

## Executive Summary

This Regulatory Impact Review (RIR) was prepared, as required under Presidential Executive Order 12866, to evaluate the economic and socioeconomic effects of Bering Sea and Aleutian Islands (BSAI) Amendment 102 and associated regulatory amendments to establish a Community Quota Entity (CQE) Program in Area 4B. The proposed program would allow eligible communities located in Area 4B of the Aleutian Islands to purchase catcher vessel quota share (QS) under the existing halibut and sablefish Individual Fishing Quota (IFQ) Program. Community purchases would be limited to Area 4B halibut QS and Aleutian Islands sablefish QS.

The proposed program is modeled after the Gulf of Alaska (GOA) CQE Program, which was approved by the North Pacific Fishery Management Council (Council) in 2002 and implemented by NMFS in 2004, under Amendment 66 to the GOA Fishery Management Plan. Prior to this program, only initial recipients of QS and IFQ crew members were eligible to purchase and use catcher vessel QS. The existing CQE Program was intended to provide small, remote communities with long-term access to the halibut and sablefish fisheries through the ability to form a non-profit entity to purchase GOA catcher vessel QS and lease it to community residents. This program is currently limited to eligible communities in the Gulf of Alaska. The proposed action would establish a similar program for eligible communities in Area 4B; Adak is the only community in Area 4B that meets the proposed eligibility criteria.

The Adak Community Development Corporation (ACDC) submitted the original proposal to the Council; ACDC is the entity in Adak authorized to receive a community allocation of 10% of the Western AI golden king crab total allowable catch (TAC).<sup>1</sup> ACDC would like to represent Adak for the purposes of a CQE Program in Area 4B, and use crab royalties to purchase Area 4B halibut and AI sablefish quota share for use by local fishermen and delivery within the region. Unlike other communities adjacent to the Bering Sea, Adak is not an eligible community under the Community Development Quota (CDQ) Program.

The problem statement, approved by the Council in December 2010 and revised in October 2011, is as follows:

*As a small coastal community in the Aleutian Islands, Adak is struggling to remain economically viable. The halibut and sablefish IFQ program, as with other limited entry programs, increases the cost of entry into or expansion in the commercial halibut and sablefish fisheries. Adak is not a beneficiary of the CDQ Program for halibut and sablefish. Allowing this non-CDQ community to purchase Area 4B halibut and sablefish quota share for lease to eligible fishermen will help minimize adverse economic impacts on this small, remote, coastal community in the Aleutians, and help provide for the sustained participation in the halibut and sablefish IFQ fisheries. The Council seeks to provide for this sustained participation without undermining the goals of the halibut and sablefish IFQ program or precluding entry-level opportunities for fishermen residing in other fishery-dependent communities.*

The analysis examines two primary alternatives, one of which is the no action alternative. The action alternative is structured such that all of the components of the original Gulf CQE Program are included, with some differences specified by the Council under the appropriate component. Many components are comprised only of provisions describing the program rules; other components include options from which the Council would select as part of its final preferred alternative. The alternatives for consideration are outlined below. **In October 2011, the Council selected Alternative 2 as its preliminary preferred**

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<sup>1</sup>ACDC is a nonprofit corporation organized exclusively for charitable, scientific, and/or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

**alternative (PPA).** The Council's PPA includes all of the components of Alternative 2 listed below; where there are options within a component, the Council's preferred option is identified.

**Alternative 1. Status quo.** Only persons who were originally issued catcher vessel QS or who qualify as IFQ crew members are eligible to purchase and hold catcher vessel QS in Area 4B, per 50 CFR 679.2.

**Alternative 2. (Council PPA) Establish a CQE Program in Area 4B.** Allow a non-profit entity representing an eligible community in Area 4B to purchase and hold Area 4B halibut quota share and Aleutian Islands sablefish quota share, with similar qualifying criteria and operational limits as the existing GOA CQE communities (see specific provisions below).

