands of charter halibut anglers that participate in Areas 2C and 3A each year, many from out of state, it may be more difficult to ensure adequate outreach for a new angler requirement. It may be easier to ensure the approximately 500 charter halibut businesses are informed about the need for a halibut stamp and are able to access the system they need to purchase stamps prior to departure. Charter operators could choose whether to pass on the cost of the stamp to the angler directly, but unlike the state programs – king salmon stamp etc., the operator would be responsible for the use of halibut stamps on his/her vessel and for passing the collected funds to NMFS.

If the Council determines operators are liability for ensuring a halibut stamp for each of their anglers on a halibut charter, the Council will also need to identify who is represented by the term "operator". In some charter businesses a single person holds the CHP(s), owns the business and operates the vessel as the guide. In other businesses a CHP is leased and/ or guides are hired on as staff. If the Council determines the CHP holder to be liable, and that individual/ entity has leased or lent their CHP to another business, the CHP holder would have incentive to ensure the leasee is in compliance (e.g.,

through civil contract, etc.). The Council could also consider the charter halibut business (identified through a business license) as liable for ensuring each angler fishing halibut had a unique halibut stamp.

3.6.1.1.2 Online Platform for the Sales and Distribution of Stamps

- Experienced ADF&G licensing staff strongly recommended the online sale of any permit or license endorsement program. ADF&G's greatest challenge for making their king salmon stamps available exclusively online is their inability to conduct sales and maintain the database offline (NPFMC 2021).

- There are substantial benefits to having an online platform for the sale of halibut stamps, as well as for a system that allows halibut stamps to be printed or digitally obtained immediately after purchase, rather than distributed through the mail.

    - Having a digital platform for sales makes record keeping and payment collection much simpler and more accurate.

    - A platform that allows stamps to be printed or digitally obtained diminishes costs for printing and mailing.

    - The ability to obtain a halibut stamp instantaneously once it is purchased would diminish the delays and disruption for operators and anglers and would likely increase compliance.

    - An online framework for the sale and distribution of stamps may be particularly necessarily, as NMFS does not have a network of vendors or in-person user support like ADF&G. The only other distribution option for NMFS would be through mail or fax.

- For example, NMFS or a third party could design a platform to allow operators quick and easy access to purchase and obtain charter halibut stamps for use by their anglers. Operators could log into the site and purchase a cache of charter halibut stamps. They could choose to use this application once during the season if they knew exactly how many halibut anglers they would be guiding, multiple times throughout the season, or even every day if they preferred.

3.6.1.1.3 Validating a Digital or Printed Stamp

- A key challenge to effective digital distribution of charter halibut stamps is to create a digital halibut stamp that cannot be duplicated (which for example, would be an issue if an operator buys one and prints out 100).

- CHPs are required to be renewed each year. RAM issues the permits on secure copy-proof paper stock and mails the CHPs to permits holders. However, as this process typically occurs once per year for each CHP, issuing digital halibut stamps may be less disruptive and labor intensive than issuing CHP.

- There may be ways to validate a digital or printed stamp to reduce the likelihood that it would be used more than once.

    - Each purchased stamp could include a unique number or code which could match a database produced by RAM or a third party and made available to enforcement officers.

    - When a charter angler is required to use a charter halibut stamp, they could validate and endorse it, likely with the date, the angler's name, their fishing license number, and possibility a signature from the angler or operator. If the stamp was in a digital form an option could allow for an electronic signature.

- This is similar to the current system for State of Alaska fishing license and king salmon stamp, which are available for purchase online, and also contain a unique fishing license number, a stamp endorsement number, and can be printed immediately and/ or signed with a digital signature. If a license and stamp are purchased at the same time, the stamp endorsement number will be displayed on the print-out of the individual's license. If purchased separately, a larger verification receipt that includes the endorsement number is developed and must be carried along with a regular fishing license (NPFMC 2021).

- Another layer of enforcement could be to add the requirement to record charter halibut stamp numbers on the ADF&G logbook for each angler that harvests halibut. Any changes to the logbook form must be approved by ADF&G.

3.6.1.1.4 Timing of Payment

- If a system is developed that allows for quick and easy digital access to halibut stamps, it may be reasonable to request operators to pay at the time when they obtain the halibut stamps.

    - If the operator is averse to paying a large fee up front for a cache of stamps for the season (or a portion of the season), an accessible online system could allow the operator to buy stamps in bundles of any amount on a weekly or even daily basis so long as they had Internet access.

    - It may be more administratively efficient if operators would not be reimbursed for unused stamps; thus, they would likely be more conservative in their purchases as the season progressed.

    - A slight variation to this option is that operators could be charged at the time when their stamps were validated. This would still require payment prior to use.

    - This option aligns with the concept that, based on the language in the proposed bill, it is expected that charter operators will be partially or fully responsible for submitting fees to NMFS.

    - If there were options for multi-day stamps (e.g., 1-day, 3-day or 7-day stamps that could be offered to anglers at a discounted price to 1-day stamps), the requirement to purchase stamps ahead of their use may make it more difficult for operators to hold the stamp the angler preferred to purchase.

- Conversely a system could be conceived in which operators request a certain number of stamps and fee collection is required monthly or at the end of the season.

    - In this scenario, in order to ensure operator compliance, operators would be responsible for returning unused stamps and if any stamps that were unaccounted for NMFS would assume they were sold and apply a value to each stamp that the vendor is required to pay.

    - This is similar to the process ADF&G uses for the sale and distribution of physical licenses and stamps (NPFMC 2021). Licensed vendors are accountable for the sale and reporting of all stamps and must return receipts to ADF&G monthly. Vendors are responsible for returning unused supplies within 30 days of the end of the selling season. ADF&G staff noted that the small physical size of king salmon stamps and tedious requirements of ripping and mailing carbon copy receipts results in high occurrences of misplaced and misreported stamps.

- This option would be much more administratively labor intensive. Similar to the eVendor application used by ADF&G, it would require tracking accounts, possibly monthly, to ensure fees are collected and highlight when operators are out of compliance. A system and penalties would need to be developed for operators out of compliance.
- It would likely be more burdensome for operators as they would need to keep track of unused stamps and spend time and money mailing them back to NMFS.

3.6.1.2 Monitoring and Enforcement

In order for a federal fee collection mechanism to be effective there needs to be a means to enforce the requirement to purchase stamps. State and federal licenses/permits/ stamps typically have an on-the-water enforcement component and sometimes an out-of-the-field investigation component. They also rely on joint management between state and federal agencies. Analysts received initial feedback from NOAA Fisheries Office of Law Enforcement (OLE) and the enforcement committee[10] during the review of the April discussion paper (NPFMC 2021).

3.6.1.2.1 Existing Monitoring and Enforcement of Federal Charter Regulations

Currently NOAA OLE collaborates with the State of Alaska, Alaska Wildlife Troopers under a Joint Enforcement Agreement. Federal enforcement officers and the Wildlife Troopers frequently work together during investigations, patrols, and on at-sea or dockside boardings to investigate violations. The Joint Enforcement Agreement determines the roles of the State enforcement officers when they operate independently. Under the agreement, the State agrees and is authorized to assist OLE in the enforcement of federal fisheries by patrolling, performing investigations and referring violations to OLE. The State is then monetarily compensated by OLE for work performed under JEA up to the limit specified in the agreement. This assistance centers on violations where resource management or conservation issues are a priority. For example, Wildlife Troopers frequently help enforce halibut size and bag limits and CHP requirements.

In addition to on-the-water enforcement, OLE uses the CHP database and ADF&G charter logbook data to support Federal investigations. Enforcement can be more effective if potential violations are identified quickly. Violations that are identified in the field allow the officer an opportunity to ask questions about the discrepancy. If a violation is not identified in the field, and it takes several months to review these data, a CHP holder and/ or charter guide may not remember the situation well enough to explain their case. Moreover, when the fishing season is over, OLE officers can have difficulty in tracking down associated parties to inquire about discrepancies in the data.

3.6.1.2.2 Monitoring and Enforcement for a Halibut Stamp

The halibut stamp mechanism would require operators to purchase a halibut stamp for each guided angler, for each day that the charter angler is on a charter vessel that intends to harvest halibut operating in IPHC regulatory areas 2C and 3A. As described under Section 3.6.1.1, it would likely need to include a design that makes it difficult to falsify (e.g., specific endorsement numbers that officers can verify), the date, angler information and signature.

Similar to other State and Federal requirements, there may be a component of on-the-water enforcement. For instance, a law enforcement officer would check for a valid halibut stamp for each guided angler halibut fishing in addition to checking the angler's fishing license, the CHP for the vessel and, if necessary, king salmon stamps. Additionally, enforcement may include a component of off-the-water

[10] Enforcement Committee Report: https://meetings.npfmc.org/CommentReview/DownloadFile?p=68ff6092-4713-4c10-b294-c98f6a35507e.pdf&fileName=D3%20Enforcement%20Committee%20Minutes.pdf

investigation or auditing. As discussed below, OLE representatives have several concerns with this role and the additional resources required to fulfill it.

Currently, Wildlife Troopers conduct the majority of patrols and boardings of guided and unguided recreational fishing vessels in Alaska. If Wildlife Troopers encounter violations of Federal recreational fishing regulations, the cases are referred to NOAA Fisheries for further action. The Joint Enforcement Agreement does not compel the Wildlife Troopers to enforce regulations that are specific to the RQE and the collection of fees from charter operators. Similar to the enforcement of other Federal rules, Wildlife Trooper enforcement of regulations associated with the RQE would be at the discretion of the State of Alaska.

3.6.1.2.3 OLE Perspective

OLE representatives highlighted several questions and concerns with the proposed halibut stamp concept. One primary concern expressed is about using resources to enforce what seems to be a civil funding mechanism between a non-profit organization and the private entities it represents. A primary concern expressed is about enforcing a concept that is intended to generate a private benefit for one sector. The RQE concept as well as the funding mechanism is clearly unique. OLE representatives saw some parallels related to North Pacific cooperative programs. However, cooperatives function under civil contractual agreements with their members, where a breach of contract is addressed in civil court.

OLE representatives also raised concerns about the level of federal and state resources that could be allocated to this effort, particularly in the event of a violation. Issuing and prosecuting violations is costly. There is a lengthy process required to investigate and document a potential violation, followed by a collaborative effort with NOAA General Council to prosecute the violation and determine fines and penalties. If the RQE held QS at the time, these costs may be associated with cost recovery (see Section 3.4.5.5); however, IFQ Cost Recovery fees have most recently been at their maximum of 3% of the ex vessel revenue. OLE staff supported the concept that operators would have some level of liability and noted that this would likely boost compliance rates.

