FINAL

Regulatory Impact Review
for a Proposed Regulatory Amendment

Charter Halibut Recreational Quota Entity Funding

December 19, 2024

Lead Agency: National Marine Fisheries Service, Alaska Region
National Oceanic and Atmospheric Administration

Responsible Official: Jonathan M. Kurland, Regional Administrator
Alaska Regional Office, National Marine Fisheries Service

For further information contact: Kurt Iverson, National Marine Fisheries Service

Abstract: This Regulatory Impact Review examines regulations that would apply exclusively to the guided (i.e., charter) recreational Pacific halibut fishing sector in International Pacific Halibut Commission (IPHC) Regulatory Areas 2C (Southeast Alaska) and 3A (Southcentral Alaska). The regulations would establish a Federal fee collection program for charter halibut businesses. Revenues from the fees would fund the Recreational Quota Entity (RQE). The RQE is authorized to purchase commercial halibut quota shares from the Halibut Individual Fishing Quota (IFQ) Program on behalf of charter halibut anglers in Areas 2C and 3A. Quota held by the RQE would be converted into pounds of halibut on an annual basis and added to the charter halibut allocation in the corresponding IPHC Area. The regulations would implement a charter halibut stamp requirement to serve as the fee collection mechanism for the RQE. Charter halibut businesses would be responsible for paying for and assigning halibut stamps for each charter halibut angler for each day they intend to retain halibut. The resulting fees from the stamp purchases would be used by the RQE to purchase commercial halibut quota shares and for other specific RQE expenses, as authorized under the Magnuson-Steven Fisheries Conservation Act.

List of Acronyms and Abbreviations

ADF&G	Alaska Department of Fish and Game
AFSC	Alaska Fisheries Science Center
AKFIN	Alaska Fisheries Information Network
Area 2C	Southeast Alaska (IPHC management area)
Area 3A	Central Gulf of Alaska (IPHC management area)
Area 3B	Western Gulf of Alaska (IPHC management area)
Area 4	Bering Sea and Aleutian Islands (IPHC management area)
BSAI	Bering Sea and Aleutian Islands
CATCH	Catch Accountability Through Compensated Halibut
CCL	Combined Catch Limit
CEY	Constant Exploitation Yield
CFEC	Commercial Fisheries Entry Commission (State of Alaska)
CFR	Code of Federal Regulations
CHLAP	Charter Halibut Limited Access Program
CHP	Charter Halibut Permit
Council	North Pacific Fishery Management Council
CQE	Community Quota Entity
CSP	Catch Sharing Plan (Pacific Halibut)
E.O.	Executive Order
EA	Environmental Assessment
F	Fishing intensity
FCEY	Fishery Constant Exploitation Yield
FMP	fishery management plan
FR	*Federal Register*
GAF	Guided Angler Fish
GHL	guideline harvest level
GOA	Gulf of Alaska
IFQ	Individual fishing quota

IPHC	International Pacific Halibut Commission
IRFA	Initial Regulatory Flexibility Analysis
LAPP	Limited access privilege program
Lb	pounds
Mlb	Million pounds
MWR	U.S. Military Morale, Welfare, and Recreation Program
NEPA	National Environmental Policy Act
NMFS	National Marine Fisheries Service
NOAA	National Oceanic and Atmospheric Administration
NPFMC	North Pacific Fishery Management Council
O26	Over 26 inches (fish length)
OFL	Overfishing limit
OMB	Office of Management and Budget
PA	Preferred alternative
PPA	Preliminary preferred alternative
PRA	Paperwork Reduction Act
PSEIS	Programmatic Supplemental Environmental Impact Statement
PWS	Prince William Sound
QS	Quota share
RAM	Restricted Access Management (Program)
RFA	Regulatory Flexibility Act
RIR	Regulatory Impact Review
RQE	Recreational Quota Entity
SBA	Small Business Act
Secretary	Secretary of Commerce
TAC	Total Allowable Catch
TCEY	Total Constant Exploitation Yield
U26	Under 26 inches (fish length)
U.S.	United States
U.S.C.	United States Code
USCG	United States Coast Guard

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Executive Summary

This document analyzes proposed regulations for a halibut stamp requirement that would be used as a fee collection mechanism applied to charter (i.e. guided sport) halibut businesses that operate in International Pacific Halibut Commission (IPHC) Regulatory Areas 2C and 3A. The collected fees would be used to fund the Recreational Quota Entity (RQE). The RQE is a non-profit entity authorized to purchase commercial halibut quota share from the Halibut Individual Fishing Quota (IFQ) Program on behalf of charter halibut anglers in Areas 2C and 3A. Any quota held by the RQE would be converted into pounds of halibut on an annual basis and added to the charter halibut allocation in the corresponding IPHC Area. These additional pounds could help relax management measures for charter anglers who fish in the area. Among other things, this analysis considers the administrative requirements and the regulatory impacts associated with various fee collection mechanisms, with a particular emphasis on the proposed halibut stamp program, which is the Preferred Alternative of the North Pacific Fishery Management Council.

Although the majority of this analysis occurred in 2021 and 2022, the underlying facts, rationale, and specific intent for this action have not changed. Additionally, this analysis addresses two changes to the April 2022 North Pacific Fishery Management Council (Council) motion for Final Action on this issue. Each of the changes were recommended by National Marine Fisheries Service (NMFS) and adopted by the Council to add security, simplicity, and cost-effectiveness to the RQE funding mechanism, while still maintaining the Council's original intent for the program. The Council endorsed these changes with a motion at its October 2024 meeting.

Purpose and Need

The Council adopted the following problem statement to originate this action in April 2021. Note this statement was made prior to the 2023 Congressional action that authorizes NMFS to develop rules to fund the RQE.

In 2016 the Council took final action to create a Recreational Quota Entity (RQE), as a market-based solution to an ongoing allocation conflict between charter halibut guides and commercial halibut longline fishermen. This market-based solution authorizes commercial halibut quota share transfers between the RQE and a willing seller. Although the regulations to authorize formation of an RQE were implemented, the Council lacked the authority to regulate the funding mechanism for the RQE. Legislation has been proposed by the U.S. Congress, to grant the Council and NMFS the authority to develop and implement a fee collection mechanism for charter vessel operators that could be used by the RQE to fund administrative costs and purchase of halibut quota share as specified in the RQE program.

In anticipation of the potential enactment of this legislation, the Council would begin the analytical process to explore the administrative requirements necessary to implement a fee collection program for charter vessel operators.

Alternatives

The Council adopted the following alternatives for analysis in April 2021. The Council identified the Preferred Alternative (PA) in April 2022, as represented in bold

Alternative 1: No action (Status quo).

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

Describe the potential methods to collect a fee from charter vessel operators (e.g., halibut stamps) and mechanisms to subsequently distribute those funds to the RQE. Analysts should explore the

range of potential fee collection methods currently used for North Pacific fisheries, including State of Alaska fisheries, and similar programs and provide information on likely administrative costs for collection and disbursement to the RQE.

Option 1: Charter Halibut Stamp

Option 2: Annual Operator Fee

Administration

- **NMFS will develop regulations to establish the fee requirement for a charter halibut stamp and contract with the RQE to develop the fee collection system (Consistent with any legal requirements).**
- **The charter halibut stamp will be required for charter vessel anglers 18 years of age and older for each day they intend to harvest halibut on a charter vessel fishing trip in regulatory areas 2C and 3A. This includes charter halibut vessels operated and permitted under the Community Quota Entity (CQE) and Military Morale and Welfare (MWR) programs.**

Fee amount

- **Stamp fees in the first three-years after the implementation of the program cannot exceed the following amounts:**
  - **A) One-day stamp - $20.00**
  - **B) Three-day Stamp – $40.00**
  - **C) Seven-day Stamp – $60.00**
- **After the first three years of implementation, the RQE may recommend that NMFS increase the fee amounts in each category by up to 10% annually. NMFS will provide the Council with an update on fee increases.**

Fee payment

- **The Sportfishing Guide Business Owner or their designee (as defined by ADF&G) will be responsible for paying all required fees.**
- **Charter Vessel Guides (as defined by NMFS) will be responsible for ensuring there is a validated halibut stamp on the vessel for each angler subject to the fee for each day of halibut fishing.**
- **Fee payment and charter halibut stamp validation would need to occur prior to departure prior to start of each fishing day.**

In developing these regulations, it is the intent of the Council that NMFS coordinate with the Charter Halibut Committee and the RQE in the development of the stamp requirements and fee collection system and update the Council as appropriate.

At its October 2024 meeting, the Council passed a motion approving two changes to its Preferred Alternative. Each of the changes was analyzed by NMFS and endorsed by the RQE after a public outreach process with charter operators. Specifically, the Council adopted a NMFS recommendation to

use the agency's online eFish platform to allow charter businesses to purchase electronic halibut stamps, as opposed to contracting with the RQE to perform this task. The Council also adopted a single $20 fee that would apply for all halibut stamps, rather than implementing a tiered-fee approach of $20, $40, and $60 that would have applied to various numbers of days for individual halibut anglers.

The Council's October 2024 motion was as follows (language removed is indicated in red):

> **The Council approves modifications to the Council's April 2022 preferred alternative (Alternative 2, Option 1) for a fee collection program to fund the Recreational Quota Entity as follows:**
>
> **Administration**
>
> > **NMFS will develop regulations to establish the fee requirement for a Charter Halibut Stamp** ~~and contract with the RQE to develop the fee collection system~~ **(consistent with any legal requirements).**
>
> **Fee Amount**
>
> > **Stamp fees** ~~in the first three years after the implementation of the program~~ **will be** ~~cannot exceed the following amounts:~~
> > ~~A) One-day stamp -~~ **$20.00**
> > ~~B) Two-day Stamp - $40.00~~
> > ~~C) Seven-day Stamp - $60.00~~
>
> **All other elements of the April 2022 Council motion for a fee collection program to fund the Recreational Quota Entity shall remain unchanged.**

Description of Alternatives

Alternative 1

The RQE was established in 2020 and currently has the authority to purchase halibut quota for use by charter anglers. However, under Alternative 1 there would be no Federal requirement to pay a fee that would support the RQE's purchase of halibut quota or any other RQE expenses. While the RQE could design and facilitate a stamp program outside of regulatory action, working independently of Federal or State regulations means the RQE would also have to identify a separate enforcement component - there would be no Federal requirement to obtain and carry this stamp.

Alternative 2

Under Alternative 2, NMFS would exercise its authority granted by Congress in 2023 to the develop rules to establish a fee collection program to fund the RQE. The proposed Federal regulations would require charter halibut operators to pay this fee; therefore, NMFS would oversee and/or administer the program and enforce the program rules.

During the early stages of analysis for this alternative, NMFS determined that changes to Federal law were necessary for the agency to develop rules that would require charter operators to pay fees, and to then make those fees available to fund the RQE. Consequently, stakeholders began working with members of U.S. Congress to develop legislation that would grant NMFS such authority. In anticipation of the potential enactment of this legislation, the Council simultaneously began the analytical process to explore the administrative requirements necessary to implement an RQE fee collection program.

Ultimately, in January 2023, U.S. Congress passed H.R. 2617, referenced as the Consolidated Appropriations Act, 2023. A section of the bill at Division S, Title I, Section 106 authorizes NMFS to develop rules to fund the RQE. The bill was subsequently signed into law and placed as an amendment to the Magnuson-Stevens Fishery Conservation and Management Act.

Under Alternative 2, the concept of a Charter Halibut Stamp (Option 1) and an Annual Operator Fee (Option 2) were each considered by the Council. This analysis examines the additional costs and resource needs associated with the administration, data management, and enforcement for both of these options.

Option 1: Charter Halibut Stamp (the Council's PA)

The Council and charter stakeholders considered the concept of a halibut stamp requirement over a lengthy period of time. It ultimately became the Council's PA, and the associated regulations to implement it are now proposed by NMFS.

The concept of using a halibut stamp to fund the purchase of halibut quota shares began during the initial discussions of compensated reallocation of halibut catch limits under the halibut Catch Sharing Plan (NPFMC 2007). The halibut stamp concept continued to be developed during the RQE program development (NMFS 2017). The Council's analysis of the issue became more focused in 2021 with a discussion paper and Initial Review (NPFMC 2021). The basic premise of the program would require a halibut stamp for charter vessel anglers 18 years of age and older for each day they intend to retain halibut on a charter vessel in regulatory Areas 2C and 3A. The Council's Preferred Alternative (PA) and the proposed NMFS regulations would also include charter vessels operated and permitted under the CQE and the Military MWR program.

A stamp funding mechanism most closely resembles a user fee, which charter representatives identified as important. Unguided halibut anglers would not be required to obtain this stamp, as they are managed separately from the guided (charter) sport fishing sector (with a bag limit of two fish of any size) and would not be affected by the Catch Sharing Plan that regulates halibut allocations between the charter halibut and commercial IFQ sectors. Funds from the halibut stamp would generate the revenue to support the purchase of halibut quota from willing commercial sellers and to promote the halibut resource. The stamp program would also allow on-the-water enforcement to ensure that operators adhere to the stamp requirements.

Option 2: Annual Operator Fee

A second fee collection mechanism considered by the Council and analyzed herein is an annual fee imposed on charter operators and/or charter halibut permit (CHP) holders. This would be an administrative action and may not require an on-the-water enforcement component. For instance, an annual fee could be tied to annual renewal of CHPs. This option would require NMFS to assess a fee, receive and process payments, and appropriate funds to the RQE. Some options for annual fees would also require NMFS to prepare and send billing statements to operators prior to fee collection.

An annual operator fee could be imposed uniformly for all CHP holders, or it could be linked to the charter business performance, such as charter angler effort. Because the distribution of use of CHPs varies widely, with many holders using their CHP only a modest number of times a year, a uniform fee is unlikely to be an equitable or popular option. Nevertheless, this option has been included in the analysis for comparative purposes. An annual operator fee that is scaled to business activity would require a reliance on dependable data sources, such as ADF&G saltwater logbooks, to assess the fee. Depending upon the scalar used, the fees could be established in tiers. This option would also require an established appeals process if CHP holders wished to appeal the amount of the assessed fee.

Table 1 summarizes the benefits and challenges associated with each mechanism. The analysis also describes possible mechanics and decision points associated with the mechanisms. Several topics relevant to all mechanisms are considered (e.g., the use of the stamp revenue and Paperwork Reduction Act considerations). The analysis also includes a description of the expected impacts of establishing a Federal fee collection on anglers, operators and communities.

Table 1-Exec Summary of benefits and challenges among fee collection mechanisms

Category of benefit/ challenge	Charter halibut stamp		Annual operator fee – Uniform fee		Annual operator fee – Scaled to charter business activity	
	Benefits	Challenges	Benefits	Challenges	Benefits	Challenges
Administration	▪ Would not require issuing invoices and administering payments and non-payments of fees	▪ Costs for program development and maintenance, plus increased staff time. ▪NMFS does not have widespread in-person user support similar to ADFG offices and vendors	▪ NMFS has experience implementing other types of administrative fees		▪ NMFS has experience implementing other types of administrative fees	▪ The need to set up a robust appeals process for operators to dispute the data used to establish the fee
Data sourcing	▪ Fees are not determined by previous levels of angler effort; as such, no "data sourcing" is needed to determine the fee		"Data sourcing" is likely not needed to determine the fee			▪ Scaling fees to business activity depends on a reliable, timely data source ▪ ADF&G logbooks as a means to scale business activity is problematic ▪ Logbook data may need for substantial data auditing ▪ Additional ADF&G costs
Enforcement		▪ Would require substantial enforcement effort, including partner agencies such as Alaska Wildlife Troopers ▪ On the water enforcement would add to agency costs (particularly in the case of violations)	▪ May not require on the water enforcement (administrative only)		▪ May not require on the water enforcement (administrative only)	
User-fee concept (fees are scaled to the amount of charter business, such as angler effort)	▪ Equitable distribution of the fee burden that is tied to the number of anglers served by individual charter businesses	▪ The volume of stamp purchases and stamp assignments to anglers		▪ Not scaled to business activity; wide variation in CHP use may not equitably distribute the fee burden ▪ Could result in additional unintended effects (such as some CHP holders selling)	▪ Depending upon the system, scaling operator fees to the amount of business activity could address some of the issues of equity among fee payers.	▪ The halibut stamp concept may capture this goal better than other scaled programs.

1 Introduction

The proposed regulations analyzed in this document apply exclusively to the guided (i.e., charter) recreational Pacific halibut fishing sector in the International Pacific Halibut Commission (IPHC) Regulatory Areas 2C and 3A. The regulations under consideration are to establish a Federal fee collection program for charter halibut businesses to fund the Recreational Quota Entity (RQE). NMFS proposes regulations that would require a daily halibut stamp for all charter halibut anglers who intend to retain halibut. The fees for the stamps would be collected from charter businesses, and the resulting revenues would be used by the RQE to purchase halibut quota shares and for other expenses allowed under Federal law.

The RQE is a non-profit entity authorized to purchase commercial halibut quota share (QS) from the halibut Individual Fishing Quota (IFQ) program on behalf of charter halibut anglers in Areas 2C and 3A. Any QS held by the RQE would be converted into pounds of halibut on an annual basis and added to the charter halibut allocation in the corresponding IPHC Area. These additional pounds could help relax management measures for the charter anglers fishing in that area. Among other things, this analysis considers the administrative requirements and the regulatory impacts associated with a halibut stamp program, as well as other fee collection mechanisms that were considered by the North Pacific Fishery Management Council (Council).

