

**Summary of Scoping Workshops on
Reef Fish Amendment 36:
Modifications to the Red Snapper Individual Fishing Quota Program
March 10-24, 2015**

Section 1: Scoping workshops were held at the following locations:

Tuesday - March 10, 2015
Courtyard Marriott
142 Library Drive
Houma, LA 70360

Tuesday - March 17, 2015
Hawthorn Suites by Wyndham
501 East Goodnight Avenue
Aransas Pass, TX 78336

Thursday - March 12, 2015
Hilton Garden Inn
6703 Denny Avenue
Pascagoula, MS 39567

Wed - March 18, 2015
Hilton Garden Inn
1101 US Highway 231
Panama City, FL 32405

Monday - March 16, 2015
Hilton Galveston Island Hotel
5400 Seawall Boulevard
Galveston Island, TX 77551

Tuesday - March 24, 2015
Hilton St. Petersburg
950 Lake Carillon Drive
St. Petersburg, FL 33716

Tuesday - March 17, 2015
Renaissance Mobile
64 South Water Street
Mobile, AL 36602

**Houma, Louisiana
March 10, 2015**

Program Eligibility Requirements

- **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

We still feel like were overcapitalized so, expanding eligibility seems like a slippery slope. The requirement to have a reef fish permit to harvest fish needs to stay.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

The Council should consider coming up with some type of financing program. New entrants can't afford to buy shares and the banks won't back loans for boating startups. Bankers don't understand it. Some kind of government run loan process could help new entrants more than gifting them small shares. It seems like redistributing them to the guys that are already in the fishery is more reasonable. Finance the new entrants rather than gift them.

Full retention requirements to address regulatory discards

➤ **Should the full retention of all commercially caught red snapper be required?**

Full retention is a great goal. Some of the people targeting vermillion or grouper are pulling up lots of red snapper and killing them. Full retention would force those fishermen to make the effort to get allocation. There might need to be quota banks to help with this, and you may need to give them extra to get the necessary allocation if you require full retention. We can sell a fish that are big enough to bite the hook, there will be a market for the fish smaller than 13 inches. Full retention will be a lot harder on some of the guys than on others but we should throw fish in the box rather than throw them back dead if we catch them.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should caps on the amount of IFQ allocation held by and entity be established?**

The cap's example are difficult to handle and we are not so sure that it's harmed anyone. There hasn't been a mega corporation that's tried to buy everyone out.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

The broker situation takes care of itself. In the derby days or even pre derby, as people got older, they hired captains to run their boats. The current use of the IFQ program is no different. Some of the active shareholders do the same as we've always done. They have someone run their boat or just sell their allocation. Whenever you make some guy retain fish on his boat, you force him to continue fishing rather than allow him to lease fish, which could be used to help prevent by catch in another area of the fishery.

Here in Louisiana we're in a pure red snapper environment. Forcing me to stay on my boat rather than sell my allocation or hire a captain would exacerbate the by catch issue. Captains would continue fishing rather than lease to people in the south east who don't have snapper quota, but are catching snapper because the population is expanding.

➤ **Should a "lease-to-own" provision be considered?**

Lease to own sounds neat but may cause fishermen who are selling allocation to an individual go back to fishing rather than give someone else 'credit' for his harvest. It would promote owners to keep harvesting their own allocation rather than let others earn credit for something that isn't

theirs. A credit towards ownership arrangement should be done on an individual level rather than at the agency level.

Enforcement of all Reef Fish Landings

- **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

Hail in and out for all reef fishermen is a good idea. It's a great enforcement tool and it gives law enforcement a better heads up. They don't have to check every landing but it is good information to know.

Council member and staff:

Myron Fischer
Emily Muehlstein
Bernie Roy

2 people attended:

Steve Tomeny
Twyla Herrington

**Pascagoula, LA
March 12, 2015**

Program Eligibility Requirements

- **Should the future transfer of shares to only shareholder accounts that hold a valid commercial reef fish permit?**

It's fine how it is.

- **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

Allowing shareholders/allocation holders to harvest without a reef fish permit goes against the goal of the program and would promote overcapitalization.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

1% is a great margin for any program. Leave it like it is. Those people know they have shares and they should be allowed to sell it when they want to.

To achieve optimum yield the Council may want consider allowing the allocation in inactive accounts to rollover and be distributed amongst active accounts.

➤ **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

People in the program today have suffered the pains of the program. Therefore, they should reap the benefits of the program rather than being penalized by losing additional shares. People who have been actively fishing should be given first opportunity for ownership.

It would be difficult to decide who qualifies as new entrants or small shareholders. Additionally, new entrants can get in to the program, plenty of new entrants have bought in. It was understood when the program was initiated that this would happen. Shares would have a high value and the fishery would consolidate, making it difficult for new entrants.

Full retention requirements to address regulatory discards

➤ **Should the full retention of all commercially caught red snapper be required?**

It's probably not legal and it definitely would not work to require full retention. You cannot make someone keep what they catch and it seems difficult to enforce.

Typically, commercial fishermen aren't going to hang around and catch the wrong size or species of fish. They are already policing themselves.

The market value of the different sizes of fish will be an issue. Fishermen won't want to use their allocation on the less valued fish.

There isn't data to justify worrying about regulatory discard on the commercial side. The snapper population has exploded, so it's obviously not a biological issue.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should caps on the amount of IFQ allocation held by an entity be established?**

There is already a cap on shares and that was initiated when the program was put in place. The current share caps are fine.

➤ **Should caps on the amount of IFQ allocation landed by a single vessel be established?**

You shouldn't limit what a vessel can harvest that is like directly capping what a person can make. A vessel can only catch so much a year anyhow, so there is no need to put a limit on it.

➤ **Should a cap on the amount of shares or allocation a non-reef fish permitted shareholder may possess be established?**

The program was established to be traded and there is no need to undo the system. The only reason the program sold initially was because of the flexibility it allowed. It doesn't make sense to socialize the program and keep everyone at some artificial level.

Requirements for the Use of Shares and Allocation

➤ **Should unused IFQ allocation be allowed to roll-over for use in the following year?**

There are a lot of reasons the fish aren't caught in a year; weather, engine failure, personal reasons, etc. Unharvested allocation should be rolled over so people can catch their fish the next year.

➤ **Should a "lease-to-own" provision be considered?**

Lease-to-own is an interesting approach and people would have demonstrated through trip tickets that they've fished should be given priority if a situation arises where new shares become available.

Mid-Year Quota Changes

➤ **Should a portion of shareholders' allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

Would it be more practical to handle the quota reduction in the following year rather than mid-year? Don't be conservative and hold back, rather, reduce the share of the individual fishermen who have already caught their allocation in the following year.

During the mid-year quota increase derby-like conditions were created and the market value of red snapper dropped. If there was a large increase late in the year the Council should consider adding the extra in the following year.

