C3 INITIAL REVIEW: CHARTER HALIBUT RECREATIONAL QUOTA ENTITY (RQE) FUNDING MECHANISM

OCTOBER 2021

PRESENTATION TO THE COUNCIL

Sarah Marrinan, NPMFC Staff

Kurt Iverson, NMFS Inseason Staff

HISTORY OF ACTION

- In **December 2016**, the Council took **final action to approve a regulatory program that would authorize a charter halibut non-profit RQE** to purchase and hold commercial halibut quota share on behalf of the charter halibut anglers in Area 2C and 3A, which could relax annual management measures
  - Final Rule establishing the RQE did not dictate the RQE's method of funding itself or any halibut quota share purchases
  - Management measures would **apply to all charter halibut anglers - no option to opt out**
- In **April 2021**, the Council considered a discussion paper which examined the concept of a charter halibut stamp
  - In response, the Council initiated this initial review analysis for broadly considering funding mechanisms

Section 1.2; page 16-17

CURRENT ALTERNATIVES FOR CONSIDERATION

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.

Section 2; page 18

FEDERAL FEE COLLECTION AUTHORITY

S.273 - Driftnet Modernization and Bycatch Reduction Act

117th Congress (2021-2022) | Get alerts

BILL Hide Overview ✕

Sponsor: Sen. Feinstein, Dianne [D-CA] (Introduced 02/08/2021)

Committees: Senate - Commerce, Science, and Transportation

Latest Action: House - 09/17/2021 Held at the desk. (All Actions)

Tracker:

Introduced | **Passed Senate** | Passed House | To President | Became Law

Source: https://www.congress.gov/bill/117th-congress/senate-bill/273

Section 3.4.8; page 53-54

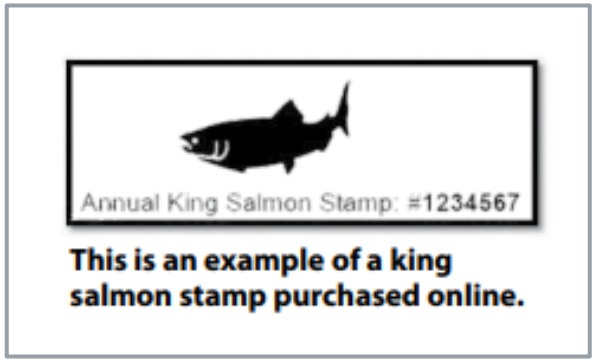
IFQ COST RECOVERY

- MSA requires that Cost Recovery fees be collected for the direct costs directly related to the management, data collection, and enforcement of any limited access privilege programs
- By purchasing halibut QS, the RQE will be participating in a LAPP (the IFQ Program)
- Recreational Fishing Quota is considered “used” if it augments the available charter allocation
- Unclear at this point if the incremental management costs related to RFQ would be combined in the Cost Recovery Program with other IFQ Program costs

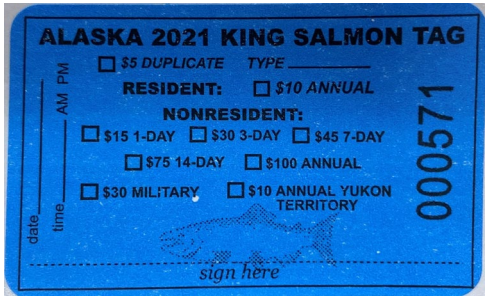
OPTION 1: CHARTER HALIBUT STAMP

- Would require a 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
  - *Or when halibut was retained*
  - *Determine who the "operator" is*
  - *Doesn't have to be called a "stamp"*

Section 3.6.1; page 57-66



This is an example of a king salmon stamp purchased online.



