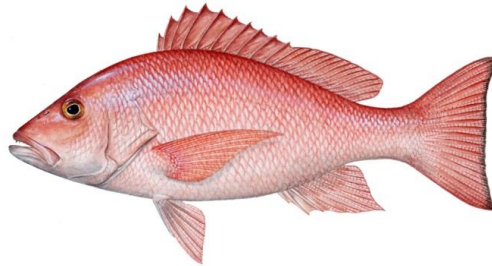


Red Snapper Management for Federally Permitted Charter Vessels

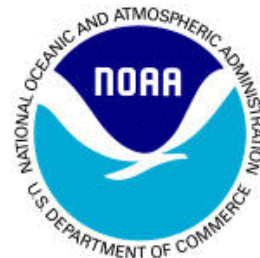


Draft Options Paper for Amendment 41 to the Fishery Management Plan for the Reef Fish Resources of the Gulf of Mexico

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CHAPTER 1. INTRODUCTION

1.1 Background

In 2014, the Gulf of Mexico Fishery Management Council (Council) reorganized the recreational sector by defining private angling and federal for-hire components for the harvest of red snapper in the Gulf of Mexico (Gulf) and allocating the recreational sector annual catch limit (ACL) between the recreational components (GMFMC 2014a). Establishing separate components within the recreational sector provides a basis for development of flexible management approaches tailored to each component which may reduce the likelihood for recreational quota overages that could jeopardize the rebuilding of the red snapper stock. In 2015, separate red snapper fishing seasons were established based on the estimated catch rates for each component's proportion of the recreational sector ACL, 42.3% for the federal for-hire quota and 57.7% for the private angling quota. All other management measures affecting the harvest of red snapper remain the same for both components,¹ including a 16-inch total length (TL) minimum size limit, 2-fish per person per day bag limit, and June 1 season start date.

Following the passage of Amendment 40 which specified the creation of the separate components, the Council discussed the development of flexible management approaches for the distinct components. The private angling component includes anglers fishing from private vessels and for-hire operators without a federal permit (i.e., state-licensed). The federal for-hire component includes all for-hire vessels with a valid or renewable Gulf charter/headboat permit for reef fish, including historical captain charter/headboat permits.² The federal for-hire permit for reef fish, called a Gulf Charter/Headboat permit for Reef Fish, does not make a distinction between charter vessels and headboats. Some federally permitted for-hire vessels have historically been selected to participate in the Southeast Region Headboat Survey (SRHS), and as a result, these participating vessels have landings histories. The vessels in the SRHS were selected based on factors including size, carrying capacity, and business operation. These vessels are required to submit landings data on a weekly basis. A few vessels have been added or removed from the SRHS; however, vessel participation is stable. Currently, 68 vessels in the Gulf participate in the SRHS and have associated landings histories.

The remaining vessels with a federal for-hire permit do not participate in the SRHS and instead, have their landings estimated through the Marine Recreational Information Program (MRIP). The MRIP for-hire survey includes a voluntary dockside intercept survey and a monthly phone survey sampling approximately 10% of federally permitted charter vessels. In recognition that the remaining 1,250 federally permitted for-hire vessels do not have landings histories, the Council expressed interest in further reorganizing the federal for-hire component and initiated development of separate amendments to evaluate flexible management approaches which could

¹ The Headboat Collaborative is in its second year of an exempted fishing permit (EFP) and has been assigned a portion of the red snapper recreational sector ACL. The EFP allows for some different management measures.

² To qualify for a Historical Captain Gulf Charter/Headboat (HRCG) permit for Reef Fish, a captain must be U.S. Coast Guard licensed and operating as a captain of a for-hire vessel prior to March 29, 2001, and have at least 25% of their earned income from recreational for-hire fishing in one of the last four years ending March 29, 2001. These permits are renewable but not transferable, and require the permitted vessel be operated by the historical captain. As of July 29, 2015, there were 28 active or renewable HRCG permits.

be tailored to these sub-components of the federal for-hire component, based on the presence or absence of recorded landings histories. In part, this is due to the fact that different management approaches may be possible for vessels with landings histories recorded through the SRHS compared with those who do not have these recorded landings histories.

Management approaches for federally permitted vessels participating in the SRHS with associated landings histories, referred to here as *headboats*, are being evaluated in Amendment 42. Management approaches for federally permitted for-hire vessels that do not participate in the SRHS and thus do not have recorded landings histories are referred to as *charter vessels*. This Amendment 41 evaluates flexible management approaches for charter vessels. The distinction between charter vessels and headboats established for the purpose of this amendment is different than the definition of a charter vessel and headboat in the federal regulations at 50 C.F.R. § 622.2 (Appendix A).

In this amendment:

Charter vessels refer to all federally permitted for-hire vessels that do not participate in the Southeast Region Headboat Survey and thus do not have recorded landings histories.

Headboats refer to all federally permitted for-hire vessels that participate in the Southeast Region Headboat Survey and thus have recorded landings histories.

The Council also established an Ad Hoc Red Snapper Charter For-hire Advisory Panel (Charter AP) to provide recommendations toward the design and implementation of flexible measures for the management of red snapper for charter vessels. In addition to the Charter AP, the Council created a corresponding Headboat AP charged with making recommendations for the management of reef fish for the headboat sub-component.

Management measures considered in this options paper include traditional management instruments such as adjustments to bag limits and the structure of the fishing season, as well as allocation-based management approaches, including recommendations made by the Charter AP. A summary report of the Charter AP meeting, including its recommendations, is provided in Appendix B.

Components of the Recreational Sector

The Council passed Amendment 40 with a 3-year sunset clause (GMFMC 2014a). Unless the Council takes action to otherwise modify management of the separate components (e.g., through Amendment 39³ or another plan amendment), the provisions establishing separate recreational

³ The current draft of Amendment 39 addressing Regional management of recreational red snapper can be accessed on the Council's website: http://gulfcouncil.org/council_meetings/Briefing%20Materials/BB-06-2015/B-9%202015%20June%20-%20Actions-Alts%20RF39%20Reg%20Man%205-28-2015.pdf

components and the respective allocations will expire on December 31, 2017. Retaining a distinct federal for-hire component with an associated component quota is necessary for the establishment of red snapper management for charter vessels. Amendment 41 is the current vehicle the Council is using to develop a management strategy for charter vessels harvesting red snapper. Thus, an action would be included to provide the Council the opportunity to extend management of the separate components of the recreational sector. Such an action would be necessary for the Council to establish the other actions in the amendment pertaining to the design features of charter vessel management for red snapper.