3.6.1.3 Terminology and Outreach

ADF&G staff who are experienced with state licensing and permits emphasized the importance of clear terminology that is used consistently by regulators, enforcement, charter operators and anglers (NPFMC 2021). They stated that this practice is critical for ensuring participants have a clear understanding of the requirements and rules of a program. ADF&G has seen many types of misunderstandings among customers when clear and consistent explanatory language is not used. For example, in most hunts, out of state hunters need three items: their license, a locking tag, and a permit. Many hunters think the permit is the “tag”. The permit is in fact a piece of printed cardboard, and hunters have to physically mark the permit with a notch that indicates the day and month when an animal is harvested, whereas the tag is a metal tag that is affixed to the animal itself. Therefore, particularly with so much communication occurring over the phone, without clear language between ADF&G staff and the hunters, misunderstandings of the regulations can easily occur.

Similar confusion regarding terminology could potentially occur if a halibut stamp program does not utilize an actual, physical stamp. Again, clarity and compliance may be increased if the name includes a description of those required to carry it; for example, “charter halibut angler” or “guided halibut angler”, which makes it clearer that the requirement would not be for an unguided angler or someone not intending to catch halibut.

Education, outreach, and clear communication of program goals are essential to have charter angler and operator support as well as high compliance for any mechanism that is developed. This will be the responsibility of NMFS, the RQE, and supporting charter stakeholders.

3.6.1.4 Potential Revenue from a Halibut Stamp

In April 2019, along with its discussion paper, the Council requested an analysis of the 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 Council requested the analysis consider 10, 15, and 20 dollars per stamp as well as one-day and three-day stamps. This analysis is incorporated from the Council's discussion paper (NPFMC 2021).

For the halibut stamp mechanism and purposes of this analysis revenue, calculations were based on angler-day effort, a metric defined as any day where halibut were harvested or days that were open to halibut retention where bottomfish hours or statistical areas were recorded were considered to be a halibut fishing trip. This is also the metric ADF&G uses to assess charter angler days for the purposes of annual management measure analyses. This metric was used instead of limiting to angler days to those where halibut was harvested since is it expected the proposed halibut stamp concept would require all charter operators to purchase an RQE halibut stamp for each guided angler, for each day that they intend to harvest halibut on a charter vessel, whether a halibut is harvested or not. If the Council determines it would be more appropriate to link the stamp requirement to retention of halibut, which may be easier to enforce (rather than the intent to harvest halibut), then revenues generated from the retrospective analysis would be an overestimate. The revenue analysis for the annual operator fee mechanism in Section 0 is based on angler days only when halibut was shown to be retained.

Table 19 shows the amount of gross revenue that might have been derived from a $10, $15, and $20 stamp based on 2009-2019 reported angler-days for Area 2C and Area 3A. Halibut stamps could be specific to each Regulatory Area, with separate funding accounts.[11] These estimates do not account for any potential change in angler demand due to an RQE stamp requirement.

[11] R. Yamada, personal communication, 12/30/2020

Table 19 Revenue calculations based on different stamp fee levels applied to charter anglers

2C	Angler Days	$10	$15	$20
2009	74,428	$744,280.00	$1,116,420.00	$1,488,560.00
2010	77,983	$779,830.00	$1,169,745.00	$1,559,660.00
2011	72,934	$729,340.00	$1,094,010.00	$1,458,680.00
2012	75,463	$754,630.00	$1,131,945.00	$1,509,260.00
2013	81,755	$817,550.00	$1,226,325.00	$1,635,100.00
2014	90,413	$904,130.00	$1,356,195.00	$1,808,260.00
2015	94,804	$948,040.00	$1,422,060.00	$1,896,080.00
2016	96,264	$962,640.00	$1,443,960.00	$1,925,280.00
2017	104,281	$1,042,810.00	$1,564,215.00	$2,085,620.00
2018	108,700	$1,087,000.00	$1,630,500.00	$2,174,000.00
2019	106,753	$1,067,530.00	$1,601,295.00	$2,135,060.00
Average	89,434	$894,343.64	$1,341,515.45	$1,788,687.27
3A	**Angler Days**	**$10**	**$15**	**$20**
2009	110,886	$1,108,860.00	$1,663,290.00	$2,217,720.00
2010	118,431	$1,184,310.00	$1,776,465.00	$2,368,620.00
2011	117,810	$1,178,100.00	$1,767,150.00	$2,356,200.00
2012	117,647	$1,176,470.00	$1,764,705.00	$2,352,940.00
2013	119,078	$1,190,780.00	$1,786,170.00	$2,381,560.00
2014	109,034	$1,090,340.00	$1,635,510.00	$2,180,680.00
2015	104,643	$1,046,430.00	$1,569,645.00	$2,092,860.00
2016	108,766	$1,087,660.00	$1,631,490.00	$2,175,320.00
2017	101,463	$1,014,630.00	$1,521,945.00	$2,029,260.00
2018	101,756	$1,017,560.00	$1,526,340.00	$2,035,120.00
2019	103,591	$1,035,910.00	$1,553,865.00	$2,071,820.00
Average	110,282	$1,102,822.73	$1,654,234.09	$2,205,645.45

Source: (Webster and Powers 2020); Tag-Potential-Revenue.xls

Guided halibut trips can range over a number of days, and the Council requested an analysis of one and three-day stamps. (The RQE has expressed an interest in offering stamps that may be valid for 1, 3, 7, or 14 days or annually.[12] Table 20 and Table 21 show the count of anglers who engaged in halibut fishing[13] for 1, 2, 3, and 4+ days per year from 2010-2019. In both Areas, most anglers only spent one day halibut fishing – an average of 45% of anglers in 2C and 77% of anglers in 3A. In both Areas, close to 15% of anglers halibut fished for two days. A much higher percentage of anglers have engaged in three and four or more days of halibut fishing in Area 2C than Area 3A.

It is important to note that the data may over-estimate the number of persons who would purchase a halibut stamp, as individuals who engage in bottom fishing on charter boats could have been targeting other bottomfish besides halibut, such as lingcod or rockfish.[14] This may be more prevalent in Area 3A due to the annual limits – an angler might reach their annual 3A limit for halibut but continue to fish on

[12] R. Yamada, personal correspondence, 12/30/2020

[13] The data considers any day where halibut were harvested or days that were open to halibut retention where bottomfish hours or statistical areas were recorded to be a halibut fishing trip. The data does not include blanks, youth anglers, or crew. Blanks and youth cannot be traced to individuals and crew cannot retain halibut under CSP provisions. From 2010 to 2019 youth accounted for 4-5% of angler days in 2C and 5-6% of angler days in 3A.

[14] S. Webster, personal correspondence, 2/22/2021

subsequent days for other bottomfish. Additionally, halibut fishing days attributed to an individual fishing license may not have occurred sequentially. For example, an individual may be counted as angling for three days, but those days may have been spread out over the course of a year, and therefore the angler would have purchased three separate one-day stamps. However, the data can still give a preliminary, general idea of the utilization of a one-day versus multi-day stamp, as nonsequential fishing trips are thought to make up a small portion of the data.[15] Many charter trips are lodge-based expeditions where individuals stay at one facility and are taken out for multiple days in a row on a charter vessel.

Table 20 Area 2C – Halibut Days fished per individual charter angler

Year	Days Fished				Total Anglers
	1	2	3	4+	
2010	42%	15%	23%	20%	31,967
2011	42%	16%	24%	18%	30,458
2012	42%	15%	24%	18%	31,553
2013	43%	13%	24%	20%	33,734
2014	42%	15%	25%	18%	37,721
2015	43%	15%	25%	17%	40,576
2016	44%	15%	25%	16%	41,841
2017	46%	14%	24%	16%	45,914
2018	50%	14%	22%	14%	49,731
2019	51%	14%	22%	13%	49,930
Average	45%	15%	24%	17%	39,343

Source: ADF&G; Halibut Days Fished per Angler_2010_2020-3.3.2021.xlsx

Table 21 Area 3A – Halibut Days fished per individual charter angler

Year	Days Fished				Total Anglers
	1	2	3	4+	
2010	76%	15%	5%	3%	80,678
2011	76%	16%	5%	3%	79,696
2012	75%	16%	5%	4%	78,456
2013	75%	16%	5%	3%	80,749
2014	75%	16%	5%	3%	74,019
2015	77%	15%	5%	2%	73,820
2016	78%	16%	4%	2%	78,348
2017	78%	16%	4%	2%	73,223
2018	78%	16%	4%	2%	73,847
2019	78%	16%	4%	2%	74,357
Average	77%	16%	5%	3%	76,719

Source: ADF&G; Halibut Days Fished per Angler_2010_2020-3.3.2021.xlsx

[15] J. Hasbrouck, personal correspondence, 2/23/2020

Similar programs that offer single and multi-day stamps have a discount rate applied to the multi-day stamp. Discount rates range from 9% to 72% per day (disregarding annual passes), with a higher discount-rate-per-day applied as the number of days increases (see Table 22). If a multi-day halibut stamp with a daily discount rate is offered, the potential revenue that could be derived from stamp sales could not be predicted accurately by only looking at halibut fishing days. Understanding the breakdown between single and multi-day sales is essentially for determining a discount rate that still incentivizes an angler to purchase the multi-day stamp over multiple single-day stamps but does not negatively impact the revenue derived from stamp sales.

For the Alaska king salmon stamps, one-day stamps far outsell other categories of multi-day stamp options, but the overall sale of one-day stamps brings in 7% less overall revenue than the sale of 3-day and 10% less overall revenue of 7-day stamps (see NPFMC 2021) even with a daily discount rate of 33% and 57%, respectfully (see Table 22).

Table 22 Discount rates in stamp and licensing programs

License	1-Day Cost	Multi day rates		
		Number of days	Cost	Discount rate per day
AK Nonresident Sport Fishing	$15	3	$30	33%
		7	$45	57%
		14	$75	64%
		365 (annual)	$100	98%
AK Nonresident King Salmon	$15	3	$30	33%
		7	$45	57%
		14	$75	64%
		365 (annual)	$100	98%
WA Combination	$11.35	2	$15.75	20%
		3	$19.05	44%
OR Nonresident/Resident Angling	$23	2	$42	9%
		3	$59.50	14%
		7 (NR only)	$93.50	42%
VI Nonresident Freshwater	$8.00	5	$21.00	48%
ME Nonresident Fishing	$11	3	$23	30%
		7	$43	44%
		15	$47	72%
MI Nonresident Freshwater	$8.00	3	$15.00	38%

Sources: (ADF&G, Statewide Regulations - Licensing, King Salmon Stamps & Harvest Records, 2018; WDFW, n.d.; ODFW, 2021; VADWR, n.d.; MEIFW, n.d.; MDWFP, n.d.)