This document is a Regulatory Impact Review (RIR). An RIR provides assessments of the benefits and costs of the alternatives, the distribution of impacts, and identification of the small entities that may be affected by the alternatives (the RIR). An RIR is a standard document produced by the North Pacific Fishery Management Council (Council) and the National Marine Fisheries Service (NMFS) Alaska Region to provide the analytical background for decision-making.

Although the majority of this analysis occurred in 2021 and 2022, the underlying facts, rationale, and specific intent, for this action have not changed. Additionally, this analysis includes two changes to the April 2022 Council motion for Final Action on this issue. Each of the changes were recommended by NMFS and were adopted by the Council to add security, simplicity, and cost-effectiveness to the RQE funding mechanism, while still maintaining the Council's intent for the program.

NMFS Alaska Region Office has made the preliminary determination that the proposed action would be a change to regulations that does not result in substantial modification of fishing location, timing, effort, authorized gear types, or harvest levels relative to the status quo and relative to what has been analyzed in previous approved actions. In 2010, NMFS created the Charter Halibut Limited Access Program (CHLAP), where a limited number of Charter Halibut Permits (CHPs) were issued to qualified individuals or business entities In IPHC Areas 2C and 3A. In 2014, NMFS implemented a Catch Sharing Plan (CSP) for the guided recreational (charter) and commercial IFQ halibut fisheries in Areas 2C and 3A. Prior actions related to the establishment of the CHLAP, the CSP, or the allowance of an RQE to hold halibut quota share on behalf of charter anglers are summarized in Section 3.3.3 and 3.3.5. Any pursuant regulatory changes would have no effect, individually or cumulatively, on the human environment as defined in NAO 216-6. As such, NMFS foresees that this action would qualify for a Categorical Exclusion from further review under the National Environmental Policy Act (NEPA). For that reason, this document does not include an Environmental Assessment.

1.1 Purpose and Need

The Council adopted the following problem statement to originate this action in April 2021.

In 2016 the Council took final action to create a Recreational Quota Entity (RQE), as a market-based solution to an ongoing allocation conflict between charter halibut guides and commercial halibut longline fishermen. This market-based solution authorizes commercial halibut quota share transfers between the RQE and a willing seller. Although the regulations to authorize formation of an RQE were implemented, the Council lacked the authority to regulate the funding mechanism for the RQE. Legislation has been proposed by the U.S. Congress, to grant the Council and NMFS the authority to develop and implement a fee collection mechanism for charter vessel operators that could be used by the RQE to fund administrative costs and purchase of halibut quota share as specified in the RQE program.

In anticipation of the potential enactment of this legislation, the Council would begin the analytical process to explore the administrative requirements necessary to implement a fee collection program for charter vessel operators.

1.2 History of this Action

During the development of the CSP, the Council considered several concepts for a program of compensated reallocation of halibut from the commercial halibut sector to the charter sector. The Council rejected the compensated reallocation alternative in October 2007 because a draft analysis identified a number of hurdles to its successful and timely implementation. These hurdles included: 1) the need for both Federal and state legislation to authorize the proposed actions; 2) the need for funding the purchase of commercial QS; 3) controversy regarding the proposed pro rata reduction of the value of commercial halibut QS; and 4) the additional time required to allow various facets of the proposed program to be implemented (NPFMC 2007). As an alternative, the Council continued to develop an option for regulations that would establish guided angler fish (GAF), which is a more limited approach that allows voluntary, in-season leasing of commercial halibut IFQs to individual CHP holders. Meanwhile, the Council continued to consider a permanent management solution to address a more comprehensive program for compensated reallocation (NPFMC 2013).

Halibut charter representatives continued to spearhead the effort to develop a compensated reallocation program that would address the previously defined hurdles. Through funding from the National Fish and Wildlife Foundation's Fisheries Innovation Fund, Environmental Defense Fund, and in-kind contributions from the charter sector, the Catch Accountability Through Compensated Halibut (CATCH) project generated a proposal for a non-profit organization to represent guided anglers, and that this organization would have the opportunity to purchase commercial halibut quota. The poundage from this quota would be added to the charter allocation and held in a common pool for all guided anglers (Yamada & Flumerflet 2014). This proposal spurred several versions of analysis that resulted in the development of the RQE Program.

In **December 2016**, the Council took final action to approve a regulatory program that authorized a charter halibut RQE to purchase and hold commercial halibut quota share on behalf of charter halibut anglers in IPHC Regulatory Areas 2C and 3A. This final rule became effective **October 22, 2018** (83 FR 47819). Section 3.3.5 below provides details behind the design of the RQE program, including limitations on halibut quota transfers to an RQE, and the annual process for using halibut quota held by an RQE (NMFS 2017).

The Council's Preferred Alternative and the Final Rule did not dictate how the RQE would obtain funding to purchase halibut quota shares. This was a deliberate decision by the Council to instead focus the analysis on how the rules for an RQE should be structured, and to examine the impacts of an RQE, should it acquire the means to purchase QS. Among other things, the analysis considered RQE involvement in the QS market and ways to mitigate or limit adverse effects on other prospective buyers. This resulted in a series of QS transfer restrictions incorporated in the regulations. At that time the

Council determined it would be the responsibility of the RQE to develop its own funding program. Although this open-ended approach meant the charter sector could attempt to acquire their funding through many different avenues (e.g., grants, donations, user fees, etc.), the charter sector was also actively considering the concept of a halibut stamp paid for by charter anglers. Alternatively it also considered forms of a charter halibut "tax" on operations that could be scaled to the amount of business that an operation generates, such as its gross revenue or the number of fish harvested by the operation (NPFMC 2017). At the same time, much of the testimony received from the commercial sector highlighted a desire to ensure that the entire charter sector, including charter anglers, had a stake in the outcomes; i.e., "skin in the game".

In **April 2019**, the Council tasked staff to prepare a discussion paper that would examine a mechanism for the RQE to fund the purchase of halibut quota shares by selling halibut stamps to charter businesses. The Council specified that the discussion paper should examine a requirement for charter operations to purchase a halibut stamp from the RQE for each guided angler each day that the anglers plan to harvest halibut on a charter vessel operating in IPHC Regulatory Areas 2C and 3A.

The discussion paper was received by the Council in **April 2021** (NPFMC 2021) and addressed a series of analytical questions including:

- assessing design specifications of fee mechanisms by providing examples of fee programs run by the State of Alaska (included in the discussion paper but not repeated in this document),
- an analysis of the amount of revenue that could be generated from different fee structures (incorporated into Section 3.5.1.2 of this document),
- a description of how fees could be used to purchase halibut quota and pay for administrative costs for the RQE (incorporated into Section 3.5.3),
- a consideration of the need for NMFS approval for the design specifications of stamps, and an annual financial review of the stamps sold, along with other related RQE expenses; and,
- an examination of additional monitoring and enforcement provisions that may be necessary to enforce a stamp program, as well as monitoring and enforcement concerns (further characterized in Section 3.5.1.1.4 for the stamp mechanism).

Based on the discussion paper, the Council initiated an Initial Review Analysis to explore the administrative requirements necessary to implement a fee collection program for charter vessel operators. The Council requested staff consider two alternatives in the Initial Review: a no action alternative (Alternative 1) and an alternative that would establish a fee collection program for charter vessel operators to fund the RQE (Alternative 2). As described in more detail in Section 2.2, this alternative did not dictate the specific mechanism that would be used to collect fees from charter businesses. The analysts and the Council evaluated an annual operator fee and a charter halibut stamp mechanism. Although not specified in the Council motion, based on Council direction, at this stage of analysis NMFS was considered as the primary administrator of the fee collection.

After receiving the Initial Review Analysis in **October 2021**, the Council recommended releasing the analysis for Final Action and identified Alternative 2 and the charter halibut stamp mechanism as its preliminary preferred alternative. The Council also recommended that the Charter Halibut Management Committee review the analysis prior to their October 2021 meeting and provide their recommendations to the Council prior to Final Action.

The Charter Halibut Management Committee met on **Oct 26-27, 2021**, and dedicated a full day to reviewing the Initial Review Analysis on RQE funding and providing recommendations to the Council.

The Charter Halibut Management Committee report (see NPFMC, Oct. 2021) provided recommendations in the form of a motion as well as summaries on the discussion of: 1) important fee program attributes; 2) perspectives on alternative mechanisms; 3) enforcement costs; and, 4) additional discussion and rationale to support the Committee's final motion on the charter halibut stamp mechanism.

During staff tasking at the **February 2022** Council meeting, NMFS stated its intent to the Council and the public that the agency was seeking a legal opinion that would help establish the extent of the agency's fiscal authority under a proposed Congressional bill that would allow a fee collection program for the RQE. Specifically, the agency sought advice on whether the RQE or some other entity could administer the fee collection under rules that NMFS would implement and enforce. This broader consideration of the possible roles of the fee collection had implications for how a charter halibut stamp program could be implemented, as highlighted in this analysis.

In **April 2022**, the Council took final action to recommend a charter halibut stamp mechanism for charter vessel operators to fund the RQE. Details on this PA are included in Section 2.3.

In **January 2023**, Congress passed H.R. 2617, referenced as the Consolidated Appropriations Act, 2023. The portion of the bill at Division S, Title I, Section 106 authorizes NMFS to develop rules to fund the RQE. The bill was subsequently signed into law. The Magnuson-Stevens Fishery Conservation and Management Act was amended with the relevant language from the bill, as explained in Section 3.1.

In October 2024, the Council passed a motion approving two changes to its Preferred Alternative. Each change was analyzed by NMFS and presented to the Council after a public outreach process with charter operators. Specifically, the Council adopted a NMFS recommendation to use the agency's online eFish platform to allow charter businesses to purchase electronic halibut stamps, as opposed to contracting with the RQE to perform this task. The Council also adopted a single $20 fee that would apply to all halibut stamps, rather than implementing a tiered-fee approach of $20, $40, and $60 that would have applied to various numbers of days of halibut fishing for individual anglers.

1.3 Description of Management Area

The proposed action is directly applicable to the IPHC halibut Regulatory Areas 2C (Southeast Alaska) and 3A (Southcentral Alaska) as demonstrated in Figure 1.

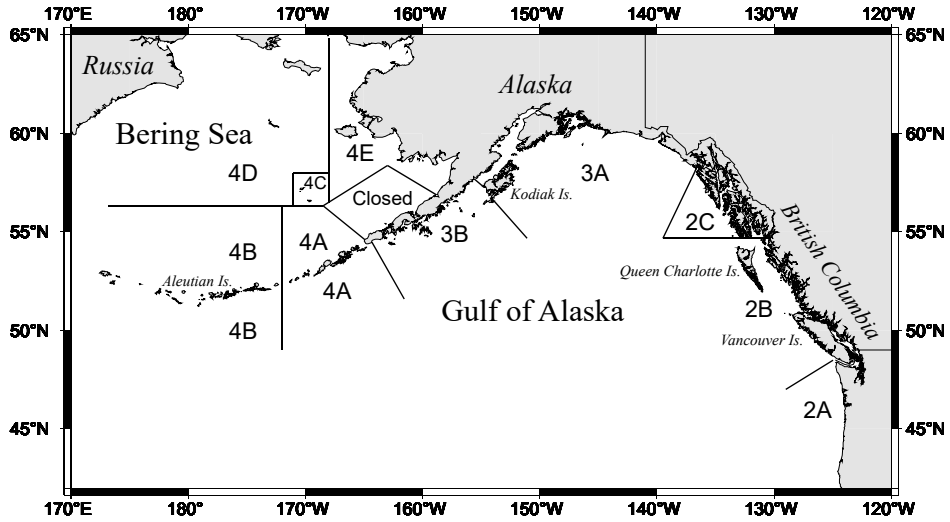

Figure 1: IPHC Regulatory Areas, including charter management Areas 2C and 3A

2 Description of Alternatives

The Council adopted the following alternatives for analysis in April 2021. The Council identified the Preferred Alternative (PA) in April 2022, as represented in bold.

Alternative 1: No action (Status quo).

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

Describe the potential methods to collect a fee from charter vessel operators (e.g., halibut stamps) and mechanisms to subsequently distribute those funds to the RQE. Analysts should explore the range of potential fee collection methods currently used for North Pacific fisheries, including State of Alaska fisheries, and similar programs and provide information on likely administrative costs for collection and disbursement to the RQE.

Option 1: Charter Halibut Stamp

Option 2: Annual Operator Fee

Administration

- **NMFS will develop regulations to establish the fee requirement for a charter halibut stamp and contract with the RQE to develop the fee collection system (Consistent with any legal requirements).**
- **The charter halibut stamp will be required for charter vessel anglers 18 years of age and older for each day they intend to harvest halibut on a charter vessel fishing trip in regulatory areas 2C and 3A. This includes charter halibut vessels operated and permitted under the Community Quota Entity (CQE) and Military Morale and Welfare (MWR) programs.**

Fee amount

- **Stamp fees in the first three-years after the implementation of the program cannot exceed the following amounts:**
  - **D) One-day stamp - $20.00**
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- **After the first three years of implementation, the RQE may recommend that NMFS increase the fee amounts in each category by up to 10% annually. NMFS will provide the Council with an update on fee increases.**

Fee payment

- **The Sportfishing Guide Business Owner or their designee (as defined by ADF&G) will be responsible for paying all required fees.**

- **Charter Vessel Guides (as defined by NMFS) will be responsible for ensuring there is a validated halibut stamp on the vessel for each angler subject to the fee for each day of halibut fishing.**

- **Fee payment and charter halibut stamp validation would need to occur prior to departure prior to start of each fishing day.**

In developing these regulations, it is the intent of the Council that NMFS coordinate with the Charter Halibut Committee and the RQE in the development of the stamp requirements and fee collection system and update the Council as appropriate.

At its October 2024 meeting, the Council passed a motion approving two changes to its Preferred Alternative. Each of the changes was analyzed by NMFS and endorsed by the RQE after a public outreach process with charter operators. Specifically, the Council adopted a NMFS recommendation to use the agency's online eFish platform to allow charter businesses to purchase electronic halibut stamps, as opposed to contracting with the RQE to perform this task. The Council also adopted a single $20 fee that would apply for all halibut stamps, rather than implementing a tiered-fee approach of $20, $40, and $60 that would have applied to various numbers of days for individual halibut anglers.

The Council's October 2024 motion was as follows (language removed is indicated in red):

The Council approves modifications to the Council's April 2022 preferred alternative (Alternative 2, Option 1) for a fee collection program to fund the Recreational Quota Entity as follows:

Administration

NMFS will develop regulations to establish the fee requirement for a Charter Halibut Stamp ~~and contract with the RQE to develop the fee collection system~~ **(consistent with any legal requirements).**

Fee Amount

Stamp fees ~~in the first three years after the implementation of the program~~ **will be** ~~cannot exceed the following amounts:~~

~~A) One-day stamp -~~ **$20.00**

~~B) Two-day Stamp - $40.00~~

~~C) Seven-day Stamp - $60.00~~

All other elements of the April 2022 Council motion for a fee collection program to fund the Recreational Quota Entity shall remain unchanged.

2.1 Alternative 1, No Action

Under Alternative 1 there would be no Federal requirement to pay a fee to support the RQE's purchase of halibut quota.

The RQE was established in 2022 and currently has the authority to purchase halibut quota for use by charter anglers. Although the RQE could design and facilitate a stamp program or other type of fee collection outside of regulatory action, working independently of Federal or State regulations would mean the RQE would need to identify its means to enforce the payments; there would be no Federal requirement to obtain and carry this stamp or pay an annual fee. Establishing a Federal requirement for

possession of a halibut stamp or payment of a fee requires Federal regulations as well as Congressional action described in Section 3.1.

2.2 Alternative 2, Establish a Federal Fee Collection Program

Under Alternative 2, a fee collection program would be established to fund an RQE. Congressional authorization enacted in 2023 authorize NMFS to develop regulations that would collect fees from charter halibut businesses to fund the RQE's activities. Therefore, under this Alternative 2, NMFS would oversee and/or administer a fee program.

While NMFS has the authority to develop regulations for an RQE fee program, the enacted amendment is written in a manner that appears to allow more flexibility than designating NFMS as the sole administrator of the program. In 2022, NMFS sought guidance from the General Counsel of the Department of Commerce to determine the extent of NMFS's fee authority under the law, as it was proposed at that time. For example, NMFS and General Counsel explored the possibility of whether NMFS could authorize other agencies, or perhaps the RQE itself, to carry out the fee collection, subject to rules that NMFS would develop and enforce. In February 2022, NMFS received confirmation that such arrangements would be allowable under the language of the two RQE funding bills currently before Congress (see Section 3.1.3). In the Council's PA, it stated an intent that NMFS would contract with the RQE to develop the fee collection system, consistent with any legal requirements.

Under Alternative 2, the concept of a Charter Halibut Stamp (Option 1) and an Annual Operator Fee (Option 2) were considered, with the caveats noted above. The analysis highlights expectations for additional cost and resource needs associated administrative, data management, and enforcement for both of these options.

1. Charter Halibut Stamp

This option became the Council's Preferred Alternative and is the subject of the proposed regulations by NMFS.

The Council and charter stakeholders have considered the concept of a halibut stamp for many years. The discussion began with the goal of compensated reallocation of halibut catch limits under the halibut Catch Sharing Plan (NPFMC 2007). Discussions continued throughout the RQE program development (NMFS 2017). The Council continued to analyze the topic in a discussion paper and Initial Review (NPFMC 2021). The Council took final action to recommend a halibut stamp mechanism in April 2022. The Council's adopted alternative and the NMFS proposed regulations would require a halibut stamp for all charter vessel anglers 18 years of age and older for each day they intend to harvest halibut on a charter vessel fishing trip in regulatory Areas 2C and 3A. The Council's PA and the proposed NMFS regulations specify this would include charter vessels operated and permitted under the CQE and the Military MWR programs.