Enforcement of all Reef Fish Landings

➤ **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

No. If they have VMS we know where there are so it's not necessary. If violations happen it's a small problem.

Council member and staff:

Leann Bosarge
Emily Muehlstein
Bernie Roy

Attendees included:

Travis Williams
John Bullock
Phil Horn

Galveston, Texas
March 16, 2015

Program Eligibility Requirements

- **Should the future transfer of shares to only shareholder accounts that hold a valid commercial reef fish permit?**

The IFQ program is achieving its intended goals as is. Red snapper is a public resource, and the public should be able to participate in the IFQ program if they wish.

- **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

The fishery is still overcapitalized, but it is currently under refinement to a smaller number of participants. If they were to allow people without a reef fish permit to harvest then the progress we've made to reduce overcapitalization would be reversed. Allowing anyone with IFQ to fish would definitely increase overcapitalization.

- **Should shareholders not actively engaged in fishing be allowed to transfer their shares and allocation to other shareholders?**

Transferability of shares should be market driven. Members of the public should be allowed to buy and sell shares and allocation.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

IFQ account holders should be contacted about their inactive accounts. The agency needs to do their due diligence and let people know that they have inactive shares.

Inactivity may be caused by displacement or disaster so share owners should be given time and warning before accounts are closed.

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

The fish in inactive accounts need to be harvested. A quota bank could be used to address the issue of dead discards. The allocation could be distributed to all reef fish permit holders, not just IFQ share owners.

If shares are redistributed they should be given to active shareholders. Allowing new entrants goes against the goal of reducing overcapitalization in the fishery. The program was set up to be

market driven, you can be a new entrant by buying from current shareholders. Use the market based system, it's already in place and there is no need to start a new program.

New entrants to the program should be considered. Some qualification of what defines a new entrant would be necessary.

Full retention requirements to address regulatory discards

➤ **Should the full retention of all commercially caught red snapper be required?**

Actions that can prevent fish from being thrown back dead should be considered, on the recreational side also. Throwing back perfectly good fish dead makes no sense.

Eliminating the minimum size limit and implementing full retention will allow the market-based system to work to its full potential. It will teach fishermen to fish smarter and more efficiently. Making fishermen keep everything they catch will make them behave more conscientiously.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should caps on the amount of IFQ allocation held by an entity be established?**

Leave it just like it is. It works as a market based system for economic efficiency and changing the amount an individual can own would not necessarily change economic efficiency of the program. Reducing the share cap may increase overcapacity. No one voiced any desire for caps to be put into place.

➤ **Should caps on the amount of IFQ allocation landed by a single vessel be established?**

Putting restrictions on an entity who has the capability of harvesting a large amount of fish will hurt the effort of reducing overcapacity.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

Leave it alone, the current framework is working fine. The beauty of the system is that it is flexible. One fisher's boat breaks down, another fisherman can use quota. Exclusion is a problem for those on the outside, but not for those on the inside of the IFQ program. By restricting brokering, you would be closing the door of opportunity for others. There is no market advantage or biological advantage to do so.

➤ **Should restrictions be placed on the sale of IFQ allocation and shares?**

Some people are long-term fishermen who are leasing their fish out to others for various personal reasons, and are not brokers per se. It would be difficult to separate the different users and restrict them.

Fishermen find quota if they need it; leasing and brokering when practicable to assist one another. If someone wants to buy quota, they can and, local fishermen help other fishers get quota to use for bycatch. Fishermen that have available quota can capitalize on those fishermen out on the water and have them bring in fish for them as dealers to fill orders. Dealers hire fishermen to fish and can provide them quota if they don't have enough in their IFQ account. Fishermen can change behavior to avoid bycatch when no allocation is available.

➤ **Should a “lease-to-own” provision be considered?**

Eliminate the problems for new entrants by offering a loan program. The federally backed loan program for new entrants that was suggested by the AP should move forward. Consider making a place in the Federal Registry where fishermen can register their right to harvest; they can use that as collateral to get loans. Banks need something to collateralize. New guys can come into the system by buying shares and creating history. If an entity buys allocation, then they could be entered into a sort of lottery program, or some sort of lease to own program to help new entrants transition in to the program. At some point, new entrants will need to be considered so those fishermen need to be considered now. Current fishermen are getting older.

Mid-Year Quota Changes

➤ **Should a portion of shareholders' allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

Withholding quota would either create a shortage or a potential end of year glut. Mid-year changes up or down are not good for businesses. Business plans are made at the beginning of the year. Midyear increases causes a market glut. With a higher percentage of fish, you have to find a higher percentage of customers. Fluctuations are not desirable for operating a business and create market inequities and instability. Make end of year quota increases available the next year on Jan 1st to avoid derby fishing conditions. For the best benefit of the country, the fishermen need to know when they can fish.

Get the Council and the stock assessment process in line to set quota at the beginning of the year rather than allow mid-year quota changes. Move data assessments to an earlier time and obtain real time reporting so managers can make decisions early on in the year, rather than making mid-year adjustments.

Council process is inefficient, small shareholders needs the fish as soon as they are available. Mid-season or not, a small shareholder will take fish whenever they can get them. A business plan is not as important to small operations.

Enforcement of all Reef Fish Landings

➤ **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

Yes, hailing in for all would give proper notification to law enforcement and get rid of violators. Everybody with federal reef fish permits should have VMS on board and follow a hail-in/hail-out requirement. It would increase expenses for law enforcement.

Additional Issues

The 5-year review program should include people with a vested interest.

A water weight percentage should be brought back (ice weight). Ice and slime weight gain that causes variances between weight when the fish is being offloaded and weight at the fish house (about 3%) needs to be considered.

Council member and staff:

Robin Riechers
Emily Muehlstein
Karen Hoak

Buddy Guindon
Scott Hickman
Darrell Hingle
Mike Jennings
Garrett King
James Plaag
Mariak SanMiguel
John Walker
Johnny Williams
Shannon Williams

Attendees included:

Dylan Atkins
KP Burnett
Nicholas Butierrez
Shane Cantrell
Derrick Guetierrez



**Aransas Pass, TX
March 17, 2015**

Program Eligibility Requirements

- **Should the future transfer of shares to only shareholder accounts that hold a valid commercial reef fish permit?**

Commercial quota is there to be fished and should be caught to achieve optimum yield. The only fear is that someone could buy up quota with no intention of fishing it; protections should be put in place to prevent that.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

Shares from inactive accounts should be available for public purchase or distributed to small entities rather than large current shareholders. Inactive shares could be purchased at market price from a quota bank

Inactive shares should be put into a quota bank. They could be used to manage the program more efficiently, like for discard mortality and better conservation of the resource. Also, they could be made available for use in pilot programs (i.e., commercial/recreational hybrid programs and research).