Relatedly, an action would be needed to determine the sub-component allocation between charter vessels and headboats, if the Council continues to pursue separate management approaches for the sub-components. The appropriate placement of such an action, whether in Amendment 41 or 42, will be determined based on the Council’s intent and progress in developing these actions.

Gulf Charter Vessels with Federal Permits for Reef Fish

Charter vessels with federal reef fish permits are distributed throughout the Gulf with a concentration of vessels along the west Florida coast. Based on the homeport listed on the permit application, approximately 51% of the permits are in west Florida (excluding the Keys), 11% in Alabama, 3% in Mississippi, 10% in Louisiana, and 17% in Texas (Table 1.1.1). The permits on the east coast of Florida are assumed to be fishing along the west coast of Florida or in the Florida Keys. The number of permitted vessels actively engaged in reef fish charter fishing and the number of latent reef fish charter permits is unknown. The number of permitted vessels actively engaged in red snapper fishing is also unknown.

Table 1.1.1. Regional distribution of charter vessels with Gulf Reef Fish Charter/Headboat Permits by homeport state. Vessels participating in the SRHS are not included.

State (Region)	Number of Charter Vessels
Florida	
East Coast	9
Panhandle (Escambia - Gulf)	259
Peninsula (Franklin - Collier)	381
Keys (Monroe)	85
Alabama	136
Mississippi	34
Louisiana	119
Texas	214
Non-Gulf state	16
Total	1250

Source: NMFS SERO permit database; data queried on July 6, 2015.

In general, charter vessels charge by the trip rather than by the individual angler, as is typical of headboats. Although there are some charter vessels with large passenger capacities, charter vessels generally have a lower passenger capacity than headboats. The majority of charter

vessels do not have a USCG certificate of inspection (COI), and are thus limited to carrying a maximum of six passengers (Table 1.1.2). Nevertheless, charter vessels are not only classified as such based on the vessel's passenger capacity, and some charter vessels with larger passenger capacities may charge a fee per passenger rather than charging for the entire vessel.⁴

Table 1.1.2. Passenger capacity of charter vessels.

Passenger Capacity	Number of Charter Vessels
6	1,106
7-10	6
11-15	25
16-20	39
21-25	27
26-30	10
31-40	12
41-50	16
51-80	4
>80	5

Source: NFMS SERO permit database; data queried on July 6, 2015. Vessels participating in the SRHS are not included.

1.2. Purpose and Need

The **purpose** of this action is to develop a flexible management approach for federally permitted charter vessels that provides flexibility, reduces management uncertainty, improves economic conditions, and increases fishing opportunities for federal charter vessels and their angler passengers.

The **need** is to adhere to the national standards (NS) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) and to reconsider fishery management within the context of the regions of the Gulf: to prevent overfishing while achieving, on a continuing basis, the optimum yield from the harvest of red snapper by the for-hire sector (NS 1); take into account and allow for variations among, and contingencies in the fisheries, fishery resources, and catches (NS 6); and provide for the sustained participation of the fishing communities of the Gulf and to the extent practicable, minimize adverse economic impacts on such communities (NS 8).

⁴ Whether a vessel is a charter vessel or headboat, as defined in 50 C.F.R. § 622.2, is based solely on vessel size and passenger capacity. As previously noted, the definitions of charter vessel and headboat that are used for the purpose of this amendment is different than the definitions in the regulations.

1.3 History of Management

In recent years, a decreasing number of federal for-hire vessels, shorter red snapper recreational fishing seasons, and declining proportions of the red snapper recreational quota harvested by the federal for-hire component have adversely affected the stability of the for-hire component of the recreational sector, for both operators and their angler passengers. In response to these unfavorable conditions, the for-hire industry and the Council began exploring management measures to mitigate these conditions. Efforts by the for-hire industry are illustrated by the ongoing Gulf Headboat Collaborative Program and the exempted fishing permit application submitted by Alabama Charterboats. This section reviews the management actions pertaining to recreational red snapper management and the management of federally permitted for-hire vessels, including Council discussions related to the development of this Amendment 41.

Recreational red snapper management

The Gulf red snapper stock is overfished and currently under a rebuilding plan. Consistent with the rebuilding plan, both commercial and recreational quotas have been allowed to increase as the stock has recovered. Improvements to the stock were reflected in quota increases from 5.00 million pounds (mp) in 2009 to 11.00 mp in 2014. The commercial sector has been managed under an individual fishing quota (IFQ) program since 2007 and landings have stayed below the commercial quota as each IFQ allocation holder is strictly monitored to ensure they do not land more fish than pounds allocated to them through the program. Currently, the commercial sector is regulated by a 13-inch TL minimum size limit for red snapper. Recreational fishing for red snapper is managed with a 16-inch TL minimum size limit, 2-fish bag limit, and a season beginning on June 1 and ending when the recreational quota is projected to be caught for the private angling and for-hire components.

Despite the increasing recreational quota in recent years (2.45 mp in 2009 to 7.01 mp in 2015), the season length has decreased, in part because the average size of the fish harvested has increased (i.e., it takes fewer fish to fill the quota). As the red snapper stock rebuilds, the abundance and size of red snapper in the Gulf are increasing. More fish means people are catching them faster, and those that are landed are larger, thus the pounds of quota get caught faster. This situation is compounded when the States implement less restrictive state-water seasons. Catches in these extended state-water seasons have to be accounted for in calculating when the recreational quota will be reached.

Prior to 1997, recreational fishing for all reef fish was open year round in federal waters of the Gulf. Although catch levels were controlled through minimum size limits and bag limits, the recreational sector exceeded its allocation of the red snapper total allowable catch, though the overages were declining through more restrictive recreational management measures. The Sustainable Fisheries Act of 1996 required the establishment of quotas for recreational red snapper fishing and commercial fishing that, when reached, result in a prohibition on the retention of fish caught for each sector, respectively, for the remainder of the fishing year. With the establishment of a recreational quota in 1997, the Regional Administrator was authorized to close the recreational season when the quota is reached as required by the Magnuson-Stevens Act. From 1997 through 1999, the National Marine Fisheries Service (NMFS) implemented the

recreational red snapper quota requirement through an in-season monitoring process by establishing a quota monitoring team that, through monitoring landings data that were available, plus projecting landings based on past landings patterns, projected closing dates a few weeks in advance. Between 1996 and 2013, the recreational fishing season decreased from 365 days to 42 days.⁵

In 2008, **Amendment 27/Shrimp Amendment 14** (GMFMC 2007) revised the rebuilding plan for red snapper. For the recreational sector, the rule implemented a June 1 through September 30 fishing season in conjunction with a 2.45 mp recreational quota, 16-inch TL minimum size limit, 2-fish bag limit, and zero bag limit for captain and crew of for-hire vessels.