Table 23 and Table 24 provide an example of how a discount rate could be applied to the sale of a halibut stamp with a $10, $15, or $20 single-day rate and what the impact of that could be on annual revenue, using 2019 as an example year. Based on the king salmon stamp pricing structure, a discount rate of 33% per day was applied to a 3-day stamp option and a 57% discount rate per day was applied to a 7-day stamp option. The number of sales of each stamp was estimated by aggregating the breakdown of angler days fished (Table 20 and Table 21) for 2019 and making assumptions of angler purchasing behavior – it was assumed that anglers who fished two or three days would have purchased a three-day stamp and anglers who fished four or more days would have purchased a seven day stamp. No evaluated options considered anglers who fished for more than seven days; however, these anglers make up a relatively minor component of the fishery.

Applying a discount rate to different halibut stamp offerings had a smaller impact on the potential revenue in Area 3A compared to the potential revenue for Area 2C in 2019. The loss in revenue associated with applying a discount rate to halibut stamp sales in Area 3A ranged from about $111,000 to $222,000 and in Area 2C the loss ranged from around $255,000 to $510,000 depending on the single-day stamp price (Table 23 and Table 24). In other words, the potential revenue that could have been earned by stamp sales in 2019 would have been 11% and 24% lower in Area 3A and 2C, respectively, if stamps were offered in multi-day bundles rather than only sold as single-day stamps. Area 3A potential revenue was less impacted by the discounted stamps because a much larger proportion of anglers were single-day anglers, compared to Area 2C (Table 20 and Table 21). Selecting an appropriate discount rate will be crucial when determining the cost structure of the halibut stamp to ensure that it incentivizes the purchase of multi-day stamps without having a substantial negative impact on revenue.

The analysts want to emphasize that Table 23 and Table 24 are intended to provide a rough comparison and that the data is highly generalized. Furthermore, retrospective analysis on potential stamp purchases eliminates any potential influence that price structures and stamp requirements may have on angler buying behavior. To highlight this, a study on Alaska resident and non-resident anglers' willingness to pay for a halibut stamp that enabled more relaxed charter halibut fishing regulations (allowing charter fishermen to catch their daily bag limit with fish of any size) compared to a stamp that only allowed status quo halibut fishing regulations found both groups only had an increased willingness to pay for more relaxed regulations by $2.51, an increase from $25.32 to $27.83 (Mitchell 2021). Future considerations and economic analysis on stamp prices, stamp offerings, discount rates, and angler willingness to pay will result in highly varied potential revenue determinations.

Table 23 Area 2C 2019 potential revenue at different halibut stamp prices with different discount rates applied

Stamp	Estimated 2019 Sales	Daily discount rate[1]	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[2]	33%	$20.10	$356,815.20	$30.15	$535,222.80	$40.20	$713,630.40
7-day	6,668[3]	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 structure[4]				$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

Source: ADF&G; Discount-Rate-Scenario.xlsx
[1]See Table 20
[2]To estimate the number of 3-day stamps sold, it was assumed any angler fishing 2 or 3 days would purchase a 3-day stamp, totals for 2- and 3-day anglers were combined.
[3]To estimate the number of 7-day stamps sold, it was assumed any angler fishing 4 or more days would purchase a 7-day stamp.
[4]See **Error! Reference source not found.**

Table 24 Area 3A 2019 potential revenue at different halibut stamp prices with different discount rates applied

Stamp	Estimated 2019 sales	Daily discount rate[1]	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[2]	33%	$20.10	$301,841.70	$30.15	$452,762.55	$40.20	$603,683.40
7-day	1,462[3]	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 structure[4]				$1,035,910.00		$1,553,865.00		$2,071,820.00
Difference in potential revenue				$111,282.10		$166,923.15		$222,564.20

Source: ADF&G; Discount-Rate-Scenario.xlsx
[1]See Table 21
[2]To estimate the number of 3-day stamps sold, it was assumed any angler fishing 2 or 3 days would purchase a 3-day stamp, totals for 2- and 3-day anglers were combined.
[3]To estimate the number of 7-day stamps sold, it was assumed any angler fishing 4 or more days would purchase a 7-day stamp.
[4]See **Error! Reference source not found.**

3.6.2 Option 2: Annual Operator Fee

The second fee collection mechanism that has been identified would be a direct annual fee to the operators. This would primarily be an administrative action and may not require an on-the-water enforcement component. For instance, an annual fee could be tied to the annual renewal of CHPs, as well as CQE permits and MWR permits (who would also experience relaxed management measures with RQE holdings). OLE representatives suggested a straight annual operator-based fee could result in substantially less inter-agency/ RQE complexity and less overhead cost to administer. The benefits and challenges of an annual operator fee mechanism – considered with options to apply a uniform fee to all CHP holders and an option to scale the fee to angler halibut effort are summarized in Table 18.

3.6.2.1 Consideration of a Uniform Fee to All Operators

Because of the wide variation in the use of halibut angler days per CHP, an option to impose an equal annual fee to all operators is unlikely to be an equitable or popular option. However, a discussion of the benefits and challenges of this option are included here for comparative purposes (and highlighted in Table 18).

The primary benefits of administering a uniform fee to all CHP holders annually is its relative simplicity compared to other programs. It would be implemented largely as an administrative action. There would be no need for additional on-the-water enforcement, and there would be no need to issue stamps or carefully link the number of halibut anglers to an operation's annual fee.

However, as mentioned above, this type of fee may not be perceived as fair and equitable given the wide distribution of number of halibut anglers associated with charter operations. It may also generate an unintended response from CHP holders who are among the lower use categories. For instance, rather than incur the fee, more operators may choose not to renew their CHPs and some operators may choose to sell.

3.6.2.2 Mechanics of an Annual Operator Fee Tied to Angler Effort

In order to establish a more equitable annual fee, the Council may consider an RQE fee collection method that ties CHP renewal to payment of a fee that is linked to the permit's charter halibut angler effort from the previous year(s). This option could be considered either by charging a per angler fee to each CHP or through a tiered fee system. This would be an administrative action and could be similar to other types of fee systems NMFS administers.

3.6.2.2.1 Example of IFQ Cost Recovery

The design of an annual CHP fee could draw parallels to the system NMFS's employs for Cost Recovery. The Magnuson-Steven Act obligates NMFS to recover a portion of the actual costs of management, data collection, and enforcement of any Limited Access Privilege Program (LAPP) up to 3% of the ex-vessel value of the fish harvested under any such program. This includes the IFQ Program and will include cost recovery associated with any QS held by the RQE (see Section 3.4.5.5).

NMFS IFQ Cost Recovery system bills IFQ permit holders annually. IFQ permit holders are responsible for fees owed for all landings recorded on their permit(s). This includes IFQ pounds from their own QS and from QS that was leased from another QS holder. It also includes landings made by hired skippers. IFQ permit holders are also responsible for fees associated with halibut that were landed using their IFQ in the GAF program by persons who hold a CHP.

This system is primarily conducted through cooperation between NMFS Operation Management Division (OMD), Information Services Division (ISD) and RAM.[16] ISD develops and maintains databases to merge harvest information with standardized ex-vessel prices that are derived from processor reports. Agency staff then reviews the cost, harvest, price, and value data, and a summary invoice is generated for each IFQ permit holder. Paper invoices are mailed through the United States Postal Service, which allows correspondence to be tracked, to document non-payments, invalid mailing addresses, etc. IFQ permit holders must pay their fee no later than January 31 of the year after the calendar year of their landings. For Cost Recovery, all payments must be made electronically through NMFS eFish accounts. Previously, personal checks were accepted, but this option has been discontinued. The online fee submission form contains a cover sheet with the payer's fee detail data. On the cover sheet is a mandatory check-box, where the payer indicates they either agree with the NMFS data that determines their fees (i.e., using NMFS figures for halibut landings and standardized prices data), or they do not agree (i.e., the permit holder elects to pay "actuals", using verifiable information that they supply). To verify halibut landings, the payer must provide, at minimum, the date of landing, port, pounds landed, and actual sale amount. Most often, to verify actual landings data, fish tickets and payment invoices are used. If clear documentation is provided, most actuals are approved by OMD, at its discretion. The number of actuals approved each year are included in Table 25.

Failure to pay cost recovery fees may result in NMFS action against the permit holder's QS holdings and/or permit sanctions. If a permit holder fails to pay by January 31, their QS/IFQ automatically becomes nontransferable until the fee liability is satisfied. In addition, the permit holder is prohibited from receiving QS or IFQ by transfer. Before penalties are issued, NMFS OMD delivers a letter of Initial Administrative Determination (IAD) outlining the permit holder's right to an appeal and the repercussions of failing to pay. After the initial IAD is sent, the payer is subsequently warned with a series of letters from NMFS until the payment is made. If an IFQ permit holder does not pay, or does not pay the full amount, and/or the payer's account has been forwarded to the US Treasury Dept. for collections, the IFQ permit remains flagged in the NMFS databases, and cannot be issued by RAM. The number of accounts forwarded to collections in the last three years is shown in Table 25.

Other fisheries are also responsible for cost recovery payments, but according to OMD staff the IFQ cost recovery program tends to be far more labor intensive than other cost recovery programs with much more time spent with IFQ accounts than with any other program. The sheer volume of payers is the largest contributor to the workload. Staff time includes much direct customer support to payers. Other cost recovery programs have relatively few payers and/or the payers are organized into business cooperatives, or the payments come directly from processors.

[16] C. Weeks, personal communication, 8/11/2021

Table 25 Statistics about IFQ Cost Recovery Fees

Year	Number of IFQ permit holders billed cost recovery fees	Number of accounts forwarded to collections	Number of IFQ permit holders who paid actuals
2018	1,843	4	94
2019	1,805	8	88
2020	1,473	10	56

Source: C. Weeks, personal communications, 8/11/2021

Similar to the NMFS Cost Recovery Program an RQE annual fee could be tied to the renewal of the CHP. This would require ISD to draft a unique invoice letter for each CHP holder, annually detailing charter halibut angler effort associated with each CHP they hold (the next section discusses availability of such data). Similar to the Cost Recovery Program, paper invoices could be distributed and payments could be made electronically through eFish. Also similar to the Cost Recovery Program, if fees are not paid, or not paid in full, the CHPs could be flagged and may not be issued by RAM until payments are fully received. Ultimately, accounts that are out of compliance could be forwarded to the US Treasury Dept. for collections. This system would also need to establish an appeals process if CHP holders wish to appeal the bill they were charged, which is discussed more below.

This additional fee collection responsibility for NMFS ISD and OMD would add up to 574 new accounts for CHP holders, depending on the inclusion of CQE and MWR holders in the fee responsibilities (Table 10 and Table 14).

3.6.2.2.2 Data Needed to Establish Angler Effort

In order for NMFS to design an annual fee that is scaled to an operator's associated angler effort, the agency would likely need to rely on ADF&G saltwater logbook data as a primary data source. Logbook data represents the only mandatory census source of charter halibut angler effort. Timely and accurate logbook data are required under both NMFS and State of Alaska regulations.[17] Alaska statutes also specifically support accurate data collections. NMFS has previously used logbook data to implement charter regulatory programs. For instance, it was integral for the development of the Charter Halibut Limited Access Program and the issuance of CHPs. Each trip also requires documentation of CHP(s) used, which would allow angler effort to be linked to CHPs.