➤ **Should future increases to commercial red snapper quota be redistributed to new entrants or small shareholders?**

Increases in quota should benefit current shareholders. The industry already rebuilt the fishery taking on VMS and other burdens, and eventually benefited from those changes making them fully accountable, self-policing, etc. Non-accountable sectors should not benefit with the efforts from those who were and are accountable.

People who were granted fish benefited from being granted fish, and commercial fishermen are not the only folks who should benefit from a rebuilding fishery.

Full retention requirements to address regulatory discards

➤ **Should the commercial red snapper minimum size limit be removed, requiring commercial fishermen to retain all caught red snapper?**

Remove minimum size limit for the commercial fishery based on the fact that smaller fish are targeted. When they fish by size selection, they use smaller weaker hooks which target smaller fish, and then dead discards become an issue. By removing the size limit, they can use smaller hooks leaving the larger breeding stock in the water.

➤ **Should the full retention of all commercially caught red snapper be required?**

Full retention seems good as long as it's good for the fish population. Breeding fish may be left in the water which would be good. Throwing back small fish dead is not beneficial.

Full retention may be a bad idea. On the west coast entire fisheries have been completely shut down because of choke species. If there is a species or sub-allocation of a species in a full retention fishery, and all the allocation gets used up, if you interact with that species, all fishing stops. Full retention program would require you to fully retain the species whose fishery is completely closed because of the full retention policy. One bad move in one day can cause a huge problem for everybody making it unlawful to fish at all, as in rockfish in California.

A full retention program would have to be thoroughly vetted, phased in with a sun-set. The Council might consider making full retention only effective while the commercial season is open for the specific species is open.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should caps on the amount of IFQ allocation held by and entity be established?**

The 6% ownership cap put in place represented the largest harvester at the onset of the program. Social engineering by regulators will not provide better management than the free market already has.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

Shares and allocations should remain in the hands of fishermen, but we should not have 5 or 6 entities owning the whole fishery in a monopoly situation.

➤ **Should unused IFQ allocation be allowed to roll-over for use in the following year?**

Rollover, if done well, would serve the primary program goals well. Roll-over should be permitted when a commercial shareholder has issues that make it impossible for fishing to occur. The Council will have to constrain what would constitute an emergency, or restrict the number of times a person could roll-over allocation. The roll-over should allow fishermen to catch their fish but not artificially manipulate the market by withholding quota into the following year. A derby at the end of the year could be avoided by reducing the roll-over quota by a certain percentage, rather than allowing the entire allocation amount to roll-over.

➤ **Should a “lease-to-own” provision be considered?**

The guy buying allocation should get credit. He should not have to be dependent on the seller indefinitely. Sooner or later, he should get credit for being the fisherman catching the fish. There should be a time limit for selling your allocation – meaning you can sell your allocation for so many years before you have to sell the shares or harvest them yourself.

Use-it or lose-it, it goes back to regulators being involved in social engineering. Fishermen should negotiate deals with the share owners, not have the government mandating when a person should achieve benefits. These are private transactions, not governmental regulations.

Mid-Year Quota Changes

➤ **Should a portion of shareholders’ allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

Instead of withholding every year to adjust for catastrophic events, take out quota at the beginning of the next year; that will meet the program goals far better than an in-season closure and the loss will be distributed better across all participants. If there is a stock assessment coming up and people are concerned about a reduction mid-year, there may be a race to fish in the beginning of the year.

Enforcement of all Reef Fish Landings

- **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

If hail in/hail out would solve the problem, it should be required. Operators following the rules would not have a problem with the new requirement. Operators fishing for other species legally would not likely have a problem with it either. The only people that would object to the new requirement are likely to be those doing illegal things.

Only permit holders should weigh in on this issue; others' opinions shouldn't matter.

Additional Issues

Inter-sector trading should not be allowed.

Red snapper is rebuilding by using the IFQ program. It is effective and meeting its goals of reducing overcapacity, minimizing derby conditions, and rebuilding the resource. The program does not need wholesale changes to add in efficiencies and complications. Overharvesting has not been occurring. Improvements should promote accountability, assist in achieving OY, and collaboration between user groups. New entrants can buy into the program as is, and management is best left in the hands of the shareholders.

Council member and staff:

Greg Stunz
Emily Muehlstein
Karen Hoak

Brad Stanford
Cliff Strain
Mike Nugent
Tim Scott

Attendees included:

Mike Hurst

Doug Stanford
Mike Miglini



**Mobile, AL
March 17, 2015**

Program Eligibility Requirements

- **Should the future transfer of shares be restricted to only shareholder accounts that hold a valid commercial reef fish permit?**

No: Fishermen have invested in shares, and need the flexibility, such as in the event of accidents and other incidents.

Yes: Only if you have a commercial reef fish permit should you be able to buy shares, catch, and land fish.

- **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

No:

- Commercial reef fish permit is needed for landing because they would have VMS and follow landing procedures. Need enforcement to sanction poaching vessels.
- This would allow more commercial fishing participants, and commercial reef fish permits are under a moratorium.
- This would open the commercial fishery to recreational participation.

- **Should shareholders not actively engaged in fishing be allowed to transfer their shares and allocation to other shareholders?**

Yes: Support for a use-it or lose-it provision. [Use referred to not withholding allocation from being landed.] Must use the shares you have, or a percentage of the shares you have. Catching optimum yield is the goal, so allocation needs to be used.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

Yes:

- But, there is a difference between accounts that have never been active and accounts not being used for a year or two. Those accounts that have never been active should have shares redistributed.
- Notice should be given now that shares in accounts that have never been active will be redistributed at the 10-year anniversary of the program.
- Only for accounts that have never been active or inactive for a decade should redistribution be considered.

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

No:

- Redistributed shares should not just be given away. Shareholders earned their fish by landings history or they have invested in buying shares. Supports redistribution for discards.
- If additional fees are considered for the commercial sector, consider using value from the shares to be redistributed from inactive accounts.
- For redistribution have NMFS establish quota banks to sell allocations to increase cost recovery funds for law enforcement.
- Providing for new entrants is not a concern at this time.
- Distribute shares in equal amounts or according to their share percentage, but only among snapper IFQ shareholders. Providing allocation for red snapper discards in one area means less allocation and more discards in other areas. It may be possible to exchange allocation between species.
- Shares should stay within the red snapper fishery.

Full retention requirements to address regulatory discards

- **Should the commercial red snapper minimum size limit be removed, requiring commercial fishermen to retain all caught red snapper?**

No:

- There may not be a market for smaller fish.
- Non-IFQ commercial fishermen catch red snapper, too. So, there would not be sufficient allocation.

Yes: There is a market for small fish and good prices for them, so support for eliminating minimum size limit, but not full retention.

- **Should the full retention of all commercially caught red snapper be required?**

No:

- Should be fishermen's choice for what kind of fish they want to keep.
- People may not be willing to sell their allocation(s).

Yes: Support for the idea but difficult to do.