At its April 2014 meeting, the Council requested an emergency rule to revise the recreational accountability measures for red snapper by applying a 20% buffer to the recreational quota, resulting in a recreational annual catch target (ACT) of 4.312 mp whole weight. In addition, several Gulf States announced extended state-water fishing seasons. Given the additional harvest estimated to come from State waters, a 9-day fishing season in federal waters was established for 2014. The Council's decision to request an emergency rule was made following the decision of the U.S. District Court for the District of Columbia in *Guindon v. Pritzker* (March 26, 2014). In March 2015, the Council implemented a framework action to formally adopt the ACT as a buffer to the recreational sector ACL, and adopted a quota overage adjustment such that if the recreational quota is exceeded in a fishing season, the amount of the overage is deducted from the following year's quota (GMFMC 2014b).

Management of the Federal For-hire Component

Additional actions have affected federally permitted for-hire vessels. Since 1996, when **Amendment 11** was implemented, for-hire vessels fishing in federal waters are required to have a federal reef fish for-hire permit. The initial purpose of the permits was to address potential abuses in the two-day bag limit allowance. It was thought that by having a permit to which sanctions could be applied would improve compliance with the two-day bag limit. In addition, the permit requirement was seen as a way to enhance monitoring of the for-hire component of the recreational sector.

In 2003, a three-year moratorium on the issuance of new charter and headboat Gulf reef fish permits was established through **Amendment 20** (GMFMC 2003), to limit further expansion in the for-hire fisheries, an industry concern, while the Council considered the need for more comprehensive effort management systems. This means that participation in the federal for-hire component is capped; no additional federal permits are available. The number of federal reef fish for-hire permits has been decreasing since the establishment of the moratorium (GMFMC 2014a). The permit moratorium was extended indefinitely in 2006 through **Amendment 25** (GMFMC 2006).

Amendment 30B (GMFMC 2008) included an action requiring that vessels with federal commercial or charter/headboat reef fish permits comply with more restrictive federal reef fish

⁵ Upon availability of a quota increase in 2013, the 28-day recreational season was supplemented by a 14-day fall season for a total of 42 days.

regulations if State regulations are different when fishing in state waters. The implementation of this provision drastically reduced the fishing days available to the for-hire vessels in comparison to the private recreational anglers. Prior to the implementation of this provision, the for-hire vessels represented greater than 40% of the recreational harvest of red snapper. Since then, the for-hire harvest of red snapper has continually decreased and represented less than 20% of all recreational landings in 2013 (GMFMC 2014a).

In April 2014, the Council requested staff to begin development of an action to examine the potential for an IFQ-type program for for-hire vessels in the Gulf. The Council reviewed a scoping document in response to the request, but did not take further action at that time.

At its October 2014 meeting, the Council approved **Amendment 40** (GMFMC 2014) which divided the recreational quota into a for-hire component quota (42.3%) and a private angling component quota (57.7%) for the recreational harvest of red snapper. The 2015 season closures for the recreational harvest of red snapper were determined separately for each component based on each component's ACT. **Amendment 40** also included a 3-year sunset provision on the separation of the recreational sector into distinct components.

In January 2015, the Council broadened its direction to staff regarding the development of an IFQ-type program for for-hire vessels, to make recommendations relative to the design and implementation of a more flexible management strategy for the for-hire component. Concurrently, the Council initiated separate amendments to address management of charter vessels (**Amendment 41**) and headboats (**Amendment 42**) as sub-components of the federal for-hire component. This document has been developed in response to this request, and provides potential options for a management strategy for the harvest of red snapper by charter vessels.

Additional actions being developed pertaining to the federal for-hire component of the recreational sector include **Amendment 28**, **Amendment 39**, and **Amendment 42**. **Amendment 28** evaluates the red snapper sector allocation and proposes to increase the recreational sector's allocation. **Amendment 39** considers establishing regional management for the recreational harvest of red snapper. This action could remove the separation of the recreational components and manage all federal for-hire vessels under the regional management measures. **Amendment 42** considers management alternatives for the headboats participating in the SRHS for several reef fish species. A complete history of management for the Reef Fish Fishery Management Plan is available on the Council's website⁶ and a history of red snapper management through 2006 is presented in Hood et al. (2007).

⁶ http://www.gulfcouncil.org/fishery_management_plans/reef_fish_management.php

CHAPTER 2. MANAGEMENT OPTIONS

2.1 Management Approach for Federal Charter Vessels

Traditional management approach:

Option 1: Manage federally permitted charter vessels using fishing seasons and bag limits, alongside the existing minimum size limit and accountability measures.

Allocation-based approaches (fishing privileges distributed to groups):

Option 2: Establish regional fishery associations (RFAs).

Option 3: Establish fishing cooperatives.

Allocation-based approaches (fishing privileges distributed to individuals):

Option 4: Establish a permit fishing quota (PFQs) program.

Option 5: Establish an individual fishing quota (IFQ) program.

Option 6: Establish a fish tag program.

Discussion:

The goals and objectives for the management of charter vessels should guide the selection of an appropriate management approach and corresponding program features. A primary decision point in the development of a charter vessel management plan concerns the management approach to be taken. **Option 1** proposes to continue managing the fishery using traditional management tools (i.e., bag limits, fishing seasons), which primarily control the rate at which fish are caught. In contrast, **Options 2-6** are examples of *allocation-based management*, in which a specified portion of the recreational red snapper annual catch limit (ACL) would be distributed among program participants according to the structure of the program. These allocation-based approaches could be structured in two broad ways: 1) privileges are assigned at the individual level (individual permit holders or vessels); or 2) privileges are distributed to organized groups of program participants (groups of charter vessels), within which fishing privileges are distributed to members (Figure 2.1.1).

