

**STAFF RECOMMENDATIONS
PERMANENT SOLUTION ALTERNATIVES AND OPTIONS
DECEMBER 2006**

New Structure for Permanent Solution Alternatives Staff proposes a new structure for a suite of alternatives for a permanent solution for managing the charter halibut fishery. It is intended solely to aid the Council in identifying distinct management actions for analysis and to aid the public in understanding possible outcomes.

The proposed (moratorium) limited entry program is assumed to be the first action taken by the Council, as a decision is scheduled for April 2007 [listed as Action 1 in the box at right]. NOAA Fisheries Service previously advised the Council that the proposed “moratorium” program is a limited entry system and should not be viewed as “interim;” instead, it should be viewed as the first step in addressing the problem in the fishery and is “permanent” until it is removed or replaced. Therefore, staff concludes that the limited entry option under Alternative 2 (the Allocation alternative) in the second proposed analysis [listed as Action 2 in the box at right] is redundant and confusing because such a program would have been adopted under Action 1. Staff recommends that the proposed limited entry option in the second analysis be dropped.

**Staff Recommendations for Structuring
Charter Halibut Harvest Alternatives**

First Analysis – final action in April 2007
Action 1. (Moratorium) Limited Entry
Alt. 1 No Action
Alt. 2 Limited Entry Permit Program
Option. Community provisions

Second Analysis – final action to be announced
Action 2. Allocation between commercial/charter sectors*
Alt. 1 No Action
Alt. 2 Allocation between sectors
and
Action 3. Share-Based Systems*
Alt. 1 No Action
Alt. 2 Limited Entry Permit Endorsements (rods/trips or angler days)
Option. Community shares
Alt. 3 QS Program
Option. Community shares

*Actions 2 and 3 can be combined into a single analysis or separated into separate analyses

As revised, Action 2 would set an allocation between the charter and commercial sectors. Identifying the allocation decision as a unique action reduces confusion by streamlining the alternatives to contain only one set of allocation options; currently, the Council’s June 2006 motion includes two sets of allocation options, under both the allocation alternative and the QS program alternative. Action 2 could allow leasing of unused allocations between the charter and commercial sectors through a third party (i.e., State of Alaska or regional association). The Council could also choose to take no further action beyond the allocation decision in Action 2. Taking no further action would continue the (moratorium) limited entry permit program as adopted under Action 1.

Under the third step [Action 3], the Council could modify the limited entry program by adding: 1) minimum participation thresholds to reduce the pool of eligible participants; 2) permit endorsements to control effort, based on past history of: i) trips, ii) rods or iii) angler days. These permit endorsements could be designed so that they could be converted into quota share equivalents for transfer with the commercial sector (Alternative 2). Or, the Council could integrate the charter sector with the commercial QS program directly by issuing transferable QS and allowing the market to set allocations between the sectors (Alternative 3).

The timeline and alternatives in a fourth step for local area management plans would be recommended by the State of Alaska.

Community Options The Council should clarify under which actions and alternatives it wishes to include community options in the second analysis. **It does not appear necessary to include community options under the restructured Action 2, as that action would be limited to determining the allocation to the charter halibut sector and the mechanisms by which commercial quota can be transferred to the overall charter sector.** Action 2 does not address the type of entity that can hold a limited entry permit; that decision would be made in the moratorium/limited entry analysis (Action 1) and may be further amended through the alternatives in Action 3 if the Council chooses to do so. *Thus, if the Council stopped after Action 2 and did not proceed with a share-based system under Action 3, communities would be included in the charter halibut program through the Council's moratorium/limited entry preferred alternative in Action 1.* This is because Action 1 provides the status quo scenario for Action 2.

Therefore, the Council should determine whether it wishes to include community options under Action 3 (Alternatives 2 and 3), if it proceeds with a share-based system to control effort. The Council may want to include community options under **Action 3, Alternative 2**, if: 1) it did not already include communities under the moratorium/limited entry decision; or 2) it wishes to amend the community options (eligible communities, use caps, etc.) selected under the moratorium/limited entry decision; or 3) to define the type of permit endorsement that would be applied to permits held by community quota entities. In effect, if community quota entities are allowed to apply for and receive permits under the moratorium action; at a minimum, Alternative 2 would then need to include options for applying endorsements to those permits (since the permit was not earned from charter history).

The Council could also decide whether to revise and/or expand the community provisions under **Action 3, Alternative 3**, in the proposed quota share system. Those options are currently limited to the percentage of charter quota share that would be set aside for communities, and eligibility decisions are delayed to a trailing amendment. These clarifications are needed even if the Council does not adopt staff recommendations to restructure the alternatives.