CHARTER HALIBUT STAMP MECHANICS

- Online sale and stamp distribution platform
- Operators could purchase (or cache) stamps once a season, multiple times and season or even every day
- Includes a system to validate stamps when used
- Pay either when stamps are obtained or when they are validated
- Requires on-the-water enforcement and Alaska Wildlife Trooper cooperation

Section 3.6.1; page 57-66

POTENTIAL REVENUE BASED ON DIFFERENT STAMP PRICES

2C	Angler Days*	$10	$15	$20
2019	106,753	$1,067,530	$1,601,295	$2,135,060
3A	**Angler Days***	**$10**	**$15**	**$20**
2019	103,591	$1,035,910	$1,553,865	$2,071,820

* Any day where halibut was 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

Adapted from Table 19; page 63

OPTION 2: ANNUAL OPERATOR FEE

- Tied to the renewal of a Charter Halibut Permit (CHP)
- Administrative action, no on-the-water enforcement
- Administered similar to Cost Recovery
  - CHP holders billed annually with paper invoices and bills could be paid through eFish
  - If they are not paid in full, the CHP is flagged and may not be renewed until payment is received.

Section 3.6.2; page 67-76

ANNUAL OPERATOR FEE

- Uniform fee or fee based on angler effort associated with a CHP (per angler fee or tiered fee)
- ADF&G saltwater logbook represent the only mandatory census source of charter halibut angler effort.
- There are some drawbacks and obstacles to this
  - ADF&G has expressed concern about the potential for non-reporting.
  - The logbooks were not designed for this purpose, and it may require some restructuring
  - Lag in when the data is available – unlike to be available to assess a fee for the very next year.
  - Substantial data cleaning which will require staff time and effort
  - Some errors will not be detected
  - Would need a robust appeals process if an operators wishes to refute their bill