The Gulf of Mexico Fishery Management Council (Council) may continue managing charter vessels using seasons, bag limits, and existing accountability measures (**Option 1**). A discussion of these management measures, including options for their potential modification is provided in Sections 2.2 - 2.3. Modifications to the minimum size limit, including options for a slot limit, are not considered here. At its June 2015 meeting, the Council noted the problems associated with establishing different red snapper minimum size limits across the Gulf of Mexico (Gulf). If

the Council is interested in evaluating the federal minimum size limit to be used in charter vessel management, or a slot limit, such an action could be included.

Traditional management (i.e., using bag limits and fishing seasons) is most effective in fisheries that are not experiencing high fishing pressure and for which landings are not required to remain below strict catch limits (Johnston et al. 2007). Currently, the use of traditional management measures allows for an adaptive approach to management as season length and bag limits can be reduced or expanded through the framework action process, based on changes in fishing pressure, activity, and indicators of stock health. Without a valid and reliable system for monitoring landings, management based on such traditional management tools alone may be insufficient to constrain landings to within a fixed catch limit. As a result, accountability measures have been implemented to reduce the likelihood of exceeding catch limits, and to make adjustments in the event a catch limit is exceeded.

Management Approaches for Charter Vessels

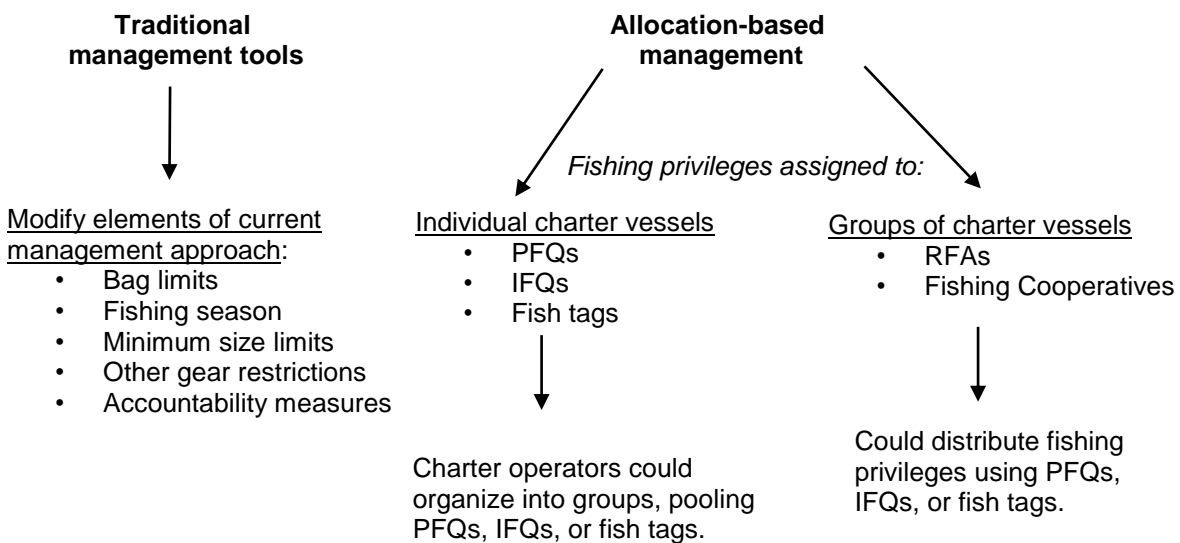


Figure 2.1.1. Diagram of primary decisions in selecting a management approach for charter vessels (Anderson and Holliday 2007).

Allocation-based management programs

In an allocation-based program, the quota for a group is divided among individuals or smaller groups, who can then choose when to use that allocation. Allocation-based management approaches would distribute fishing privileges at the beginning of the fishing year, and are more effective in ensuring that harvest does not exceed a pre-determined amount of allowable catch (e.g., the recreational sector annual catch limit), than using traditional management tools, alone. These types of programs provide greater flexibility to charter vessel operators in terms of when and how they use their portion of the allocated quota. On the other hand, some charter vessel

operators may not be satisfied with the amount of quota they would receive under a given program.

Some allocation-based programs distribute *shares*, which are a set percentage of the quota. If an individual or group holds shares, each year they would receive the amount of pounds representing the percentage of the quota held, which is their *allocation*. The allocation amount changes if the quota changes, but the amount of shares remains the same, unless the transfer of shares is allowed. In other programs the allocation would change from year to year, depending on the quota, changing membership in a group, change in average weight of fish, or other factors. In these cases, shares would not be needed and only allocation would be distributed.

A key difference between the two preceding approaches concerns the permanence of the fishing privileges, which affects the incentive structure and anticipated conservation benefits from distributing limited access fishing privileges (Anderson and Holliday 2007). For example, should shares not be used and the amount of allocation distributed to participating entities varies from year to year, there would be less incentive to maintain, and even less to invest in improvements for the resource in ensuing years (Anderson and Holliday 2007). Regardless of the approach selected, timely reporting is a key element of allocation-based programs; as allocation is used, it must be subtracted from the annual allocation for the individual or group. When each individual or group has used all of its allocation, they must stop fishing or obtain more allocation (if allowed by the program).

Options 2-6 propose several allocation-based management approaches, detailed below. Additional actions would be required to establish such programs and are addressed in Section 2.4.

Regional fishery associations (RFAs) (Option 2) are defined in the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act; 303A(c)(4)) as an association formed for the mutual benefit of members—to meet social and economic needs in a region or subregion; and comprised of persons engaging in the harvest or processing of fishery resources in that specific region or subregion or who otherwise own or operate businesses substantially dependent upon a fishery. Recent guidance on RFAs (Stoll and Holliday 2014) note the purpose of the addition of RFAs to the 2007 reauthorization of the Magnuson-Stevens Act was to “provide additional assistance to ... community-based associations to acquire and maintain limited access privileges in LAPP fisheries.”

No regional fishery management council has established the process necessary to implement RFAs. Nevertheless, Stoll and Holiday (2014) note that Councils have worked with NMFS to develop similar, but modified programs with less regulatory complexity to address concerns for safeguarding fishing communities and achieve comparable goals. For example, Amendment 42 uses the term, regional fishery organizations, which closely reflect the Magnuson-Stevens Act provisions for RFAs.

In contrast to RFAs, **fishing cooperatives (Option 3)** may or may not be geographically based. That is, members may organize themselves around some shared characteristic other than a shared geographical region (e.g., charter vessels with large vessel capacities that are not headboats).