A stamp funding mechanism most closely resembles a user fee, which the charter representatives have highlighted as important. Unguided halibut anglers would not be required to obtain this stamp, as they are managed separately from the guided sport fishing sector (with a bag limit of two fish of any size) and would not be affected by the RQE QS holdings. Funds from the halibut stamp would generate the revenue to purchase halibut quota from willing commercial sellers and to support the administration of the RQE program. The halibut stamp option would also allow on-the-water enforcement to ensure that charter operations comply with the stamp requirements.

2. Annual Operator Fee

A second fee collection mechanism evaluated by the Council and analyzed herein is an annual fee imposed on the operators or charter halibut permit (CHP) holders. This would be an administrative action and may not require an on-the-water enforcement component. For instance, an annual fee could be tied to annual renewal of CHPs. This option would require NMFS to assess a fee, receive and process payments, and appropriate funds to the RQE. Some options for annual fees would also require NMFS to prepare and send billing statements to operators prior to fee collection.

An annual operator fee could be imposed uniformly for all CHP holders, or it could be linked to the charter business performance, such as angler effort. Because the use of CHPs varies widely, with many holders using their CHP only a modest number of times a year, a uniform fee is unlikely to be an equitable or popular option. Nevertheless, this option has been included in the analysis for comparative purposes. An annual operator fee that is scaled to business activity would require a reliance on dependable data sources, such as ADF&G saltwater logbooks, to assess the fee. Depending upon the scalar used, the fees could be established in tiers. This option would also require an established appeals process if CHP holders wished to appeal the amount of the assessed fee.

The analysis highlights expectations for additional cost and resources associated with administration, data management, and enforcement for these two options. Section 3.5 of this analysis further describes the mechanics and decision points around each option and highlights the advantages and challenges of each.

2.3 Council Preferred Alternative and Rationale

This section summarizes the Council's April 2022 PA and the rationale for its decision to recommend a halibut stamp program as the fee collection mechanism to provide funding to the RQE. In recommending this option, the Council was not required to determine all the technical details of the implementation of the fee collection; however, the Council did provide sufficient policy guidance to NMFS to shape the important features of the program. Among its recommendations, the Council also stated its intent that NMFS should coordinate the regulatory development of the stamp requirements and fee collection system with the Charter Halibut Committee and the RQE, and to update the Council as appropriate. As part of this process, NMFS suggested two modifications to the Council's April 2022 PA. The rationale associated with the PA modified in October 2024 is also included below.

The Council's Preferred Alternative is a charter halibut stamp requirement to fund the RQE.

- Council members reiterated their support for the RQE market-based approach to compensated reallocation of harvesting opportunity, and by extension this funding mechanism supports the goals of the RQE program.

- The Council determined that charter halibut stamps that are based on actual daily usage by charter vessel anglers is the most equitable way to assess fee contributions from charter businesses, given the wide distribution of angler effort across the fleet.

- Additionally, the Council believes that charter halibut stamps would align with other stamp programs used by sportsmen in Alaska, such as the State of Alaska king salmon stamp. Therefore, socializing a halibut stamp requirement is likely to be accepted and understandable to the public, thereby increasing compliance and reducing enforcement costs.

The Council originally (in April 2022) recommended that NMFS develop regulations to establish the fee requirement for a charter halibut stamp and contract with the RQE to develop the fee collection system. This decision point was reevaluated in October 2024, and it was determined that it would be better for NMFS to directly develop and administer the charter halibut stamp.

- By defining specific regulations and developing contractual agreements, as well as through the RQE's annual reporting requirement, NMFS Alaska Region and the Council will be able to ensure the program is developed in a manner that is consistent with the intent.

- The Council expressed in its April 2022 motion that the Federal regulations should delegate authority for administration of the program to the RQE as much as possible. The analysis highlights some of the advantages of a single-focused, non-profit entity to carry out fee collection. Details of these advantages are highlighted in Section 3.1.3.

- Although there are advantages to the having the RQE assume the tasks of fee collections and stamp distribution, further consideration of this option by NMFS and the RQE determined that the most expeditious, cost-effective, and secure means to collect the fees, issue the stamps, and transmit the collected fees to the Federal treasury is to use the existing NMFS Alaska Region online eFish platform. The Council formally endorsed this policy shift with a motion at its October 2024 meeting.

The charter halibut stamp would be required for charter vessel anglers 18 years of age and older for each day they intend to harvest halibut on a charter vessel fishing trip in International Pacific Halibut Commission regulatory areas 2C and 3A.

- Exempting youth anglers from the stamp program is consistent with the ADF&G sport fishing license and king salmon stamp programs.

The requirement to purchase charter halibut stamps includes charter halibut vessels operated and permitted under the Community Quota Entity and Military Morale, Welfare, and Recreation programs.

- These groups are included in the Catch Sharing Plan and operate under the same management measures as the charter sector. Along with the charter sector, the CQE and MWR programs stand to benefit from the RQE's halibut QS holdings.

The requirement to purchase charter halibut stamps does not include anglers who intend to catch and retain guided angler fish (GAF) on days that are closed by regulation to halibut retention.

- The intention of the Council and NMFS is for the GAF Program and the RQE Program to operate concurrently. The GAF Program benefits individual anglers and CHP holders, while the RQE Program will provide greater opportunities for all anglers and the charter sector as a whole.

- Because GAF originates as a transfer of halibut quota from the commercial fishery, it is not part of the annual charter halibut allocation. Therefore, halibut stamps are not required for anglers who retain halibut landed as GAF on days that would otherwise be close by regulation to halibut retention.

- This stamp exemption does not extend to anglers who use GAF to retain halibut on non-closed days. On non-closed days, a stamp exemption for GAF has the potential to undermine both the GAF and the RQE Program fee collection, primarily due to the difficulty of accounting and enforcing bag limits when halibut landed as GAF are mixed with non-GAF halibut aboard a charter vessel.

The Council initially (in April 2022) determined that stamp fees in the first three years after the implementation of the program could not exceed the following amounts: $20 for a 1-day stamp, $40 for a 3-day stamp, and $60 for a 7-day stamp. After a public outreach process and further analysis

by NMFS, the Council subsequently (in October 2024) recommended a single fee of $20 per day for all anglers on all days they intend to retain halibut.

- It was highlighted that tiered fees are inherently more complex. To work correctly, stamps would have to be tied to individual anglers which would add unneeded complexity and costs to the program and could potentially delay implementation.

- Additionally, tiered fees would impact charter operations differently depending on the business model. Businesses that operate primarily with anglers who fish one or two days would pay proportionately more per angler than businesses who cater to anglers who fish three or more days.

The Council also specified that after the first three years of implementation, the RQE may recommend that NMFS increase the fee amount by up to 10% annually. NMFS will provide the Council with an update on fee increases.

- The concept of tiered fees is a common feature in State of Alaska stamps and licenses; however, NMFS notes that all the State of Alaska tiered fees that were analyzed are linked to a specific person and must be purchased by the actual license holder.

- After further analysis, NMFS proposes, and the Council recommended, to adapt the original tiered fee structure and assign a single $20 fee for all halibut stamps. A single fee that applies to all anglers is more efficient, cost-effective, and fair than a tiered fee approach. More details on this topic are provided in Section 3.4.1.3 of this document.

- The Council's motion specifies that the fee may be increased; however, the intent expresses that fee increases, if they occur, should be moderate and no more than 10% annually, and implemented only after an initial three-year period. Under this scenario, the upper limit of the fee matches the recommendations of the Charter Halibut Management Committee. The Council indicates that the 10% constraint on fee increases was added as a means to ensure the public trust that any increases would be incrementally small.

- Although not specifically addressed in the motion, the Council had significant discussion on lowering or suspending the fees, if necessary. Members of the Council voiced their opinion on the importance and utility of this feature, in particular because the RQE is limited on the amount of halibut quota it may purchase. NMFS agrees with the Council's concerns, and has proposed regulations that would allow the agency to temporarily lower or suspend the fee collection if future conditions call for it.

- NMFS proposes to follow the Council's intent to establish a public process to evaluate fee changes. The proposed regulations would implement a process where changes to the amount of fees and stamp requirements are examined and vetted with public input at the Charter Halibut Management Committee and through the Council and adopted by regulation.

The Sportfishing Guide Business Owner [*sic*] (corrected herein as Sport Fishing Business Owner/Guide) **or their designee would be responsible for paying all required fees. Charter Vessel Guides would be responsible for ensuring there is a validated halibut stamp on the vessel for each angler subject to the fee for each day of halibut fishing. Charter halibut stamp validation would need to occur prior to departure from port and prior to fishing on each charter vessel trip.**

- Initially, the Council followed the recommendations of the Charter Halibut Management Committee to determine that Sport Fishing Business Owner/Guide should be responsible for purchasing and managing the daily validation of the stamps. More importantly, the 2023

amendment to the Magnuson-Stevens Act that authorizes NMFS to develop regulations for an RQE fee collection specifically states that the fees shall be collected from charter vessel operators. This precludes the possibility of collecting fees from charter vessel anglers or other persons.[1]

- To participate in the charter halibut fishery, a as Sport Fishing Business Owner/Guide must own or otherwise use (i.e. have onboard the charter vessel) a valid CHP. The owner of the CHP holds a limited access privilege for the Area 2C or 3A charter halibut fishery and is in direct control of the use and profits realized from the permit; therefore, NMFS has determined that under this action, the CHP holder (i.e. owner) would be the person responsible for ensuring that proper halibut stamp fees are paid.

- NMFS understands that some charter vessel operators do not hold (i.e. own) a CHP. This would include employees of CHP holders as well as individuals or businesses who temporarily lease a CHP from a CHP holder. As noted above, while these persons might provide sport fishing guide services, and they may be registered by ADF&G as a Sport Fishing Business Owner/Guide, neither of these types of persons – employees oor CHP lessees - holds a durable fishing right to access the charter halibut fishery in Areas 2C or 3A.

- Establishing CHP holders as the persons responsible for creating accounts and ensuring that fees are paid would facilitate the efficient administration of this high volume stamp program and the collection of fees. Unlike other persons who participate in the charter halibut fishery, CHP holders already have an established administrative relationship with NMFS, and CHP holders are also the responsible party in other NMFS programs designed to benefit charter vessel operators (e.g., Guided Angler Fish).

- Connecting the financial responsibility to the CHP holder is intended to increase compliance, as there are far fewer and a more consistent set of individuals that would be required to know the charter halibut stamp requirements. This still allows the flexibility for charter businesses to choose to pass some or all of the cost of halibut stamp to their client anglers. In the case of leased CHPs, the CHP holder and the lessee have the flexibility to form lease agreements to determine who will contribute to the fee amounts, and how those transactions shall occur.

- The proposed rule specifies when charter halibut stamps must be validated for use by charter vessel guides. The Council's original motion stated that charter halibut stamp validation would need to occur prior to departure from port. The proposed rule would change this to specify that charter halibut stamp validation must occur prior to the first deployment of fishing gear into the water by a charter vessel angler. This change is designed to add consistency across existing NMFS regulations.[2]

The RQE is subject to the IFQ Cost Recovery Program based on the annual pounds of halibut resulting from its QS holdings, as described in the proposed rule (82 FR 46016; Oct 3, 2017) and specified in 679.45. The Council's motion for an RQE funding mechanism did not recommend any changes to these provisions but clarified the Council's intent for how NMFS should consider the recoverable costs associated with development of the regulations and implementation of the recommend charter halibut stamp.

[1] "Charter vessel operator" is not defined in the Magunson-Stevens Act; however, the clear intent of the law is that NMFS regulations shall be developed to collect fees from persons who provide halibut guide services (i.e. charter businesses), rather than from anglers. This is the intent of the Council's motion as well.

[2]

- The Council noted the RQE would pay cost recovery fees only when commercial halibut QS is obtained. In noting this, Council members expressed concern about whether costs of the fee program development would be subject to cost recovery fees, and thereby paid solely by the commercial fishery sector. The Council expressed its intent that NMFS could absorb part or all of those costs under its responsibility to regulate and manage fisheries. Based on this intent, the NMFS representatives confirmed that it was NMFS's intention not to assign fees to the IFQ cost recovery program for the development of any rulemaking associated with this package.

- Council members reiterated the importance of delegating authority and management to the RQE to the extent possible, in part to reduce agency cost and burden. This was part of the Council's rationale in its April 2022 motion that recommended a contract between NMFS and the RQE to carry out the administration of the halibut stamp fee collection.

- However, in cases where NMFS was clearly responsible for a component of the development or administration of this program, the Council requested the agency be judicious and deliberative in its determination of which costs may apply to the IFQ Cost Recovery Program.

- More specifically, the Council expressed clear intent that IFQ Cost Recovery Program not be charged for the development of the rulemaking associated with the charter halibut stamp. In addition, in April 2022, the Council indicated its awareness that its PA was predicated on proposed legislative text (highlighted in Section 3.1) which had not yet been signed into law. Therefore, if authorizing statutes were not adopted into law, the Council indicated it may be necessary to reconsider its recommendation.

3 Regulatory Impact Review

This Regulatory Impact Review (RIR)[3] examines the benefits and costs of a proposed regulatory amendment to establish a Federal fee collection program for charter vessel operators to fund the Recreational Quota Entity (RQE). The RQE is authorized to purchase commercial halibut quota share from the Halibut Individual Fishing Quota (IFQ) Program on behalf of charter halibut anglers in Areas 2C and 3A. Any quota held by the RQE would be converted into pounds of halibut on an annual basis and added to the charter halibut allocation in the corresponding IPHC Area. These additional pounds would help relax management measures for the charter anglers fishing in that area.

The preparation of an RIR is required under Presidential Executive Order (E.O.) 12866 (58 FR 51735, October 4, 1993). The requirements for all regulatory actions specified in E.O. 12866 are summarized in the following Statement from the E.O.:

> *In deciding whether and how to regulate, agencies should assess all costs and benefits of available regulatory alternatives, including the alternative of not regulating. Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nevertheless essential to consider. Further, in choosing among alternative regulatory approaches agencies should select those approaches that maximize net benefits (including potential economic, environmental, public health and*

[3] Analysts have consulted with NMFS Alaska Region and preliminarily determined that none of the alternatives have the potential to have an effect individually or cumulatively on the human environment. This determination is subject to further review and public comment. If this determination is confirmed when a proposed rule is prepared, the proposed action will be categorically excluded from the need to prepare an Environmental Assessment.

safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach.

E.O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be "significant." E.O. 12866 was amended in 2023 by E.O. 14094, Modernizing Regulatory Review (88 FR 21879, April 11,2023). The amended E.O requires that the Office of Information and Regulatory Affairs in the Office of Management and Budget review proposed regulatory programs that are considered to be "significant." A "significant regulatory action" is one that is likely to:

- Have an annual effect on the economy of $200 million or greater (adjusted every 3 years for changes in gross domestic product): or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local or Tribal governments or communities;
- Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- Raise novel legal or policy issues for which centralized review would meaningfully further the President's priorities or the principles set forth in the Executive Order.

3.1 Statutory and Regulatory Authority

3.1.1 The Halibut Act

The IPHC and NMFS manage fishing for Pacific halibut through regulations established under authority of the Northern Pacific Halibut Act of 1982 (Halibut Act). The IPHC adopts regulations governing the Pacific halibut fishery under the Convention between the United States and Canada for the Preservation of the Halibut Fishery of the North Pacific Ocean and Bering Sea (Convention), signed at Ottawa, Ontario, on March 2, 1953, as amended by a Protocol Amending the Convention (signed at Washington, DC, on March 29, 1979). For the United States, regulations developed by the IPHC are subject to acceptance by the Secretary of State with concurrence from the Secretary of Commerce. After acceptance by the Secretary of State and the Secretary of Commerce, NMFS publishes the IPHC regulations in the Federal Register as annual management measures pursuant to 50 CFR 300.62. IPHC and NMFS regulations authorize the harvest of halibut in commercial, personal use, sport and subsistence fisheries by hook-and-line gear and pot gear.

The Halibut Act, at Sections 773c(a) and (b), provides the Secretary of Commerce with general responsibility to carry out the Convention and the Halibut Act. In adopting regulations that may be necessary to carry out the purposes and objectives of the Convention and the Halibut Act, the Secretary of Commerce is directed to consult with the Secretary of the department in which the U.S. Coast Guard is operating, which is currently the Department of Homeland Security.

The Halibut Act, at Section 773c(c), also provides the Council with authority to develop regulations, including limited access regulations, that are in addition to, and not in conflict with, approved IPHC regulations. Regulations developed by the Council may be implemented by NMFS only after approval by the Secretary of Commerce. The Council has exercised this authority in the development of subsistence halibut fishery management measures, codified at §300.65, the limited access program for charter operators in the charter halibut fishery, codified at §300.67, and the catch sharing plan and domestic management measures in waters in and off Alaska, codified at §§300.61, 300.65, 300.66, and 300.67. The Council also developed the Individual Fishing Quota (IFQ) Program for the commercial halibut and sablefish fisheries, codified at §679, under the authority of section 5 of the Halibut Act (16 U.S.C.

773c(c)) and Section 303(b) of the Magnuson-Stevens Act (16 U.S.C. 1801 *et seq.*). Section 4 evaluates the Council's PA relative to the Halibut Act.

Annual management measures are implemented each year through a cooperative management program among Alaska Department of Fish and Game (ADF&G) and the NMFS. The CSP determined that the ADF&G logbooks would be used as the primary data source for estimating charter halibut harvest.