Caps on the Use or Possession of IFQ Shares and Allocation

- **Should caps on the amount of IFQ allocation held by and entity or landed by a single vessel be established?**

No: Opposed to caps on annual allocation for vessels or a single entity.

- **Should a cap on the amount of shares or allocation a non-reef fish permitted shareholder may possess be established?**

No: This would affect investment in the fishery among related accounts.

Requirements for the Use of Shares and Allocation

Should restrictions be placed on the sale of IFQ allocation and shares?

No:

- Selling allocation should be allowed.
- Selling allocation means the fish still get caught. What does it matter who catches them?

Mid-Year Quota Changes

- **Should a portion of shareholders' allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

No:

- Quota increases and decreases should only happen at the beginning of the year. Do not allow a mid-year quota increase or decrease, for either the commercial or recreational sectors. Distribution of quota at the beginning of the year only brings stability to the market.
- Another person agreed, but felt quota changes should occur at the beginning of the year for the commercial sector, only.

Enforcement of all Reef Fish Landings

➤ **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

Yes:

- Provided the IFQ participants are not charged for it.
- This would protect IFQ program participants.
- But, this could burden law enforcement resources, so their funding needs to be increased.

Additional Issues

General comments

- Happy with current program, so why change it?
- The discard problem is because of too many red snapper in certain areas of the Eastern Gulf.
- None of the proposed changes will help with the program or the recovery of the fishery.
- To do many of these changes NMFS would need to identify related accounts who are actively involved in fishing and who are investors.

Council member and staff:

David Walker
Ava Lasseter
Charlotte Schiaffo

Miranda Eubanks
Roy Howard
Larry Huntley
Tommy Land
Tom Steber
Brian Swindle
Carolyn Wood

10 people attended including:

Randy Boggs
Susan Boggs

**Panama City, FL
March 18, 2015**

Program Eligibility Requirements

➤ **Should the future transfer of shares be restricted to only shareholder accounts that hold a valid commercial reef fish permit?**

No:

- Everyone should have a chance to enter the program.
- Once you let the public buy shares, no restrictions should be put on their ability to receive full compensation for the use of their shares.
- Should require a commercial reef fish permit, except could impact fish houses' ability to keep allocation on hand for vessels that offload.
- Requiring shareholders to have a commercial reef fish permit will keep the fish in the fishery, but that would result in fishermen selling their boats and keeping their permits, resulting in a de facto fleet reduction.
- The program is working well, so why change it?

Yes:

- The program is working great, but there are issues that need to be addressed on permit eligibility.
- Support the requirement to have a reef fish permit; reducing overcapacity is a goal of the program, so fleet reduction would be beneficial.

➤ **Should accounts with shares, but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

No: Attendees do not support this suggestion.

➤ **Should shareholders not actively engaged in fishing be allowed to transfer their shares and allocation to other shareholders?**

Yes:

- There was support because fish houses need fish for bycatch and small shareholders, and it would benefit retiring fishermen.
- Leasing helps reduce discards, helps other fishermen, and those who do not hold shares.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

➤ **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

Yes: Attendees support this suggestion.

➤ **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

No:

- Does not support giving new entrants shares in the red snapper IFQ program. If going to give away shares, put a moratorium on selling shares to anyone.
- Historical participants should be considered for the distribution of shares from inactive accounts.

Yes:

- It would help new entrants and small shareholders. There is a need for small shareholders to obtain more shares.
- Support redistribution of shares for small shareholders to account for regulatory discards.
- To do so, set up a pool of fish with the quota from inactive accounts, from which small shareholders and new entrants can buy shares. (Based on the Pacific Northwest federal fishery program.)
- Qualifiers for small shareholders and new entrants would be used for a federal IFQ bank.
- Some form of cap needs to be considered on the amount financed to new entrants and small shareholders.

Suggested criteria of a new entrant or small shareholder:

- Must have a reef fish permit and would not be allowed to lease fish.

- Don't prohibit a new entrant or small shareholder to lease their quota.
- New entrants and small shareholders are those who own shares equal to or less than 2,500 lbs.
- Own or lease a fishing vessel, and actively engage in reef fishing for a minimum of 24 months.

Full retention requirements to address regulatory discards

- **Should the commercial red snapper minimum size limit be removed, requiring commercial fishermen to retain all caught red snapper?**

No:

- Sounds like a good idea, but hard to execute and impractical.
- Discard mortality is a by-product of not having enough allocation.

Yes:

- Eliminate it; there is no biological reason to have a 13" size limit.
- Create a quota bank for fishermen to use for smaller fish that would now be retained, which would offset and reduce the dead discard uncertainty buffer [that is built into the red snapper quota].

- **Should the full retention of all commercially caught red snapper be required?**

No:

- There would be no way to stay within the available allocation. Discard mortality is a by-product of not having enough allocation.
- Have tried this in trawling, when fishermen have no control of what is coming over the rail.
- Would not be possible if had a choke species closure, where capture of another species is prohibited.

Yes: Full retention could work if increase the quota substantially (to 18mp).

Caps on the Use or Possession of IFQ Shares and Allocation

- **Should caps on the amount of IFQ allocation held by and entity or landed by a single vessel be established?**

No:

- This would negatively affect the market.
- Allocation caps would be detrimental to the industry because wholesalers need a reliable, steady supply of product.
- Caps can be circumvented.

- **Should a cap on the amount of shares or allocation a non-reef fish permitted shareholder may possess be established?**

No: Not necessary at this time. Such a provision could be needed in future, and if so would be addressed then.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

No: Unless distributed allocation is not being harvested, this is not needed.

➤ **Should restrictions be placed on the sale of IFQ allocation and shares?**

No.

➤ **Should unused IFQ allocation be allowed to roll-over for use in the following year?**

No:

- This could complicate the process and harm the market.
- For conservation reasons, it's okay to leave a little extra fish in the water at the end of the year.
- This could affect the quota for the following year.

Yes: Could establish a provision for people who buy allocation ("lease fish") to have a buffer of 10% of their on-board poundage. Those accounts would start with a negative balance at the beginning of the next year.

➤ **Should a "lease-to-own" provision be considered?**

No:

- Concern that shareholders would be forced to give up their shares.
- Could reduce availability of quota to new entrants and small shareholders because shareholders don't want to give up shares.
- Some of this may already be going on among private entities. NMFS should not be a part of these private business transactions.

Yes: If we could track new entrants or small shareholders leasing allocation, give those who regularly buy allocation priority access to any new or unused fish that become available.

Mid-Year Quota Changes

➤ **Should a portion of shareholders' allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

No:

- This could hurt small fishermen.
- If a quota decrease occurs, deduct it from the following year's quota.

Enforcement of all Reef Fish Landings

➤ **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

No: Recreational sector does not have such a requirement.