Components of Alternative 2 include:

**1. Eligible communities**

*Non-CDQ communities located in Area 4B with less than 1,500 people, no road access to larger communities, direct access to saltwater, and a documented historic participation in the halibut or sablefish fisheries are eligible to own and use commercial catcher vessel halibut and sablefish quota share. In addition to meeting these criteria at final action, eligible communities must be listed as a defined set of eligible communities in Federal regulation. Communities not meeting the qualifying criteria and not on the list adopted by the Council are not eligible to participate. Other Area 4B communities could petition the Council for inclusion after the implementation of this program.*

*Qualifying Area 4B communities would be restricted to purchasing Area 4B halibut and Aleutian Islands sablefish quota share.*

**2. Ownership Entity**

*A non-profit entity, approved by NMFS as the holder of the Adak Community Allocation of Western Aleutian Islands golden king crab will be recognized as the CQE entity for the community of Adak. The governing body in Adak (currently City of Adak) must approve the CQE to operate on behalf of the community.*

**3. Use Caps for Individual Communities**

*Each eligible community in Area 4B is limited to purchasing and using either:*

- Option 1. An amount of QS equal to the individual use cap for Area 4 halibut QS (i.e., 1.5% of Area 4 QS pool; or*
- Option 2. 5%, 10%, or 15% (PPA) of the Area 4B halibut QS pool*

*And either:*

- Option 3. An amount of QS equal to the individual use cap for sablefish (i.e., 1% of all sablefish QS pool; or*
- Option 4. 5%, 10%, or 15% (PPA) of the Aleutian Islands sablefish QS pool*

**4. Cumulative Community Use Caps**

*All eligible communities combined are limiting to purchasing and using either:*

- Option 1. An amount of QS equal to the individual use cap for Area 4 halibut QS (i.e., 1.5% of Area 4 QS pool); or
- Option 2. 5%, 10%, or 15% (PPA) of the Area 4B halibut QS pool

And either:

- Option 3. An amount of QS equal to the individual use cap for sablefish (i.e., 1% of all sablefish QS pool); or
- Option 4. 5%, 10%, or 15% (PPA) of the Aleutian Islands sablefish QS pool

## **5. Purchase, Use and Sale Provisions**

Original block and vessel size designations apply if the community transfers the QS to any person other than another eligible community.

### **Block Restrictions**

- Communities may buy blocked and unblocked quota share.
- Individual eligible communities are limited to holding 10 blocks of Area 4B halibut QS and 5 blocks of AI sablefish QS. Individuals receiving IFQ leased from an eligible community entity would be subject to the existing individual use caps in regulation.

### **Vessel Size Restrictions**

- Quota share held by communities under this program would be exempt from vessel size (share class) restrictions, while the QS is owned and leased by the community.
- Transferability of halibut QS in Area 4B from commercial to qualified community entities is restricted to B and C category quota share. Should existing Area 3A CQEs be allowed to purchase 'D' category QS, Area 4B CQEs may purchase and fish Area 4B 'D' category halibut QS under the same rules.

### **Sale Restrictions**

- Eligible communities owning catcher vessel quota shares may sell those quota shares to any other eligible community or any person meeting the provisions outlined in the existing IFQ Program.
- Eligible communities may only sell their quota share for one of the following purposes:
  - (a) generating revenues to sustain, improve, or expand the program
  - (b) liquidating the entity's quota share assets for reasons outside the program

Should an eligible community sell their quota share for purposes consistent with (b) above, an administrative entity would not be qualified to purchase and own quota share on behalf of that community for a period of three years.

### **Use Restrictions**

- Option 1. The CQE must lease QS to residents of the community it represents.
- Option 2. The CQE may lease to non-residents for a limited period of five years after the effective date of implementation of the program. After that time, the CQE must lease QS to residents of the community it represents. (PPA)
- Suboption: The individual leasing IFQ from the CQE is not subject to the 150 sea days requirement. (PPA)

*Additional provisions include:*

- *No vessel may be used, during any fishing year, to harvest more than 50,000 pounds of IFQ halibut and 50,000 pounds of IFQ sablefish derived from QS held by a CQE in Area 4. The vessel would also be subject to the same vessel use caps applicable in the overall IFQ Program.<sup>2</sup>*
- *A CQE may lease up to 50,000 pounds of halibut IFQs and 50,000 pounds of sablefish IFQs per lessee annually. The 50,000 pound limit is inclusive of any quota owned by the individual (lessee).*

#### **6. Performance Standards**

*The following are goals of the program with voluntary compliance monitored through the annual reporting mechanism and evaluated upon review of the program. Community entities applying for qualification in the program must describe how their use of QS will comply with the following program guidelines:*

- (a) Maximize benefit from use of community IFQ for crew members that are community residents.*
- (b) Insure that benefits are equitably distributed throughout the community.*
- (c) Insure that QS/IFQ allocated to an eligible community entity would not be held and unfished.*

#### **7. Administrative Oversight**

*The Council recommends a provision to require submission of a detailed statement of eligibility to NMFS prior to being considered for eligibility as a community QS recipient. The statement would be similar to what is required under the GOA CQE Program. This includes, but is not limited to:*