3.1.2 The Magnuson-Stevens Act

In December, 2022, Congress amended particular sections of the Magnuson-Stevens Act through the Consolidation Appropriations Act of 2023 (Pub. L. 117-328) and added authority to establish a fee program for charter halibut fisheries. The portion of the bill at Division S, Title I, Sec. 106 authorizes the North Pacific Fishery Management Council to recommend, and the Secretary of Commerce to approve, regulations necessary for the collection of fees from charter vessel operators who guide recreational anglers who harvest Pacific halibut in International Pacific Halibut Commission regulatory areas 2C and 3A. This amendment was signed into law in January, 2023.

Congress authorized the fee program with the following language from H.R. 2617:

> (a) IN GENERAL.—The North Pacific Fishery Management Council may recommend, and the Secretary of Commerce may approve, regulations necessary for the collection of fees from charter vessel operators who guide recreational anglers who harvest Pacific halibut in International Pacific Halibut Commission regulatory areas 2C and 3A as those terms are defined in part 300 of title 50, Code of Federal Regulations (or any successor regulations).
>
> (b) USE OF FEES.—Any fees collected under this section shall be available for the purposes of—
> (1) financing administrative costs of the Recreational Quota Entity program;
> (2) the purchase of halibut quota shares in International Pacific Halibut Commission regulatory areas 2C and 3A by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations);
> (3) halibut conservation and research; and
> (4) promotion of the halibut resource by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations).
>
> (c) LIMITATION ON COLLECTION AND AVAILABILITY.—Fees shall be collected and available pursuant to this section only to the extent and in such amounts as provided in advance in appropriations Acts, subject to subsection (d).
>
> (d) FEE COLLECTED DURING START-UP PERIOD.—Notwithstanding subsection (c), fees may be collected through the date of enactment of an Act making appropriations for the activities authorized under this Act through September 30, 2023, and shall be available for obligation and remain available until expended.

3.1.3 Fiscal Authority under the Enacted Legislation

The legislation granting NMFS the authority to develop regulations for an RQE fee collection program appears to be intentionally broad in scope, in that no specific means of collecting those fees is prescribed, and no particular constraints on NMFS's fiscal authority is mentioned. While it is apparent that NMFS could develop regulations to act independently to carry out all the tasks of a fee collection, the agency sought guidance from the Department of Commerce as to whether NMFS could potentially implement regulations that would allow other entities, including the RQE itself, to perform some of the fee collection tasks on behalf of NMFS. In early 2022, NMFS received department guidance that such arrangements would be allowable under the language of earlier, but nearly identical RQE funding bills that were then before Congress.

The guidance suggests that NMFS, through rulemaking, could establish the fee requirement, including the amount and persons who are responsible for paying the fees. The legislative text does not specify a limit to the fee. The services of the RQE or some other entity could collect the fees on NMFS's behalf. Prudent management would require NMFS to design such an arrangement, through a contract, with sufficient safeguards to ensure accountability of the fees collected, including records of when and from whom the fees are collected. The agency would also need to include provisions for liability of the RQE in case of loss and, if NMFS allows the RQE to retain a portion of the fees as consideration for its services, NMFS must also include terms that limit the agency's liability to no more than the amounts actually collected.

A cooperative fee collection arrangement between NMFS and the RQE would have meant that NMFS's primary role would be to oversee and enforce the program, whereas the RQE or other party would carry out and directly finance most of the implementation tasks. For example, in a charter halibut stamp program, the RQE could take on the primary role of designing the stamps, issuing the stamps and collecting the fees, and transmitting the collected funds to the agency. NMFS would then be responsible for ensuring the collected funds are passed to the Federal treasury. According to the terms of the early drafts (and now current, adopted version) of RQE funding legislation, the funds would then be appropriated back to the RQE. In this scenario, NMFS would likely have an important role in ensuring the appropriations process functions as intended.

There may be advantages to such and an arrangement between the RQE and NMFS. Working within the regulatory requirements that NMFS implements, the RQE could potentially be more flexible and responsive to the needs and desires of charter businesses and the RQE. For example, if NMFS were to collect the fees, the agency would be bound by specific Federal rules for procurements, contracting rules, and payments.

Additionally, there may be direct benefits of allowing a single-focus entity like the RQE administer the fee collection program. NMFS has regulatory obligations to carry out many other public-facing regulatory requirements; for example, permitting, issuing quota, processing transfers, and administering cost recovery and observer fee programs. The agency's capacity for additional work could potentially become an issue; with competing duties and limited capacity, the agency could be forced to triage certain tasks, and issuing RQE stamps might not always be a priority. NMFS could address an agency capacity issue by contracting with an outside for-profit entity to implement and administer the fee collection, but that would likely add even more cost to the program.

Although each of these considerations were important and helped shape the Council's motion at Final Action, NMFS continued to analyze the methods for a fee collection mechanism in 2023 and 2024 after Congressional authorization for an RQE fee collection was granted. NMFS began with a series of outreach sessions with charter operators on the halibut stamp fee collection program. The purpose of the meetings was to review the features of the RQE program, to provide background on the halibut stamp program, and to solicit input from operators on how the stamp program might work under the various business models that exist in the industry. Meetings were held in many of the major centers of charter fishing: Juneau, Ketchikan, Sitka, Gustavus, Craig, Seward, and Homer. NMFS also sought advice from licensing and charter logbook specialists at ADF&G. Within NMFS, the Alaska Region Restricted Access Management (RAM), Information Technology, Sustainable Fisheries, and Operations and Management Divisions will each have a significant role in implementation and have also provided critical input on implementation decisions. Through this process, NMFS and the RQE's strategies evolved. NMFS and the RQE eventually determined that the most secure, cost-effective, and expeditious means to collect fees, issue stamps, and transmit collected fees to the Federal Treasury is to use the NMFS Alaska Region online eFish platform.

A distinct advantage of using eFish is that it currently exists. In this way, there are significant cost advantages to adapt a program that already serves the online business needs of fishing operations in the

Alaska Region. For example, eFish is currently used by businesses to obtain and/or renew permits, check accounts for fisheries quota use, submit reports, and pay cost recovery and observer fees. Currently, many charter halibut operations have an eFish account and use it to annually register their CHPs and to submit GAF reports.

Although security of the collected fees is paramount, another concern is that the number of anglers a charter operation serves is considered confidential information by both NMFS and ADF&G. Maintaining this confidentiality became yet one more aspect of the fee collection that NMFS would have to protect. Ultimately, NMFS and the RQE determined that eFish would provide a secure, confidential, and efficient means to collect and temporarily hold the fees from stamp purchases. The recommendation to use eFish for stamp purchases was introduced to the Council at its June 2024 meeting and adopted by the Council with a motion in October 2024.

3.2 The Receipt of Fees to the RQE

The Congressional authorization for NMFS to develop rules for the RQE fee collection also specifies that after the fees are collected, they will be subject to Congressional appropriation. As noted above, NMFS proposes to collect the fees from charter operators through its online eFish platform. NMFS will transfer the fees to a specific account in the Federal Treasury. This account was created in 2023 by a Congressional Appropriations bill which, among other things, established the Recreational Quota Entity Fund.[4] From this account, Congress will appropriate the funds with the purpose of making the money available to the RQE, to be used as specified in the MSA amendment.

NMFS proposes to issue funding to the RQE from the Recreational Quota Entity Fund in the form of periodic grants. NMFS proposes to issue the funding through grants because it serves to protect the public interest in the fee collection by providing agency oversight of the use of the funds. Additionally, the agency already has a well-developed process to perform the tasks of issuing and overseeing grants.

3.3 Background Information on the Status Quo

The harvest of halibut off Alaska occurs in three fisheries—the commercial, recreational, and subsistence fisheries. The recreational fishery includes guided (i.e., charter) anglers and unguided anglers. This proposed action would not affect the management of the subsistence halibut fisheries or unguided recreational anglers.

The commercial halibut fishery is managed under the Halibut and Sablefish IFQ Program which established allocations of quota share (a long-term use privilege) for halibut and sablefish that correspond with issuance of annual IFQ – the pounds of IFQ fish (species, area, and vessel class specific) that the person may harvest in a given season. The charter halibut fisheries in Areas 2C and 3A are managed under the Charter Halibut Limited Access Program (CHLAP) and the Catch Sharing Plan (CSP).[5] The CHLAP limits the number of operators in the charter fishery, while the CSP establishes annual allocations to the charter and commercial fisheries and describes a process for determining annual management measures to limit charter harvest to the allocations in each Regulatory Area. The more recent development of the RQE program allows for a non-profit entity representing charter halibut anglers to purchase and hold commercial halibut IFQ for use in the charter halibut sector. These programs are summarized in the following Sections 3.3.1 through 3.3.5 below. Impacts expected from allowing an

[4] See Section 113 of Senate Appropriations Bill, S. 2321 [Report No. 118-62], July 13, 2023

[5] All but a small portion of charter halibut activity off of Alaska occurs in these two regulatory areas, and they are the only areas managed under the CHLAP and the CSP. Charter halibut fishing that takes place in any other regulatory area off Alaska is managed similar to the unguided recreational sector (i.e., currently with a daily bag limit of two fish of any size).

RQE to purchase halibut IFQ (i.e., impacts to anglers, operators, commercial halibut sector and market, communities and net benefits to the Nation) are included in NMFS (2017).

This fee collection action is not intended to modify the IFQ Program, the CHLAP, the CSP, or the RQE program. The funding mechanism would be in addition to these current management programs. The focus of the fee collection is to allow the RQE to function as intended. With the assistance of Federal regulations, charter funding will be used to access the commercial halibut quota market. This document therefore relies heavily on the information and evaluation contained in the final analyses, as well as the proposed and final rules that established the CHLAP, the CSP, and RQE programs. The information in these analyses are incorporated by reference.

Relevant aspects of these programs are summarized below to help the reader understand how the fee collection mechanisms may fit into current management. Additionally, this background section includes information on operators, anglers, and communities in order to analyze the impacts of NMFS's administration of a fee collection program. These sections are primarily included to be available to the reader as reference, as an understanding of the status quo management is needed to consider the proposed funding mechanisms in the analysis of impacts (Section 3.4 and 3.5 below).

3.3.1 Commercial Halibut IFQ Program

The commercial halibut and sablefish fisheries off Alaska are managed under the IFQ Program. The IFQ Program was implemented in 1995. The IFQ Program limits access to the commercial directed halibut fishery to those persons holding halibut quota share (QS) in specific management areas. A more detailed description of QS allocation and management is provided in the final analysis (NPFMC/ NMFS 1993), the preamble to the proposed rule (57 FR 57130, December 3, 1992), and the twenty-year program review (NPFMC/ NMFS 2016).

The IFQ Program assigned QS by IPHC Regulatory Area based on certain thresholds of historical participation in the commercial halibut fishery. NMFS initially issued QS to qualified participants beginning in 1994. Once QS was issued, NMFS allows QS to be transferred from initial recipients to individuals meeting specific eligibility requirements. QS provides individual harvesting privileges that are allocated on an annual basis through the issuance of IFQ permits. An annual IFQ permit authorizes the holder to harvest a specified amount of halibut in a designated IPHC Regulatory Area. The specific amount of IFQ (in net pounds) is determined by the number of QS units held, the total number of QS units issued in a specific IPHC Regulatory Area, and the total amount of the halibut catch limit allocated by the IPHC in a particular year. If the abundance of halibut decreases over time, the catch limit will decrease and, subsequently, the number of pounds on a person's annual IFQ permit also will decrease. By providing an exclusive privilege to harvest a certain amount of the catch limit at the beginning of the season, and by extending the season over a longer period, the IFQ Program allows QS holders to determine where and when to fish, how much gear to deploy, and how much overall investment to make in harvesting.

The Council and NMFS developed the IFQ Program with several goals in mind. Particularly applicable to this proposed action, the IFQ Program was designed to preserve an owner-operated fleet and to limit consolidation of QS ownership. To accomplish these goals, the IFQ Program was designed to control transferability of QS through: (1) Limits on the amount of QS that can be owned or controlled by individuals and companies (QS transfer and use caps); (2) vessel size categories that limit the size of vessels that can use the annual allocations resulting from the QS; (3) restrictions on who can purchase catcher vessel QS; and (4) limitations on leasing certain categories of QS.

Halibut QS is designated as one of four QS classes (also called "vessel categories" or "size categories" of QS; see Figure 2). These QS categories include A-class for freezer catcher-processor vessels; B-class for vessels greater than 60 ft length overall (LOA); C-class for vessels 36 ft to 60 ft LOA; and D-class for

vessels 35 ft or less LOA. The term "catcher vessel QS" refers to QS that can be used to catch, but cannot be used to process, halibut at sea (i.e., B-, C-, and D-class QS). Figure 2 demonstrates the much greater prevalence of C and D class halibut QS in Area 2C (about 93% of the 2C QS), which by comparison makes up about 60% of the QS in Area 3A.

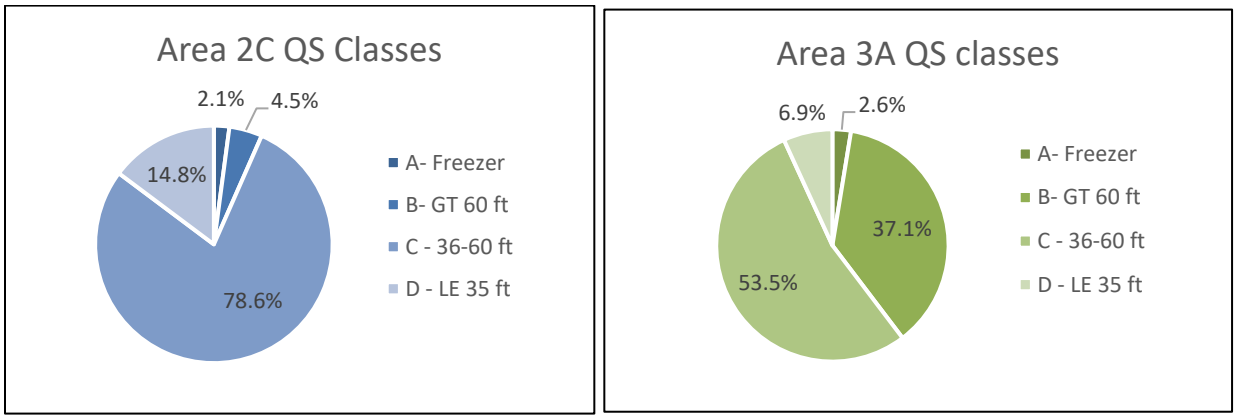


Figure 2 Halibut QS class composition in Areas 2C and 3A

Source: NMFS RAM Program QS holder data, Accessed 8/2/2021.

Halibut QS also has a designation of "blocked" or "unblocked." Blocked QS must be sold as a unit and cannot be separated. No person may hold more than three blocks of halibut QS in any IFQ Regulatory Area. The purpose of the QS block provision was to ensure that the smallest, most affordable QS would remain available to a part-time fleet of smaller operators in order to maintain some of the fleet diversity that existed prior to the IFQ Program's implementation, and to reduce potential disruption to isolated Alaska fishing communities. Figure 3 demonstrates the much greater prevalence of blocked halibut QS in Area 2C relative to Area 3A.

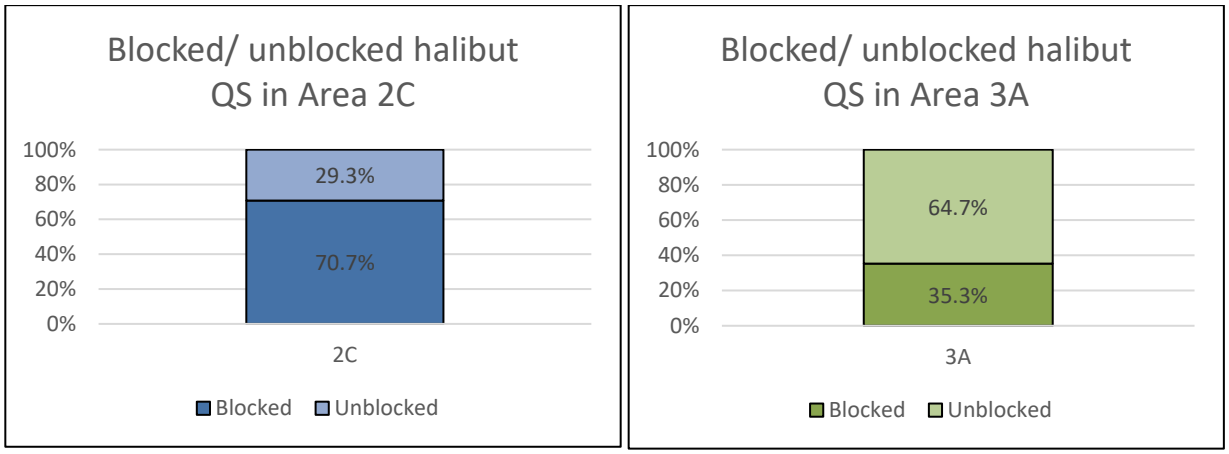


Figure 3 Blocked and unblocked halibut QS in Area 2C and 3A

Source: NMFS RAM Program QS holder data, Accessed 8/2/2021.

3.3.2 Charter Halibut Limited Access Program

The CHLAP was adopted by the Council in 2007, and officially began in 2011. The CHLAP established Federal charter halibut permits (CHPs) for operators in the charter halibut fishery in Areas 2C and 3A. NMFS implemented the CHLAP, based on recommendations by the Council, to meet allocation objectives in the charter halibut fishery. Specifically, this program provides stability in the fishery by

limiting the number of charter vessels that may participate in Areas 2C and 3A. The CHLAP also issues a limited number of permits to non-profit corporations representing specified rural communities (Community Quota Entities; CQEs) and to the U.S. military's Morale, Welfare and Recreation (MWR) program for service members.