Yes:

- But, don't require reef fish vessels not carrying IFQ species to land at approved locations. Do require them to declare the landing sites.
- Require a simple landing notification without species information, and then do random checks instead. This keeps honest people honest and less honest people a little less dishonest.

Additional Issues

General comments

The IFQ program has stabilized the fishery.

The current IFQ program is working for now.

No need for Amendment 36, program is working fine.

There would be negative consequences in further micromanaging the fishery.

Price caps on selling allocation

- Establish a cap to the price of allocation ("lease price") of not more than 50% (or some other value) of the ex-vessel price. The rationale is it would possibly slow down the people (brokers) who are buying allocation strictly to resell the allocation to others.
 - Could have a problem because you don't always know the ex-vessel price.
- Opposes putting caps on the sale of allocation ("lease prices") because the system is based on the free market and the prices could only be supported by whatever the leasee is willing to pay.
- It hurts everyone if a cap is put on allocation price because it hurts the supply.
- Price controls established by the government have never worked.
- Price controls can be easily circumvented.

Grace period for acquiring allocation

- If bringing in red snapper without allocation, allow vessels to obtain the allocation to cover the poundage within a 30-day time limit with a maximum amount of 200 lbs. If can't obtain allocation, the value of the fish is forfeit and turned over to NMFS. Limit the frequency this provision could be used. Or, prohibit a vessel from returning to fish until allocation has been acquired to cover fish caught on a previous trip.

Council member and staff:

Pamella Dana
Ava Lasseter
Charlotte Schiaffo

Frank Gomez
Chuck Guilford
John Harris
H.R. Hough
Gary Jarvis
Bart Niquet
Chris Niquet
Michelle Sempsrott
Russell Underwood
Mike Whitfield

21 people attended including:

Greg Abrams
Walter Akins
Jerry Anderson
Dean Cox
Mike Eller

St. Petersburg, FL
March 24, 2015

Program Eligibility Requirements

➤ **Should the future transfer of shares be restricted to only shareholder accounts that hold a valid commercial reef fish permit?**

No:

- This item originated from a previous concern for a problem that has not materialized. Fishermen were concerned that shareholders would “sit on” and not fish distributed allocation.
- Realization the fishermen are aging, and after 5 years the fishery opened up, without issue. Changing things around now will add an element of uncertainty into the program.
- Status quo adds stability to the program.
- Program is a market-based fishery and is currently reducing overcapitalization. The program is working as it should.
- The fishermen are seeing problems (bycatch in the eastern gulf) and fixing the problems themselves. They are being proactive (i.e., industry-sponsored quota banks have been established for bycatch).
- As long as the shares are available on the open market, it is acceptable. It does not matter who owns the shares.

➤ **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

No:

- Allowing someone without a reef fish permit to land allocation makes no sense. It would be hard to enforce. They would need to have VMS, and all other fishing requirements. It would disassemble the whole program. Too confusing. To land commercial fish, they would be required to have everything the commercial fishermen need to have.
- Promotes overcapitalization.
- Does not align with the goals of the program.
- Does not align with the purpose and need of Amendment 36.
- Provisions are already in place that define a commercial fishing boat.
- Reef fish permits are under moratorium for a good reason.

➤ **Should shareholders not actively engaged in fishing be allowed to transfer their shares and allocation to other shareholders?**

Yes:

- It promotes flexibility in the program and helps people who do not have allocation to be able to buy it for bycatch purposes.
- Fishermen depend on people with allocation who are not fishing to support other fishermen’s fishing and bycatch.
- Fishermen need to be able to buy allocation (“lease”) from someone who has some.
- If someone is required to fish their allocation, they will do so. Then, others will no longer be able to buy that allocation (“lease”) from them, which will increase dead discards.

- Businesses have built stable business plans, and if you start to restrict one component of it, then you hurt the business plan.

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

- **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

Yes:

- Close accounts after a reasonable period of time. In the interim, distribute the allocation among the current shareholders proportionately. Shareholders of the inactive accounts would be notified, but in the meantime, the allocation would not be wasted. Distributing the allocation would make people take action in activating their accounts.
- Notify inactive account shareholders that shares or allocation will be redistributed to established industry quota banks.

- **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

No:

- If we are going to define a new entrant, use definition from the loan program.
- New entrants should not be given preferential treatment. Redistribute shares from inactive accounts proportionately among the grouper IFQ shareholders (assists with bycatch).

Full retention requirements to address regulatory discards

- **Should the commercial red snapper minimum size limit be removed and commercial fishermen be required to retain all caught red snapper?**

No:

- Keep status quo.
- Full retention could create problems with SPR.
- If you want to decrease discards, you must promote the transferring of allocation (leasing).
- The fishermen are using allocation sparingly. They are using it for bycatch (eastern gulf), and not for targeting red snapper. They are managing the bycatch.

Yes:

- Doing both of these together would reduce discards. Of all the suggestions in the document, these are the only two that reduce discards. If this could reduce discards substantially, it could increase allowable yield by reducing the discard assumption in the assessment process.
- For those who want electronic monitoring, full retention should speed up the implementation process.
- To get rid of discards, every fish caught needs to be landed and sold. Fish caught above allocation should be kept and sold with the money from the sale of the fish going into a government account. The fisherman has 30 days to find allocation with no fine/penalty. If he can't cover the allocation, the government gets the funds which go towards the costs of the program or improvements in the program.

Caps on the Use or Possession of IFQ Shares and Allocation

➤ **Should new caps on the use or possession of IFQ shares and allocation be established?**

No:

- No caps should be established. All allocation should be available for sale to fishermen and get fished. Don't muck up the system.
- Caps do not promote conservation.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

No:

- Supports being able to use the allocation distributed from one's shares, or to sell it (allocation) to other fishermen that have a reef fish permit.
- Every year, some allocation is left on the table, and they don't want to lose it through additional restrictions.

➤ **Should restrictions be placed on the sale of IFQ allocation and shares?**

No:

- Investment in the program has been heavy by fishermen. Why should they have restrictions imposed on them?
- It does not help conservation.
- It would restrict new entrants and those who are retiring and getting out of the fishery.
- A person might have more than one account, and restrictions would prevent him from transferring allocation between accounts.
- It does not align with the goals of the IFQ program.
- Recent discussions of restricting allocation have resulted in people fishing their allocation instead of selling it ("leasing") because they are afraid of losing their shares if they don't fish them.

➤ **Should unused IFQ allocation be allowed to roll-over for use in the following year?**

No:

- Allocation must be used by the end of the year or you lose it. Keep status quo.
- Unused allocation builds the stock for the following year, which increases the quota. It's a good conservation method for the future.

Yes: Banking and borrowing may be an appropriate use for rollover of unused allocation, for the individual or the fleet as a whole.