However, there are some drawbacks and obstacles to the use of these data in assessing angler effort associated with CHPs. ADF&G has expressed concern that using logbook data to assess a fee could lead to non-reporting and may compromise the quality of the data. Logbooks were designed for resource management and not as a data source for this purpose. It is also not explicitly designed to capture halibut angler effort by CHP, and for example, use of the eLogbook data to assess operator fees based on CHPs would require some restructuring of the application, particularly when multiple CHPs are used on one trip. Using logbook data in this way would impose additional cost and burden on the ADF&G Sport Fish Division.

Moreover, NMFS does not have a formal data sharing agreement with ADF&G for logbook data, and therefore receives periodic updates to logbook data, rather than through a formal data flow. Typically, these updates occur after all paper logbooks have been entered into the system and ADF&G staff have completed the task of updating and cleaning the data. Since 2005, ADF&G has conducted an extensive in-season and post-season logbook validation process to improve the accuracy of reported information (Powers & Sigurdsson 2016). This process has recently incorporated phone calls and other types of on-

[17] See AS 11.56.210, and regulations at 5 AAC 75.075 and 5 AAC 75.076. NMFS charter logbook regulations are found at 300.65 (d).

site outreach, which has significantly improved the quality of the data, minimized reoccurring mistakes by the guide, increased compliance, and contributed to the outreach portion of this program. As part of its in-season editing, ADF&G verifies the presence of a CHP number if the logbook indicates halibut was retained.[18] Given the process of data entry and verification, there is currently a lag in the logbook data that NMFS receives access to. Finalized data are typically available in Spring of the following year, though recently have not been available until the Fall. With the current data flow schedule, NMFS would not have access to the previous year's data in time to assess a fee before CHPs must be issued for the current year.

Beginning in 2021, saltwater operators in Area 2C were required to use the electronic logbook (eLogBook) to report sport fishing guide activity. Saltwater operators in Area 3A could choose to use either paper or eLogBook in 2021; the majority of 3A operators are still using paper logbooks. The eLogBook requires the same information as the paper logbook in an electronic format and it is recommended that operators retain a paper logbook in the event of a technical difficulty or equipment failure. The eLogBook stores and allows the guide to enter previously used information (vessel, guide, waters fished, species harvested or caught) and includes some checks and balances designed to minimize errors (e.g., "The CHP number should start from 4 or 5 and should be exactly 4 digits"). It is expected that the migration to an electronic data reporting system will reduce transcription errors, improve accuracy, expedite the data entry process and decrease the time necessary to clean the data.

Angler effort by CHP is not something that has typically been used from the logbook data. An initial review of these data highlighted that substantial additional data editing would need to be conducted for the level of accuracy necessary for charging a fee. Many of the obvious errors appear to be transcription errors (e.g., misreading handwriting on paper logbooks or inverted numbers while typing). Tracking CHP use in-season such that errors could be identified early would require substantial staff time and may be further confounded by the annual CHP registration process, as CHPs can be registered at any point throughout the season. These are the types of errors that may substantially decrease with the migration to eLogbooks. however, not all CHP errors are able to be detected by data managers and agency staff. CHPs are able to be leased and shared; they are not linked to a single vessel or business. Thus, staff cannot determine without contacting an operator whether another businesses CHP was lawfully used or whether a charter operator mis-entered their CHP number and entered a valid CHP from another business. In the case of an annual operator fee linked to a CHP, a CHP holder could be inadvertently billed for effort they did not authorize on their CHP. This would need to be addressed through an appeals process (see Section 3.6.2.2.4).

Another point of consideration regarding logbook data is that it does not perfectly capture the intent to harvest halibut on a trip. For ADF&G management reports, the intent to harvest halibut (angler effort) is represented as angler days from trips with halibut harvested, or bottomfish hours recorded, and/or bottomfish statistical areas recorded (not including closed days) in the logbook. In addition to including trips where halibut were actually harvested, this metric also captures charter trips where anglers are unsuccessful at harvesting halibut, and harvest per unit effort, which is information that is still important for the analysis of predicted harvest under future management measures. However, for purposes of charging a fee based on charter halibut angler effort, NMFS may wish to focus only on angler days from trips where halibut are harvested. Although this may exclude trips where anglers intended to catch halibut but did not, it would also ensure CHP holders are not charged for trips when their anglers were bottomfishing for rockfish, for example.

[18] Since the CHP is part of the Federal Charter halibut limited access program, OLE is responsible for ensuring these CHPs are valid.

3.6.2.2.3 Liability and Responsibility

With an annual operating fee mechanism, it would be the responsibility of the CHP holder to ensure fees were paid on time. CHPs are frequently leased or shared; however, this is a private arrangement and not a transaction facilitated through NMFS. Similar to the relationship between a QS holder and a hired skipper in the commercial fishery (which does not include a formal transfer of IFQ through NMFS), the QS holder remains the IFQ permit holder and that person is then liable for cost recovery fees and any penalties associated. Likewise, in the situation of an annual CHP operator fee, it would be the responsibility of the CHP holder to recover this fee from the leasee (and/ or the anglers) if they wished to do so. For instance, in the case of a formal lease arrangement, this aspect may be included in the terms of the civil contract.

3.6.2.2.4 Enforcement and Appeals

Enforcement of an annual operating fee would be primarily administrative. Similar to the NMFS Cost Recovery Program, failure to submit RQE Program fees could result in NMFS denying the issuance of a CHP. In some cases, non-payment of RQE fees could result in a formal collections process by the US Treasury Dept.

As mentioned, it will also be necessarily to include a process for formal appeals into this option, if an operator wishes to dispute the halibut angler-days associated with their fee. NMFS could consider issuing an interim CHP for use while the appeal is being settled.

3.6.2.3 Potential Revenue from an Annual Operator Fee

The potential revenue generated from a fee collection will differ depending on whether it is based on the intent to catch halibut versus anglers who actually catch halibut. This section uses the metric halibut angler days (in which halibut are retained) which is a different than the "angler days" metric used in the revenue analysis in Section 3.6.1.4 and what is typical used by ADF&G in the analysis of annual management options for Areas 2C and 3A. Halibut angler days (in which halibut were retained) will invariably be smaller than angler days, which include days with bottomfishing effort or bottomfishing hours recorded where halibut are not retained. For instance, the difference can be seen in Table 26. Table 27 demonstrates the potential revenue that could be generated from CHP holders by charging a $10, $15 or $20 fee for each halibut angler day in which halibut was retained. In addition to a fee per angler, an annual operator fee could be considered in tiered amounts.

Table 26 Halibut angler days (in which halibut are retained) versus angler days

2C	Halibut Angler Days	Angler Days
2017	70,092	104,281
2018	69,900	108,700
2019	70,091	106,753
3A	**Halibut Angler Days**	**Angler Days**
2017	85,624	101,463
2018	83,522	101,756
2019	85,330	103,591

Source: ADF&G Saltwater Logbooks sourced through AKFIN and (Webster and Powers 2020)

Table 27 Potential revenue from a fee per halibut angler day

2C	Halibut Angler Days	$10	$15	$20
2017	70,092	$700,920.00	$1,051,380.00	$1,401,840.00
2018	69,900	$699,000.00	$1,048,500.00	$1,398,000.00
2019	70,091	$700,910.00	$1,051,365.00	$1,401,820.00
Average	70,028	$700,276.67	$1,050,415.00	$1,400,553.33
3A	**Halibut Angler Days**	**$10**	**$15**	**$20**
2017	85,624	$ 856,240.00	$1,284,360.00	$ 1,712,480.00
2018	83,522	$ 835,220.00	$1,252,830.00	$ 1,670,440.00
2019	85,330	$ 853,300.00	$1,279,950.00	$ 1,706,600.00
Average	84,825	$ 848,253.33	$1,272,380.00	$ 1,696,506.67

Source: ADF&G Saltwater Logbooks sourced through AKFIN; Days_by_chp_guide(8-25-21).xls

Ideally a revenue analysis for the annual operator fee mechanism would also use past halibut angler days by CHP holder to evaluate the distribution of fees that would be imposed across CHP holders. As described in Section 3.6.2.2.2, an initial review of these data revealed a need for significant data editing and verification prior to use.

To provide some indication of the distribution of fees that businesses may be responsible for under an annual operator fee mechanism, the analysts used halibut angler days (in which a halibut was retained) by business between 2017 and 2019. An annual operator fee is being considered at the CHP holder level, *not* at the business license level. However, in lieu of cleaned CHP holder data, this analysis substitutes recent business-level activity in order to provide a reference.

In Section 3.4.6.1 and 3.4.7.1 of the analysis, Table 11 and Table 15 demonstrate the distribution of halibut angler effort across businesses. The tables and figures in the following section consider the range of hypothetical fee liability relative to these levels of halibut angler effort if there was a $10, $15, or $20 fee per angler imposed across businesses.

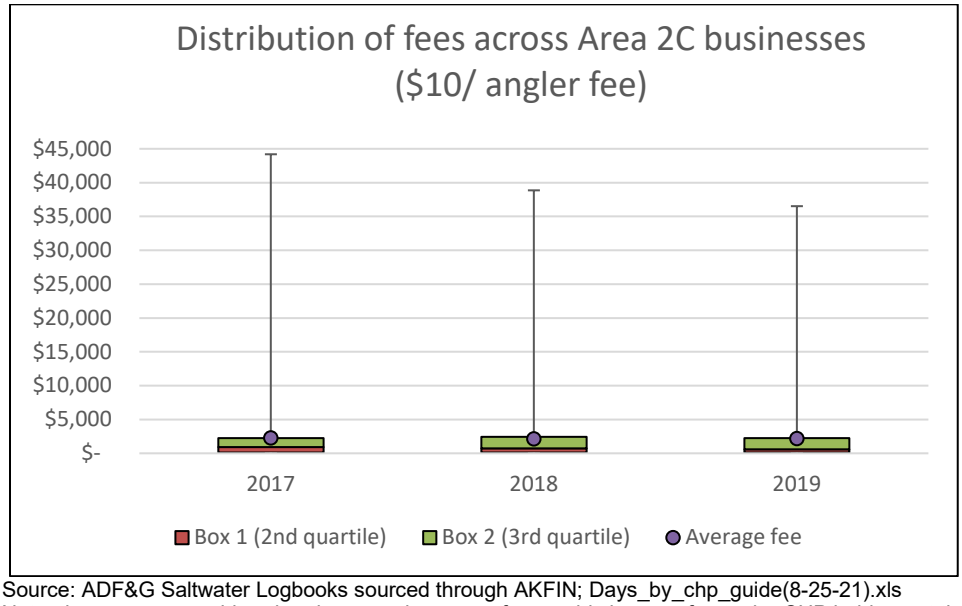
The box and whisker plots, Figure 9 and Figure 10 illustrate the scenarios of $10/ angler that is also described in the tables. The "whiskers" on the plot (the lines that typically can be seen above and below the boxes), demonstrates the range of the individual fee liability. In these plots, the data is broken into four quartile of fee liability based on levels of halibut angler effort associated with the businesses. In both figures, the first quartile of businesses (the 25% of businesses with the least number of halibut angler days) would be represented by a lower whisker. However, distribution of the top quartile of businesses (the 25% of businesses with the greatest number of halibut angler days) is so wide it dominates the scale of the plot. The second and third quartiles are represented by the red and green boxes which are also highly skewed based on the distribution of effort in the top quartile. These plots also demonstrate where the average fee would be relative to the distribution.