Since 2011, all vessel operators in Areas 2C and 3A with charter halibut anglers on board must have an original, valid Charter Halibut Permit for charter vessel fishing trips on which halibut are caught and retained. As can be seen in Table 2 and Table 3, in 2021 there were 529 valid CHPs in Area 2C and 426 valid CHPs in Area 3A (not including CQE CHPs and MWR CHPs). CHPs are endorsed for the appropriate Regulatory Area and the number of anglers that may catch and retain halibut on a charter vessel fishing trip, ranging from 4 to 38 anglers. The average number of anglers endorsed on an Area 2C CHP is 5.1 with a slightly greater average in Area 3A, at 7.4 anglers.

CHPs were issued as transferable or non-transferable, depending on the level of participation of the license applicant during the qualifying years. Non-transferable permits were issued to businesses that met some, but not all, of the historic and recent participation requirements. Non-transferable permits were intended to be phased out when the individual or entity that was issued the permit no longer participates in the charter fishery. The Council and NMFS expected the number of operators in the charter halibut fishery to decline as holders of non-transferable CHPs leave the fishery. In 2012 (after the resolution of appeals), 160 of the Area 2C CHPs were issued as non-transferable, not including CQE CHPs and MWR CHPs which are all non-transferable. By 2021 (as shown in Table 2 and Table 3), 155 of the Area 2C CHPs were non-transferable. In Area 3A, 98 of the Area 3A CHPs were originally issued as non-transferable (after the resolution of appeals) which has dropped to 85 of the total number of CHPs, not including CQE CHPs and MWR CHPs.

Table 2 Number of transferable and non-transferable CHPs in Area 2C, 2021

Area 2C			
Permit type	**Number of non-transferable permits**	**Number of transferable permits**	**Total number of permits**
CHP	155 (29%)	374 (71%)	529
CQE	48	NA	48
MWR	1	NA	1
Total	204 (35%)	374 (65%)	578

Source: NMFS RAM Program CHP data, Accessed 8/23/2021

Table 3 Number of transferable and non-transferable CHPs in Area 3A, 2021

Area 3A			
Permit type	**Number of non-transferable permits**	**Number of transferable permits**	**Total number of permits**
CHP	85 (20%)	341 (80%)	426
CQE	56	NA	56
MWR	6	NA	6
Total	147 (35%)	341 (65%)	488

Source: NMFS RAM Program CHP data, Accessed 8/23/2021

When the Council recommended implementation of the CHP, it also initially stated that leasing of CHPs would not be allowed. However, CHPs were issued to qualified ADF&G licensed fishing guide business owners. Permits could be held by U.S. citizens or U.S. businesses (with 75 percent U.S. ownership of the business, unless grandfathered in). This decision means that CHPs are not necessarily linked to a skipper, or a particular vessel. CHP holders consist of individuals, groups of individuals, and businesses and it made defining and enforcing a prohibition on "leasing" a challenging task with the risk of unintended consequences.

The Council has continued to grapple with the concepts of leasing, latent capacity, and the retirement of non-transferable CHPs in the charter halibut sector. In April 2018, the Council took action to require an annual renewal of CHPs (84 FR 64023; effective 12/20/2019). By annually documenting and updating the ownership structure of active CHPs, this action intended to facilitate the retirement of non-transferable permits, as well as address the Council's intent to collect information on leasing of CHPs by asking CHP holders whether they have received financial compensation for leasing their permit(s) in the previous year. This action also improves the ability to enforce CHP transfer limitations and ownership caps.

Complete regulations for the CHLAP are published at §§ 300.65, 300.66, and 300.67. Additional details on the development and rationale for the CHLAP can be found in the proposed rule for the CHLAP (74 FR 18178, April 21, 2009).

3.3.3 Area 2C and 3A Catch Sharing Plan

Since 2014, the charter halibut fisheries in Areas 2C and 3A have been managed under the CSP. The CSP defines an annual process for allocating halibut between the commercial and charter fisheries so that each sector's allocation varies in proportion to halibut abundance, specifies a public process for setting annual management measures, and authorizes limited annual leases of commercial IFQ for use in the charter fishery as guided angler fish (GAF).

This section provides a summary of these aspects of the CSP. Additional detail on the development and rationale for the CSP can be found in CSP Analysis (NPFMC 2013), preamble for the CSP proposed rule (78 FR 39122, June 28, 2013), and in the final rule implementing the CSP (78 FR 75844, December 12, 2013).

3.3.3.1 Combined Catch Limits and Sector Catch Limits

The CSP replaced the charter halibut Guideline Harvest Level (GHL) that was in place from 2004 through 2013 for managing the charter fisheries in Areas 2C and 3A (see 50 CFR 300.65). The CSP establishes commercial IFQ and charter fishery allocations that vary proportionally with changing levels of annual halibut abundance and that are intended to balance the differing needs of the commercial IFQ and charter fisheries over a wide range of halibut abundance in Areas 2C and 3A. Under the CSP, the IPHC allocates

the combined (commercial IFQ and charter) catch limits (CCL) for Areas 2C and 3A pursuant to the CSP's allocation formulas.

The CSP percentage allocation differs between Areas 2C and 3A and varies somewhat, depending upon the CCL. Overall, the charter fishery's relative share of the CCL is higher when the CCL is lower, but lower when the CCL is higher. The IPHC multiplies the CSP allocation percentages for Areas 2C and 3A by the annual CCL in that area to calculate the commercial and charter halibut allocations in net pounds. Fishery-specific catch limits are calculated by deducting separate estimates of wastage (i.e., the mortality of discarded fish) from the commercial IFQ and charter fishery allocations. At current low levels of halibut abundance (2022), the charter fishery in Area 2C is allocated its highest percentage (18.30%) of the CCL. The charter halibut fishery in Area 3A is in a middle level of its allocation at 17.5%. This means 81.7% and 82.5% of the halibut CCL was allocated to the commercial sectors in Area 2C and Area 3A, respectively in 2022.

3.3.3.2 Annual Management Cycle

The CSP also describes a public process by which the Council develops recommendations to the IPHC for charter angler harvest restrictions (annual management measures) that are intended to limit harvest to the annual charter fishery catch limit in Areas 2C and 3A. It has long been a goal for charter halibut management to have consistent management measures (e.g., bag limits, size restrictions, etc.) throughout the season. However, the absence of inseason management means that small variance relative to the charter sector's allocation were expected to occur. The process defined in the CSP and used to set annual management measures was developed to allow rapid annual adjustment of management measures to ensure the charter sector remains at or below its allocation given the best information available predicting charter harvest for the following year. This is a collaborative process between stakeholders, ADF&G, the Council, NMFS and the IPHC.

Each year in October, the Council's Charter Halibut Management Committee (Charter Committee) reviews charter harvest in Areas 2C and 3A during the current year in relation to the charter catch limit. The Charter Committee makes recommendations on possible management measures for Areas 2C and 3A to be analyzed by ADF&G for the coming year. Some of these measures directly restrict the number or size of fish that may be retained (e.g., daily bag limits, trip limits, annual limits, and size limits), whereas other measures indirectly restrict the harvest (e.g., day of week closures, or prohibition on harvest by skipper and crew).

In December of the same year, the Charter Halibut Management Committee meets again to review the ADF&G analysis. The Committee identifies various management measures that will most likely constrain charter halibut harvest under a range of possible catch limits that could eventually be adopted by the IPHC. In forming their recommendations, the Committee also considers economic impacts on charter operations. The NPFMC in turn considers the recommendations of the Committee along with public testimony to develop a recommendation to the IPHC.

At its annual meeting in January of each year, the IPHC allocates the CCL for Area 2C and Area 3A between the commercial IFQ fishery and the charter fishery for that year based on the CSP regulations described above. The IPHC takes into account Council recommendations, any additional information available to the IPHC, and input from the public and IPHC staff. Upon adoption of the regulations, the IPHC formally notifies the respective Canada and United States governments, and, after acceptance by the Secretary of State, and with the concurrence of the Secretary of Commerce, NMFS publishes in the Federal Register the charter halibut management measures for each area as part of the IPHC annual management measures.

3.3.3.3 Time Series of Management Measures, Allocation, and Harvest in Areas 2C and 3A

The CHLAP and CSP were developed in response to increasing harvests in the charter fisheries in Areas 2C and 3A over the past 20 years. Until 2003, charter and unguided anglers were managed under the same two-halibut daily bag limit in all IPHC Regulatory Areas in Alaska. Since 2003, charter management measures have become more restrictive in Areas 2C and 3A, where most charter fishing occurs, as NMFS and the IPHC have sought to limit charter harvests to specific harvest limits. In 2003, NMFS implemented a final rule to establish a guideline harvest level (GHL) that identified target harvest limits for the charter fishery in Areas 2C and 3A (68 FR 47256, August 8, 2003). After the GHL was implemented, NMFS and the IPHC adopoted a variety of additional management measures in Areas 2C and 3A in an effort to constrain charter fishery harvests to the harvest limits established by the GHL. Table 4 and Table 5 demonstrate the historical catch limits, regulations, and harvest in the charter fisheries in Areas 2C and 3A.

In Area 2C, charter anglers have only been allowed to harvest a bag limit of one halibut per person, per day since 2009. Implementation of a one-halibut daily bag limit was intended to keep charter fishery harvests to approximately the Area 2C GHL. In the years following implementation of the one-fish bag limit, additional restrictions were required to maintain harvest near the Area 2C GHL, including a prohibition on halibut harvest by charter captains and crew, limits on the maximum number of lines that could be deployed, maximum size limits, and beginning in 2012, a reverse slot limit (protected slot limit) that allows charter vessel anglers to retain halibut that are either below or above a specific size range. With the implementation of the CSP in 2014, charter fishery management became more restrictive in Area 2C to maintain charter fishery harvests within the Area 2C CSP allocations and a prohibition on the harvest of halibut by skippers or crew was established for both Areas. Since the CSP program began, Area 2C exceeded its allocation in 2014 (by 8.7%) and 2018 (by 2.8%). Area 2C charter representatives have typically recommended a reverse slot limit as a preferred management measure over other measures used in Area 3A (e.g., day-of-the-week closures). This is in part due to many operations' reliance on cruise ships for clientele and the challenges with scheduling around cruise ships.

In Area 3A, a two-fish daily bag limit with no size limits was maintained until the CSP went into effect in 2014. Since 2014, the Area 3A charter fishery has continued to be managed under a two-fish daily bag limit, but management measures have become increasingly restrictive each year to maintain charter fishery harvests within the CSP allocation. Other types of restrictions have included annual limits on the number of halibut a charter angler can harvest, one halibut trip per vessel per day, one trip per CHP per day, a size limit on one of the two fish in the daily bag limit, and day-of-the-week closures. Since the CSP program began, Area 3A has been over its allocation in every year except for 2020 (between 5.4% up to 15.9%). However, predicting harvest in Area 3A is more difficult given the combination of measures and the inability to fully predict angler response to the types of measures used (e.g., if Wednesdays are closed to charter halibut fishing, will anglers be able to rebook on a different day of the week?). It is difficult to retrospectively identify the "cause" of the overage in this area.

The year 2020 was unique due to the onset of the COVID-19 pandemic and subsequent response, including a dramatic drop in out-of-state Alaskan tourism. In 2020, the charter fishery in Area 2C had a catch limit of 780,000 pounds and was originally set under a one-fish daily bag limit with a reverse slot limit that allowed the retention of a halibut of 40 inches or less, or 80 inches or more, and a prohibition on the harvest of halibut by skippers or crew. Due to the expected impacts of the COVID-19 pandemic, these measures were relaxed and the charter sector began fishing under a new set of measures beginning June 14, 2020 (85 FR 37023, June 19, 2020). The reverse slot limit was relaxed to allow the retention of a halibut of 45 inches or less, or 80 inches or more; however, Area 2C still ended up 38% below its allocation. In 2020, Area 3A had an allocation of 1,710,000 lbs. and began the year with a two-fish daily bag limit with a 26-inch maximum size limit on one fish; a 4-fish annual limit for each charter fishery angler; closures to charter fishing on Tuesdays and Wednesdays throughout the year; a limit of only one charter trip per day per vessel (and per charter halibut permit); and a prohibition on the harvest of halibut

by skippers or crew. These measures were also relaxed mid-season due to the expected impacts of the pandemic. The size limit changed to a 32-inch maximum size limit on one fish, and the annual limits and day-of-the-week closures were withdrawn beginning June 15, 2020. Area 3A ended up 8.4% under its allocation for 2020.

For 2021, preliminary estimates for Area 2C showed removals 42% over the 0.810 Mlb allocation (1.154 Mlb estimated removals). The recommended management measures for Area 2C had included a 35% "COVID buffer" due to expectations of the constraining impacts of the pandemic on angler effort in Southeast Alaska. The ADF&G analysis (ADF&G 2021) demonstrated that realized removals were more similar to estimates without a COVID buffer. Projected total removals for Area 2C (including release mortality) made in December 2020 without a COVID buffer were 1.209 Mlb relative to the 1.154 Mlb removals which occurred. Although some Southeast ports were not up to pre-pandemic effort levels (i.e., Juneau and Ketchikan), harvest was near or greater than pre-pandemic levels likely due to a wider slot limit than in recent years and increasing angler success rates. All Area 2C ports saw substantially greater harvest and effort in 2021 relative to 2020.

Similarly, in Area 3A a 25% "COVID buffer" proved to be too high. For 2021, Area 3A preliminary removals were 26% over the 1.950 Mlb allocation (2.454 Mlb estimated removals). The 2.454 Mlb estimated removals was more in line with the December 2020 projections of 2.470 Mlb of removals, which did not include a COVID buffer. In Southcentral, both angler effort and harvest had increased in all ports, and were up past pre-pandemic levels in many ports. Harvest per unit effort was also greater in most 3A ports, indicating more fish harvested per angler per day.

Due to the increased harvest and angler effort that occurred in 2021 and projections for 2022 without a "COVID buffer", management measures for both Regulatory Areas were set more similar to pre-pandemic levels in 2022.

Table 4 Area 2C charter regulation history, allocation, and removals

Year	Mgmt Type	Area 2C Charter Halibut Management Measures	Allocation (Mlb)	Use (Mlb)	Under (-)/ Over (+) Allocation	
					Mlb	%
2003 and earlier	no GHL	Two fish any size, no limit on crew retention.	NA	1.412		
2004	GHL	Two fish any size, no limit on crew retention.	1.432	1.75	0.318	22.2%
2005	GHL	Two fish any size, no limit on crew retention.	1.432	1.952	0.520	36.3%
2006	GHL	Two fish any size, State EO prohibiting crew harvest 5/26-12/31.	1.432	1.804	0.372	26.0%
2007	GHL	Two fish (one ≤ 32"; effective 6/1), no crew retention 5/1-12/31 (State EO and Federal Rule).	1.432	1.918	0.486	33.9%
2008	GHL	Two fish (one ≤ 32"), except one-fish bag limit Jun 1-10 (halted by injunction).	0.931	1.999	1.068	114.7%
2009	GHL	One fish any size, no harvest by skipper & crew, line limit (effective 6/5).	0.788	1.249	0.461	58.5%
2010	GHL	One fish any size, no harvest by skipper & crew, line limit.	0.788	1.086	0.298	37.8%
2011	GHL	One fish ≤ 37", no harvest by skipper and crew, line limit.	0.788	0.344	-0.444	-56.3%
2012	GHL	One fish ≤ 45" or ≥ 68", no harvest by skipper and crew, line limit.	0.931	0.605	-0.326	-35.0%
2013	GHL	One fish ≤ 44" or ≥ 68", no harvest by skipper and crew, line limit.	0.788	0.762	-0.026	-3.3%
2014	CSP	One fish ≤ 44" or ≥ 76", CSP provisions.	0.761	0.827	0.066	8.7%
2015	CSP	One fish ≤ 42" or ≥ 80", CSP provisions.	0.851	0.814	-0.037	-4.3%
2016	CSP	One fish ≤ 43" or ≥ 80", CSP provisions.	0.906	0.839	-0.067	-7.4%
2017	CSP	One fish ≤ 44" or ≥ 80", CSP provisions.	0.915	0.941	0.026	2.8%
2018	CSP	One fish ≤ 38" or ≥ 80", CSP provisions.	0.810	0.716	-0.094	-11.6%
2019	CSP	One fish ≤ 38" or ≥ 80", CSP provisions.	0.820	0.697	-0.123	-15.0%
2020	CSP	One fish ≤ 40" or ≥ 80"; changed to one fish ≤ 45" or ≥ 80" on 6/15/2020, CSP provisions.	0.780	0.483	-0.297	-38.0%
2021	CSP	One fish ≤ 50" or ≥ 72", CSP provisions.	0.810	*1.154*	*0.344*	*42.5%*
2022	CSP	One fish ≤ 40" or ≥ 80", CSP provisions.	0.820			

Source: Estimates of charter yield pre-CSP are derived from the SWHS (2006-2013) and estimates of removals (which account for release mortality) are derived from ADF&G logbook (2014-2021) and from dockside sampling (all years)
"CSP provisions" mean no harvest by captains or crew. In addition, the State of Alaska regulations for Southeast Alaska still dictate that the maximum number of fishing lines that may be fished from a vessel engaged in charter activities is equal to the number of paying clients on board the vessel but cannot exceed six lines.
Removal estimates for 2021 are preliminary.