➤ **Should a "lease-to-own" provision be considered?**

No:

- If a person was forced to sell their shares after selling their allocation ("leasing"), they would stop selling allocation in order to keep their shares.
- The government should not be involved in telling individuals they have to participate in a lease-to-own provision. The decision should be between the business partners as a private negotiation.
- An IFQ is an economic and conservation tool. This proposal does not promote conservation and it devalues allocation and shares.

- New entrants have to buy allocation (“lease”). New entrants do not need the government to intervene for them. No welfare program is needed. Government loan program would be acceptable for fishermen or new entrant to invest in the fishery.

Mid-Year Quota Changes

- **Should a portion of shareholders’ allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

No:

- This would promote instability in the fishery and in business operations.
- NMFS needs to be accountable for making quota changes before the start of the fishing year.

Enforcement of all Reef Fish Landings

- **Should all commercial reef fish vessels be required to hail-in, even if they are not landing IFQ species?**

Yes.

Additional Issues

General comments

- Add more species to the IFQ program to generate more cost recovery fees.
- Raise the crew size requirement for dually permitted vessels.
- Implement a federally backed program for IFQ share purchases.
- Establish some type of centralized management account (through a fish house or some umbrella entity) to hold allocation, and a fisherman can access it to get allocation through the fish house or entity.
- The Gulf Council should maintain management of the IFQ system and should vehemently oppose any scheme to take this authority away from them.
- Why fix something if it isn’t broken? Reef Fish Amendment 36 should be scrapped.

Accounts and allocation

- Allocation needs to be in the account before the 3 hour notice. There are problems in the system where fish are being confiscated and fines levied because allocation is being transferred after they have given their 3-hour notice of hailing-in. There needs to be help with these issues.
- Develop a provision to allow fishermen to purchase allocation after landing to cover fish already caught. For example, establish a grace period to find allocation needed for their catch. (3 days proposed.) This would provide needed flexibility.

Council member and staff:

John Sanchez
 Doug Gregory
 Karen Hoak
 Ava Lasseter

Steve Maisel
 Jim Clements
 Eric Brazer

12 people attended including:

Glen Brooks
 Bill Tucker

Brad Gorst
 Brian Lewis
 Frank Chivas
 Joseph Abdo
 Cody Chivas

Section 2: Synthesis of scoping summaries. All comments for each question or issue have been compiled from each meeting location. The location of the scoping workshop at which each comment was made is identified within parentheses, using the following codes:

AP = Aransas Pass, TX
GV = Galveston, TX
PG = Pascagoula, MS
HM = Houma, LA

PC = Panama City, FL
SP = St Petersburg, FL
MB = Mobile, AL

Program Eligibility Requirements

➤ **Should the future transfer of shares be restricted to only those shareholder accounts that hold a valid commercial reef fish permit?**

No:

- Originated from a previous concern for a problem that has not materialized. Fishermen were concerned that shareholders would “sit on” and not fish distributed allocation, preventing attainment of optimum yield. (AP, SP)
- The program is working well and achieving its goals. Status quo adds stability to the program. (PG, GV, PC, SP)
- Red snapper is a public resource, and the public should be able to participate in the IFQ program without additional restrictions. (GV, PC, SP)
- Requiring shareholders to have a commercial reef fish permit could result in fishermen selling their boats and keeping their permits, resulting in a de facto fleet reduction. (PC)

Yes:

- Only if you have a commercial reef fish permit should you be able to buy shares, catch, and land fish. (MB) The requirement to have a reef fish permit will help to reduce overcapacity, a goal of the program, so fleet reduction would be beneficial. (PC)

➤ **Should accounts with shares but without a commercial reef fish permit be allowed to harvest the allocation associated with those shares?**

No: (PC)

- This would allow more commercial fishing participants while commercial reef fish permits are under a moratorium and the fishery is still reducing overcapitalization. (MB, GV, HM, PG, GV, SP)
- Provisions are in place that define a commercial fishing boat. They would need to have VMS, and all other fishing requirements. It would disassemble the IFQ program. To land commercial fish, everyone should be required to have everything the commercial fishermen need to have. (MB, SP)
- This would complicate enforcement. (MB, PG, GV)
- Does not align with goals of the program or the purpose and need of Amendment 36. (PG, SP)

➤ **Should shareholders not actively engaged in fishing be allowed to transfer their shares and allocation to other shareholders?**

Yes:

- Fish houses need to secure allocation for bycatch and small shareholders, and allowing this practice benefits retiring fishermen. (PC)
- If someone is required to fish their allocation, they will do so. Then, others will no longer be able to buy that allocation (“lease”) from them, which will increase dead discards. (SP)
- Businesses have built stable business plans, and if you start to restrict one component of it, then you hurt the business plan. (SP)

Inactive Accounts and Redistribution of IFQ Shares to Address Regulatory Discards

➤ **Should the closure of accounts and redistribution of shares in accounts that have never been activated in the current system be allowed if the accounts are not active by a specified date?**

No: 1% is a great margin for any program. Leave it like it is. (PG)

Yes: Redistribution should only be considered for accounts that have never been active or inactive for a decade. (MB)

➤ **Should shares be redistributed from inactive accounts to those with no or small shares or to new entrants to reduce regulatory discards?**

- No. Redistribute shares from inactive accounts to:
 - people in the program today. (PC)
 - historical participants. (PC)
 - people who have been actively fishing. (PG)
 - only among red snapper IFQ shareholders. (MB, GV)
 - grouper-tilefish IFQ shareholders, to assist with bycatch. (SP)
 - NMFS quota bank to sell the allocation associated with inactive shares. (MB)
- Yes. Shares from inactive accounts should be made available for public purchase or distributed to small entities rather than large current shareholders.

Increasing access for small shareholders and new entrants

- Redistributed shares should not just be given away. New entrants can buy shares from current shareholders. (MB, GV, PG)
- Implement a federally backed loan program for IFQ share purchases, e.g., the Pacific Northwest federal fishery program. (HM, PC, SP) Consider a cap on the amount financed to new entrants and small shareholders. (PC)
- Inactive shares could be purchased at market price from a quota bank. (AP, PC)

➤ **Should shares from inactive accounts be redistributed to address the reduction of regulatory discards through quota banks or NMFS administration?**

- Establish some type of centralized management account (through a fish house or some umbrella entity) to hold allocation, and a fisherman can access it to get allocation through the fish house or entity. (SP)
- Providing allocation for red snapper discards in one area means less allocation and more discards in other areas. It may be possible to exchange allocation between species. (MB)
- The fish in inactive accounts need to be harvested. A quota bank could be used to address the issue of dead discards. The allocation could be distributed to all reef fish permit holders, not just IFQ share owners. (GV)
- Allow the allocation in inactive accounts to rollover and be distributed among active accounts. (PG) Shareholders of the inactive accounts would be notified, but in the meantime, the allocation would not be wasted. (SP)
- Shares or allocation should be redistributed through established industry quota banks. (SP)
- Inactive shares should be put into a quota bank. They could be used to manage the program more efficiently, like for discard mortality and better conservation of the resource. Also, they could be made available for use in pilot programs (i.e., commercial/recreational hybrid programs and research). (AP)
- Use the value from inactive shares to cover any additional fees under consideration for the commercial sector, or for law enforcement. (MB)