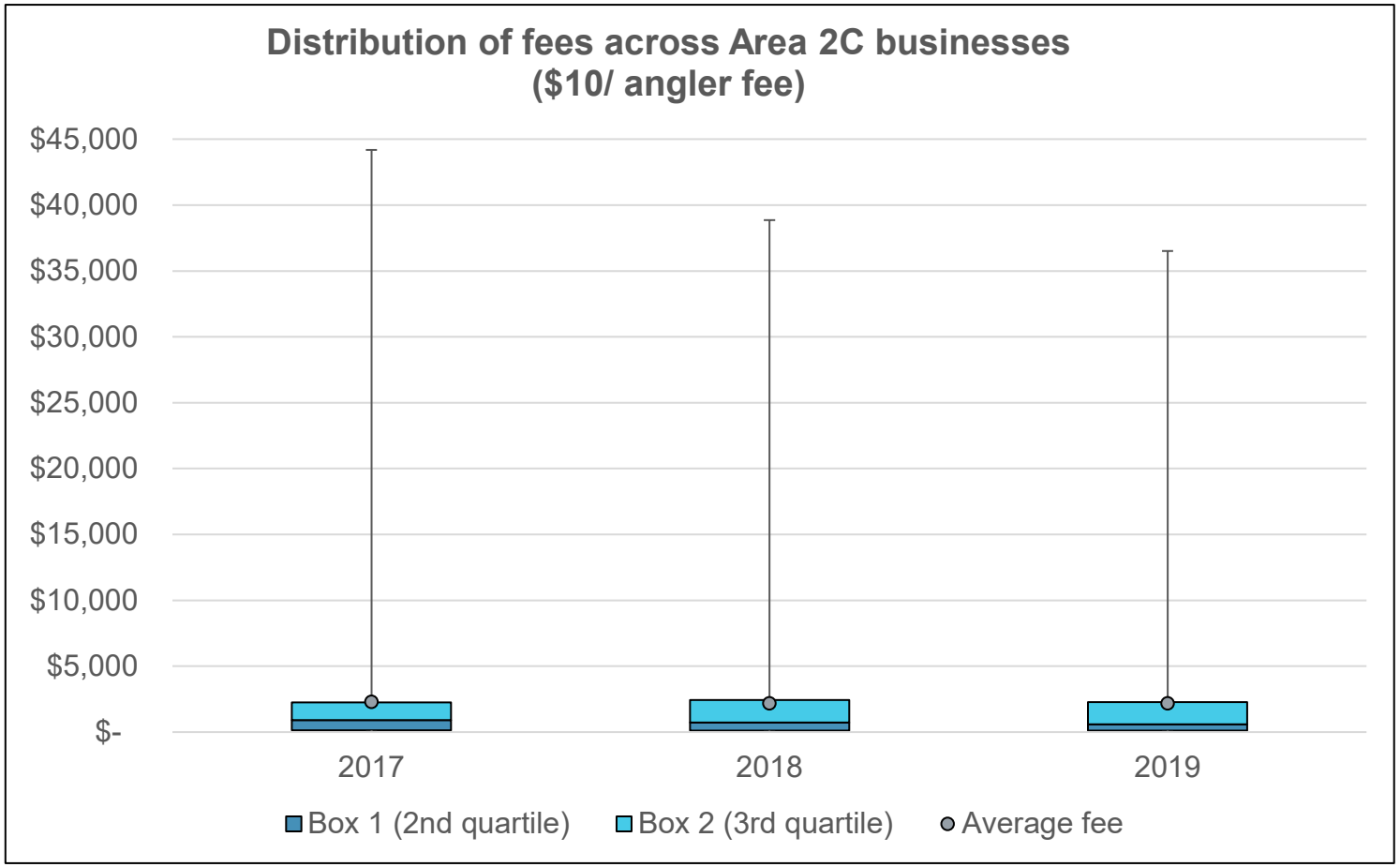
Section 3.6.2; page 67-76

POTENTIAL REVENUE FROM AN ANNUAL OPERATOR FEE

2C	Halibut Angler Days*	$10	$15	$20
2019	70,091	$700,910	$1,051,365	$1,401,820
3A	**Halibut Angler Days***	**$10**	**$15**	**$20**
2019	85,330	$ 853,300	$1,279,950	$ 1,706,600