The allocation of red snapper quota among different cooperatives, which are self-organizing groups with varied numbers of members, may be difficult depending on the vessel characteristics within and among each cooperative. It could be possible to combine the use of PFQs, IFQs, or fish tags within a cooperative. For example, following the establishment of an IFQ program and the apportionment of red snapper quota, IFQ holders could easily pool their allocations and form a cooperative (Anderson and Holliday 2007).

Permit fishing quotas (PFQs) (Option 4) and **individual fishing quotas (IFQs) (Option 5)** are both LAPPs, and could distribute fishing privileges to an individual, business entity, or vessel. A PFQ or IFQ program would likely use shares and allocation to distribute fishing privileges, although the Council would determine such program features in terms of the goals of management. The primary difference between PFQs and IFQs concerns the entity to which harvest privileges are associated. If established, PFQ shares and allocation would be attached to a permit, while IFQ shares and allocation remain separate from the permit. Transferability provisions for shares and allocation of either type of quota program would be addressed in a separate action and include a reasonable range of alternatives.

Fish tags (Option 6) could be used as a stand-alone allocation-based approach, or as an enforcement and validation tool in conjunction with another allocation-based program. As a stand-alone program, fish tags would be used for granting harvest privileges and controlling harvest (Johnston et al. 2007). A fish tag program would involve the distribution of physical harvest tags, each of which would allow an angler possessing the tag to retain an individual red snapper per tag. After capture, the tag must be affixed to the fish, thereby identifying the individual fish as legally caught, and preventing the tag from being used to catch additional fish. The number of tags available each year would be determined by the amount of the recreational sector ACL apportioned to the fish tag program, divided by the average weight of red snapper estimated to be caught on charter vessels. Any unused tags at the end of the year would be forfeit, and new tags would be distributed at the beginning of each year.

Tags could be distributed in multiple ways, including equal distribution among participants, or according to criteria such as passenger capacity or regional variability in the abundance of red snapper. Alternately, tags could be distributed through a lottery or auction. The Council would evaluate and determine the features of the program, including methods of distribution and whether tags would be transferable among program participants.

A fish tag program could provide anglers fishing from charter vessels with greater flexibility as to when red snapper could be caught. However, it should not be assumed that all charter vessels would receive a quantity of tags they feel is sufficient to meet their clients' needs.

A key difference among **Options 2-6** concerns the recipient of fishing privileges. Both RFAs and fishing cooperatives would require greater cooperation among members than PFQs, IFQs, or fish tag systems, which are assigned harvest privileges at the individual vessel or permit holder entity level. The selection of additional program features such as the transferability and durability of fishing privileges, will affect the flexibility afforded to program participants and should reflect the goals and objectives for the program.

2.2 Bag Limits

The Council may want to evaluate the bag limit for red snapper on charter vessels. Should the Council intend to continue managing charter vessels with fishing seasons and bag limits, the Council could reduce the red snapper bag limit on charter vessels to 1 fish per person per day. The benefits of reducing the bag limit include reducing fishing pressure by slowing the rate of harvest, and extending the season. Reducing the bag limit could provide for a longer red snapper fishing season, and provide more individual anglers the opportunity to catch and retain a red snapper. However, extending the fishing season is more likely to occur if most anglers on charter vessels are currently catching the bag limit. As an example, previous analyses conducted in January 2013 estimated a 42% reduction in for-hire (charter vessels and headboats) red snapper landings if the bag limit was reduced to one fish.

The drawbacks to reducing the bag limit include increased discards. Also, high-grading to keep larger fish would be expected to occur more often under a smaller bag limit and will contribute to discards, thereby reducing the benefits of a smaller bag limit. Finally, anglers may want to keep more fish and object to a smaller bag limit.

Should the Council select an allocation-based management approach, a bag limit would not be necessary, although it could be a component of such a program. With the allocation assigned to charter vessels for their angler passengers, charter operators may wish to use the available quota in different ways. For example, one charter operator may prefer to provide anglers with access to one fish per trip, thereby increasing the number of anglers able to retain a red snapper, while other operators may have angling customers who prefer two fish per trip.

2.3 Fishing Seasons

Currently, the red snapper fishing season for each component begins on June 1 and closes when the corresponding component's annual catch target (ACT) is projected to be met. Modifying the fishing season, or structure of the fishing season, is another management option for charter vessels. The Council could consider alternate start dates for the red snapper fishing season. For example, opening the season on April 1 could allow charter vessels to provide red snapper fishing trips to spring break visitors.

Another option is to establish a split season, which could improve accountability as the second season would be contingent on landings from the first season. For example, the Council could establish an initial charter vessel fishing season, the length of which is based on the projections for landing a proportion of the quota assigned to charter vessels. For an initial season starting June 1, the season would end when a specified proportion of the charter vessel quota (e.g., options could be 50%, 60%, etc., and would be reduced by the established ACT) is projected to be caught. After the landings are determined from the initial season, the fishing season could be reopened, with the second season's length determined by the remaining amount of quota. A split season could reduce the likelihood of a quota overage, especially while charter vessel landings are estimated through the Marine Recreational Information Program (MRIP). The Council is currently developing an electronic reporting program for charter vessels that will improve

accountability and reduce the likelihood of a quota overage. While landings estimates from MRIP are available two months following each wave, electronic reporting by charter vessels would greatly improve the timeliness of obtaining landings data and monitoring the quota.

Potential benefits could result from establishing the season during the most desirable time for anglers, including Gulf Coast visitors, or establishing the season to avoid times of inclement weather. The drawbacks to modifying the fishing season include regional differences in the optimal start of the season. For example, tourist seasons and times of inclement weather do not occur at the same time around the Gulf. Also, shifting the fishing season to time periods when red snapper effort is lower would increase the season length, but shifting the fishing season to when effort is greater (optimal conditions) would shorten the length of the season.

2.4 Allocation-based Management & Limited Access Privilege Programs (LAPPs)

The Magnuson-Stevens Act provides the Councils with flexibility in the type and design of limited access privilege programs (LAPPs) and provides guidelines for the different types of programs. The most recent reauthorization of the Magnuson-Stevens Act expanded the flexibility in the design of such programs, specifically pertaining to the recipients of the limited access privileges (Anderson and Holliday 2007), which may be distributed to individual entities or groups.