In Area 2C, between 2017 and 2019, based on a $10/angler fee, the first quartile of businesses would have each been responsible for less than a $140 annual operator fee. Fifty percent of 2C businesses would have each been responsible for an annual operator fee less than a $900. Seventy-five percent of 2C businesses would have each been responsible for an annual operator fee of less than $2,433 annually between 2017 and 2019. The last quartile includes a number of Area 2C businesses which are outliers in their level of halibut angler days. These businesses could hypothetically owe tens of thousands of dollars, even under a $10/angler fee, with the maximum at $44,190 based on 4,419 halibut angler days that year.

Businesses in Area 3A demonstrate a similar skewed distribution in halibut angler effort. Between 2017 and 2019, based on a $10/angler fee, the first quartile of businesses would each have been responsible for less than a $188 annual operator fee. Fifty percent of 3A businesses would have each be responsible for

an annual operator fee of less than $1,410. Seventy-five percent of 3A businesses would have each been responsible for an annual operator fee of less than $3,540. However, the last quartile includes businesses that would owe annual operating fees up to $40,910. This is in contrast to an average of about $3,000 per business in Area 3A between 2017 and 2019. A tiered fee system could reduce the variability in fees paid by an individual operator, but it could also substantially reduce the total revenue collected.

Figure 9 Hypothetical distribution of operator fees across Area 2C businesses at $10/angler



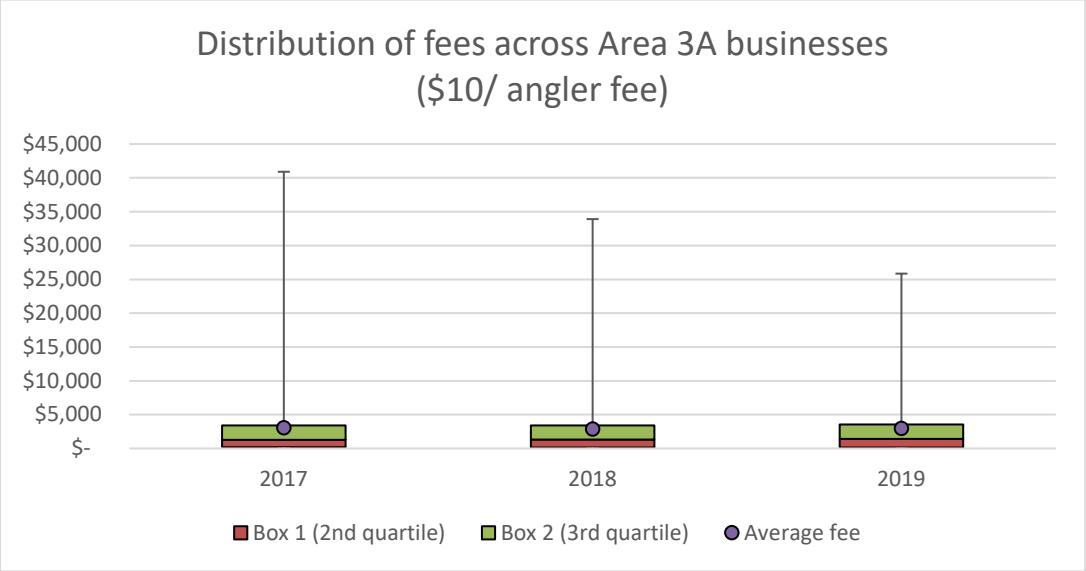
Source: ADF&G Saltwater Logbooks sourced through AKFIN; Days_by_chp_guide(8-25-21).xls
Note: the concept considered under annual operator fee would charge a fee to the CHP holder, not the business

Table 28 Hypothetical distribution of operator fees across Area 2C businesses

At $10 per halibut angler day			
	2017	2018	2019
Minimum fee	$ 10	$ 10	$ 10
1st quartile- 25% of businesses would pay ≤	$ 140	$ 110	$ 113
2nd quartile- 50% of businesses would pay ≤	$ 900	$ 720	$ 590
3rd quartile- 75% of businesses would pay ≤	$ 2,250	$ 2,433	$ 2,268
Maximum fee	$ 44,190	$ 38,860	$ 36,520
Average fee	$ 2,298	$ 2,171	$ 2,177
At $15 per halibut angler day			
	2017	2018	2019
Minimum fee	$ 15	$ 15	$ 15
1st quartile- 25% of businesses would pay ≤	$ 210	$ 165	$ 169
2nd quartile- 50% of businesses would pay ≤	$ 1,350	$ 1,080	$ 885
3rd quartile- 75% of businesses would pay ≤	$ 3,375	$ 3,649	$ 3,401
Maximum fee	$ 66,285	$ 58,290	$ 54,780
Average fee	$ 3,447	$ 3,256	$ 3,265
At $20 per halibut angler day			
	2017	2018	2019
Minimum fee	$ 20	$ 20	$ 20
1st quartile- 25% of businesses would pay ≤	$ 280	$ 220	$ 225
2nd quartile- 50% of businesses would pay ≤	$ 1,800	$ 1,440	$ 1,180
3rd quartile- 75% of businesses would pay ≤	$ 4,500	$ 4,865	$ 4,535
Maximum fee	$ 88,380	$ 77,720	$ 73,040
Average fee	$ 4,596	$ 4,341	$ 4,353

Source: ADF&G Saltwater Logbooks sourced through AKFIN; Days_by_chp_guide(8-25-21).xls
Note: the concept considered under annual operator fee would charge a fee to the CHP holder, not the business

Figure 10 Hypothetical distribution of operator fees across Area 3A businesses at $10/angler



Source: ADF&G Saltwater Logbooks sourced through AKFIN; Days_by_chp_guide(8-25-21).xls
Note: the concept considered under annual operator fee would charge a fee to the CHP holder, not the business

Table 29 Hypothetical distribution of operator fees across Area 3A businesses

At $10 per halibut angler day			
	2017	**2018**	**2019**
Minimum fee	$ 10	$ 10	$ 10
1st quartile- 25% of businesses would pay ≤	$ 188	$ 140	$ 123
2nd quartile- 50% of businesses would pay ≤	$ 1,255	$ 1,340	$ 1,410
3rd quartile- 75% of businesses would pay ≤	$ 3,423	$ 3,410	$ 3,540
Maximum fee	$ 40,910	$ 33,910	$ 25,850
Average fee	$ 3,058	$ 2,870	$ 2,984
At $15 per halibut angler day			
	2017	2018	2019
Minimum fee	$ 15	$ 15	$ 15
1st quartile - 25% of businesses would pay ≤	$ 281	$ 210	$ 184
2nd quartile- 50% of businesses would pay ≤	$ 1,883	$ 2,010	$ 2,115
3rd quartile - 75% of businesses would pay ≤	$ 5,134	$ 5,115	$ 5,310
Maximum fee	$ 61,365	$ 50,865	$ 38,775
Average fee	$ 4,587	$ 4,305	$ 4,475
At $20 per halibut angler day			
	2017	2018	2019
Minimum fee	$ 20	$ 20	$ 20
1st quartile - 25% of businesses would pay ≤	$ 375	$ 280	$ 245
2nd quartile- 50% of businesses would pay ≤	$ 2,510	$ 2,680	$ 2,820
3rd quartile - 75% of businesses would pay ≤	$ 6,845	$ 6,820	$ 7,080
Maximum fee	$ 81,820	$ 67,820	$ 51,700
Average fee	$ 6,116	$ 5,740	$ 5,967

Source: ADF&G Saltwater Logbooks sourced through AKFIN; Days_by_chp_guide(8-25-21).xls
Note: the concept considered under annual operator fee would charge a fee to the CHP holder, not the business

3.6.3 Use of Revenue

The intention under any federal fee collection method would be to have funding collected appropriated for distribution to the RQE in the following year. This would require the Congressional action listed in Section 3.4.8.

As discussed in Section 3.4.5.3, during the development of the RQE Program, federal regulations did not establish limits on the use of RQE funds, however, language describing the intended use of fees has been adapted into the proposed U.S. bill. This language was adopted from the Council's intent which was articulated during final action. The bill states, "….any fees collected under this section shall be available, without appropriation or fiscal year limitation, for the purposes of—

> (1) financing administrative costs of the Recreational Quota Entity program;
>
> (2) the purchase of halibut quota shares in International Pacific Halibut Commission regulatory areas 2C and 3A by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations);
>
> (3) halibut conservation and research; and
>
> (4) promotion of the halibut resource by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations)."

Therefore, it is expected that with these funds the RQE will primarily seek to identify and purchase halibut QS that is allowable under the transfer restrictions established in the program (demonstrated in Figure 6). The RQE may choose to use a broker or buy directly from a seller. As it would be seeking a specific, limited type of QS that fits into its transfer eligibility in that year, this type of sale could also be solicited through a reverse auction-type of market. It may mean the RQE would need to be willing to pay a premium for the type of halibut QS it is seeking to buy. The purchase process would include negotiating the price, drafting the necessary paperwork, and submitting the RQE-specific transfer application to NMFS Restricted Access Management.

3.6.4 Paperwork Reduction Act

A federal fee collection program of any type will likely be subject to the Paperwork Reduction Act (PRA) requirements. The PRA is a law governing how federal agencies collect information from the American public. Enacted in 1980, the PRA was, among other things, designed to "ensure the greatest possible public benefit from and maximize the utility of information created, collected, maintained, used, shared and disseminated by or for the Federal Government" and to "improve the quality and use of Federal information to strengthen decision making, accountability, and openness in Government and society."[19] PRA applies to agency collections of information using identical questions posed to, or reporting or recordkeeping requirements imposed on ten or more persons.

Before requiring or requesting information from the public, the PRA requires federal agencies (1) to seek public comment on proposed collections and (2) to submit proposed collections for review and approval by the Office of Management and Budget (OMB). OMB reviews agency information collection requests for approval or disapproval. When OMB approves an information collection, it assigns an OMB control number that the agency must display on the information collection.

The recent requirement to annually renew CHPs is another example of a collection of information that is subject to PRA (OMB Control Number 0648-0592). This amendment package included an Information Collection Request with estimates of the public reporting burden, which was also subject to the opportunity for public comment and required OMB approval. An annual operating fee associated with

[19] 44 U.S.C. § 3501.