Staff recommends that the sets of community options should be consistent with one another, and fundamental to this issue is determining community eligibility. **Note that the Council currently has eligibility criteria under the moratorium analysis to establish a set of communities that could receive charter permits. Different eligibility criteria are proposed under Action 3, Alternative 2 (limited entry program with permit endorsements) and no eligibility criteria are proposed under Action 3, Alternative 3 (currently a trailing amendment).** If the Council adopts a set of criteria by which communities are qualified to receive permits under the moratorium (Action 1), the Council should consider whether the same communities should be eligible under Action 3. In this case, no new eligibility criteria would be required under Action 3. Similar to the overall program structure, eligibility to receive a permit could be determined in the moratorium decision, and further amendments to that system, or moving to a share-based system, would be decided under this (permanent solution) analysis.

Alternatively, the Council could create a different set of communities that could participate in the (moratorium) limited entry program versus the programs proposed under Action 3. If so, staff recommends a single set of community eligibility criteria be adopted for both Alternatives 2 and 3 under Action 3. If the Council does not include communities in the moratorium program, then eligibility criteria would need to be added to these alternatives if communities were to be included in Action 3. As discussed below, the timing of the various actions is significant, as many decisions in the first moratorium analysis will factor into the development of necessary options for communities in the second analysis.

More Detailed Comments Elsewhere As is evident by now, a number of critical decisions remain to be addressed by the Council before the analysis can be prepared. Staff has additional recommendations on streamlining the options and suboptions, as listed in staff recommendations for revising the language of

the alternatives and options, and in earlier sections of this discussion paper, but the focus of this section is on the structure of the alternatives. The Stakeholder Committee accepted staff recommendations and provided a significant recommendation to streamline permit endorsement options.

Timing Staff recommends against simultaneous development of the (moratorium) limited entry analysis [Action 1] and the proposed allocation/permit endorsements/share-based system analysis [Actions 2 and 3]. This is to allow for the full development of the first analysis and selection of a preferred alternative, prior to the development of the analysis for its potential amendment through permit endorsements/share-based systems.

Staff are concerned that Council review of two sets of similar, and potentially overlapping, alternatives and options during the same meeting may be confusing and risk inconsistent decision making. Recall that the Council adopted Action 1 to implement a simpler limited entry program with greater speed, while deferring decisions on how to control effort or increase the allocation to a second analysis. The development of the “bells and whistles” that would more specifically address the problems in the fishery (latent capacity, rewarding longevity and/or effort, community protection) was deferred to Action 2 and 3. Dropping the option to replace an “interim” permit system (in the moratorium analysis) with a “permanent” limited entry permit system (in this analysis) goes a long way in eliminating much, but not all, of the confusion noted above. Additional streamlining may be achieved after a review of the Permanent Solution discussion paper and staff recommendations (see highlights below). Yet more streamlining in the future may result from additional staff work on the suite of alternatives adopted for analysis by the Council at its December 2006 meeting.

**STAFF RECOMMENDATIONS FOR RESTRUCTURING
 “PERMANENT SOLUTION”
 ALLOCATION AND SHARE-BASED ALTERNATIVES AND OPTIONS
 NOVEMBER 2006**

ACTION 12. —ALLOCATION

ALTERNATIVE 1. NO ACTION

ALTERNATIVE 2. ALLOCATION TO THE CHARTER HALIBUT SECTOR

Issue 1. Allocation

Option 1. Fixed Percentage of combined commercial/charter catch limit:

| formula formula | Area 2C | Area 3A |
|---|---------|---------|
| a. 125% of average harvest of 2000-2004, translated to percentage 125% of average harvest of 2000-2004, translated to percentage | 16.37% | 165.92% |
| b. equal to the 1995-99 GHL, translated to percentage equal to the 1995-99 GHL, translated to percentage | 13.05% | 14.11% |
| c. percentage of combined 2004 commercial/charter catch percentage of combined 2004 commercial/charter catch | 154.7% | 1312.9% |
| d. convert current GHL into percentage based on 2004 convert current GHL into percentage based on 2004 | 12.1% | 132.9% |

Option 2. Fixed Pounds

| formula formula | Area 2C | Area 3A | |
|--|-------------|-------------|---------------------|
| a. update GHL to 2000-2004 GHL to 2000-2004 | 1.7693 Milb | 4.011 Milb | update |
| b. equal to the 1995-1999 GHL the 1995-1999 GHL | 1.432 Milb | 3.7650 Milb | equal to |

Suboption 1. Without step up/down

Suboption 2. With stair step up/down provisions if changed by 5, 10, or 15% of the base years (selected above) of the initial allocation- (i.e., if the halibut stock were to fall from 15 to 24 percent below its average CEY, then the allocation would be reduced by 15 percent. If the stock abundance were to fall at least 25 to 34 percent, then the allocation would be reduced by an additional 10 percent. If it continued to decline by at least 10 percent increments, the allocation would be reduced by an additional 10 percent.)