- (a) Certificate of incorporation*
- (b) Verification of qualified entity as approved under "Ownership Entity"*
- (c) Documentation demonstrating accountability to the community*
- (d) Explanation of how the community entity intends to implement the performance standards*

*The Council also recommends a provision to require submission of an annual report detailing accomplishments. The annual report would be similar to what is required under the GOA CQE Program. This includes, but is not limited to:*

- (a) A summary of business, employment, and fishing activities under the program*
- (b) A discussion of any corporate changes that alter the representational structure of the entity*
- (c) Specific steps taken to meet the performance standards*

The proposed action would amend the BSAI FMP and Federal regulations primarily at 50 CFR 679.2, 679.5, 679.41, and 679.42, to establish the authority for a CQE in Adak to purchase a limited amount of catcher vessel Area 4B halibut QS and AI sablefish QS (see Section 2.7 for proposed revisions).

Alternative 1 is the no action alternative, and thus would not change the eligibility criteria for holding catcher vessel QS for Area 4B halibut and AI sablefish. Alternative 1 would retain the current regulations requiring that only persons who were originally issued catcher vessel QS or who qualify as IFQ crew members would be eligible to purchase and hold catcher vessel QS in these areas. It is expected that the general use of quota would not change under Alternative 1. General trends related to QS purchase and use discussed in Section 2.4.3 would be expected to continue. The analysis summarizes, for Area 4B halibut and AI sablefish QS: 1) QS holdings, including the type of holder; 2) vessel landings; 3) block status; and 4) transfer rates over time, including the type of transfer.

<sup>2</sup>The vessel use caps applicable in the IFQ Program are 0.5% of all halibut IFQ TAC and 1% of all sablefish IFQ TAC.

Alternative 2 would allow a non-profit entity representing an eligible community (Adak) in Area 4B to purchase and hold Area 4B halibut quota share and Aleutian Islands sablefish quota share, with similar qualifying criteria and operational limits as the existing GOA CQE communities. In the long-run, the CQE could only lease the resulting IFQ to residents of Adak, although the Council has selected an option as part of its preliminary preferred alternative that would allow the CQE to lease IFQ to non-residents for a period of up to five years after implementation. The CQE would also be limited in the amount of halibut QS it could purchase: either an amount equal to the existing use caps for individual holders (1.5% of the Area 4 halibut QS pool) or 5%, 10%, or 15% of the Area 4B halibut QS pool. Similar limits are under consideration for sablefish: either an amount equal to the existing use caps for individual holders (1% of the sablefish QS pool) or 5%, 10%, or 15% of the AI sablefish QS pool. The Council selected use caps of 15% as part of its preliminary preferred alternative in October 2011. Several provisions under Alternative 2 govern the operations of the CQE, including the number of blocks of QS that can be purchased, the category of QS that can be purchased (B, C, or D category), and the allowable reasons for a permanent transfer of QS without penalty. Additional restrictions include a limit on the amount of IFQ derived from CQE quota that each vessel can use (50,000 lbs per species), and a limit on the amount of IFQ that each individual eligible resident can lease from the CQE (50,000 lbs per species). Performance standards and an annual report are required to provide guidelines and information to determine whether the program is operating as intended.

#### Effects on Adak and the potential CQE

The proposed action (Alternative 2) would make Adak an eligible CQE community for the purpose of purchasing Area 4B halibut QS and AI sablefish QS. The practical effect of the proposed action depends on the willingness and ability of a CQE in Adak to purchase Area 4B halibut and AI sablefish QS. If that occurs, Alternative 2 could lower the cost of entry into the IFQ fisheries by individual Adak residents, and help maintain access to and participation in the IFQ fisheries. Residents of Adak were not issued any halibut or sablefish QS at the start of the IFQ Program in 1995, meaning no residents met the qualifying criteria and received an initial allocation. As of May 2011, two Adak residents held the equivalent of about 2.5% of the Area 4B halibut QS pool, and about 1.0% of the AI sablefish QS pool. This represents about 43,000 halibut IFQ lbs, and almost 29,000 sablefish IFQ lbs.

The maximum number of halibut QS units that could be purchased by an Adak CQE under the proposed range of use caps is 464,000 to 1.39 million QS units, or 87,200 lbs to 261,600 lbs, in 2011. The CQE would also be limited to purchasing a maximum of 10 blocks of halibut QS in Area 4B.

