

**October 2021**  
**C-3 RQE Program Funding Initial Review**  
**Charter Halibut Committee Recommendations to the NPFMC**

The Charter Halibut Management Committee (CHMC) recommends the following elements and options for consideration for final action and identifies the following preferred alternatives:

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

*Option 1: Charter Halibut Stamp*

*1) Stamp*

- a) The term “charter halibut stamp” should be used even though the program is electronically based.*
- b) The halibut stamp should be modelled after the State of Alaska King Salmon Stamp program and include options for 1, 3, and 7 days.*
- c) Stamps should be issued based on effort, not retention.*
- d) Stamps would be accessed from an online platform and have a unique identifier like a bar code, numerical identifier or QR code.*
- e) Guide business owners could download a pool of stamps anytime but would be billed only after the stamps are validated for use. This allows issuance in times of no internet connectivity.*
- f) This includes CQE permits and MWR permits.*

*2) Fee Structure and Payment*

- a) Halibut stamps would initially be issued with the following prices which reflect multi-day discounts: 1-day stamp \$20, 3-day stamp \$40, 7-day stamp \$60.*
- b) To change the fee structure, the RQE could submit price changes to the Charter Halibut Management Committee for review, which could then provide recommendations to the Council. The next round of analysis should identify options for the RQE to change stamp prices and explore what is procedurally involved.*
- c) Stamp fees will be due monthly, submitted electronically with a reconciliation form by the Sportfishing Guide Business Owner (ADF&G definition) or designee. An operator should have an option for validated stamps to automatically deduct from a positive balance on account or charge to a card on file when validations upload.*

*3) Enforcement*

- a) Enforcement would be primarily on the water, concurrent with checking for king salmon stamps, licenses, CHPs etc., which is routine during boardings.*
- b) “Charter Vessel Guides” (by NMFS definition) would be liable to ensure that there are validated stamps on the vessel for each angler fishing for halibut.*

#### **4) Cost Recovery**

- a) *IFQ cost recovery is defined in Magnusson Stevens and no changes should be made particular to the RQE program.*

#### **RATIONALE:**

The purpose and need statement for this action identifies the necessity of moving forward with development of a funding mechanism for the RQE to complete this unique compensated reallocation program as envisioned by the Council in 2017.

The Charter Halibut Management Committee (committee) finds that the Initial Review Draft thoroughly describes alternatives and options for a fee collection program that are sufficient for moving this action forward. The committee is aware that Federal legislation must first be signed into law before this program can be implemented.

For the funding mechanism, the committee supports Alternative 2, Option 1- the charter halibut stamp -as the Preferred Preliminary Alternative (PPA) for the following reasons:

First, since the RQE's conception in 2007, a halibut stamp has been the stated preferred mechanism for fee collection by stakeholders. It mirrors the State's king salmon stamp, a program familiar to charter operators and clients that has proven enforceable and effective in generating revenue for Alaska's sport fisheries.

Second, this committee supports an effort-based fee which a stamp program is better suited to capture than an annual operator fee. An annual operator fee would rely on after-the-fact data from State logbooks that aren't designed to collect unique angler effort for halibut, or to trace angler effort through CHP ownership and lease agreements to determine what party would be financially responsible. The analysis notes the additional cost and burden likely to fall on ADF&G if tasked with collecting data for the purpose of fee assessments.

Additionally, the analysis points to a more serious issue with using logbook data for an end-of-season fee assessment, where using that data to determine the financial responsibility of each business could create an incentive to under report halibut catch. This would invalidate the logbook data for its original purpose of collecting accurate harvest data. The analysis reports that ADF&G staff have indicated concern for such impacts.

In addressing cost concerns raised around the stamp program, this committee understands that the online portal required under the charter halibut stamp option would likely have significant upfront costs associated with it, but also assumes that there are long term costs involved in annual fee assessments that would be precise enough to be equitable to each operation. We hope the Council staff can bring cost estimates for both options back to the Council at final action for consideration. The reality is that creating programs like this have costs associated with them, and we feel the efficacy of this program shouldn't be compromised based on incremental savings between program options.

This committee believes that the majority of operators support the concept of the RQE program because of the potential benefits to their businesses and most are likely to be compliant. We do acknowledge NOAA office of law enforcement concerns summarized in the analysis that the program may bring increased enforcement costs because of increased paperwork on writing violations at sea. The analysis does not explore enforcement costs associated with the logbook data processing needed to assign angler harvest to CHPs, likely costs associated with dockside monitoring to match catch to what is actually being written down in logbooks, and auditing of the logbook data to determine if underreporting is occurring and the subsequent costs of litigating those violations. These costs may match or exceed costs associated with on-the-water enforcement.

It is this committee's understanding that the RQE is subject to cost recovery on any quota the entity holds, just like any other quota share holder in the IFQ program. We do not support any special or separate designation of RQE cost recovery fees.

In conclusion, the committee and charter industry support a halibut stamp as the logical and most transparent way of having charter operators participate in this program, and the best way to create a visible link between the program's fees and the client's participation in the program.

We appreciate the opportunity you've given us to actively participate in the Council process and particularly appreciate the efforts of the staff, Sarah Webster, Sarah Marrinan, and Kurt Iverson. We also express thanks to ADF&G and NMFS staff in attendance at these meetings for offering their perspectives on this program to our sector.

***Motion unanimously approved by the Charter Halibut Management Committee (10/27/21)***