Suboption. Suballocate between subareas.¹ ~~Develop local area management plans (LAMPs)~~
 (placeholder for State of Alaska recommendations)

Issue 2. Overage/Underage

~~Option 1. —apply overages/underages to the following year’s allocations by sector~~

Option 21. allow overages/underages to be transferred across sectors

Option 32. 3 or 5 year rolling average of catch to determine if overage/underage occurred in latest year

¹ Develop local area management plans (LAMPs) on a separate timeline.

Option 43. ± 5 or 10% overage/underage results in no management response and >5 or 10% overage/underage leads to change in measures

Issue 3. Mechanisms to increase charter sector harvest with compensation to the commercial sector; increased fishing opportunity to recreational anglers as demand grows; opportunity for charter sector growth in areas that are currently underdeveloped; and maintain stability in coastal communities.

Option 1. Allow the state to hold commercial QS/IFQ and transfer the poundage/percentage to the charter sector
Suboption 1. By purchase of commercial quota share (permanent)
Suboption 2. By lease of commercial IFQs (annual)

Option 2. Allow use of commercial QS in the charter sector through permanent transfer (converted to fish) by purchase or conversion.

Eligibility

Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut QS in the charter fishery

Suboption 2. Must hold a halibut charter limited entry permit and a commercial transfer eligibility certificate to use commercial halibut QS in the charter fishery

Permanent Transferability (Sale)

- Commercial QS is fully transferable across sectors and retains original class designations
- Allow commercial blocks to be split to transfer smaller pieces to the charter sector.
- Split blocks retain original block designations
- Allow transfer of any (A, B, C, or D) vessel class QS for use in charter sector
- Charter business may not hold more than 1 block of Class D QS \geq sweep-up level

Option 3. Allow use of commercial IFQ in the charter sector through temporary leasing (converted to fish)

- < 10 percent of a commercial QS holder's IFQ may be annually leased to charter sector between private individuals
- Allow commercial blocks to be split to transfer smaller pieces to the charter sector.

Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut IFQ in the charter fishery

Suboption 2. Must hold a halibut charter limited entry permit and a commercial transfer eligibility certificate to use commercial halibut IFQ in the charter fishery

Option 4. Allow charter halibut limited entry permit holders to convert their permits into increased allocation at initial issuance

Suboption 1. Each charter halibut permit is equal to percentage of charter sector allocation based on total number of charter permits (equal shares)

Suboption 2. Each charter halibut permit is equal to percentage of charter sector allocation based on class or other designation of limited entry permit

ACTION 3. PERMIT ENDORSEMENT/SHARE BASED SYSTEM²

ALTERNATIVE 1. NO ACTION

ALTERNATIVE 2. PERMIT ENDORSEMENTS

~~Issue 4. Mechanisms to finance compensated reallocation to the current charter sector to allow for growth~~

~~Option 1. State charter stamp~~

~~Option 2. Allow private entities to purchase commercial QS/IFQ and convert to charter allocation; lease back unused allocation at end of year (part of KACO plan)~~

~~Option 3. Business Improvement District (tax on trips dedicated to certain purpose)~~

~~Option 4. Funds from compensated transfer of unused charter allocation back to commercial sector~~

~~Option 5. Allow State to hold IFQs in trust through State bonds (similar to bonds issued recently for construction of State hatchery)~~

~~Option 6. Federal funding/grants/stamp to fund entities to purchase QS and convert to charter allocation~~

Issue 1.