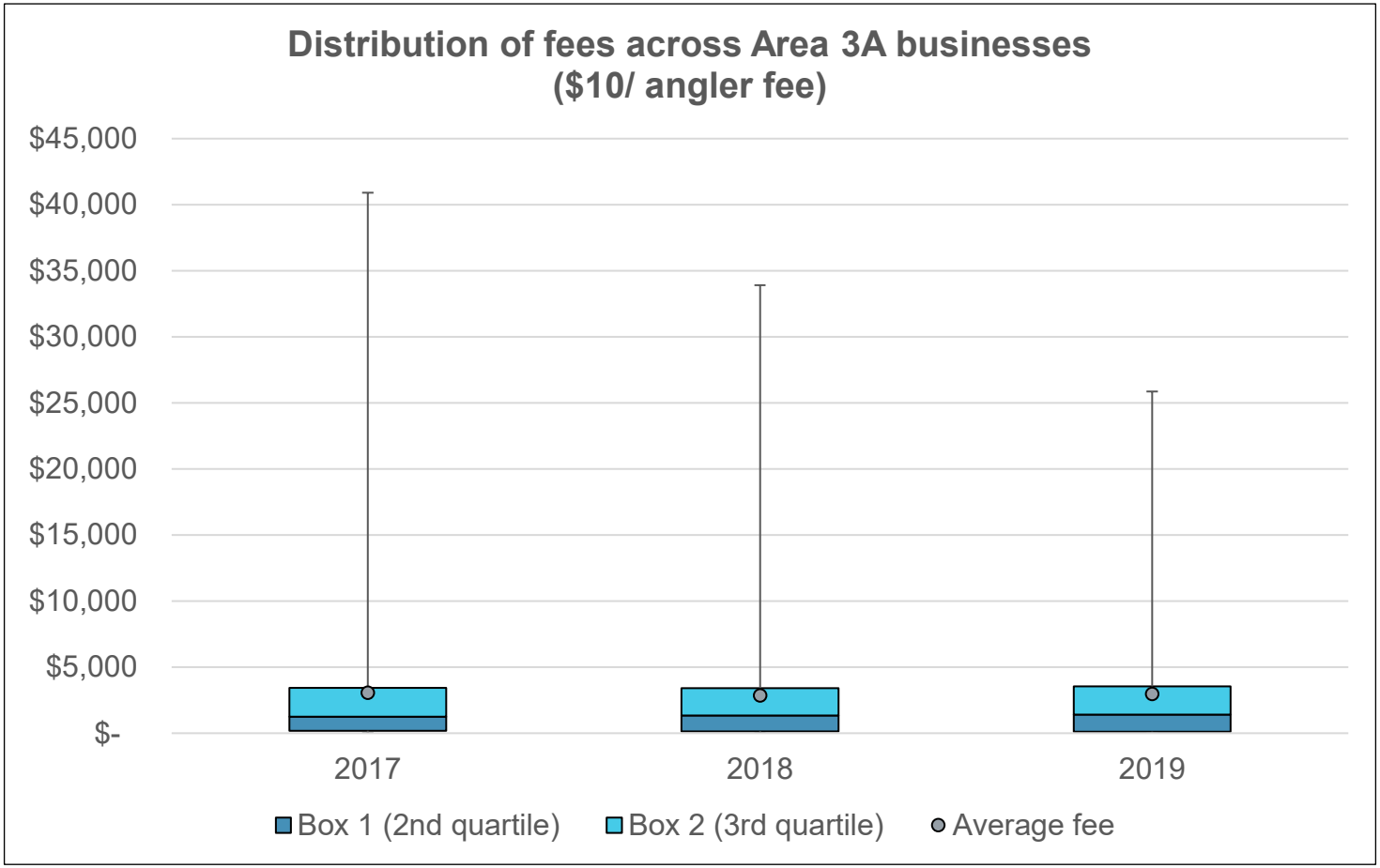
* “Halibut angler day” means any day where halibut was reported as retained by an angler

Adapted from Table 27; page 72



Note: the concept considered under annual operator fee would charge a fee to the CHP holder, not the business

Figure 9; page 73



Note: the concept considered under annual operator fee would charge a fee to the CHP holder, not the business

Figure 10; page 75

Category of benefit/ challenge	Charter halibut stamp		Annual operator fee – Tied to angler effort	
	Benefits	Challenges	Benefits	Challenges
Administration	▪ Would not require issuing invoices and administering payments and following up with non-payment	▪ Cost and staff for development/ implementation/ facilitation of the program ▪NMFS does not have widespread in-person user support	▪ 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 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/ NMFS staff 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)	
User-fee concept (more support from the charter sector in tying to angler effort)	▪ More clearly tied to angler effort			▪ Although tied to angler effort, not as clearly as the requirement to hold a stamp

Adapted from Table 18; page 56

IMPACTS TO THE CHARTER SECTOR

Costs

- Clear cost to the sector
- Likely absorbed differently across businesses (i.e., amount absorbed as an operating cost vs passed on to the angler)
- Wide distribution in angler effort across businesses (some could owe up to $82K per year based on angler effort associated with a business and a $20 fee per angler. Most businesses much less.)

Benefits

- Allow for the relaxation of management measures relative to status quo (e.g., day of the week closures, size limits, bag limits, annual limits, etc.)
- How that translates to benefits for the sector much more difficult to explain and predict
- Different angler preferences/ price sensitivity
- Lag effect of benefits
- Variability in what the additional QS means for the sector based on external factors (i.e., predicted angler removals and where the IPHC sets the area catch limits)

Oct 27th – Charter Halibut Management Committee will also discuss this issue

Photo credit: R. Yamada

Thank you.

Questions?