According to the Magnuson-Stevens Act, the term ‘**limited access system**’ means a system that limits participation in a fishery to those satisfying certain eligibility criteria or requirements contained in a fishery management plan or associated regulation. Federally permitted for-hire vessels in the Gulf are managed under a limited access system in which there are a finite number of valid and renewable charter/headboat permits for reef fish. In contrast, the private angling component is not a limited access system; it remains open access.

According to the Magnuson-Stevens Act, the term ‘**limited access privilege**’ means a Federal permit, issued as part of a limited access system under section 303A to harvest a quantity of fish expressed by a unit or units representing a portion of the total allowable catch of the fishery that may be received or held for exclusive use by a person and includes individual fishing quotas. In designing a LAPP, the Council is advised to use the National Standards, other applicable law, and the management objectives of the particular fishery management plan as the criteria in the selection of a LAPP (Anderson and Holliday 2007). The options for allocation-based management would all involved dividing the quota in some way among participants, but not all allocation-based management approaches would be classified as LAPPs under the terms of the Magnuson-Stevens Act.

Potential Sub-actions for an Allocation-based Program

Should the Council intend to further evaluate one of the allocation-based approaches under **Options 2-6**, the scope of actions to consider would, to a large extent, reflect the range of actions included in the commercial red snapper and the grouper and tilefish IFQ programs in the Gulf. For example, a charter for-hire PFQ program for red snapper would include actions with alternatives for the metrics to use for establishing the eligibility of participants and the distribution of fishing privileges to program participants, among several others. These potential actions may include the following:

Program Duration – The Council could consider setting a time limit for the charter vessel management program, or the program could be amended or terminated with cause in a subsequent regulatory action. Should this amendment result in the establishment of a LAPP, a detailed review would be conducted five years after implementation of the program (Magnuson-Stevens Act 303A(c)(1)(G)). The Council put a sunset on the establishment of the federal for-hire component of the recreational sector, at which time the separate management of the recreational components will end unless further action is taken by the Council.

Program Eligibility – In July 2015, there were 1,250 charter vessels and 68 headboats possessing valid or renewable federal reef fish for-hire permits. These 1,250 charter vessels possessing federal reef fish for-hire permits would constitute the universe of eligible program participants, and was also recommended by the Ad Hoc Red Snapper Charter For-hire AP (Charter AP).

Initial Apportionment – The Council would need to determine the method(s) for the initial apportionment of fishing privileges in an allocation-based management approach. Detailed landings histories are available for vessels participating in the Southeast Region Headboat Survey, but such information does not exist for charter vessels. As a result, individual vessels' catch histories cannot be used to apportion the shares between participants. For commercial IFQ programs, annual IFQ allocation are measured in pounds of fish. However, instead of basing annual allocations on pounds of fish, the Council may decide to distribute annual allocations in number of fish.

In the event a LAPP is developed, the Council shall consider, and may provide, if appropriate, an auction system or other program to collect royalties for the initial, or any subsequent, distribution of allocations in a limited access privilege program (Magnuson-Stevens Act 303A(d)).

Ownership Caps – The Magnuson-Stevens Act precludes any individual, corporation, or other entity from acquiring an excessive share of such privileges. The Council should establish share caps to prevent any entity from acquiring an excessive share of fishing privileges. Allocation caps may also be considered.

Transferability Provisions – Should an allocation-based management approach be selected, the Council will determine whether fishing privileges may be transferred among program participants, and the limitations of any such transferability of fishing privileges.

Appeals Process – Following the initial apportionment of quota in an allocation-based management approach, some eligible participants may be wrongfully omitted from the initial distribution or may receive less than the initial allocation they were entitled to. An appeals process would be needed to correct these oversights.

Cost Recovery Fees – The Magnuson-Stevens Act requires that LAPPs established by a Council include a program of fees paid by limited access privilege holders to cover the costs of management, data collection and analysis, and enforcement of the LAPP. In a potential charter for-hire allocation-based program, red snapper harvested by recreational anglers do not have an explicit ex-vessel value because the fish cannot be sold. The Council would have to select a proxy to be used to compute the fees and determine the modalities for sending collected funds to NMFS.

Restrictions on the Use of Shares or Allocation – The Council may wish to establish restrictions on the use of shares or allocation. If the Council decides that all (or a portion of) fishing privileges granted under an allocation-based program are meant to be fished by the recipients, it may consider the establishment of such provisions.

Referendum Provisions – As mandated by the Magnuson-Stevens Act, a federal for-hire IFQ program in the Gulf of Mexico must be approved by a majority of those voting in the referendum among eligible permit holders. Depending on the management approach selected by the Council, NMFS will determine whether a referendum is required.

Additional Considerations

Section 407(d) – The establishment of a charter vessel LAPP would not exempt the federal for-hire component from the requirements of section 407(d) of the Magnuson-Stevens Act which requires that red snapper recreational fishing be halted once the recreational sector ACL is caught. If established, some participants in the selected program may have to forgo remaining annual allocation and lose fishing opportunities because the red snapper quota is caught. Therefore, benefits expected to result from a charter vessel LAPP may be limited by this provision in the Magnuson-Stevens Act.

Dual-permitted vessels – At the end of 2014, 229 federal for-hire operators (including charter vessels and headboats) were dual-permitted, i.e., they possess a valid or renewable commercial permit and federal for-hire permit for reef fish. This number has increased in recent years; in September 2011, there were 154 vessels possessing both a commercial and for-hire reef fish permit. These dual-permitted operators own varying amounts of commercial red snapper IFQ shares. The Council would have to determine whether IFQ shares held by dual-permitted vessels may or may not be used in an allocation-based charter vessel program.

Additional program requirements – Requirements of commercial IFQ programs in the Gulf include vessel monitoring systems, hail-out and hail-in (with 3 hours notifications), landings at approved sites. The Council would determine which requirements would be practicable and useful for the administration and enforcement of the for-hire IFQ program.

Accountability Measures – A joint amendment to require electronic reporting by charter vessels is currently under development by the Gulf and South Atlantic Councils. The purpose of the amendment is to improve the monitoring of charter vessel landings, thereby reducing the likelihood of exceeding the recreational sector ACL. In the future, it may be possible to reevaluate the buffer applied to the recreational sector ACL and make adjustments that better reflect the reduced uncertainty associated with charter vessel landings.