~~ALTERNATIVE 3. LIMITED ENTRY PROGRAM² with PERMIT ENDORSEMENTS~~

~~(Moratorium) Limited Entry Permit would continue, with some proposed changes~~

Permits must be renewed annually³

Permit class endorsements

Option 1. No permit classes

Option 2. Permit class

Class A. Immediately transferable if more than or equal to a) 10; b) 30; or c) 50 days each year

Class B. Non-transferable if less than or equal to preferred alternative above [a) 10; b) 30; or c) 50 days] (except to underdeveloped communities ~~under Issue 13, Option 3, if no permit class is designated~~)

Suboption. By port/subarea (placeholder for State of Alaska)

Issue 2. 3Permit share-based endorsements

~~Option 13. Based on trips Permit class based on from 1998 - 2005 logbook records of total groundfish effort days per season~~

~~Suboption 1. Average of the 3 best years.~~

~~Suboption 2. i. Best year and~~

~~ii. Must have a minimum of 10 annual trips for 3A, and minimum of 6 annual trips for 2C (eliminates Area 3A Class H and Area 2C Class G logbooks)~~

| | Area 2C | | | Area 3A | |
|--------------------|--------------------|------------------------------|--------------------|--------------------|------------------------------|
| | Trips | Avg. # Businesses | | Trips | Avg. # Businesses |
| Class G | <6 | 81 | Class H | <10 | 82 |
| Class F | 6 – 10 | 76 | Class G | 10 – 25 | 91 |
| Class E | 11 – 25 | 51 | Class F | 26 – 35 | 42 |
| Class D | 26 – 35 | 35 | Class E | 36 – 45 | 36 |
| | | | Class D | 46 – 55 | 32 |

² Military (Morale, Welfare, and Recreational) boats are exempted from QS program. They could be issued limited entry exemption permits.

³ ~~Permits could not be renewed if allowed to lapse (due to holder's inaction to renew or because minimum activity requirement was not met).~~

| | | | | | |
|--------------|-----------------|---------------|--------------|-----------------|---------------|
| Class C | 36 – 45 | 28 | Class C | 56 – 65 | 29 |
| Class B | 46 – 55 | 21 | Class B | 66 – 75 | 28 |
| Class A | 56 – 65 ceiling | 14 | Class A | 76 – 85 ceiling | 25 |
| Unclassified | > 66 trips | 71 | Unclassified | > 86 trips | 67 |

→ ~~AND~~

Option 42. Based on ~~Rods permit endorsement~~

- Sub-option 1. ~~equal to the maximum number of rods fished in any one day on the vessel.~~
- Sub-option 2. ~~equal to best year of 1998-2005 for total number of client rods fished divided by effort days in the chosen season to determine the rod endorsement.~~

Rod endorsement leases

Suboption 1. ~~Allow transfers, limited to rod endorsement caps and within permit class as follows~~

| | |
|--|---|
| 6 clients | highest number on any trip in 2004 or 2005 |
| uninspected (6-packs) vessels | inspected vessels (but not less than 4) |
| new construction (uninspected or inspected vessels) | uninspected >100 gross tons (“Super-T”) |
| constructive loss⁴ | constructive loss¹⁰ |

- Suboption 2. ~~Allow unlimited transfers~~
- Suboption. ~~Substitute angler day permits for rods in above options~~

→ ~~OR~~

Option 53. Based on ~~a~~Angler-days⁵ (=1 client fishing bottomfish/halibut in 1 day)

- Initial issuance - award number of angler day units from ADF&G logbooks which correspond to:
- Suboption 1. Total angler-days during 1998-2005
- Suboption 2. Average angler-days during best 3 years from 1998 – 2005
- Suboption 3. Total angler-days during best 3 years from 1998 – 2005

Endorsement leases

- Suboption 1. ~~Allow transfers, limited to angler endorsement caps~~
- Suboption 2. ~~Allow unlimited transfers~~
- Suboption. ~~Substitute angler day permits for rods in above options~~

Transfers

- Subo~~Subo~~ption 1. Angler days not transferable
- Subo~~Subo~~ption 2. Angler days fully transferable:
 1. Permanent: must go through NMFS (RAM division)
 2. In-season transfers: allowed between charter businesses

~~11~~**Issue 3. 4. Permit Leases (in-season only; reverts to permit holder at beginning of next season)**

- ~~Option 1. not allowed, except for “unavoidable circumstance”²~~
- ~~Option 2. allowed, limited to use cap~~

~~12. Rod endorsement leases~~

- ~~Option 1. Allow transfers, limited to rod endorsement caps and within permit class (if selected under Issue 3, Option 4)~~

⁴Limited to the endorsement associated with lost vessel.

⁵ Permit endorsement of an angler day for every client fishing bottomfish/halibut in a day.