Table 5 Area 3A charter regulation history, allocation, and removals

Year	Mgmt Type	Area 3A Charter Halibut Management Measures	Allocation (Mlb)	Use (Mlb)	Under (-)/ Over (+) Allocation	
					Mlb	%
2003 and earlier	no GHL	Two fish any size, no limit on crew retention.	NA	3.382		
2004	GHL	Two fish any size, no limit on crew retention.	3.65	3.668	0.018	0.5%
2005	GHL	Two fish any size, no limit on crew retention.	3.65	3.689	0.039	1.1%
2006	GHL	Two fish any size, no limit on crew retention.	3.65	3.664	0.014	0.4%
2007	GHL	Two fish any size, state EO prohibiting crew harvest 5/1-12/31.	3.65	4.002	0.352	9.6%
2008	GHL	Two fish any size, state EO prohibiting crew harvest 5/24-9/1.	3.65	3.378	-0.272	-7.5%
2009	GHL	Two fish any size, state EO prohibiting crew harvest 5/23-9/1.	3.65	2.734	-0.916	-25.1%
2010	GHL	Two fish any size, no limit on crew retention.	3.65	2.698	-0.952	-26.1%
2011	GHL	Two fish any size,no limit on crew retention.	3.65	2.793	-0.857	-23.5%
2012	GHL	Two fish any size, no limit on crew retention.	3.103	2.284	-0.819	-26.4%
2013	GHL	Two fish any size, no limit on crew retention.	2.734	2.514	-0.220	-8.0%
2014	CSP	Two fish (one ≤ 29"), CSP provisions.	1.782	2.066	0.284	15.9%
2015	CSP	Two fish (one ≤ 29"), 5-fish annual limit, Thursday closure (6/15-8/31), CSP provisions.	1.89	2.094	0.204	10.8%
2016	CSP	Two fish (one ≤ 28"), 4-fish annual limit, Wednesday closure, CSP provisions.	1.814	2.021	0.207	11.4%
2017	CSP	Two fish (one ≤ 28"), 4-fish annual limit, Wednesday closure, 3 Tuesdays closed, CSP provisions.	1.89	2.089	0.199	10.5%
2018	CSP	Two fish (one ≤ 28"), 4-fish annual limit, Wednesday closure, 6 Tuesdays closed, CSP provisions.	1.79	1.886	0.096	5.4%
2019	CSP	Two fish (one ≤ 28"), 4-fish annual limit, Wednesday closure, 5 Tuesdays closed, CSP provisions.	1.89	2.054	0.164	8.7%
2020	CSP	Two fish (one ≤ 26"), 4-fish annual limit, Wednesday and Tuesday closure, CSP provisions. On 6/15/20 begin fishing with two fish (one ≤ 32"), no annual limit, 7 days fishing per week, CSP provisions.	1.71	1.567	-0.143	-8.4%
2021	CSP	Two fish (one ≤ 32"), Wednesday closure, CSP provisions.	1.95	*2.454*	*0.504*	*25.9%*
2022	CSP	Two fish (one ≤ 28"), Wednesday closure, 2 Tuesdays closed, CSP provisions.	2.11			

Source: Estimates of charter yield pre-CSP are derived from the SWHS (2006-2013) and estimates of removals (which account for release mortality) are derived from ADF&G logbook (2014-2021) and from dockside sampling (all years)
"CSP provisions" mean no harvest by captains or crew. Additionally, since 2014 vessels in Area 3A have been limited to one trip per day, and since 2016 CHPs have been limited to one trip per day.
Removal estimates for 2021 are preliminary.

3.3.3.4 Guided Angler Fish Program

In 2014, as part of the CSP, NMFS implemented the Guided Angler Fish (GAF) Program to authorize limited annual transfers of commercial halibut IFQ as GAF to qualified CHP holders. The GAF Program provides additional harvest opportunities for charter anglers. Using GAF, qualified CHP holders may lease or use their own commercial IFQ to offer charter anglers the opportunity to retain halibut up to the limit for unguided anglers when charter management measures limit charter anglers to a more restrictive harvest limit. For example, if charter management regulations in Area 2C restrict charter anglers to a one-halibut daily bag limit, a charter angler could retain one halibut and use one GAF to retain a second halibut, bringing the retained amount to two halibut—the same daily bag limit that applies to unguided anglers. The GAF Program is described in more detail in the CSP Analysis (NPFMC 2013) and in the proposed rule for the CSP (78 FR 39122, June 28, 2013) and updated information on GAF usage is made available annually through NMFS reports.[6] A brief summary of the GAF Program is provided below.

In order to receive GAF, an IFQ holder and a CHP holder who receives the GAF must submit an application to NMFS for review and approval. GAF transfers may be between separate persons, or a person who holds both IFQ and a CHP may transfer their IFQ to themselves as GAF. Upon approval of the transfer application, NMFS issues a GAF permit to the holder of the CHP. Once the transfer is approved, the GAF permit holder may offer additional GAF harvest opportunities to anglers on board the vessel on which the operator's GAF permit and the assigned CHP are used.

NMFS issues GAF in whole numbers of halibut based on a conversion factor from IFQ pounds. Conversion factors are calculated from the average net weights of all GAF harvested in the applicable IPHC Regulatory Area (Area 2C or 3A) during the previous year (Table 6). Average weights are determined from data that charter vessel guides report directly to NMFS. For 2022, 74 pounds of IFQ yields one GAF in Area 2C, and 27 pounds of IFQ yields one GAF in Area 3A. This difference is primarily a product of what GAF is used for in each Area (i.e., the restrictions it removes) and how that results in different sizes of GAF retained in each Area.

Table 6 IFQ pounds Conversion Factor for GAF in Areas 2C and 3A

Year	Conversion Factor	
	IFQ lb / GAF	
	Area 2C	Area 3A
2014	26.4	12.8
2015	67.3	38.4
2016	65.1	36.1
2017	74	42
2018	71	44
2019	66	42
2020	61	40
2021	72	57
2022	74	27

Source: NMFS GAF Report, 2021

A summary of participation and transfer activity in the GAF Program are shown in Table 7 and Table 8. Despite the greater number of pounds of IFQ typically need for one GAF in Area 2C relative to 3A, more pounds of IFQ and total GAF have been transferred each year in Area 2C relative to Area 3A. GAF transfer amounts have been relatively low in Area 2C but had been increasing prior to the start of the

[6] https://www.fisheries.noaa.gov/resource/document/guided-angler-fish-gaf-program-annual-reports

pandemic in 2020. The peak of GAF use was in 2019, when 1,601 GAF were transferred to 56 GAF permit holders representing 97,680 lb of Area 2C IFQ. GAF permit holder must also hold a CHP, thus these 56 GAF permit holders represent 21% of the 261 total unique CHP holders in Area 2C (excluding CQEs and MWR CHP holders; see Table 11, Section 3.3.6.1).

Participation rates in the GAF program continue to be quite low in Area 3A with between 7 and 17 unique permit holders being issued GAF, relative to the 289 CHP holders in the area (excluding CQEs and MWR CHP holders, see Table 15, Section 3.3.7.1). Among the few who do choose to lease GAF in Area 3A, many represent self-transfers from halibut QS they also hold. Possibly related to this fact, there also tends to be lower GAF harvest rates in Area 3A relative to Area 2C, in which case unused GAF is converted back into IFQ at the end of the season (see NMFS GAF Report 2021).

Table 7 Summary of IFQ to GAF transfers in Area 2C

Year	IFQ Pounds Transferred	Number of GAF Transferred	Number of GAF Permits Issued	Number of GAF Permit Holders	Percentage of self-transfers
2014	29,498	1,117	92	30	14%
2015	36,934	548	119	27	7%
2016	47,064	723	132	32	10%
2017	53,206	719	207	34	7%
2018	80,656	1,222	332	46	6%
2019	97,680	1,601	341	56	5%
2020	57,645	801	235	48	8%
2021	97,056	1,312	407	59	5%

Source: NMFS GAF Report, 2021

Table 8 Summary of IFQ to GAF transfers in Area 3A

Year	IFQ Pounds Transferred	Number of GAF Transferred	Number of GAF Permits Issued	Number of GAF Permit Holders	Percentage of self-transfers
2014	11,654	910	19	13	47%
2015	10,337	269	25	13	40%
2016	10,442	289	26	11	38%
2017	9,786	233	22	13	41%
2018	12,760	304	31	17	35%
2019	13,524	338	29	13	45%
2020	5,240	92	15	7	67%
2021	11,913	441	24	8	29%

Source: NMFS GAF Report, 2021

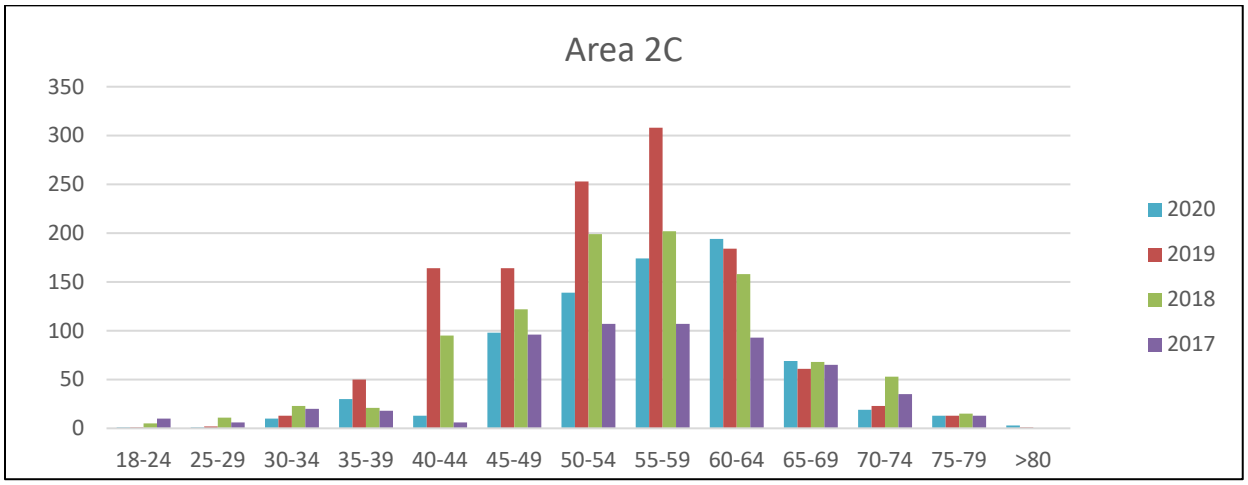
Depending on the management measures in a given year, the ability to use GAF can mean something different for a charter halibut angler in Area 2C compared to one in Area 3A. In Area 2C a one-fish bag limit has been in place since 2009 and the reverse slot limit has been in place since 2012. Therefore, for charter anglers in Area 2C, a GAF could mean the difference between being able to harvest a second fish

of any size versus just one fish. If the charter angler was only able to catch a halibut that was within the protected slot limit, for them, a GAF could mean the ability to retain a single fish.

For charter anglers in Area 3A a GAF can represent a number of things. Since 2014, charter anglers in Area 3A have been able to catch two fish, but one of those fish has been limited in size. Thus, a GAF could represent a larger sized second fish. If the angler is only able catch fish larger than the size restriction, a GAF could mean the difference between retaining one fish or two. GAF also do not count toward an angler's annual limit and they are not subject to the day-of-the-week closures. Therefore, they could represent the option to catch a halibut when they otherwise could not.

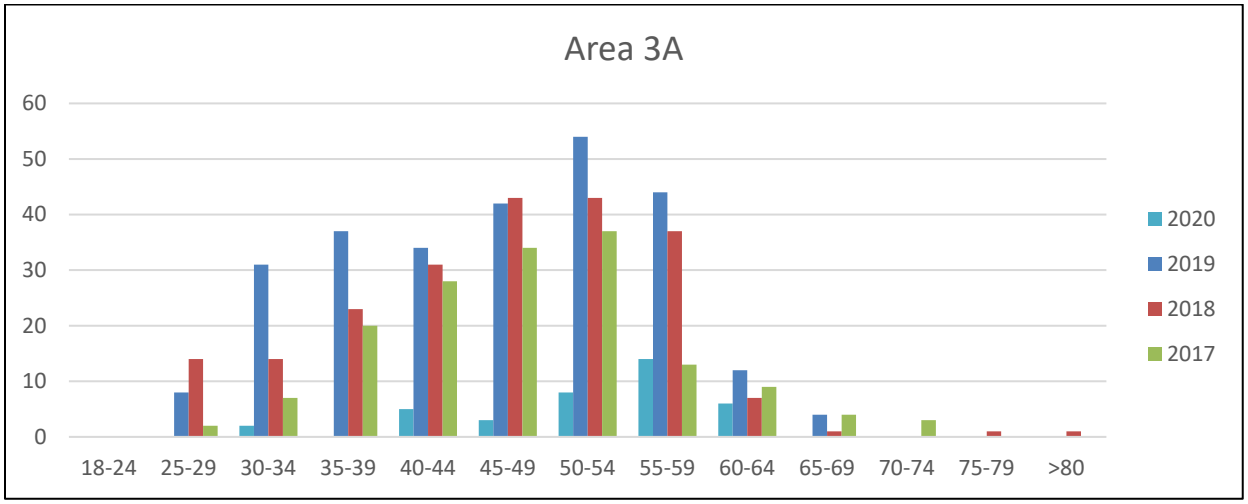
The length frequencies reported for GAF, as can be seen in Figure 4 and Figure 5, demonstrate that Area 2C GAF tend to be larger than GAF harvested in Area 3A (hence the greater conversion factor). The majority of GAF harvested in Area 2C are within the protected slot size which has been in place in recent years.

Figure 4 GAF length frequency distribution in Area 2C



Source: NMFS GAF Report, 2021

Figure 5 GAF length frequency distribution in Area 3A



Source: NMFS GAF Report, 2021

If GAF transfers involve a monetary transaction (as opposed to self-transfers or gifts of GAF) then GAF participants are required to report the value of the transaction. Of the transfers for which price information

was reported, and excluding prices associated with self-transfers, lease prices have been around $5 per pound in both Area 2C and 3A (Table 9). However, the greater conversion factor for Area 2C (due to the larger GAF typically harvested in this area) makes an Area 2C GAF generally a more expensive fish.

Table 9 Weighted average price per pound and price per GAF in Area 2C and 3A

Year	Area 2C			Area 3A		
	Weighted avg. $ / lb	IFQ lb / GAF conversion factor	Avg $/GAF	Weighted avg. $ / lb	IFQ lb / GAF conversion factor	Avg $/GAF
2014	$5.62	26.4	$148.37	$5.01	12.8	$64.13
2015	$5.62	67.3	$378.23	$4.66	38.4	$178.94
2016	$5.43	65.1	$353.49	$5.46	36.1	$197.11
2017	$5.32	74	$393.68	$4.59	42	$192.78
2018	$5.17	71	$367.07	$5.11	44	$224.84
2019	$5.33	66	$351.78	$5.28	42	$221.76
2020	$4.99	61	$304.39	$4.00	40	$160.00
2021	$5.20	72	$374.40	$5.00	27	$135.00

Source: NMFS GAF Report, 2021

Three restrictions on GAF transfers were implemented with the GAF Program. First, IFQ holders in Area 2C are limited to transferring up to 1,500 pounds or 10 percent, whichever is greater, of their initially-issued annual halibut IFQ for use as GAF. In Area 3A, IFQ holders may transfer up to 1,500 pounds or 15 percent, whichever is greater, of their initially-issued annual halibut IFQ for use as GAF. Second, no more than 400 GAF will be assigned during one year to a GAF permit assigned to a holder of a CHP that is endorsed for six or fewer anglers. Third, no more than a total of 600 GAF will be assigned during one year to a GAF permit assigned to a holder of a CHP endorsed for more than six anglers. The restrictions on transfers of GAF are intended to prevent a particular individual, corporation, or other entity from acquiring an excessive share of halibut fishing privileges as GAF.

NMFS' costs associated with management, data collection, and enforcement of the GAF Program are recoverable through IFQ Program Cost Recovery fees. The IFQ permit holder is responsible for paying IFQ Program Cost Recovery fees on all pounds of IFQ landed as GAF. The fee calculation is based on the standard price calculated by NMFS, aggregated to IPHC Regulatory Area 2C or 3A.

3.3.4 Community Quota Entity Program

An amendment to the IFQ Program in 2004 allowed for a distinct set of remote coastal communities in the Gulf of Alaska (GOA) to be eligible to purchase and hold catcher vessel QS in Areas 2C, 3A, and 3B (69 FR 23681, April 30, 2004). Eligible communities can form non-profit corporations called Community Quota Entities (CQEs) to purchase catcher vessel QS. The IFQ resulting from the QS must be leased (i.e., made available for fishing) to community residents annually.

NMFS determined that CQE eligibility applied to 46 Alaskan communities, based on certain criteria for size, accessibility, and historical participation in the halibut or sablefish fisheries. Currently, 25 communities have formed non-profit corporations and have applied for and been approved to obtain QS by transfer.[7] Of those 25 CQEs, 5 have purchased QS.

[7] NMFS website includes a list of CQE's currently registered: https://www.fisheries.noaa.gov/sites/default/files/akro/20cqenamescontacts.htm

CQEs may also apply to NMFS to be able to participate in the CHLAP. They are authorized to receive Community Charter Halibut Permits which is similar to a CHP, but available only to CQEs. To date, 20 CQEs have applied for and been issued Community CHPs. By mid-2021, 48 CHPs had been issued to CQEs in Area 2C, and 56 CHPs had been issued to CQEs in Area 3A. As noted in Section 3.3.2, CQE communities are also authorized to purchase and hold (non-CQE) CHPs. Although CQE's may also receive CHPs by purchasing (i.e., transferring) them from non-CQE permit holders, no CQE has received any CHPs by transfer to date.