Finally, the Charter AP made several recommendations to the Council concerning their preferred management approach and related program design features. The summary report from the Charter AP meeting including its recommendations is provided in Appendix B.

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APPENDIX A. DEFINITIONS OF CHARTER VESSELS AND HEADBOATS IN THE FEDERAL REGULATIONS

Federal regulations (§ 622.2) define charter and headboat vessels as follows:

“*Charter vessel* means a vessel less than 100 gross tons (90.8 mt) that is subject to the requirements of the United States Coast Guard (USCG) to carry six or fewer passengers for hire and that engages in charter fishing at any time during the calendar year. A charter vessel with a commercial permit, as required under § 622.4(a)(2), is considered to be operating as a charter vessel when it carries a passenger who pays a fee or when there are more than three persons aboard, including operator and crew. However, a charter vessel that has a charter vessel permit for Gulf reef fish, a commercial vessel permit for Gulf reef fish, and a valid Certificate of Inspection (COI) issued by the USCG to carry passengers for hire will not be considered to be operating as a charter vessel provided—

- (1) It is not carrying a passenger who pays a fee; and (2) When underway for more than 12 hours, that vessel meets, but does not exceed the minimum manning requirements outlined in its COI for vessels underway over 12 hours; or when underway for not more than 12 hours, that vessel meets the minimum manning requirements outlined in its COI for vessels underway for not more than 12-hours (if any), and does not exceed the minimum manning requirements outlined in its COI for vessels that are underway for more than 12 hours.”

“*Headboat* means a vessel that holds a valid Certificate of Inspection (COI) issued by the USCG to carry more than six passengers for hire.

- (1) A headboat with a commercial vessel permit, as required under § 622.4(a)(2), is considered to be operating as a headboat when it carries a passenger who pays a fee or—
 - (i) In the case of persons aboard fishing for or possessing South Atlantic snapper-grouper, when there are more persons aboard than the number of crew specified in the vessel's COI; or
 - (ii) In the case of persons aboard fishing for or possessing coastal migratory pelagic fish, when there are more than three persons aboard, including operator and crew.”

APPENDIX B. REPORT FROM THE AD HOC RED SNAPPER CHARTER FOR-HIRE ADVISORY PANEL

Ad Hoc Red Snapper Charter For-Hire Advisory Panel Summary
May 13, 2015
Gulf Council Conference Room
Tampa, Florida

AP members present:

Jim Green, Chair
Tom Steber, Jr., V Chair
Gary Bryant
Shane Cantrell
Mike Eller
Troy Frady
Chuck Guilford

Gary Jarvis
Mark Kelley
Tom Marvel, Jr.
Mike Nugent
Rene Rice
Scott Robson
Ed Walker
Troy Williamson, II

Council Member & Staff:

Johnny Greene
Ava Lasseter
Karen Hoak
Bernie Roy
Assane Diagne
Carrie Simmons
Doug Gregory

Others:

Steve Branstetter
Andy Strelcheck
Jessica Stephen
Cynthia Meyer
Bob and Cathy Gill
Kristen McConnell
Tom Wheatley
Jeff Barger
Betty H. (Guilford)

The Ad Hoc Red Snapper Charter For-Hire Advisory Panel (AP) meeting was convened at 8:30 a.m. on Wednesday, May 13, 2015. Jim Green was elected Chair, and Tom Steber was elected Vice Chair.

Staff reviewed the charge to the AP, which was to make recommendations to the Council relative to the design and implementation of flexible measures for the management of red snapper for the for-hire sector. AP members began discussing data collection for the charter fleet including the status of the Joint Generic Charter Vessel Reporting Amendment and passed the following motions:

- **To recommend that the Council review the current data collection programs. If current data collection methods are not sufficient to support a flexible and accountable system, we urge the Council to develop data collection and monitoring needs for these programs to be successful.**

- **Ask the Council to implement electronic log books for the Gulf charter for-hire reef fish permit holders, including validation tools, no later than June 2016.**
- **To recommend that the Council do a feasibility study for the gulf charter-for-hire reef fish permit holders to see about the practicality of incorporating the for-hire data collection into the headboat program.**

Panel members noted the work they are doing to develop a management plan for the charter fleet at this meeting, and they expressed the need for more time to develop, implement, and then evaluate the effects of any new management plan. They want to provide recreational anglers the opportunity to experience a new management plan before the sunset occurs, too. The AP passed the following motions:

- **To recommend that the Council extend the sunset of Amendment 40 for two years.**
- **Recommend the Council remove the charter for-hire component from Amendment 39.**

AP members discussed management approaches and focused on allocation-based management. The concept of permit fishing quotas, or PFQs, was introduced and discussed. In contrast with individual fishing quotas (IFQs), the quota under PFQs would be attached to the federal permit and could not be transferred in any way from the permit. AP members noted that the transferability of IFQ shares and allocation in the commercial red snapper program was not a desirable program feature for allocation-based management of the charter fleet. AP members expressed opposition to the transferability of any kind of quota under an allocation-based management approach.

Tags were discussed as a desirable tool to help the charter fleet remain within its quota and aid in enforcement. AP members stated the tags should not be able to be separated from the charter permit and vessel. That is, tags could be used, or not used, by the permitted vessel to which they were assigned, but they could not be “leased” or sold. AP members then passed the following motions:

- **To recommend the Council develop a plan for allocation-based management for the charter-for-hire component that can include but not be limited to such items as PFQs (permit fishing quotas), tags, cooperatives, and AMOs (angler management organizations).**
- **To define PFQs (permit fishing quotas) as presented to the Council:**
 - **Reef fish permit-based allotment that remains attached to the permit not the individual**
 - **No transferability, leasing, or selling of the allocation**
 - **Fish must be landed by the vessel that the permit is attached to**
 - **Annual opt-in to participate in the federal red snapper fishery**

Jessica Stephen noted that PFQs are used in the Pacific bluefin tuna longline fleet. The quotas are assigned to a permit based on its vessel landings history, and are permanently attached to the permit. The allocation can be transferred under some conditions.

The AP discussed the potential progress of their recommended management plan, and staff noted that the Council has initiated development of Amendment 41 to address red snapper management for the charter for-hire component. AP members then passed the following motion:

- **To recommend that the Council specify that Amendment 41 be reviewed five years after implementation to assess the extent to which it is meeting its goals.**

Speaking to the accountability measure that set a 20% buffer on the red snapper quota, AP members expressed that if the fleet could adopt a management plan that enables them to demonstrate the ability to remain within the quota, the 20% buffer could potentially be decreased or even eliminated. A member noted that a goal for the fleet was to have the possibility of a year round fishery that is totally accountable. The AP then passed the following motion.