~~Option 2. Allow unlimited transfers~~

~~Suboption. Substitute angler day permits for rods in above options~~

~~**13. Vessel replacement and upgrade** (can switch between permit classes)~~

- ~~a. inspected vessels~~
- ~~b. uninspected vessels~~

~~Option 1. Exclude upgrades of uninspected 12-packs over 100 gross t (“Super T” (passenger for hire))~~

~~Option 2. Grandfather uninspected 12-packs over 100 gross t~~

~~**14. Vessel use caps, individually and collectively**, with grandfather⁶ provision~~

~~uninspected (limited to 6 clients) : inspected and uninspected 12-packs > 100 gross t:~~

- | | |
|---------------------------------|--------------------------------|
| Option 1. 1 permit | Option 1. 1 permit |
| Option 2. 5 permits | Option 2. 2 permits |
| Option 3. 10 permits | Option 3. 3 permits |

~~**55. Permit use caps, individually and collectively**, with grandfather⁶ provision~~

~~uninspected (limited to 6 clients) : inspected and uninspected 12-packs > 100 gross t:~~

- | | |
|---------------------------------|--------------------------------|
| Option 1. 10 permit | Option 1. 3 permit |
| Option 2. 20 permits | Option 2. 6 permits |
| Option 3. 30 permits | Option 3. 9 permits |

~~Same as under moratorium *limited entry program* and **½ percent of revised Issue 32. Shared-based endorsements (trips, rods, or angler days depending on option selected).**~~

6. Communities

~~Option 1. For Areas 2C and 3A communities previously identified under Amendment 66, allow a community represented by a CQE to purchase between 1-10 limited entry permits per community through the CQE.~~

~~Option 2. A CQE representing a community, which has < 10 active⁷ charter businesses with their primary place of business in the community, may request a moratorium permit on behalf of a community resident.~~

~~Area 2C use cap of 3 permits per qualified community~~

~~Area 3A use cap of 5 permits per qualified community~~

~~Permits would have limited duration of 5 years after issuance of permit for use by any one individual.~~

~~Permits would be issued (10, 20, or 30) trips in Area 2C and (20, 40, or 60) trips in Area 3A~~

~~Suboption. Exclude communities from GOA FMP Amendment 66 list using the following criteria:~~

- ~~1. within 20, 40, 60, 80 nmi of major charter port or~~
- ~~2. more than 10-50 charter trips (any species) per year during 2004-2005 listing that community as port of landing~~
- ~~3. 1-5 number of charter (any species) businesses active in a community~~

⁶ A business whose permit is endorsed in excess of the use cap maintains that exemption for those permits that remain in its control after other permits are sold, but those sold permits lose that grandfather status in perpetuity. Grandfathered permits that are sold in total when a business owner sells his entire business/fleet maintain that grandfathered status. Grandfathered status refers to permits, not vessels.

⁷ “Active” is defined as 20 or more charter bottomfish trips per year.

ALTERNATIVE 3. INCLUDE THE CHARTER SECTOR IN THE HALIBUT IFQ PROGRAM

Issue 1. QS recipients

~~Issued to (moratorium) permit holders only~~

~~Participation in the charter halibut fishery by a business during any of the years 1998—2005 AND active participant in 2005 (or most recent year, depending on when analysis commences). Require that permit applicant signs affidavit attesting that all legal requirements were met.⁸~~

Issue 2. Initial distribution of QS

Option 1. Individual allocations shall be divided between two “pools” of recipients. The intent is that once the quota shares are determined for the recipients in “Pool 1” (1998 through 2001 “Pool 1”) those shares are proportionately applied to the initial allocation amount for each area. The remainder of the allocation goes into “Pool 2” for recent participants.

Pool 1 (“Seniority”): Businesses qualified with 1998 through 2001 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria. Individual business owners would be issued QS based on their average effort reported in the ADF&G logbook for 1998 through 2001 for pool 1 (exclude years when not active (do not average 0 years))

Pool 2 (“Recency”): Active businesses (submitted at least one logbook that reported groundfish fishing days) between 2002 and 2005 AND whose business participated in 2005 AND met the legal qualifying criteria.

Suboption 1. A recipient receives 25% of one potential share of this pool for each year of participation during 2002-2005 (four years). For example, a business with participation in all four years would receive a full share (100%). A business with participation in three years would receive 75% of a full share, etc.

Suboption 2. Use client/rod days for days fished to reward client effort (6 client rod days v 1 day for the same fishing trip). (Rods (or number of clients logged in, if rods not filled out), (A year with no effort counts as “0”). Skipper fish counts toward denominator, but not for numerator for QS and not against IFQs). This might need more explanation if left in without further details or use as a note on intent.

