

C3 Charter Recreational Quota Entity, Final Action
December 10, 2016
FINAL Council motion

The Council recommends Alternative 2, with the following elements and options, as its preferred alternative:

Alternative 2. Establish a Recreational Quota Entity (RQE) as a qualified non-profit entity registered with the IRS to purchase and hold commercial halibut QS for use by the guided halibut sector.

Element 1. Number of entities

Option 2. One entity with two area quota pools, Area 2C and Area 3A

Element 2. Restrictions on transfers. Two-way transfers are allowed. Quota class and block designation is retained if the quota is transferred back to the commercial sector. (Options below are not mutually exclusive.)

Option 2. Annual limit on transfers to the RQE in each regulatory area (1% of commercial QS units in Area 2C and 1.2% in Area 3A amounts based on 2015 QS pool).

Option 3A. Total (cumulative) limit on amount of commercial quota share held by RQE and leased under GAF.

10% of the 2015 commercial QS pool may be held as RQE and GAF combined in Area 2C and 12% of the 2015 commercial QS pool may be held as RQE and GAF combined in Area 3A.

Cumulative cap will be managed annually on a sliding scale between RQE and GAF, with GAF transfers restricted to accommodate RQE QS holdings.

Option 4. Restrictions on RQE quota share purchases (in either or both areas):

Sub-option 1. Prohibit purchase of D class QS in Area 3A and limit to 10% of D class QS in Area 2C (based on the D class QS pool in 2015) (limits selected under Option 2 and 3 are calculated including D class QS)

Sub-option 2. Prohibit purchase of blocked QS by class that equates to (\leq 1,500 lb in 2015 lb) (limits selected under Option 2 and 3 are calculated including blocked QS).

Sub-option 3. Restrict purchase of B Class QS to 10% (of the B class QS pool in 2015) in Area 2C.

Element 3. Setting of annual charter management measures. Use RQE quota share holdings as of October 1 each year as the basis to estimate IFQ pounds to add to the estimated guided recreational allocation under the catch sharing plan for the upcoming year. This amount must be maintained for the following fishing year. This estimated combined allocation would be used to recommend the guided recreational harvest measures ~~for the year~~ ^{for the year}. The procedural process steps and

timeline would remain unchanged.

Option 1. If the RQE holdings provide a charter harvest opportunity greater than the unguided recreational bag limit in either area, NMFS would not issue annual IFQ in excess of the amount needed for the charter sector to obtain the unguided recreational bag limit to the RQE for that area. Unallocated RQE IFQ would be reallocated as follows:

Sub-option 1. 50% goes to all catcher vessel QS holders in the applicable area (Area 2C or Area 3A) who hold not more than 32,333 QS units in Area 2C, and 47,469 QS units in Area 3A (i.e., the amount of QS that yielded 2,000 pounds of IFQ in 2015). This 50% would be redistributed among qualified QS holders proportional to their QS holdings.

Sub-option 2. 50% goes equally among all CQEs that held halibut QS in the applicable area (Area 2C or Area 3A) in the year prior to the reallocation. If no CQE held QS in the applicable area (Area 2C or Area 3A) in the preceding year, unallocated RQE IFQ would not be allocated in that area (left in the water).

The Council envisions the RQE will use funds primarily for the acquisition of commercial halibut quota; halibut conservation/research; promotion of the halibut resource; and administrative costs. The Council intends RQE resources not be involved in political campaigns.

Element 5. RQE Organizational Structure. To be approved as an entity eligible to purchase and hold commercial halibut QS, the RQE must submit articles of incorporation and management organization information to NMFS, including 1) bylaws and 2) a list of key personnel including, but not limited to, the board of directors, officers, representatives and managers. In addition:

Option 1. A representative of the Alaska Department of Revenue may sit as an ex-officio member of the RQE board.

Option 2. The Commissioner of the Alaska Department of Fish and Game, or their designee, may sit as a voting member of the RQE board.

Option 3. The RQE shall file an annual report detailing RQE activities during the prior year by 31 January. The annual report shall be provided to the Council and shall include:

- 1) List of all purchases or sales of QS
- 2) Any changes to the bylaws from the preceding year
- 3) Any changes to Board of Directors or key personnel from the preceding year
- 4) Number of charter halibut permits purchased or held
- 5) Funds spent on conservation, research and promotion of the halibut resource and a summary of the results
- 6) Administrative expenses
- 7) All other expenses

Motion Passes: (8:3)