The maximum number of sablefish QS units under the proposed range of use caps is 1.6 million to 4.8 million QS units, or 136,900 lbs to 410,700 lbs, in 2011. The CQE would be limited to a maximum of 5 blocks of AI sablefish QS. At recent ex-vessel prices, if the CQE purchased and used QS up to the proposed use caps, it could generate an estimated \$300,000 to \$1 million in halibut ex-vessel revenues, and \$650,000 to \$2 million in annual sablefish ex-vessel revenues (Table 8), depending upon the use cap selected.<sup>3</sup> This assumes that the CQE purchases the maximum amount of QS allowed under the use cap for each species. The CQE share of such revenue would depend upon the lease rate agreed upon with eligible fishermen, the success in fishing the IFQ, catch quality, market availability, and price.

In addition, the proposed action recognizes that the CQE would likely want to purchase the least costly type of QS (D category), and that, on average, the majority (70%) of D category halibut IFQ in Area 4B is unfished (Table 29, average 2000 through 2010). Alternative 2 would allow the Adak CQE to purchase B, C, and D category QS, as opposed to only B and C category. Provisions also allow IFQ derived from QS held by a CQE to be used on a vessel of any length, with the exception of D category QS, which must

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<sup>3</sup>These estimates are based on the range of use caps evaluated in Table 32 and the most recent CFEC price data from Table 8.

be used on a D category vessel.<sup>4</sup> Alternative 2 may serve to increase transfers of D category QS from individuals to the CQE, as the CQE would represent a new buyer in the market for the least expensive category of QS.

The potential benefits to those participating in either the IFQ fisheries and/or the Pacific cod fisheries may entice Adak resident fishermen to lease IFQ from the CQE, and potentially deliver those fish to the processor in Adak. Thus, the potential benefits to the community are not limited to the CQE and the lessees. Increased fishing activity by small boat resident fishermen should also serve to benefit the shoreside processor in Adak, and support businesses, recognizing that landings derived from CQE-held QS would not be required to be delivered to Adak under Alternative 2. However, the CQE could make delivery to Adak (or another in-region processor)<sup>5</sup> a condition of the lease of IFQ, under private contract.

#### Effects on IFQ fishery participants

The proposed action under Alternative 2 does not directly regulate participants in the IFQ Program that do not use IFQ derived from CQE-held QS, and would not affect the general trends relevant to quota share and vessel use under the status quo (Section 2.6.1), including the number of IFQ holders and the number of individual vessels used in recent years (Table 16 and Table 40, respectively). Under Alternative 2, non-CQE participants in the halibut and sablefish fisheries would continue to be subject to the same rules in the existing IFQ Program without change. However, Alternative 2 may create additional opportunities for vessel owners to use IFQ (derived from CQE-held QS), whether or not the vessels are owned by residents of the CQE community. This is because residents of Adak that do not own vessels could lease annual IFQ from the CQE and bring it onboard any eligible vessel.

If an individual chose to use onboard any IFQ derived from CQE-held quota, that vessel would be limited to 50,000 lbs of Area 4B halibut IFQ and 50,000 lbs of AI sablefish IFQ derived from CQE-held quota per fishing year. However, in total, the vessel would be subject to the overall vessel use caps applicable in the general program, which allows for the use of IFQ over and above the 50,000 lbs, as long as it is not derived from quota held by the CQE. One possible scenario is that hook-and-line catcher vessels fishing in the AI State water Pacific cod fishery that deliver to Adak could employ an Adak resident leasing halibut IFQ from the CQE as a crewmember, and use that IFQ onboard during the Pacific cod fishery. Absent IFQ onboard, participants are required to discard halibut caught incidentally in this fishery.

No significant effect on individual participants in the IFQ fisheries, or residents of non-CQE communities, is anticipated under Alternative 2 compared to the status quo. The primary effect on existing participants would be the potential for greater competition in the market for purchasing Area 4B halibut QS and AI sablefish QS, which could result in a higher price. However, a significant portion of each of the relevant QS pools remains unused each year; in addition, anecdotal evidence suggests that there is little demand for the smallest category (D category) of halibut QS in Area 4B. If Adak is provided the opportunity to purchase shares for use by local residents, the benefits of these QS will be a new addition to the economy. If the current demand for QS in these areas is relatively low, including a CQE in the market for QS may serve to benefit private sellers.