Option 2. Businesses qualified with 1998 through 2005 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria. Individuals will pick their best three years during 1998 and 2005 (include “0” for years less than 3) and average their total number of client/rod days for those three years. (groundfish where halibut not available)

Issue 3. Transfer of QS

Permanent QS transfers

1. Initially issued QS to the charter sector is fully transferable within the charter sector.
2. QS from the commercial sector purchased by charter operators is fully transferable (two-way) across sectors and retains original designations.
3. QS issued to charter sector is non-transferable to the commercial sector
4. IFQs used in charter sector may/not be leased within the sector
5. IFQs from the commercial sector transferred for use in the charter sector could be leased to either sector

Temporary transfers (IN-season IFQ lease):

1. [0, 20, 40, 60, 80, 100%] of a charter operators annual IFQ is leasable within the charter sector for no more than 2 out of 5 years of the program.

⁸ ~~The only tangible evidence is the ADF&G logbook, which requires meeting State legal requirements.~~

2. Leasing is defined as the use of IFQ on a charter vessel on which the owner of the QS has less than a 50% ownership interest.
3. A maximum of 30% of a charter operator's annual IFQ may be leased; up to 10% may be leased to commercial sector after August 15; up to 30% may be leased to charter sector. (Allows mop-up by either sector.)

Block restrictions

Allow splitting of commercial blocks to transfer a smaller piece to the charter sector; split blocks retain original designations.

Vessel class restrictions

Allow transfer from A, B, C, and/or D commercial vessel category sizes to charter sector, except that no charter business may hold more than 1 "D" category block equal to or above the sweep-up level.

Issue 4. To receive halibut QS and IFQ by transfer

For the charter sector, must be a permit holder or sign affidavit attesting that all legal requirements were met to participate in the charter fishery.

For the commercial sector, must have a commercial transfer eligibility certificate⁹.

Issue 5. Caps

1. Use cap for charter QS holders only of 1 percent of combined charter and commercial QS units in Area 2C and ½ percent of combined QS units in Area 3A (for all entities, individually and collectively) and grandfather initial issueses at their initial allocation.
2. Use caps for charter QS holders only of ½ percent of combined charter and commercial QS units for combined Areas 2C and 3A (for all entities, individually and collectively) and grandfather initial recipients at their initial allocation.

Issue 6. Miscellaneous provisions

- ~~Maximum line limit of 12 in Area 3A (remains at 6 lines for Area 2C), grandfather¹⁰ initial recipients at maximum lines in 2005, however, line limits in excess of the maximum are non-transferable.~~
- ~~10% underage provision of total IFQs allows carry over to next season.~~
- A one-year delay between initial issuance of QS and fishing IFQs to allow reaction to initial issuance to match clients to QS prior to first season under program.
- Halibut harvested aboard a charter vessel continues to be the property of the angler who caught the halibut provided the charter owner possesses sufficient IFQ.

Issue 7. IFQs associated with the charter quota shares would be issued in numbers of fish based on 5-year rolling average determined by ADF&G).

Issue 8. Reporting

[Placeholder for NOAA Fisheries Service.]

⁹ All commercial rules apply to any provision that may permit the use of commercial QS/IFQ for commercial purposes by any entity in the charter IFQ sector.

¹⁰ ~~A business whose permit is endorsed in excess of the permit endorsement maintains that exemption for those that remain in its control after others may be sold, but those sold vessels lose that grandfather status in perpetuity. Grandfathered vessels that are sold in total when a business owner sells his entire business/fleet maintain that grandfathered status.~~

Issue 9. Community set-aside (trailing amendment to determine which communities would be included)

1. Set aside 1 percent of the combined commercial and charter halibut quota to communities with ¼ percent annual increases if utilized, to a maximum of 2 percent.
2. Source of the set-aside: Equal pounds from the commercial and charter sectors.
Option: proportional split between sectors
3. Sunset provision: 10 years (starting in the first year of issuance). Persons currently participating in the set-aside program at the time of sunset would be allowed to operate within the guidelines of the program.

~~Option. Exclude communities from GOA FMP Amendment 66 list using the following criteria:~~

- ~~1. within 20, 40, 60, 80 nmi of major charter port or~~
- ~~2. more than 10-50 charter trips (any species) per year during 2004-2005 listing that community as port of landing~~
- ~~3. 1-5 number of charter (any species) businesses active in a community~~
- ~~4. See Alternative 2, Issue 6 Communities for Stakeholder Committee list of communities that may result from the above criteria~~