➤ **In the event of future increases to the commercial red snapper quota, should the quota increase be distributed to new entrants and small shareholders?**

No. Increases in quota should benefit current shareholders. (AP)

Full retention requirements to address regulatory discards

- **Should the commercial red snapper minimum size limit be removed, requiring commercial fishermen to retain all caught red snapper?**
- **Should the full retention of all commercially caught red snapper be required?**

No: (SP)

- Non-IFQ commercial fishermen catch red snapper, too, and fishermen may not be willing to transfer their allocation. There would be no way to stay within the available allocation unless it is increased substantially. Discard mortality is a by-product of not having enough allocation. (MB, PC)
- Sounds like a good idea, but hard to execute, enforce, and is impractical. (PG, PC, MB)
- There may not be a market for smaller fish. (MB)
- Should be fishermen's choice for what kind of fish they want to keep. (MB)
- If there is a species or sub-allocation of a species in a full retention fishery, and all the allocation gets used up, if you interact with that species, all fishing stops. A full retention program would require you to fully retain the species whose fishery is completely closed because of the full retention policy. (AP, PC)

Yes:

- Eliminating the minimum size limit and implementing full retention will allow the market-based system to work to its full potential. It will teach fishermen to fish smarter and more efficiently. Making fishermen keep everything they catch will make them behave more conscientiously. (GV)
- Doing both of these together would reduce discards. (SP)
- There is a market for small fish and good prices for them, and fishermen target smaller hooks, leaving the breeding stock in the water, so support for eliminating minimum size limit, but not full retention. (MB, AP)
- Create a quota bank for fishermen to use for smaller fish that would now be retained, which would offset and reduce the dead discard uncertainty buffer [that is built into the red snapper quota]. (PC, HM, SP)
- To get rid of discards, every fish caught needs to be landed and sold. Fish caught above allocation should be kept and sold with the money from the sale of the fish going into a government account. The fisherman has 30 days to find allocation with no fine/penalty. If he can't cover the allocation, the government gets the funds which go towards the costs of the program or improvements in the program. (SP)

Not a problem worth addressing:

- Typically, commercial fishermen aren't going to hang around and catch the wrong size or species of fish. They are already policing themselves. (PG)
- There isn't data to justify worrying about regulatory discard on the commercial side. The snapper population has exploded, so it's obviously not a biological issue. (PG)

Caps on the Use or Possession of IFQ Shares and Allocation

- **Should caps on the amount of IFQ allocation held by and entity be established?**
- **Should caps on the amount of IFQ allocation landed by a single vessel be established?**
- **Should a cap on the amount of shares or allocation a non-reef fish permitted shareholder may possess be established?**
- No support for caps or limits caps on annual allocation for vessels or a single entity. (MB, SP)
- Current share caps is working fine. Adopting new caps would not necessarily change economic efficiency of the program and would affect investment in the fishery among related accounts. (PG, AP, MB)
- Would hurt the effort of reducing overcapacity (GV) and would limit what a vessel can harvest, directly capping what a person can make. (PG)
- Caps can be circumvented. (PC)
- Caps do not promote conservation. (SP)
- Different caps should not be established dependent on whether a shareholder has a commercial permit.

Requirements for the Use of Shares and Allocation

➤ **Should use-it or lose-it provisions be established?**

No:

- The broker situation takes care of itself. In the derby days or even pre derby, as people got older, they hired captains to run their boats. The current use of the IFQ program is no different. Some of the active shareholders do the same as we've always done. They have someone run their boat or just sell their allocation. (HM)
- Here in Louisiana we're in a pure red snapper environment. Forcing me to stay on my boat rather than sell my allocation or hire a captain would exacerbate the by catch issue. Captains would continue fishing rather than lease to people in the south east who don't have snapper quota, but are catching snapper because the population is expanding. (HM)
- Leave it alone, the current framework is working fine. The beauty of the system is that it is flexible. One fisher's boat breaks down, another fisherman can use quota. Exclusion is a problem for those on the outside, but not for those on the inside of the IFQ program. By restricting brokering, you would be closing the door of opportunity for others. There is no market advantage or biological advantage to do so. (GV)
- Unless distributed allocation is not being harvested, this is not needed. (PC)
- Supports being able to use the allocation distributed from one's shares, or to sell it (allocation) to other fishermen that have a reef fish permit. (SP)
- Every year, some allocation is left on the table, and they don't want to lose it through additional restrictions. (SP)

➤ **Should restrictions be placed on the sale of IFQ allocation and shares?**

No: (PC)

- Some people are long-term fishermen who are leasing their fish out to others for various personal reasons, and are not brokers per se. It would be difficult to separate the different users and restrict them. (GV)
- Fishermen find quota if they need it; leasing and brokering when practicable to assist one another. If someone wants to buy quota, they can and, local fishermen help other fishers get quota to use for bycatch. Fishermen that have available quota can capitalize on those fishermen out on the water and have them bring in fish for them as dealers to fill orders. Dealers hire fishermen to fish and can provide them quota if they don't have enough in their IFQ account. Fishermen can change behavior to avoid bycatch when no allocation is available. (GV)
- Selling allocation means the fish still get caught. What does it matter who catches them? (MB)

- Investment in the program has been heavy by fishermen. Why should they have restrictions imposed on them? (SP)
- It does not help conservation. (SP)
- It would restrict new entrants and those who are retiring and getting out of the fishery. (SP)
- A person might have more than one account, and restrictions would prevent him from transferring allocation between accounts. (SP)
- It does not align with the goals of the IFQ program. (SP)
- Recent discussions of restricting allocation have resulted in people fishing their allocation instead of selling it (“leasing”) because they are afraid of losing their shares if they don’t fish them. (SP)

➤ **Should unused IFQ allocation be allowed to roll-over for use in the following year?**

No:

- This could complicate the process, harm the market, and could affect the quota the following year. (PC)
- Unused allocation builds the stock for the following year, which increases the quota. It’s a good conservation method for the future. (SP, PC)
- Allocation must be used by the end of the year or you lose it. Keep status quo. (SP)

Yes:

- Rollover, if done well, would serve the primary program goals well. Roll-over should be permitted when a commercial shareholder has issues that make it impossible for fishing to occur. Council will have to constrain what would constitute an emergency, or restrict the frequency a person could roll-over allocation. The roll-over should allow fishermen to catch their fish but not artificially manipulate the market by withholding quota into the following year. A derby at the end of the year could be avoided by reducing the roll-over quota by a certain percentage, rather than allowing the entire allocation amount to roll-over. (AP)
- Could establish a provision for people who buy allocation (“lease fish”) to have a buffer of 10% of their on-board poundage. Those accounts would start with a negative balance at the beginning of the next year. (PC)
- Banking and borrowing may be an appropriate use for rollover of unused allocation, for the individual or the fleet as a whole. (SP)
- There are a lot of reasons the fish aren’t caught in a year; weather, engine failure, personal reasons, etc. Unharvested allocation should be rolled over so people can catch their fish the next year. (PG)

➤ **Should a “lease-to-own” provision be considered?**

No:

- Could reduce availability of quota to new entrants and small shareholders because shareholders would stop selling allocation because they don’t want to give up shares. A credit towards ownership arrangement should be done on an individual level rather than at the agency level. (HM, PC, SP)
- Some of this may already be going on among private entities. NMFS should not be a part of these private business transactions. (PC, SP)

- Concern that shareholders would be forced to give up their shares. (PC)
- An IFQ is an economic and conservation tool. This proposal does not promote conservation and it devalues allocation and shares. (SP)
- New entrants have to buy allocation (“lease”). New entrants do not need the government to intervene for them. No welfare program is needed. Government loan program would be acceptable for fishermen or new entrant to invest in the fishery. (SP)

Yes:

- The guy buying allocation should get credit. He should not have to be dependent on the seller indefinitely. Sooner or later, he should get credit for being the fisherman catching the fish. There should be a time limit for selling your allocation – meaning you can sell your allocation so many years before you have to sell the shares or harvest them yourself. (AP)
- People who have demonstrated through trip tickets that they’ve fished should be given priority if a situation arises where new shares become available. (PG)
- If we could track new entrants or small shareholders leasing allocation, give those who regularly buy allocation priority access to any new or unused fish that become available. (PC)

Alternatives to a Lease-to-own

- Eliminate the problems for new entrants by offering a loan program. The federally backed loan program for new entrants that was suggested by the AP should move forward. Consider making a place in the Federal Registry where fishermen can register their right to harvest; they can use that as collateral to get loans. Banks need something to collateralize. New guys can come into the system by buying shares and creating history. If an entity buys allocation, then they could be entered into a sort of lottery program, or some sort of lease to own program to help new entrants transition in to the program. At some point, new entrants will need to be considered so those fishermen need to be considered now. Current fishermen are getting older. (GV)
- Use it or lose it, it goes back to regulators being involved in social engineering. Fishermen should negotiate deals with the share owners, not have the government mandating when a person should achieve benefits. These are private transactions, not governmental regulations. (AP)

Mid-Year Quota Changes

- **Should a portion of shareholders’ allocation be withheld at the beginning of the year if a mid-year quota reduction is expected?**

No:

- NMFS should ensure that quota increases and decreases only happen at the beginning of the year, which brings stability to the market. (MB, GV, SP) Get the Council and the stock assessment process in line to set quota at the beginning of the year rather than allow mid-year quota changes. Move data assessments to an earlier time and obtain real time reporting so managers can make decisions early on in the year, rather than making mid-year adjustments. (GV)

- Do not allow a mid-year quota increase or decrease, for either the commercial or recreational sectors. (MB)
- Another person agreed, but felt quota changes should occur at the beginning of the year for the commercial sector, only. (MB)
- If a quota decrease occurs, deduct it from the following year's quota. (PG, PC)_Could reduce the share of the individual fishermen who have already caught their allocation in the following year. (PG)
- This could hurt small fishermen. (PC)

Comments on Changes to the Quota

During the mid-year quota increase derby-like conditions were created and the market value of red snapper dropped. If there was a large increase late in the year the Council should consider adding the extra in the following year. (PG)

Enforcement of all Reef Fish Landings

➤ **Require all commercial reef fish vessels to hail-in, even if they are not landing IFQ species?**

No:

- If they have VMS we know where they are so it's not necessary. If violations happen it's a small problem. (PG)
- Recreational sector does not have such a requirement. (PC)

Yes: (SP)

- Hail-in and out for all reef fish fishermen is a good enforcement tool and it gives law enforcement a better heads up. But, this could burden law enforcement resources, so their funding needs to be increased. (MB, GV, HM)
- Provided the IFQ participants are not charged for it, this would protect program participants. (MB)
- But, don't require reef fish vessels not carrying IFQ species to land at approved locations. Do require them to declare the landing sites. (PC)
- Require a simple landing notification without species information, and then do random checks instead. This keeps honest people honest and less honest people a little less dishonest. (PC)
- The only people that would object to the new requirement are likely to be those doing illegal things. (AP)

Additional Issues

Price caps on selling allocation (PC)

- Establish a cap to the price of allocation ("lease price") of not more than 50% (or some other value) of the ex-vessel price. The rationale is it would possibly slow down the people (brokers) who are buying allocation strictly to resell the allocation to others. (PC)
 - Could have a problem because you don't always know the ex-vessel price. (PC)

Tab B, No. 10(b)

- Opposes putting caps on the sale of allocation (“lease prices”) because the system is based on the free market and the prices could only be supported by whatever the leasee is willing to pay. (PC)
- It hurts everyone if a cap is put on the allocation price because it hurts the supply. (PC)
- Price controls established by the government have never worked. (PC)
- Price controls can be easily circumvented. (PC)

Grace period for acquiring allocation

- If bringing in red snapper without allocation, allow vessels to obtain the allocation to cover the poundage within a 30-day time limit with a maximum amount of 200 lbs. If can’t obtain allocation, the value of the fish is forfeit and turned over to NMFS. Limit the frequency this provision could be used. Or, prohibit a vessel from returning to fish until allocation has been acquired to cover fish caught on a previous trip. (PC)
- Develop a provision to allow fishermen to purchase allocation after landing to cover fish already caught. For example, establish a grace period to find allocation needed for their catch. (3 days proposed.) This would provide needed flexibility. (SP)

General comments and suggestions

- Happy with current program, it’s working and does not need to be changed. (MB, AP, PC) None of the proposed changes will help with the program or the recovery of the fishery. (MB) The IFQ program has stabilized the fishery. (PC)
- The discard problem is because of too many red snapper in certain areas of the Eastern Gulf. (MB)
- To do many of these changes NMFS would need to identify related accounts who are actively involved in fishing and who are investors. (MB)
- There would be negative consequences in further micromanaging the fishery. (PC)
- Add more species to the IFQ program to generate more cost recovery fees. (SP)
- Raise the crew size requirement for dually permitted vessels. (SP)
- The Gulf Council should maintain management of the IFQ system and should vehemently oppose any scheme to take this authority away from them. (SP)
- A water weight percentage should be brought back (ice weight). Ice and slime weight gain that causes variances between weight when the fish is being offloaded and weight at the fish house (about 3%) needs to be considered. (GV)
- Inter-sector trading should not be allowed. (AP)