- **To recommend to the Council that the purpose of Amendment 41 is to increase flexibility for permit holders, to decrease management uncertainty, and increase accountability to catch limits. A long term goal to have a year round fishery that is totally accountable.**

AP members began to discuss qualifications for participating in a new charter for-hire management plan. AP members discussed a series of participation qualifiers, by which vessels intending to participate in the charter red snapper management plan could be identified and separated out from latent charter permits, and from vessels in regions where red snapper are infrequently encountered. AP members passed the following motions:

- **To recommend that the management plan be open to all federal charter-for-hire reef fish permit holders.**
- **To recommend to the Council that the plan be structured so that permit holders who intend to participate in an allocation-based management plan, annually opt-in to the program for the purpose of identifying the user group for that year.**
- **To recommend the Council consider how the cost of any new program will be shared between the charter for-hire industry and NMFS, under an opt-in scenario.**

The use of tags by participating vessels was discussed as a way to validate all fish caught under the management plan. AP members noted how tags are used in the Headboat Collaborative program. A Collaborative participant stated that tags helped identify that the fish were caught legally. For example, if headboat passengers take their red snapper catch to cleaning stations in public places, law enforcement would be able to determine easily that the fish were caught legally. Concerns about the use of tags included how they would be distributed, or allocated, and the physical properties of tags so as to avoid tampering. The AP then passed the following motion:

- **To recommend all participating vessels in the management plan use carcass tags that could be validated for law enforcement which will be distributed at the beginning of the year. Tags will expire at the end of the year, to validate all fish harvested under this plan.**

There was discussion concerning the use of an independent body such as the Harte Institute for administration of the chosen plan. However, AP members and NMFS staff noted the additional complexity, as such administration would still require NMFS to be involved, in addition to requiring a federal contract, which would increase costs compared with in-house administration by NMFS.

Next, AP members discussed options for distributing allocation fairly among federal charter for-hire permit holders and noted their intent not to exclude anyone. They noted that defining fair and equitable depends on where you are in the Gulf and it can be defined in different ways. Without vessel catch histories, one member noted that dividing the quota up evenly was the only way to be fair, while another member questioned this method as red snapper is not accessible to charter vessels in all areas of the Gulf. Further discussion addressed the use of electronic logbooks. The AP passed the following motions.

- **To recommend the Council pursue allocation options that include all federal charter-for-hire reef fish permit holders.**
- **To recommend to the Council that all participants in the management plan report using electronic log books with dockside validation.**

Continuing the discussion on landings validation, an AP member noted that currently, a charter captain can refuse to participate in dockside intercept surveys and this should not be permitted in a new management plan. The AP members want enforcement measures to require compliance with the new charter management plan, including modifying NOAA law enforcements' penalty schedule, if at all possible, and requiring charter operators to participate in dockside intercept surveys. The AP then passed the following motion:

- **To recommend to the Council that opt-in participants are subject to dockside intercepts and validated landings by local or federal law enforcement at any time. Any vessel found in violation would be subject to NOAA law enforcement sanctions.**

AP members further discussed potential qualifiers for participation in the charter for-hire red snapper management plan. The idea of qualifiers was proposed as a way to identify active versus latent permits, and vessels that actively fish for red snapper versus those charter vessels that do not. For example, a federally permitted vessel that does not have the corresponding state licenses to be actively charter fishing, could be considered inactive in red snapper fishing. However, it was noted that the Gulf States have different requirements for federally permitted charter vessels, which could complicate identifying latent permits Gulf-wide. AP members passed the following motion:

- **As a qualifier to participate, the participant must meet all licensing requirements for his/her state of operation.**

The AP discussed the use of quota on dual-permitted (charter and commercial) vessels under an allocation-based management plan, and passed the following motions:

- **After implementation of the plan, that there be no inter-sector (commercial and recreational) trading permitted.**
- **That any allocation granted to a permitted vessel may only be used during charter-for-hire trips.**

Next, the AP discussed allocating quota among charter vessels and passed the following motions:

- **To recommend that the allocation tier level be based on permit capacity but no greater than approved passenger capacity.**
- **To recommend that the Council consider the following allocation scenario to divide the quota among participating vessels:**
 - **6 passenger vessels = 1 allocation/share**
 - **Multi passenger COI vessels with permit capacity of 7 to 24 = 2 allocations/shares**
 - **Multi passenger COI vessels with permit capacity of 25 or more = 3 allocations/shares**
- **To recommend to the Council that for apportioning the quota between charterboats and headboats, to use the time frame formula from Amendment 40 (50% 1986-2013 + 50% 2006-2013 excluding landings from 2010).**

AP members expressed their preference not to hold an AP meeting from June through August 20, due to the busy fishing season, and passed the following motion.

- **To recommend that the Council reconvene this panel to provide further advice on charter-for-hire program development as soon as possible.**

The AP returned to discuss other allocation-based management approaches including AMOs and cooperatives. One member liked AMOs because they would involve management at a more local level, while another expressed concern with having an individual manager of each AMO decide how quota should be divided up. AP members reiterated support for tags and PFQs, and passed the following motion:

- **To recommend to the Council to adopt as the preferred management plan the use of PFQs with tags.**

AP members discussed the issue of “stacking” or “marrying” reef fish permits as undesirable for the charter management program. They also discussed that not all charter operators who opt-in may want or be able to use the amount of quota that may be allocated to their vessel, especially if

the vessel is homeported in an area without abundant red snapper. The AP passed the following motions:

- **To recommend the Council not allow stacking or consolidating of reef fish permits.**
 - **Stacking of charter permits is defined as putting multiple permits on one vessel**
 - **Consolidation of charter permits is defined as consolidating two or more permits to one permit which contains the catch history of both permits**
- **To recommend to the Council, to allow the participant in the program to opt-in at the level of allocation the participant chooses, up to the maximum amount of the participant's allocation.**

Following review of their recommendations, the AP meeting was adjourned at 3:00 pm.

Failed motions:

Motion: To recommend the Council consider using an independent body, such as the Harte Institute for administration of the chosen plan.

Motion failed with one in support.