CHP renewal would likely modify this existing collection of information. A charter halibut stamp would likely represent a new collection of information.

3.6.5 Impacts of Establishing a Fee Collection Program on Charter Operators, Anglers, and Communities

This section considers the costs and benefits of the proposed fee collection mechanisms on charter halibut anglers and operators. This section does not repeat the broader analysis of the net benefits of the RQE program, which was a focus of RQE program analysis (NMFS 2017). The RQE program analysis, for example, includes consideration of the QS market impacts, impacts on the commercial IFQ fishery and participants, impacts on subsistence and unguided fishermen and a broader discussion of community impacts associated with halibut stakeholders. The RQE program analysis assumed the RQE would establish a funding mechanism (such as a halibut stamp), therefore the expectations and assessment from that analysis still apply at this time. Thus, this section focuses on the impacts of an RQE fee collection method specifically.

Costs

A federal fee collection program of any design would impose a clear cost on charter halibut operators and likely on charter halibut anglers as well. Depending on the design of a funding mechanism, this could affect up to 274 CHP holders in Area 2C and 300 CHP holders in Area 3A (if CQE and MWR permit holders are included in the responsibility of paying the fee; Table 10 and Table 14). If costs are passed on to the angler, this would affect an average of approximately 39,000 anglers in Area 2C and 77,000 anglers in Area 3A (Table 20 and Table 21). Based on the wide variation in angler effort across businesses (Table 11and Table 15), the range of fees owed by operators could be substantially different. This is represented in the hypothetical distribution of Area 2C operator fees in Figure 9 and Table 28 (which are truly hypothetical as no mechanism is considering a fee at the business level). With a $10 fee, in Area 2C the average business would pay approximately $2,100, but the maximum bill could be up to $44,000 for one operator in a year. This is similar for Area 3A operators (Figure 10 and Table 29), where the average fee liability would be $2,900 but the maximum bill for a single operator could be up to $40,000 per year.

Analysts would expect this additional expense to be absorbed differently across businesses, as exemplified by the response to the cost of GAF. Anecdotally, NMFS staff have heard that the cost of leasing GAF is sometimes wholly absorbed by a business. For example, a charter business may use GAF as a perk they are able to share with anglers for specific reasons (e.g., long-time repeat clients, client referrals, etc). Conversely, a charter business may lease GAF and make it available to their anglers when they catch a halibut that would otherwise be prohibited (e.g., within the protected slot limit) if the angler is willing to pay the direct cost of the GAF. Additionally, there are likely some hybrid scenarios where the expense is shared between the angler and operator.

This range of response would also be expected for a federal funding program for the RQE. Some charter businesses may make this additional expense explicit in their pricing and inform the angler of its purpose. Although the expense from either funding mechanisms considered could be passed on to the angler, the concept of the halibut stamp may make that relationship more explicit, if the intent is to recover the fee from anglers. Some businesses may choose to incorporate all or a portion of the additional expense in the overall price, without differentiating. Some businesses may wholly absorb the cost in their operational expenses which would ultimately affect their annual profitability. The ability to make this decision may also vary by operation type. For operations with a larger revenue stream and/or businesses that are diversified with income from other types of services, this fee may be a smaller percentage of their overall income. For a smaller operator focused primarily on halibut day-trips, it may be more difficult to absorb this as an operational cost and this fee may be more likely to passed onto anglers.

Benefits

While the individual costs of a fee collection mechanism to fund the RQE are relatively easy to predict, the individual and sector-level benefits that could be derived from this revenue are much more complicated to predict. The expectation is that with the federal fee mechanism the RQE can afford to buy pounds of halibut to be added with the charter sector's allocation and loosen charter management measures. The complexity of assessing benefits associated with loosened management measures is in part due to an unknown angler demand curve and uncertainty in assessing how anglers will respond to changes in price and/or quality of the halibut they are able to harvest across a diverse charter sector. It is also complicated by the variability of what is being "purchased", as factors like halibut abundance and future angler effort also play an important role in the equation of what management measures will be set under the CSP.

If some or all of the cost of purchasing the QS is passed onto the anglers, this constitutes an increase in the price of charter trip for the anglers. If anglers are still willing to pay for a charter halibut trip with this increased price, this indicates there was either consumer surplus (i.e., anglers were already willing to pay more to harvest the same halibut), the quality of the product is better (e.g., they can retain a larger halibut/ more halibut) or they have additional opportunity to catch halibut (i.e., through less day of the week closures) and therefore are willing to pay more for it. In the first scenario, anglers may be willing to pay more, but are not necessarily be made better off. For example, today's anglers may be faced with this additional cost of charter fishing, but they may not directly benefit from the more favorable management measures due to a time lag involved in purchasing QS. These anglers would either experience reduced consumer surplus or they may choose not to go charter fishing. Removing day of the week closures provides benefits as it allows for more anglers to fish more days of the week and more days for operators to run a business. However, some angler may not have been directly impacted by the day of the week closure, if they would have been able to book their trip under the more restrictive measures.

The benefits associated with an angler's opportunity to catch more, or slightly larger fish has been the topic of several studies (e.g., Lew & Larson 2015; Lew & Larson 2012). Research on non-Alaskan resident halibut angler willingness to pay emphasized that the potential to catch at least one very large halibut is valuable to anglers; however, if retention of two fish are allowed, a size limit on the second fish less important to non-resident anglers (Lew & Larson 2015). Anglers associated with different types of charter operations may value harvest opportunity differently. Operators may also have a sense of what types of measures their anglers are willing to pay for. A federal fee collection should be responsive to angler demand in order for anglers to benefit in the long-run.

In order for the charter operators to benefit, they would either need to see an increase in angler demand, be able to offer more halibut charter trips (with a decrease in day of the week closures) or an increase in angler willingness to pay above and beyond what the angler may be willing to be pay directly for halibut stamp. Charter operators may also benefit simply from the satisfaction of knowing the anglers have more opportunity, even if it does not affect their profitability. However, similar to angler benefits, if there is a lag in the amount of time the between when fees are paid and when management measures are able to be loosened there may also be some operations contributing but leaving the fishery before fully appreciating the benefits. Conversely future charter businesses may reap the benefits of additional pounds of halibut without contributing as much to funds required to purchase the QS.

With close cooperation between NMFS, the RQE and stakeholders, the effect on charter halibut anglers and charter operators (as a whole) is expected to be positive in the long-term because the RQE would be expected to be working on behalf of the charter operators and anglers. However, charter operations across Area 2C and 3A are operationally diverse and cater to different types of anglers with different levels of price sensitivity. Thus, there may be some individuals related to the charter sector that are not benefited. For instance, larger charter vessels that cater to many anglers or operations that do many short trips may not change their harvest strategy; changes in size limits or annual limits may be less likely to affect these businesses or their anglers. However, these operators would still be required to pay the same fee. An RQE

needs to be sensitive to the fact that these relationships could be different for some charter operators and anglers.

Update of the analysis on changes in management measures

The other challenge in describing the benefits from access to additional halibut is in the variability of what halibut QS could mean for the charter sector. QS the RQE is able to purchase with revenue from a fee collection mechanism will not likely result the in a consistent set of target management measures for the charter sector. The current CSP system takes into account information on the dynamic factors of halibut abundance and projected angler effort when annual management measures are adopted. A change in trip price, quality of the fishing trip (opportunity to catch more or larger fish), or more opportunity for charter halibut fishing trips (through reduction of day of the week closures) that are a direct result of a federal funding mechanism and the additional RQE QS holdings could affect angler effort which could in turn affect management measures.

The analysis for the development of the RQE Program (NMFS 2017) examined the amount of halibut QS that the RQE would need to obtain to make measurable differences in annual management measures by looking back at ADF&G annual analyses of management measures. These analyses project charter removals based on the suite of management measures requested by the Charter Halibut Management Committee. The objective is to find a measure (or combination of measures) that will keep the sector at or below the total charter catch limit for that area, while also minimizing the economic impact to charter operators and anglers in that Regulatory Area. The analysis for the development of the RQE Program used the projected estimates of removals from 2015 and two scenarios to represent years with higher and lower halibut catch limits: i) the 2015 commercial and charter halibut allocation, and ii) the 2011 commercial and charter halibut allocation to understand some of the variation that could occur. As projected effort and catch limits are continuously changing, this analysis can be constantly reevaluated in order to explain what the charter sector could be "purchasing" with additional halibut QS. The following section updates this analysis by considering the ADF&G analysis of management options for charter halibut fisheries for 2020 (Webster & Powers 2019; and supplemental Webster & Powers 2020).

At the beginning of 2020, prior to widespread knowledge of the COVID-19 pandemic which would later result in adjusted management measures, the IPHC set the Area 2C charter halibut allocation at 780,000 lb. At the same time in 2020, the Area 2C commercial IFQ allocation was 3.41 mil lb as illustrated in the timeseries in Table 30. Using the beginning of 2020 as an example, Table 31 illustrates what hypothetical commercial halibut QS holdings would have amounted to at different levels in 2020, ranging from 1% - 10% (1% is the annual transfer limit in Area 2C and 10% is the cumulative limit for the RQE in Area 2C). When these pounds are added to the 780,000 lb allocation, Table 31 demonstrates the adjusted pounds that would be available to the Area 2C charter halibut sector in under each scenario.

Table 32 was presented in the ADF&G management report (Webster & Powers 2019), which demonstrated based on projected removals, Area 2C could "afford" a bag limit of one halibut, with a reverse slot limit of U40, O80 (one fish either less than or equal to 40 inches or over 80 inches), as highlighted with a red box. The green box signifies the management measures which were later adopted due to the effects of the pandemic and the expectation (and reality) of a significant drop in angler effort. For purposes of this analysis, we will focus on the pre-COVID assessment of effort. Table 33 further translates the difference between the 780,000 lb allocation and the amount of removals projected the ADF&G table, represented as a percentage of the Area 2C commercial IFQ that would be necessary to cover the difference. In doing so, Table 33 demonstrates the management measures that could have been afforded if these additional pounds were available. For example, at the level of harvest and effort that was predicted for Area 2C at the end of 2019, it would have taken 4% of the Area 2C IFQ to reach U45, O80.

In the RQE analysis (NMFS 2017), based on 2015 estimates of removals and the 2015 catch limit (0.851 Mlb for charter, 3.68 Mlb for commercial), it would have taken 2% of the Area 2C IFQ to reach U45, U80 management measures. Using a scenario of 2015 estimates of charter removals and the lower catch limits from 2011 (0.788 Mlb for charter, 2.33 Mlb for commercial) it would have taken 6% of the pool of Area 2C IFQ to reach the same U45, O80 management measures.