More information on the provisions of the CQE Program is provided in the RQE final analysis (NPFMC 2017) and the CQE Program Review (NPFMC 2010).

3.3.5 Recreational Quota Entity

In December 2016, the Council took final action to approve a regulatory program that authorizes a non-profit RQE to purchase and hold commercial halibut quota share on behalf of the charter halibut anglers in IPHC Regulatory Areas 2C and 3A. The RQE provides a mechanism for compensated reallocation of a portion of commercial halibut quota share to the charter halibut fishery. This final rule became effective October 22, 2018 (83 FR 47819, September 21, 2018). This program is described below, but further detail can be found in the final analysis (NPFMC 2017) and the proposed rule (82 FR 46016, October 03, 2017).

Under this program, any halibut quota share purchased by a RQE will augment the halibut allocation charter fishery receives each year under the Catch Sharing Plan. These additional pounds of halibut may serve to relax the annual charter management measures (e.g., bag limits and size restrictions) up to the allowance for the unguided recreational sector. Halibut QS held by the RQE will generate annual pounds of recreational fishing quota (RFQ); a type of annual harvest privilege similar to IFQ that has special requirements that pertain only to the RQE. RFQ will be calculated in the same manner as IFQ. The specific amount of RFQ (in net pounds) will be determined by the number of QS units held by the RQE as of October 1 of the preceding calendar year, the total number of halibut QS units issued in Area 2C or 3A as of January 15 of the year the IFQ or RFQ is issued, and the total amount of halibut allocated to the commercial IFQ fisheries in Areas 2C and 3A for that year.

Although the amount of RFQ is calculated in the same way as IFQ, it is subject to different requirements. The additional pounds of RFQ for each regulatory Area will be combined with the charter catch limit determined under the CSP to calculate an adjusted charter catch limit for the year for Area 2C or 3A. Annual charter management measures for Areas 2C and 3A will be analyzed, recommended to the IPHC, and adopted for implementation based on the estimated adjusted charter catch limits. RFQ held by the RQE would be available for harvest by all charter anglers aboard registered charter vessels of any size, regardless of the QS class from which that RFQ originated. RFQ cannot be transferred as GAF. These management measures apply for all charter halibut anglers in the corresponding IPHC Areas. In other words, there is no option for certain anglers or certain operators to opt out.

3.3.5.1 RQE Organizational Structure and Board

Current NMFS regulations specify that the RQE shall be a qualified non-profit entity approved by the NMFS Regional Administrator. To implement this regulation, NMFS requires the RQE to be registered under the laws of the State of Alaska and recognized as exempt from Federal income tax by the IRS. Non-profit status is a state law concept and does not directly apply to Federal tax law. A non-profit organization may be eligible for certain benefits, such as state sales, property and income tax exemptions. Although most Federal tax-exempt organizations are non-profit organizations, being recognized as a non-profit organization at the state level does not automatically grant the organization exemption from Federal income tax. To qualify as exempt from Federal income tax, an organization must seek recognition of exemption from Federal income tax under section 501(a) of the Internal Revenue Code.

The RQE must also demonstrate its non-profit status and must to submit to NMFS the articles of incorporation and management organization information, including bylaws and a list of key personnel including, but not limited to, the board of directors, officers, representatives, and managers.

The Council chose to not specify how the board of directors of the RQE should be structured, and the regulations do not prescribe these terms. The Council and NMFS considered options to require a certain number of board members representing different user groups, but ultimately decided that these decisions were best left to the RQE, and that the RQE board should have the flexibility to tailor its composition in a way that best addresses the RQE's needs.

The NMFS final rule noted that the approved RQE must maintain its non-profit and tax-exempt status. If the approved RQE entity does not meet this requirement, NMFS would not issue the RFQ that would otherwise be issued to the RQE based on its QS holdings.

3.3.5.2 RQE Status

On March 4, 2020, NMFS approved an application for the CATCH Association (Catch Accountability through Compensated Halibut) to serve as the RQE. The CATCH association achieved the requirements to form the RQE by submitting articles of incorporation and management organization information to NMFS, including 1) bylaws and 2) a list of key personnel including, but not limited to, the board of directors, officers, representatives, and managers.

3.3.5.3 Use of RQE Funds and Annual Report

During the development of the RQE Program, the Council discussed how a non-profit RQE would operate financially and considered placing restrictions on the RQE's activities and use of its funds; however, the Council struggled with defining such activities. Moreover, there were challenges with enforcing such broad provisions and determining the punishment for violating the requirements. Thus, no regulations were established regarding the use of funds obtained by the RQE.

However, during final action, the Council included policy language to describe its intent for funds generated through this program, stating that it, "**envisions the RQE will use funds primarily for the acquisition of commercial halibut quota; halibut conservation/research; promotion of the halibut resource; and administrative costs. The Council intends RQE resources not be involved in political campaigns.**" However, the 2023 legislation that authorizes the fee collection specifically restricts the RQE's uses of the fees to the purchase of commercial halibut quota shares and for promotion of the halibut resource.

The RQE also is required to submit an annual report for years when it holds. This report allows the Council and NMFS to track the development and activity of the RQE to ensure accountability and enforcement of the regulations.

The RQE is required to include the following general information in its annual report:

(1) Any changes to the bylaws, board of directors, or other key management personnel of the RQE during the preceding year;

(2) amounts and descriptions of annual administrative expenses;

(3) amounts and descriptions of funds spent on conservation, research, and promotion of the halibut resource and a summary of the results; and

(4) amounts and descriptions of all other expenses.

Additionally, the RQE is required to submit the following information by Regulatory Area:

(1) The total amount of halibut QS by vessel category and block held by the RQE at the start of the calendar year, on October 1, and at the end of the calendar year;

(2) a list of all transfers (purchases, sales, and any other transfers) of halibut QS, including transaction prices if applicable; and

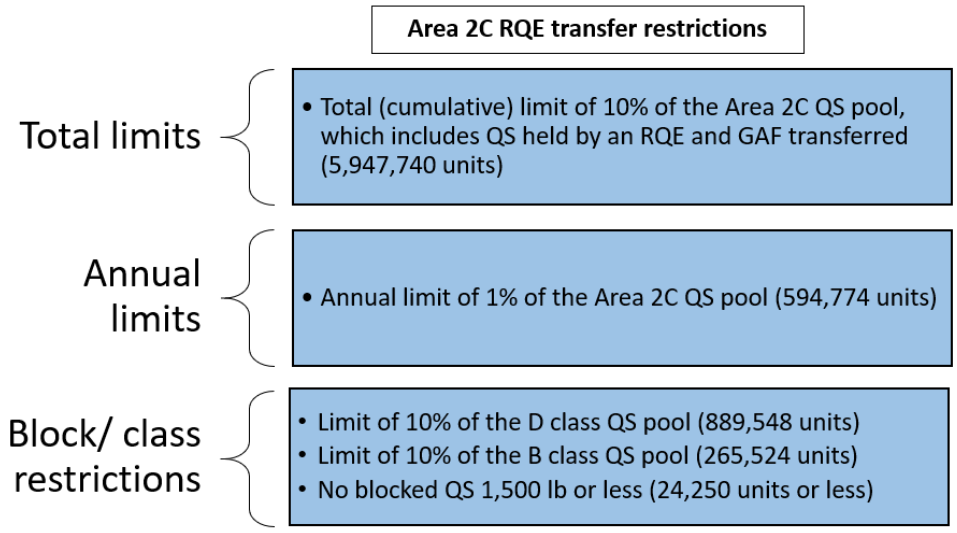
(3) the number of CHPs and associated angler endorsements purchased and held by the RQE.

If the RQE holds QS in the previous year and has not submitted a timely and complete annual report by the January 31 deadline, NMFS will not approve a transfer of QS or issue RFQ until the report is submitted. To confirm receipt of the report, the regulations require the RQE to submit the annual report to both the Council and to NMFS.

3.3.5.4 RQE QS Transfer Restrictions

Under the RQE Program, two-way transfers of QS are permitted. Quota share acquired by the RQE may be transferred to an otherwise eligible participant in the commercial IFQ fishery. Because QS and the resulting IFQ used in the commercial IFQ fishery is subject to vessel categories and block designations on initially-issued QS—unlike the QS and resulting RFQ used by the RQE, which is exempt from such categories and designations—NMFS will track QS units, IFQ pounds, and vessel class and block designations that apply to ensure that original categories and designations for the commercial IFQ fishery are maintained during the transfer process.

There are several types of transfer restrictions on an RQE's acquisition of QS including: restrictions on the type of quota share that can be purchased (i.e., QS class and block status); annual limits on transfers; total limits on holdings; and, combined limits on the amount of QS can be held and the amount of GAF that can be transferred in a year. This section summarizes these limits, which are depicted in Figure 6. Further details and rationale for the restrictions established are in the final analysis (NPFMC 2017) and in the proposed rule (82 FR 46016, October 03, 2017) for the RQE.



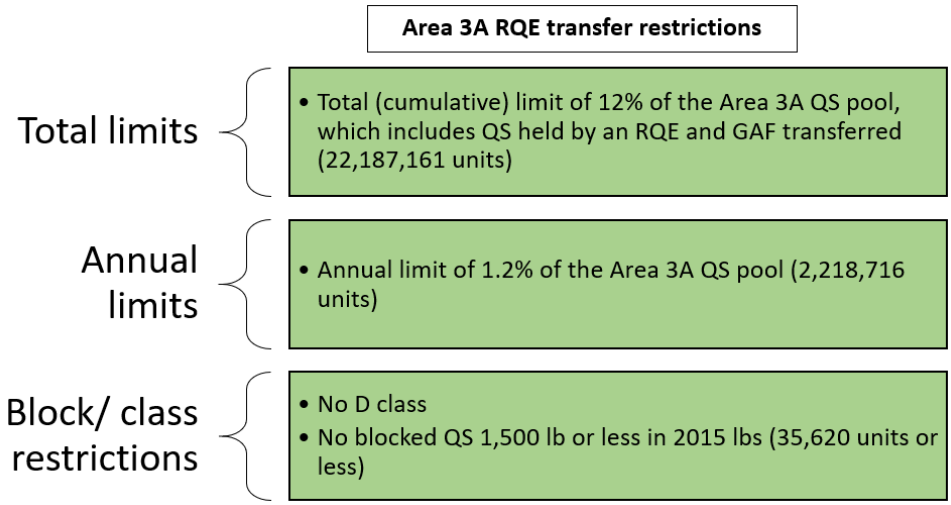


Figure 6 Transfer restrictions of halibut quota share (QS) on the RQE for Area 2C and 3A

3.3.5.4.1 Vessel Class Restrictions

There are limits on the amounts of QS the RQE can hold by vessel class in each of Areas 2C and 3A. In Area 2C, the RQE is limited to holding an amount equal to 10 percent of D class QS, and 10 percent of B class QS, based on the 2015 QS pools. Translated to QS units, these limits represent 889,548 units of D-class QS, and 265,524 units of B class QS in Area 2C. In Area 3A, the RQE is prohibited from holding any D-class QS. The RQE may purchase any amount, up to the annual transfer and cumulative use limits of A-, B-, and C- class QS in Area 3A.

The Council considered the current composition of the QS pools in Areas 2C and 3A, and the potential impact on specific QS categories when recommending these regulations. QS in D-class cannot be fished on vessels greater than 35 ft. LOA in Area 3A or 2C. Thus, the limits on the RQE acquiring D-class shares is intended to maintain vessel size diversity of the commercial fleet. Additionally, the Council and NMFS note that D-class QS tends to sell for a lower price and could therefore make it a desirable and accessible class of QS for the RQE to purchase. Therefore, the limits were adopted to reduce the potential for the RQE to adversely impact the commercial IFQ fishery fleet by substantially reducing the amount of QS available for small vessels, and to protect the opportunity for new entrants in the commercial fishery.

In Area 2C, B- and C- class QS also provide entry-level opportunities. A total prohibition on acquisition of D-class QS in Area 2C could put market pressure on other parts of the Area 2C QS market that are important for entry and diversity. While C- class QS makes up about 79 percent of the total Area 2C QS pool, B class QS represents a relatively small percentage (4.5 percent). Therefore, the RQE QS purchases in Area 2C are also limited to 10 percent of the B-class QS pool (based on the 2015 QS pool). Because restrictions on B-class QS transfers would limit the QS market opportunity for the RQE in Area 2C, the Council recommended and NMFS adopted a limited opportunity in the D-class market to relieve some of the potential market pressure on the remaining C-class QS (10 percent of the D-class QS pool in Area 2C). The combined effects of these limitations are intended to ensure that most of the B- and D-class QS are used in the commercial IFQ fishery, while balancing entry-level opportunities and fleet diversity in the commercial IFQ fishery, and at the same time allow the charter fishery to benefits from a diverse portfolio of QS transfers to the RQE.

3.3.5.4.2 Block Restrictions

In addition to vessel class restrictions, the RQE is prohibited from purchasing blocks of QS that equate to 1,500 pounds or less (based on 2015 pounds). For Area 2C, this means that the RQE may not purchase

blocked QS of 24,250 units or less. For Area 3A, the RQE is prohibited from purchasing blocked QS of 35,620 units or less. These prohibitions were established to ensure that small and more affordable blocks of QS remain available for purchase by new entrants and small businesses in the commercial IFQ fishery. The prohibition on the transfer of small blocks of QS will have limited impact on the total available market of QS that the RQE can purchase.

3.3.5.4.3 Annual Limits

NMFS RQE regulations also place limits on the amount of halibut QS units that may be transferred annually to the RQE from the commercial IFQ fishery. The primary intent of the annual limits is to minimize abrupt and negative impacts on the commercial IFQ sector due to additional competition in the QS market with the entry of the RQE. The limits are based upon the size of the QS pool in 2015, when the RQE rules were being developed. This clearly defines the limit for fishery participants and prevents a change in the limits if there are future changes in the QS pools.

The annual transfer limit in Area 2C is equivalent to 1 percent of the commercial QS units in that area, based on the 2015 pool of all QS categories (59,477,396 units). Therefore, the RQE is limited to receiving a maximum of 594,774 units of Area 2C QS in a year. For example, in 2017, the QS:IFQ ratio is 14.1209 QS units per pound of IFQ, and the annual transfer limit would be 42,120 pounds of IFQ for Area 2C.

The Area 3A annual transfer limit is equivalent to 1.2 percent of the commercial QS pool in that area, and is also based on the 2015 pool of all QS categories (184,893,008 units). Based on the 2015 QS pool, the RQE is limited to receiving by transfer a maximum of 2,218,716 units of Area 3A QS in a year. Even if the QS pool changes in future years, this proposed rule would fix the annual transfer limit in Area 3A at 2,218,716 QS units. For example, in 2017, the QS:IFQ ratio is 23.8911QS units per pound of IFQ, and the annual transfer limit would be 92,868 pounds of IFQ for Area 3A.

3.3.5.4.4 Total Limits Including GAF Usage

In addition to annual limits, the current regulations also place limits on the total cumulative amount of halibut QS that can be held by the RQE. The total cumulative limits were established to provide a balance between providing ample opportunity for additional harvest opportunity for the charter fishery, while seeking to alleviate adverse impacts to commercial halibut participants from increased competition in the QS market and higher QS prices that could occur if the RQE were provided a higher limit on QS holdings by the RQE.

For Area 2C, the RQE may hold up to 10 percent of the 2015 commercial QS pool. This proportion would be calculated based on the entire QS pool, including categories and blocks of QS units that the RQE would be prohibited from purchasing. Ten percent of the 2015 commercial QS pool equates to 5,947,740 units.

For Area 3A, a total cumulative limit of 12 percent of the 2015 commercial QS pool was established as a limit to the RQE, including categories and blocks of QS units that the RQE would be prohibited from purchasing. Twelve percent of the 2015 commercial QS pool equates to 22,187,161 units.

These total limits also limit the amount of GAF that may be transferred to the charter fishery. As RQE QS holdings increase. The cumulative cap is intended to be managed annually on a sliding scale between RQE and GAF, with GAF transfers restricted to accommodate RQE QS holdings.

Under existing regulations, a significant amount of GAF could be transferred to CHP holders each year. For example, based on 2015 data, if all QS holders transferred the maximum allowable amounts of IFQ as GAF to eligible CHP holders, 49.1 percent of the Area 2C IFQ and 35.5 percent of the Area 3A IFQ could potentially be transferred as GAF. However, actual participation in the GAF Program has been relatively low as described in Section 3.3.3.4 and demonstrated in Table 10. From 2014 through 2021,

less than 2.8 percent of Area 2C IFQ, and less than 0.3 percent of Area 3A IFQ have been transferred as GAF in any year. Although participation in the Area 2C GAF program appears to be rising (with the exception of 2020), based on the cost to transfer IFQ as GAF, it is unlikely that participation in the GAF Program will increase substantially and approach the maximum allowable transfer limits in the near future.

