



D3 Recreational Quota Entity Funding Mechanism Discussion Paper

April 2021

Action Memo

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Action Required: 1. Review discussion paper
2. Determine any additional action; specify alternatives for an initial review or request additional information through an expanded discussion paper

BACKGROUND

In December 2016, the Council took final action to approve a regulatory program that would authorize a charter halibut Recreational Quota Entity (RQE) to purchase and hold commercial halibut quota share on behalf of the charter halibut anglers in IPHC regulatory Areas 2C and 3A. Specifically, 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. 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. 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.

The Council is now reviewing a discussion paper that examines a mechanism for the charter halibut RQE to fund the purchase of halibut quota shares by selling halibut stamps to charter operators. Per the Council's motion from April 2019, the discussion paper prepared for this meeting:

- Includes examples of the design specifications and implementation of numbered stamps used to harvest animals or fish – king salmon, duck or deer tags for example.
- Informs the Council on 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. Consider 10, 15, and 20 dollars per stamp. One day and three-day stamps should be considered.
- Describes the amount of potential fees collected by the RQE from charter operators, and how fees would be used to purchase halibut QS and would also be used to fund administrative costs of the RQE program, and all other purposes as dictated by Federal law.
- Describes 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.
- Examines monitoring and enforcement provisions if all guided halibut fishermen are required to be in possession of a valid RQE halibut stamp when harvesting charter halibut.

The analysts highlight aspects of the design implementation of other stamp programs (system of purchasing, vendor relationships, cost structures, and enforcement considerations) as well as lessons learned from these programs that will be important to consider in the development of a halibut stamp. Potential revenue from stamp sales is estimated for Area 2C and 3A individually using historical angler participation. Revenue is estimated for (1) sales of only single-day stamps based on the price levels requested by the Council and (2) sales of stamps that are sold as one-day stamps or discounted three or seven-day stamps using data on the number of anglers who participated in guided bottomfish fishing one, two, three, or four-or-more days a year. Analysts describe the costs that would be associated with implementing a halibut stamp program, noting that the largest component of overhead would most likely be the design and implementation of the program itself.

The Council will need to consider the roles and responsibilities of the RQE and NMFS, and perhaps other agencies. If NMFS assumes a larger role in issuing stamps, the agency would potentially relieve some of the financial and logistical burden faced by the RQE, lead to an elevated perception of program legitimacy, and facilitate the collection and assessment of confidential data – if necessary. However, the industry may lose flexibility associated with administering the stamp program directly. From a NMFS Office of Law Enforcement perspective, representatives raised concern regarding if federal enforcement is appropriate for enforcing the RQE – which they see as a civil funding mechanism – and the amount of Federal and State resources that enforcing a stamp would demand.

This action will be considered by the Enforcement Committee, the AP, and the Council.