Table 30 Area 2C commercial IFQ and charter halibut catch limits, 2015 through 2021

Area 2C	Area 2C commercial IFQ (pounds)	Area 2C charter catch limit (pounds)
2015	3,679,000	851,000
2016	3,924,000	906,000
2017	4,212,000	915,000
2018	3,570,000	810,000
2019	3,610,000	820,000
2020	**3,410,000**	**780,000**
2021	3,530,000	810,000

Source: NMFS Alaska Fisheries Management Reports

Table 31 Area 2C 2020 charter catch limit and adjusted pounds available with RFQ holdings at different levels

	Equivalent RFQ holdings in 2020 pounds	Total pounds available (Allocation + RFQ)
Under Current Allocation (UCA)	0	780,000
If the RQE holds:		
1% IFQ pool	34,100	814,100
2% IFQ pool	68,200	848,200
3% IFQ pool	102,300	882,300
4% IFQ pool	136,400	916,400
5% IFQ pool	170,500	950,500
6% IFQ pool	204,600	984,600
7% IFQ pool	238,700	1,018,700
8% IFQ pool	272,800	1,052,800
9% IFQ pool	306,900	1,086,900
10% IFQ pool	341,000	1,121,000

Source: Adapted from NMFS Alaska Fisheries Management Reports

Table 32 Projected charter removals (Mlb) for Area 2C in 2020 under reverse slot limits ranging from U35O50 to U50O80 with a 1-fish bag limit

Harvest = 68,737

	Upper Length Limit (in)															
Lower Limit (in)	50	52	54	56	58	60	62	64	66	68	70	72	74	76	78	80
35	1.227	1.145	1.082	1.013	0.962	0.917	0.853	0.792	0.757	0.73	0.702	0.684	0.658	0.644	0.642	0.631
36	1.257	1.177	1.116	1.047	0.997	0.952	0.89	0.829	0.794	0.767	0.74	0.721	0.696	0.682	0.68	0.669
37	1.274	1.195	1.134	1.066	1.017	0.973	0.911	0.851	0.816	0.789	0.762	0.744	0.719	0.705	0.703	0.692
38	1.301	1.223	1.164	1.097	1.048	1.005	0.943	0.884	0.85	0.823	0.796	0.778	0.753	0.739	0.737	0.726
39	1.32	1.244	1.185	1.119	1.071	1.027	0.967	0.908	0.874	0.847	0.82	0.802	0.778	0.764	0.762	0.751
40	1.335	1.26	1.202	1.137	1.089	1.046	0.986	0.928	0.894	0.868	0.841	0.823	0.799	0.785	0.783	0.772
41	1.354	1.28	1.224	1.159	1.112	1.07	1.01	0.952	0.919	0.893	0.866	0.849	0.824	0.81	0.809	0.798
42	1.365	1.293	1.237	1.173	1.126	1.085	1.025	0.968	0.935	0.909	0.883	0.865	0.841	0.827	0.826	0.815
43	1.378	1.307	1.252	1.189	1.143	1.101	1.043	0.986	0.953	0.927	0.901	0.884	0.86	0.846	0.844	0.834
44	1.398	1.328	1.274	1.211	1.166	1.125	1.067	1.011	0.978	0.953	0.927	0.909	0.886	0.872	0.87	0.86
45	1.419	1.351	1.298	1.236	1.192	1.151	1.094	1.038	1.006	0.981	0.955	0.938	0.914	0.901	0.899	0.888
46	1.432	1.365	1.313	1.252	1.208	1.168	1.111	1.056	1.024	0.999	0.973	0.956	0.933	0.919	0.918	0.907
47	1.451	1.386	1.334	1.274	1.231	1.191	1.135	1.081	1.049	1.024	0.999	0.982	0.958	0.945	0.943	0.933
48	1.463	1.399	1.348	1.289	1.246	1.207	1.151	1.097	1.066	1.041	1.016	0.999	0.975	0.962	0.96	0.95
49	1.486	1.423	1.373	1.315	1.272	1.234	1.179	1.125	1.094	1.07	1.045	1.028	1.005	0.992	0.99	0.98
50	1.5	1.439	1.39	1.333	1.291	1.253	1.198	1.145	1.115	1.091	1.066	1.049	1.026	1.013	1.011	1.001

Source: Webster & Powers 2019

Table notes: All values in the table include corrections for 2015-2019 errors in estimation of average weight and inflation factors for release mortality by weight.
The red boxed cell represents management measures that were selected by the IPHC based on the allocation of 0.78 mil lb at the beginning of 2020. The green box represents management measures that were later adopted by the IPHC (meeting on 5/20/2020) due to the COVID-19 pandemic and expected decrease in angler effort.

Table 33 Percentages of Area 2C IFQ that would be needed to achieve different management measures under the Area 2C charter projected removals from Dec 2019 and a catch limit of 0.78 Mlb

	Upper Length Limit (in)															
Lower Limit (in)	50	52	54	56	58	60	62	64	66	68	70	72	74	76	78	80
35	N/A	N/A	9%	7%	6%	5%	3%	1%	UCA	UCA	UCA	UCA	UCA	UCA	UCA	UCA
36	N/A	N/A	10%	8%	7%	6%	4%	2%	1%	UCA	UCA	UCA	UCA	UCA	UCA	UCA
37	N/A	N/A	N/A	9%	7%	6%	4%	3%	2%	1%	UCA	UCA	UCA	UCA	UCA	UCA
38	N/A	N/A	N/A	10%	8%	7%	5%	4%	3%	2%	1%	UCA	UCA	UCA	UCA	UCA
39	N/A	N/A	N/A	10%	9%	8%	6%	4%	3%	2%	2%	1%	UCA	UCA	UCA	UCA
40	N/A	N/A	N/A	N/A	10%	8%	7%	5%	4%	3%	2%	2%	1%	1%	1%	UCA
41	N/A	N/A	N/A	N/A	10%	9%	7%	6%	5%	4%	3%	3%	2%	1%	1%	1%
42	N/A	N/A	N/A	N/A	N/A	9%	8%	6%	5%	4%	4%	3%	2%	2%	2%	2%
43	N/A	N/A	N/A	N/A	N/A	10%	8%	7%	6%	5%	4%	4%	3%	2%	2%	2%
44	N/A	N/A	N/A	N/A	N/A	N/A	9%	7%	6%	6%	5%	4%	4%	3%	3%	3%
45	N/A	N/A	N/A	N/A	N/A	N/A	10%	8%	7%	6%	6%	5%	4%	4%	4%	4%
46	N/A	N/A	N/A	N/A	N/A	N/A	10%	9%	8%	7%	6%	6%	5%	5%	5%	4%
47	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9%	8%	8%	7%	6%	6%	5%	5%	5%
48	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10%	9%	8%	7%	7%	6%	6%	6%	5%
49	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10%	9%	8%	8%	7%	7%	7%	6%
50	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10%	10%	9%	8%	8%	7%	7%	7%

Source: Adapted from Webster & Powers 2019
Table notes: UCA is an option under the current allocation, set at the beginning of 2020.
N/A indicates this option would not have been available under 2020 projected effort even with IFQ up to RQE's cumulative limit of 10% of the Area 2C IFQ pool.
The red box signifies the measures that were initially set by the IPHC based on projected removals in Dec 2019.
The green box signifies the measures that were later adopted by the IPHC due to the COVID-19 pandemic and expected decrease in angler effort.

The effect that RQE halibut QS holdings could have on the Area 3A charter sector requires a different type of assessment due to the suite of management measures that are typically recommended by the NPFMC's Charter Halibut Management Committee. The allocation the IPHC set for the Area 3A charter sector in 2020 was 1.71 mil lb. Based on a supplemental analysis prepared by ADF&G staff for the IPHC meeting (Webster & Powers 2020), estimating the types of measures that would fall under this allocation as well as recommendations from the Charter Halibut Management Committee, **the measures adopted at the beginning of 2020 for Area 3A were: a 2-fish bag limit, with one U26, Wednesdays and Tuesdays closed to halibut fishing all season, a 4-fish annual limit, as well as a limit of one trip per CHP and one trip per vessel per day.**

For simplicity, this analysis focuses on the pounds the RQE would have needed to hold to reduce Tuesday closures and relax the size limit of the second fish from the measures set at the beginning of 2020. This may not be the way that the Charter Halibut Management Committee would choose to prioritize relaxing measures with the availability of additional pounds. For example, the Committee may value opening more Wednesday rather than increasing the size limit of the second fish. Moreover, if the RQE held more than 6% of the Area 3A IFQ, it may also be able to afford to relax additional measures. However, this example stays simple by sticking to adjustments that can be seen within one table.

Table 34 demonstrates that in 2020, the Area 3A IFQ pool was set at 7.05 mil lb. Table 35 identifies what 1.2% - 12% of the IFQ pool (12% is the cumulative limit for the RQE in Area 3A) equates to and the total pounds that would in turn be available to the Area 3A charter sector if the RQE held this amount of QS.

Table 36 was included in the supplemental analysis prepared by ADF&G staff for the IPHC meeting (Webster & Powers 2020). This table demonstrates projected halibut removals in Area 3A assuming a 2-fish bag limit, Wednesdays closed to halibut fishing all season, a 4-fish annual limit, and one trip per CHP and one trip per vessel per day. The table evaluates two additional regulations to reduce halibut mortality to under the catch limit: a size limit on the second fish and a number of additional day-of-the-week closures (Tuesdays). This table showed that the only option which was projected to remain under the 1.71 mil lb catch limit was with Tuesdays closed all season and a size limit on the second fish of under 26 inches.

Table 37 demonstrates the percentage of Area 3A halibut IFQ would have been needed to relax management measures to a different level in Table 36. For example, if the RQE had held 1.2% of the Area 3A QS pool at the beginning of 2020 (84,600 additional pounds), it could have opened up five additional Tuesday to halibut charter fishing in Area 3A. Note that when ADF&G analysts consider the effect of day-of-the-week closures, they first consider removing effort in the middle of the season to produce the largest effect. Relaxing management measures would occur in reverse; Tuesday closures would still be in place from June 22- Aug 17 (see Table 2; Webster & Powers 2020), but not outside of this timeframe. Alternatively, the Charter Halibut Management Committee could choose to use the additional pounds to relax the size limit of the second fish to 29 inches or consider changing other measures not listed in this table (e.g., annual limits).

This result can be compared to the 2015 and the 2011 catch limit scenarios considered in the RQE analysis (NPFMC 2017). In 2015, the IPHC set the Area 3A charter halibut catch limit at 1.89 Mlb (the Area 3A commercial catch limit was 7.79 Mlb). ADF&G estimated that maintaining a charter harvest below this limit would require a 29-inch size limit on the second fish, a five-fish annual limit, a day-of the week restriction (Thursdays, June 15- Aug 31), and a limit to one charter trip per day per vessel. The RQE analysis (NMFS 2017) projected that under those conditions 3% of the Area 3A commercial halibut IFQ would remove all day-of-the-week closures. With 5% of the 2015 Area 3A IFQ the RQE could have removed annual limits in that year based on projected removals, leaving only a 29-inch size limit on the second fish and the limit of one trip per vessel and per permit per day. In 2011, the Area 3A charter catch limits were set at the higher level of 3.56 Mlb, thus when compared to the projected Area 3A charter

removals from 2015, no additional pounds from the commercial IFQ sector would have been needed to achieve the unguided limit of 2 fish of any size.