While several factors limit the impact of the proposed action, the most important are the number of eligible communities, the cumulative limit on the amount of QS an Area 4B CQE would be allowed to purchase, and the limit on number of blocks the CQE can hold. The CQE representing Adak would be limited to purchasing 1.5% of the Area 4 halibut QS pool, or 5%, 10% or 15% of the Area 4B halibut QS pool. The Council's preliminary preferred alternative would allow the CQE to purchase up to 15% of the Area 4B halibut QS pool. On average (2000 through 2010), 10% of the Area 4B halibut catcher vessel

<sup>4</sup> Halibut QS vessel categories are: freezer = A; greater than 60' = B; 36' to 60' = C; and less than 35' = D category.

<sup>5</sup>The only other shoreside processor in the region is located in Atka.

QS pool is not fished annually (Table 29). Halibut are migratory, so these fish could enter IFQ fisheries in other regulatory areas, unless they incur natural mortality or loss as PSC in the groundfish fisheries.

The CQE would also be limited to purchasing a maximum of 10 blocks of halibut QS in Area 4B in total. If Adak was able to purchase the maximum of 10 blocks of Area 4B halibut QS, it would represent 10% of the total number of blocks of Area 4B catcher vessel halibut QS (refer to Table 34).

A CQE under this program would also be limited to purchasing 1% of the sablefish QS pool, or 5%, 10%, or 15% of the AI sablefish QS pool. The Council's preliminary preferred alternative would allow the CQE to purchase up to 15% of the AI sablefish QS pool. On average, 50% of the AI sablefish catcher vessel QS pool is not fished annually (Table 30). (Note that because less than half of the AI sablefish QS pool is *catcher vessel* QS, for example, a use cap (number of QS units) equal to 10% of the AI sablefish QS pool is equal to about 23% of the AI sablefish *catcher vessel* QS pool.)

The CQE would also be limited to purchasing a maximum of 5 blocks of sablefish QS in the AI in total. If Adak was able to purchase the maximum of 5 blocks of AI sablefish QS, it would represent 8% of the total number of blocks of AI catcher vessel sablefish QS (refer to Table 34). The practical effect of the proposed action depends on how much QS Adak is willing and able to purchase, up to the regulated limits.

In sum, non-CQE participants are not directly regulated by the proposed action. Due primarily to the cumulative program use cap and block limit, it is likely that non-CQE participants could be negatively affected by the proposed action, although the size of this potential impact cannot be estimated. Under the preliminary preferred alternative, only non-CQE participants would continue to have access to 85% of the catcher vessel halibut QS in Area 4B, and the majority of the catcher vessel sablefish QS in the AI, without potential competition from CQEs. This action would not affect IFQ participants' access to QS in areas other than Area 4B.

**Council Motion on Proposed BSAI Amendment 102:  
Establishing a Community Quota Entity Program in Area 4B**

October 3, 2011

The Council approves the following changes to the problem statement (deletions are stricken; additions are in bold underline):

*As a small coastal community in the Aleutian Islands, Adak is struggling to remain economically viable. The halibut and sablefish IFQ program, as with other limited entry programs, increases the cost of entry into or expansion in the commercial halibut and sablefish fisheries. Adak is not a beneficiary of the CDQ Program for halibut and sablefish. Allowing this non-CDQ community to purchase Area 4B halibut and sablefish quota share for lease to ~~residents of Adak~~ **eligible fishermen** will help minimize adverse economic impacts on this small, remote, coastal community in the Aleutians, and help provide for the sustained participation in the halibut and sablefish IFQ fisheries. The Council seeks to provide for this sustained participation without undermining the goals of the halibut and sablefish IFQ program or precluding entry-level opportunities for fishermen residing in other fishery-dependent communities.*

The Council recommends sending the analysis out for public review and selects the following as its preliminary preferred alternative:

**Alternative 2. Establish a CQE Program in Area 4B.** Allow a non-profit entity representing an eligible community in Area 4B to purchase and hold Area 4B halibut quota share and Aleutian Islands sablefish quota share, with similar qualifying criteria and operational limits as the existing GOA CQE communities (see specific provisions below).

Components of Alternative 2 include:

1. Eligible communities

Non-CDQ communities located in Area 4B with less than 1,500 people, no road access to larger communities, direct access to saltwater, and a documented historic participation in the halibut or sablefish fisheries are eligible to own and use commercial catcher vessel halibut and sablefish quota share. In addition to meeting these criteria at final action, eligible communities must be listed as a defined set of eligible communities in Federal regulation. Communities not meeting the qualifying criteria and not on the list adopted by the Council are not eligible to participate. Other Area 4B communities could petition the Council for inclusion after the implementation of this program.

