



Reef Fish Amendment 36B:

Commercial IFQ Program Modifications



Overview

Items under consideration:

- Program Eligibility Requirements
- Allocation Caps
- Restrictions on Shares and Allocation Transfers
- Lease to Own Provision
- Quota Redistribution/Set Aside



Definitions

- An IFQ share is a percentage of the commercial quota.
- IFQ allocation refers to the actual pounds of fish represented by the shares.
- For example, a 1% share of a 100,000-lb quota would provide 1,000 lbs of fish to the account holder.



Program Eligibility Requirements

Background:

- First 5 years, commercial reef fish permit required to receive (buy) shares and allocation.
- As of 1/1/2010 (RS), 1/1/2015 (GT), any U.S. citizen or resident alien may obtain an account and buy/retain/sell shares and allocation.
- Commercial reef fish permit remains required for landing IFQ allocation.
- Council published control dates before public participation began, but did not take action.



Program Eligibility Requirements

Potential actions/options:

- **Require shareholders to possess a commercial reef fish permit.**
 - Require permit to obtain, retain, or sell shares and allocation.
- Establish control date, i.e., applies to entities that entered the IFQ program after 1/1/2012 (RS), 1/1/2015 (GT).
- **Restrict amount of shares and/or allocation that may be held by a shareholder without a commercial reef fish permit.**



Program Eligibility Requirements

Potential issues:

- Could propose range of time series for shareholders to obtain a commercial reef fish permit.
- Would need mechanism for addressing divestiture of shares if necessary.
- Impact on commercial permit price?



Allocation Caps

Background:

- Share caps in place for both IFQ programs.
- Allocation cap in place for GT-IFQ program, only; equal to the total amount (lbs) that corresponds to all share caps combined.
- In 2015, allocation cap was 540,967 lbs.
- The cap is not constraining use of allocation.

Share Category	Share Cap
DWG	14.704321%
Gag	2.349938%
Other SWG	7.266147%
Red grouper	4.331882%
Red snapper	6.0203%
Tilefish	12.212356%



Allocation Caps

Potential action/options:

- **Cap the amount of IFQ allocation that may be:**
 - landed by a single vessel.
 - landed by an entity
 - over the course of the year.
 - at any point during the year.
 - held or transferred by a shareholder
 - over the course of the year.
 - at any point during the year.



Restrictions on Share & Allocation Transfers

Background:

- Terms of share and allocation transfers are private agreements between account holders.
- All transfers are conducted through catch share website: <https://portal.southeast.fisheries.noaa.gov/cs/>
- Transaction price for share transfers is required through online system, but reporting issues continue.
- Allocation transfer prices not required by online system; zero value may be entered.



Restrictions on Share & Allocation Transfers

Place restrictions on use of shares & allocation

Potential actions/options:

- What behavior does the Council want to address?
- Does requiring a commercial reef fish permit address these issues?

Potential Issues:

- Could be difficult to regulate as these are private agreements that are then recorded in the online system.



Lease-to-Own Provision

Background: GAO 2004 discusses a **lease-to-own** program as a way for new entrants to “pay for quota while using it”. Only examples are where new entrants obtain this quota from the government; not other shareholders.

Potential Issues:

- Could be difficult to implement, as share and allocation transactions are private agreements.
- Would likely change how shareholders participate in program, if they would lose shares.



Quota redistribution/Set-aside

Background:

- January 1 each year, allocation (lbs) equal to quota is distributed to shareholders based on shareholdings (%).
- Red snapper quota has increased from 2.3 mp (Jan 1, 2007) to 6.0 mp (Jan 1, 2017).
- Quota reductions always possible.



Quota redistribution/Set-aside

Potential actions/options:

- Apply to future increases to commercial quotas.
 - Quota increases above a threshold quota, in pounds or percent.
- Define new recipients of quota.
- Define method of distributing quota.



Quota redistribution/Set-aside

Potential issues:

- How much quota to reserve and who would be eligible to receive it?
- What happens if quota later decreases below threshold for redistribution/set-aside?
- Would program participation change?



Reference & Annual Reports

GAO. 2004. Individual fishing quotas: Methods for community protection and new entry require periodic evaluation. GAO-04-277. Washington, D.C.: February 2004.

<http://www.gao.gov/assets/250/241499.pdf>

2015 Grouper-Tilefish IFQ Program Annual Report:

http://sero.nmfs.noaa.gov/sustainable_fisheries/ifq/documents/pdfs/annual_reports/2015_gt_annualreport_final.pdf

2015 Red Snapper IFQ Program Annual Report:

http://sero.nmfs.noaa.gov/sustainable_fisheries/ifq/documents/pdfs/annual_reports/2015_rs_annualreport_final.pdf