One of the primary points of this exercise is to emphasize the variation in what additional pounds of halibut can mean for management measures depending on the conditions present. Given the structure of the CSP which provide annual reevaluation of projected removals under catch limits, addition pounds of halibut may not provide stable management measures. However, RQE QS holdings should consistently provide additional opportunity relative to the status quo measures. Charter stakeholder may be able to identify when this additional opportunity is the most meaningful (e.g., at times of low abundance, in removing day-of-the-week closures, etc.).

Table 34 Area 3A commercial IFQ and charter halibut catch limits, 2015 through 2021

Area 3A	Area 3A commercial IFQ (pounds)	Area 3A charter catch limit (pounds)
2015	7,790,000	1,890,000
2016	7,336,000	1,814,000
2017	7,739,000	1,890,000
2018	7,350,000	1,790,000
2019	8,060,000	1,890,000
2020	**7,050,000**	**1,710,000**
2021	8,950,000	1,950,000

Source: NMFS Alaska Fisheries Management Reports

Table 35 Area 3A 2020 charter catch limit and adjusted pounds available with RFQ holdings at different levels

	Equivalent RFQ holdings in 2020 pounds	Total pounds available (Allocation + RFQ)
Under Current Allocation (UCA)	0	1,710,000
If the RQE holds:		
1.2% IFQ pool	84,600	1,794,600
2% IFQ pool	141,000	1,851,000
3% IFQ pool	211,500	1,921,500
4% IFQ pool	282,000	1,992,000
5% IFQ pool	352,500	2,062,500
6% IFQ pool	423,000	2,133,000
7% IFQ pool	493,500	2,203,500
8% IFQ pool	564,000	2,274,000
9% IFQ pool	634,500	2,344,500
10% IFQ pool	705,000	2,415,000
11% IFQ pool	775,500	2,485,500
12% IFQ pool	846,000	2,556,000

Source: Adapted from NMFS Alaska Fisheries Management Reports

Table 36 **Area 3A projected removals for 2020 under a range of maximum size limits on one fish in the bag limit and Tuesday closures ranging from zero to thirteen days or a Tuesday closure for the entire season. Projected removals assume the following status quo measures: two fish bag limit – one of any size, limit of one trip per vessel and one trip per permit per day, Wednesday closure all year, 4-fish annual limit.**

Size limit	Number of Tuesday Closures														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	All
26	2.014	1.988	1.955	1.929	1.902	1.874	1.846	1.821	1.799	1.783	1.761	1.757	1.738	1.732	1.696
27	2.041	2.015	1.982	1.955	1.928	1.899	1.871	1.845	1.823	1.807	1.784	1.78	1.762	1.755	1.719
28	2.083	2.057	2.023	1.995	1.967	1.938	1.909	1.883	1.861	1.844	1.821	1.817	1.798	1.791	1.754
29	2.11	2.083	2.049	2.021	1.993	1.964	1.934	1.908	1.885	1.869	1.845	1.841	1.822	1.815	1.777
30	2.152	2.125	2.09	2.062	2.033	2.003	1.972	1.946	1.923	1.906	1.882	1.878	1.858	1.851	1.813

Source: Webster & Powers 2020
Table notes: Projections include corrections for errors in estimation of average weight and an additional 1.1% release mortality by weight.
The red box signifies the measures that were initially set by the IPHC based on projected removals in Jan 2020.
Measures that were later adopted by the IPHC due to the COVID-19 pandemic and expected decrease in angler effort include: 2 fish bag limit (one U32), no annual limit, no day-of-the-week closures, one trip per vessel per days and one trip per CHP per day.

Table 37 **Percentages of Area 3A IFQ that would be needed to achieve different management measures under the Area 3A charter projected removals from Jan 2020 and a catch limit of 1.71 Mlb**

Size limit	Number of Tuesday Closures														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	All
26	5%	4%	4%	4%	3%	3%	2%	2%	2%	1.2%	1.2%	1.2%	1.2%	1.2%	UCA
27	5%	5%	4%	4%	4%	3%	3%	2%	2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
28	6%	5%	5%	5%	4%	4%	3%	3%	3%	2%	2%	2%	2%	1.2%	1.2%
29	6%	6%	5%	5%	5%	4%	4%	3%	3%	3%	2%	2%	2%	2%	1.2%
30	7%	6%	6%	5%	5%	5%	4%	4%	4%	3%	3%	3%	3%	2%	2%

Source: Adapted from Webster & Powers 2020
Table notes: UCA is an option under the current allocation, set at the beginning of 2020.
The red box signifies the measures that were initially set by the IPHC based on projected removals in Jan 2020.
Measures that were later adopted by the IPHC due to the COVID-19 pandemic and expected decrease in angler effort include: 2 fish bag limit (one U32), no annual limit, no day-of-the-week closures, one trip per vessel per days and one trip per CHP per day.

Communities that could be impacted by this action through their association with CHP holders are included in Table 13, and Table 17. For Area 2C, a large proportion of the CHP are registered in Ketchikan, Sitka, Craig, Juneau/ Auke Bay, Petersburg, and Klawock, Alaska, as well the in the state of Washington and Utah. For Area 3A a large portion of the CHPs are registered in Homer, Seward, Kodiak, Soldotna, Ninilchik, Anchorage, and Yakutat, Alaska. The type of port or associated community could shed light on some of the distributional impacts that could occur from an increased trip price. For instance, non-resident anglers may be less price sensitive if they are traveling to Alaska for a once-in-a-lifetime fishing trip and/ or paying for a lodge experience. Anglers with many substitute options (both fishing options and other recreational options) may be more sensitive to price changes. More discussion on the types of impacts associated with charter and commercial halibut communities expected from an RQE are described in NMFS (2017).

3.7 Affected Small Entities (Regulatory Flexibility Act Considerations)

The Regulatory Flexibility Act (RFA), first enacted in 1980 and amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601-612), is designed to place the burden on the government to review all regulations to ensure that, while accomplishing their intended purposes, they do not unduly inhibit the ability of small entities to compete. The RFA recognizes that the size of a business, unit of government, or nonprofit organization frequently has a bearing on its ability to comply with a Federal regulation. Major goals of the RFA are 1) to increase agency awareness and understanding of the impact of their regulations on small business, 2) to require that agencies communicate and explain their findings to the public, and 3) to encourage agencies to use flexibility and to provide regulatory relief to small entities.

The RFA emphasizes predicting significant adverse economic impacts on small entities as a group distinct from other entities, and on the consideration of alternatives that may minimize adverse economic impacts, while still achieving the stated objective of the action. When an agency publishes a proposed rule, it must either 'certify' that the action will not have a significant adverse economic impact on a substantial number of small entities and support that certification with the factual basis upon which the decision is based; or it must prepare and make available for public review an Initial Regulatory Flexibility Analysis (IRFA). Under section 603 of the RFA, an IRFA "shall describe the impact of the proposed rule on small entities."

Under 5 U.S.C., section 603(b) of the RFA, each IRFA is required to contain:

- A description of the reasons why action by the agency is being considered;
- A succinct statement of the objectives of, and the legal basis for, the proposed rule;
- A description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply (including a profile of the industry divided into industry segments, if appropriate);
- A description of the projected reporting, record keeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities that will be subject to the requirement and the type of professional skills necessary for preparation of the report or record;
- An identification, to the extent practicable, of all relevant Federal rules that may duplicate, overlap, or conflict with the proposed rule;
- A description of any significant alternatives to the proposed rule that accomplish the stated objectives of the proposed action, consistent with applicable statutes, and that would minimize any significant economic impact of the proposed rule on small entities. Consistent with the stated objectives of applicable statutes, the analysis shall discuss significant alternatives, such as:

1. The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities;

2. The clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities;

3. The use of performance rather than design standards;

4. An exemption from coverage of the rule, or any part thereof, for such small entities.

When an agency publishes a final rule, it must prepare a Final Regulatory Flexibility Analysis, unless, based on public comment, it chooses to certify the action.

As of January 2017, NMFS Alaska Region prepares the IRFA for a proposed action in the Classification section of the proposed rule. Therefore, the preparation of a complete IRFA is not necessary for Council final action on this issue.

Instead, this section of the analysis will provide information that NMFS will use to prepare the IRFA for this action, namely a description and estimates of the number of *small, directly regulated entities* associated with the action alternative. This section will also identify the general nature of the potential economic impacts on directly regulated small entities, specifically addressing whether the impacts may be adverse or beneficial and if they are disproportionately impacting small entities. This information will be useful for the Council to consider in selecting among the alternatives analyzed in this RIR and for NMFS to use to prepare the IRFA for the proposed rule, should the Council recommend implementation of one of the action alternatives. *This information will be prepared once the Council has identified a preliminary preferred alternative.*

3.8 Summation of the Alternatives with Respect to Net Benefit to the Nation

The proposed action considers several federal-facilitated mechanisms to collect fees from charter operators to fund an RQE program. *When the Council identifies a preliminary preferred alternative, this section of the analysis will evaluate the expected net benefits to the Nation relative to this alternative for additional public review.*

4 Pacific Halibut Act Considerations

The fisheries for Pacific halibut are governed under the authority of the Northern Pacific Halibut Act of 1982 (Halibut Act, 16 U.S.C. 773-773k). For the United States, the Halibut Act gives effect to the Convention between the United States and Canada for the Preservation of the Halibut Fishery of the North Pacific Ocean and Bering Sea. The Halibut Act also provides authority to the Regional Fishery Management Councils, as described in §773c:

> *(c) Regional Fishery Management Council involvement*
>
> *The Regional Fishery Management Council having authority for the geographic area concerned may develop regulations governing the United States portion of Convention waters, including limited access regulations, applicable to nationals or vessels of the United States, or both, which are in addition to, and not in conflict with regulations adopted by the [International Pacific Halibut] Commission [IPHC]. Such regulations shall only be implemented with the approval of the Secretary, shall not discriminate between residents of different States, and shall be consistent with the limited entry criteria set forth in section 1853(b)(6) of this title. If it becomes necessary to allocate or assign halibut fishing privileges among various United States fishermen, such allocation shall be fair and equitable to all such fishermen, based upon the rights and obligations in existing Federal law, reasonably calculated to promote conservation, and carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of the halibut fishing privileges…*

It is necessary for the Council to consider the authority of the Halibut Act when considering regulations that may result from a federal fee collection program. *When the Council identifies a preliminary preferred alternative, this section will evaluate the proposed action relative to the provisions in the Halibut Act with the opportunity for additional public review.*

5 Preparers and Persons Consulted

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