Qualifying Area 4B communities would be restricted to purchasing Area 4B halibut and Aleutian Islands sablefish quota share.

2. Ownership Entity

A non-profit entity, approved by NMFS as the holder of the Adak Community Allocation of Western Aleutian Islands golden king crab will be recognized as the CQE for the community of Adak. The governing body in the community (currently City of Adak) must approve the CQE to operate on behalf of the community.



### 3. Use Caps for Individual Communities

Each eligible community in Area 4B is limited to purchasing and using either:

- Option 2. 15% of the Area 4B halibut QS pool; and
- Option 4. 15% of the Aleutian Islands sablefish QS pool

### 4. Cumulative Community Use Caps

All eligible communities combined are limiting to purchasing and using either:

- Option 2. 15% of the Area 4B halibut QS pool; and
- Option 4. 15% of the Aleutian Islands sablefish QS pool

### 5. Purchase, Use and Sale Provisions

Original block and vessel size designations apply if the community transfers the QS to any person other than another eligible community.

#### Block Restrictions

- Communities may buy blocked and unblocked quota share.
- Individual eligible communities are limited to holding 10 blocks of Area 4B halibut QS and 5 blocks of AI sablefish QS. Individuals receiving IFQ leased from an eligible community entity would be subject to the existing individual use caps in regulation.

#### Vessel Size Restrictions

- Quota share held by communities under this program would be exempt from vessel size (share class) restrictions, while the QS is owned and leased by the community.
- Transferability of halibut QS in Area 4B from commercial to qualified community entities is restricted to B and C category quota share. Should existing Area 3A CQEs be allowed to purchase 'D' category QS, Area 4B CQEs may purchase and fish Area 4B 'D' category halibut QS under the same rules.

#### Sale Restrictions

- Eligible communities owning catcher vessel quota shares may sell those quota shares to any other eligible community or any person meeting the provisions outlined in the existing IFQ Program.
- Eligible communities may only sell their quota share for one of the following purposes:
  - (a) generating revenues to sustain, improve, or expand the program
  - (b) liquidating the entity's quota share assets for reasons outside the program

Should an eligible community sell their quota share for purposes consistent with (b) above, an administrative entity would not be qualified to purchase and own quota share on behalf of that community for a period of three years.

#### Use Restrictions

- Option 2. The CQE may lease to non-residents for a limited period of five years after the effective date of implementation of the program. After that time, the CQE must lease QS to residents of the community it represents.

Suboption: The CQE is not subject to the 150 sea days requirement when leasing IFQ to residents.

Additional provisions include:

- No vessel may be used, during any fishing year, to harvest more than 50,000 pounds of IFQ halibut and 50,000 pounds of IFQ sablefish derived from QS held by a CQE in Area 4. The vessel would also be subject to the same vessel use caps applicable in the overall IFQ Program.<sup>1</sup>
- A CQE may lease up to 50,000 pounds of halibut IFQs and 50,000 pounds of sablefish IFQs per lessee annually. The 50,000 pound limit is inclusive of any quota owned by the individual (lessee).

#### 6. Performance Standards

The following are goals of the program with voluntary compliance monitored through the annual reporting mechanism and evaluated upon review of the program. Community entities applying for qualification in the program must describe how their use of QS will comply with the following program guidelines:

- (a) Maximize benefit from use of community IFQ for crew members that are community residents.
- (b) Insure that benefits are equitably distributed throughout the community.
- (c) Insure that QS/IFQ allocated to an eligible community entity would not be held and unfished.

#### 7. Administrative Oversight

The Council recommends a provision to require submission of a detailed statement of eligibility to NMFS prior to being considered for eligibility as a community QS recipient. The statement would be similar to what is required under the GOA CQE Program. This includes, but is not limited to:

- (a) Certificate of incorporation
- (b) Verification of qualified entity as approved under "Ownership Entity"
- (c) Documentation demonstrating accountability to the community
- (d) Explanation of how the community entity intends to implement the performance standards

The Council also recommends a provision to require submission of an annual report detailing accomplishments. The annual report would be similar to what is required under the GOA CQE Program. This includes, but is not limited to:

- (a) A summary of business, employment, and fishing activities under the program
- (b) A discussion of any corporate changes that alter the representational structure of the entity
- (c) Specific steps taken to meet the performance standards

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<sup>1</sup>The current vessel use caps applicable in the IFQ Program are 0.5% of all halibut IFQ TAC and 1% of all sablefish IFQ TAC.