Table 10 Percent of Area 2C and 3A IFQ that is leased as GAF each year

Year	Area 2C			Area 3A		
	IFQ Issued	IFQ pounds transferred as GAF	% transferred as GAF	IFQ Issued	IFQ pounds transferred as GAF	% transferred as GAF
2014	3,318,720	29,498	0.9%	7,317,730	11,654	0.2%
2015	3,679,000	36,934	1.0%	7,790,000	10,337	0.1%
2016	3,924,000	47,064	1.2%	7,336,000	10,442	0.1%
2017	4,212,000	53,206	1.3%	7,739,000	9,786	0.1%
2018	3,570,000	80,656	2.3%	7,350,000	12,760	0.2%
2019	3,610,000	97,680	2.7%	8,060,000	13,524	0.2%
2020	3,410,000	57,645	1.7%	7,050,000	5,240	0.1%
2021	3,530,000	97,056	2.7%	8,950,000	11,913	0.1%

Source: NMFS GAF Report, 2021

Notwithstanding that unlikelihood, the Council recommended and NMFS agreed that it was appropriate to limit the amount of GAF that may be transferred to the charter fishery as RQE QS holdings increase, because it balances the objective of establishing an RQE to increase harvest opportunity in the charter fishery, while also minimizing the negative impacts that may result in the commercial IFQ fishery from transfers of QS. Therefore, the regulations establish restrictions that limit GAF transfers in a year, where the combined amount of RFQ and GAF transferred to CHP holders cannot exceed a poundage equal to the maximum amount of pounds that could be issued as RFQ in Area 2C or 3A.

3.3.5.5 Cost Recovery

The Magnuson-Stevens Act at Section 304(d)(2)(A) requires that cost recovery fees shall be collected for the costs directly related to the management, data collection, and enforcement of any limited access privilege programs. This includes programs such as the commercial halibut IFQ Program. Fees owed are may not exceed 3 percent of the total ex-vessel value of commercial fish landed and debited from IFQ permits. As a component of the IFQ Program, the RQE is responsible for cost recovery fees on the amount of RFQ it holds.

In years when the RQE holds QS and RFQ is issued to augment the charter fishery's catch limit, the charter fishery would be effectively using all of this RFQ; therefore, the RQE will pay cost recovery fees on all of its RFQ in a year. The value of the RFQ is calculated using the standard commercial ex-vessel price calculated for Area 2C or 3A. This is similar to the method used to apply an ex-vessel value for GAF. The IFQ cost recovery fee is levied on the RQE each year the RQE holds QS, and the resulting RFQ is issued to augment the catch limit in the charter fishery. All holdings acquired by the RQE on October 1 of the prior year are subject to the IFQ cost recovery fee.

For purposes of cost recovery, the RQE will pay fees on all resulting pounds of RFQ, even if the charter fishery's harvest was under its catch limit in Area 2C or 3A for that year. In December of each year, NMFS will (1) determine the standard prices and the cost recovery fee percentage; (2) announce the standard prices and the cost recovery fee percentage in the Federal Register**;** and (3) issue the RQE a fee

assessment. The RFQ fee assessment is based on the number of RFQ pounds added to either the Area 2C or 3A charter catch limit based on QS holdings as of October 1 of the prior year multiplied by the standard price for Area 2C or Area 3A and multiplied by the cost recovery fee percentage (around 3 percent in recent years). The cost recovery fee payment from the RQE to NMFS is be due by January 31 of each year.

Based on NMFS policy, only "incremental" costs (i.e., those incurred as a result of IFQ management) are assessable as cost recovery fees. Recently, the costs to administer the IFQ Program have often been at or above the cost recovery fee limit of 3 percent of the fishery value; therefore, additional costs due to the RQE Program are not likely to increase the cost recovery fee percentage for IFQ permit holders. Cost Recovery Reports are produced annually and detail the incremental costs associated with management and enforcement in that year. [8]

3.3.5.6 Purchase of Charter Halibut Permits by an RQE

The RQE may purchase CHPs and is subject to regulations that apply to any other person, as defined in regulations. Among the most prominent regulations, Section 300.67(j) states that a person may not own, hold, or control more than five CHPs, with limited exceptions; therefore, the RQE is authorized to purchase and hold up to five transferable CHPs in both Regulatory Areas combined. Any purchases or sales of CHPs by the RQE are required to be reported in the RQE's annual report to the Council and NMFS.

3.3.5.7 Redistribution of Excess RFQ

In the development of the RQE Program, the Council considered a scenario where the charter sector could reach the management measures for the unguided sector, which is a daily bag limit of two halibut of any size. If this occurs, the regulations state that NMFS would not issue annual RFQ in excess of the adjusted charter catch limit. Instead, the excess RFQ would be redistributed temporarily, on a year-by-year basis, to certain participants in the commercial IFQ fishery.

The regulations specify that 50 percent of the excess RFQ will be redistributed as IFQ to catcher vessel QS holders in the applicable area (Area 2C or Area 3A) who held not more than 32,333 QS units in Area 2C, and 47,469 QS units in Area 3A (i.e., the amount of QS that yielded 2,000 pounds of IFQ in 2015) in the year prior to the redistribution, and who also held that QS eligible for redistribution during the year that the redistribution occurs. This 50 percent would be redistributed among qualified QS holders in proportion to their QS holdings.

After the redistribution to IFQ holders, the remaining 50 percent of excess RFQ will be distributed equally to all CQEs that held halibut QS in the applicable area (Area 2C or Area 3A) in the year prior to the redistribution, as well as in the year that the redistribution occurs. If no CQE held QS in the applicable area (Area 2C or Area 3A) in the preceding year and in the year that the redistribution occurs, this 50 percent of the excess RFQ would not be redistributed in that area. In other words, the excess RFQ would be unfished or "left in the water" for conservation.

3.3.6 Participation in Area 2C

Under the proposed regulations, charter halibut operators will be responsible to pay the fees that fund the RQE. If charter businesses choose to pass some of the costs of halibut stamps to their customers, then charter anglers will also be affected. This section provides a summary of operators (in terms of CHP holders, businesses, and angler-days by businesses) and charter halibut anglers (angler-days by Area and

[8] https://www.fisheries.noaa.gov/resource/document/individual-fishing-quota-ifq-cost-recovery-reports

sub-area; additional information on anglers are throughout the document) and the charter sector's connections to communities (through CHP holder communities).

3.3.6.1 Area 2C Operators

In Area 2C there are 274 CHP holders (including CQEs and MWR entities; Table 11) holding 578 total CHPs (as highlighted in Table 2 in Section 3.3.2). For both Area 2C and Areas 3A there is an ownership cap of five CHPs per person. Exceptions were created for initial issuees who were "grandfathered" into the program with greater than five CHPs, based on previous business structures. For example, in Area 2C 15 of the existing CHP holders still hold over five CHPs with a maximum of 25 CHPs for one CHP holder (Figure 7). In Area 2C, most CHP are endorsed for 4, 5, or 6 anglers, with a few that allow for more anglers at one time; up to 13 anglers (not pictured).

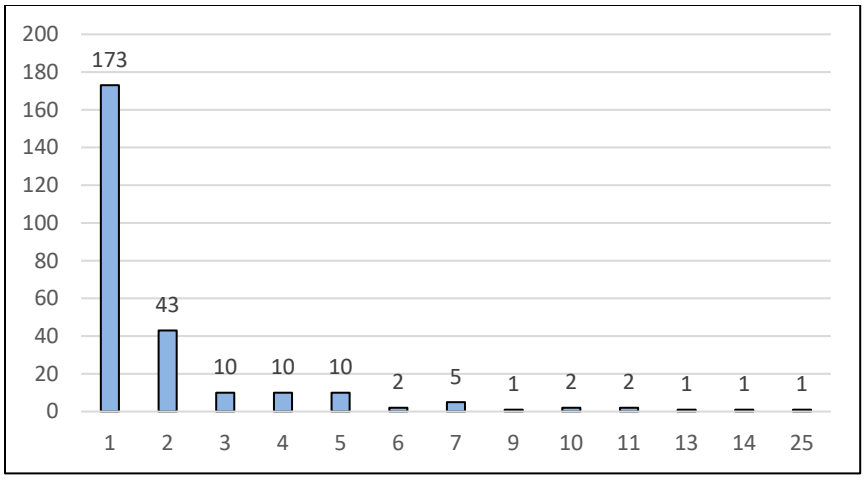
Charter operations in Area 2C are diverse. Many operations cater to non-Alaskan resident cruise ship passengers. Area 2C also has a number of both remote and community-based lodges that offer charter halibut trips to their clientele of primarily non-Alaskan residents. Both of these business styles operate all days of the week which makes many Area 2C operations particularly averse to day-of-the-week closures. As can be seen in Table 12 there is wide distribution in the number of angler days per business, with the vast majority catering to less than 390 halibut angler days per season; however, some businesses are indicated with several thousand angler days. The more high-volume operations in Area 2C are typically lodges that were grandfathered into the Charter Halibut Limited Access Program above the standard 5-CHP ownership cap due to the fleet of charter vessels associated with the lodge. Another feature of charter businesses in Area 2C are ADF&G regulations that restrict charter vessels to fishing no more than six fishing lines at one time.

Table 11 Number of unique Area 2C CHP holders

Area 2C permit holders	
CHP holders	261
CQE permit holders	12
MWR permit holders	1
Total entities	274

Source: NMFS RAM Program CHP data, Accessed 8/23/2021.

Figure 7 Area 2C: Number of CHPs held by unique CHP holders



Source: NMFS RAM Program CHP data, Accessed 8/23/2021.
Note: The figure does not include CQE and MWR holdings. All CQEs in Area 2C hold 4 CHPs (the maximum allowed). The one MWR in Area 2C holds 1 CHP.

Table 12 Frequency distribution of Area 2C halibut angler days by business

Halibut angler days associated with business license	2C 2017 Business Freq	2C 2017 Business Freq Pct
1-30	47	19.1%
31-60	35	14.2%
61-90	17	6.9%
91-120	12	4.9%
121-150	29	11.8%
151-180	7	2.8%
181-210	11	4.5%
211-240	13	5.3%
241-270	12	4.9%
271-300	10	4.1%
301-390	12	4.9%
>391	41	16.7%
(avg halibut angler days/ license = 281)		
Total Business Licenses	**246**	

Halibut angler days associated with business license	2C 2018 Business Freq	2C 2018 Business Freq Pct
1-30	54	22.0%
31-60	20	8.1%
61-90	23	9.3%
91-120	17	6.9%
121-150	16	6.5%
151-180	15	6.1%
181-210	12	4.9%
211-240	6	2.4%
241-270	10	4.1%
271-300	11	4.5%
301-390	21	8.5%
>391	39	15.9%
(avg halibut angler days/ license = 283)		
Total Business Licenses	**244**	

Halibut angler days associated with business license	2C 2019 Business Freq	2C 2019 Business Freq Pct
1-30	64	26.0%
31-60	31	12.6%
61-90	16	6.5%
91-120	16	6.5%
121-150	16	6.5%
151-180	12	4.9%
181-210	10	4.1%
211-240	9	3.7%
241-270	6	2.4%
271-300	11	4.5%
301-390	19	7.7%
>391	42	17.1%
(avg halibut angler days/ license = 275)		
Total Business Licenses	**252**	

Source: ADF&G Saltwater Logbooks sourced through AKFIN
Halibut angler days only include days where halibut was recorded as retained.
Observations with missing business license numbers were excluded.
Note these numbers are updated from previous versions of the document and slightly different than businesses numbers reported by ADF&G as they are limited to trips where a CHP was also reported.

3.3.6.2 Area 2C Anglers

Table 13 demonstrates the number of charter halibut angler-days that have occurred over time in Area 2C sub-areas and in total. Aside from 2020, when there was a dramatic reduction in angler effort in Area 2C due to the COVID-19 pandemic and associated drop Alaska visitors, the number of angler-days in many Area 2C sub-areas has increased since 2009. Based on the preliminary estimates for harvest in 2020, Area 2C experienced a 55% reduction in halibut harvest relative to 2019, emphasizing the importance of cruise ships and non-resident tourism to this sector. The Ketchikan and Juneau (Juneau, Haines, and Skagway) regions had the greatest rate of change from 2019, with 73% and 69% reduction in angler-days respectively based on primarily 2020 harvest data.

Table 13 Area 2C charter halibut angler-days (effort) 2006-2021

Year	Area 2C angler-days by subarea						Total 2C
	Ketch	PWI	Pburg	Sitka	Jun	GlacB-2C	
2006	11,148	26,409	4,441	34,298	8,445	12,499	97,240
2007	13,359	27,906	4,754	36,066	7,990	15,912	105,987
2008	11,672	27,369	4,528	33,928	7,766	18,002	103,265
2009	10,283	17,273	3,489	22,883	7,314	13,186	74,428
2010	10,595	17,981	3,283	24,027	8,472	13,625	77,983
2011	10,552	16,015	2,257	24,038	8,771	11,301	72,934
2012	11,886	18,242	2,675	24,881	7,803	9,976	75,463
2013	13,582	20,180	3,029	24,470	9,288	11,206	81,755
2014	14,680	21,491	2,839	28,638	10,375	12,390	90,413
2015	16,685	21,931	3,071	31,113	11,391	10,613	94,804
2016	16,595	23,440	3,373	31,093	12,069	9,694	96,264
2017	18,686	25,466	3,133	33,481	13,729	9,786	104,281
2018	21,671	25,708	3,538	32,394	13,993	11,396	108,700
2019	21,002	24,412	3,194	33,057	14,674	10,414	106,753
2020	4,521	12,644	1,934	16,605	4,809	5,133	44,926
2021	*13,350*	*26,048*	*3,221*	*33,270*	*12,057*	*12,322*	*100,268*

Source: Webster, Jevons, & Power 2021
Angler-days are trips with halibut harvested, bottomfish hours recorded, and/or bottomfish stat areas recorded.
Angler-days is client-only except 2014-2021 data which includes all reported crew data even though prohibited.
Preliminary estimates for 2021 (in italics) are based on logbook data for charter trips through August 31, 2021, entered as of October 19, 2021.
Abbreviations: Ketchikan (Ketch); Prince of Wales Island (PWI); Petersburg/ Wrangell (Pburg); Sitka; Juneau, Haines, and Skagway (Jun); Glacier Bay 2C Portion (GlacB-2C)

Note that some anglers fish multiple days; therefore, Table 13 does not represent the total number of unique anglers fishing halibut in Area 2C. The number of unique charter anglers is better represented in Table 21 for Area 2C. For example, Table 21 demonstrates that in 2019 approximately 50,000 charter halibut anglers made up 106,753 angler-days (as shown in Table 13).

3.3.6.3 Community Engagement

The impact of charter fishing activities on communities can be understood in many different ways. Typically, impacts are analyzed in terms of where the charter halibut operation exists. However, the scope of associated communities expands extensively when nearby or hub communities that offer complementary services are included (e.g., communities associated with charter processors or businesses related to tourism or travel, for example). Community-level impacts of halibut industries may manifest in

more than just coastal communities, where fisheries involvement is generally more visible. Induced community impacts may be connected to the income received by CHP holders, charter business owners, charter guides and crew. There are several resources that provide information on community-level charter halibut sector activities[9], but there are also many aspects of charter halibut community engagement that are data-limited (e.g., charter guide and crew community connections).

For purposes of this background section, this analysis highlights the information on CHP holder's associated communities (Table 14). For Area 2C, a large proportion of the CHPs are registered in Ketchikan, Sitka, Craig, Juneau/Auke Bay, Petersburg, and Klawock, Alaska, as well the in the state of Washington and Utah. Many other communities across Alaska and in other states are also represented.

Table 14 Area 2C CHP holder community associations

State	# of CHPs	% of CHPs
AK	447	84.5%
AR	1	0.2%
AZ	1	0.2%
CA	4	0.8%
CO	1	0.2%
FL	13	2.5%
GA	3	0.6%
ID	3	0.6%
KY	1	0.2%
NJ	1	0.2%
NV	1	0.2%
OR	3	0.6%
TX	2	0.4%
UT	14	2.6%
WA	32	6.0%
WY	1	0.2%
(blank)	1	0.2%
Total	**529**	**100.0%**

Alaska Community	# of CHPs	% of CHPs from AK
ANCHORAGE	1	0.2%
ANGOON	9	2.0%
AUKE BAY	11	2.5%
COFFMAN COVE	3	0.7%
CRAIG	54	12.1%
ELFIN COVE	13	2.9%
GUSTAVUS	6	1.3%
HAINES	2	0.4%
HOONAH	1	0.2%
JUNEAU	34	7.6%
KETCHIKAN	125	28.0%
KLAWOCK	16	3.6%
PALMER	1	0.2%
PELICAN	10	2.2%
PETERSBURG	19	4.3%
POINT BAKER	1	0.2%
PORT ALEXANDER	3	0.7%
SITKA	114	25.5%
SOLDOTNA	3	0.7%
TENAKEE SPRINGS	2	0.4%
THORNE BAY	3	0.7%
TOK	1	0.2%
WARD COVE	9	2.0%
WASILLA	1	0.2%
WRANGELL	5	1.1%

Source: NMFS RAM Program CHP data, Accessed 7/19/2021.

[9] Examples include Appendix A to the EA/RIR/IRFA to the Catch Sharing Plan analysis (NPFMC 2013). This document includes as some basic statistical information on QS and CHP holdings by state and community as well as community profiles on Anchorage, Homer, Ketchikan, Kodiak, Petersburg, and Sitka.

Additionally, AFSC has produced an interactive map for recreational and commercial fishing, as well as subsistence fishing activities in the state of Alaska (http://www.afsc.noaa.gov/REFM/Socioeconomics/Projects/CPU.php). The map displays statistics for on sportfishing licenses sold, sportfishing licenses held, charter guide licenses held, and active fishing business through 2011 (effort is current underway for an update of this information). This map links to individual community profiles produced by the science center. Detailed updated information on IFQ impacts on communities is planned for the IFQ Program review scheduled for either 2016 or 2017.

3.3.7 Participation in Area 3A

3.3.7.1 Area 3A Operators

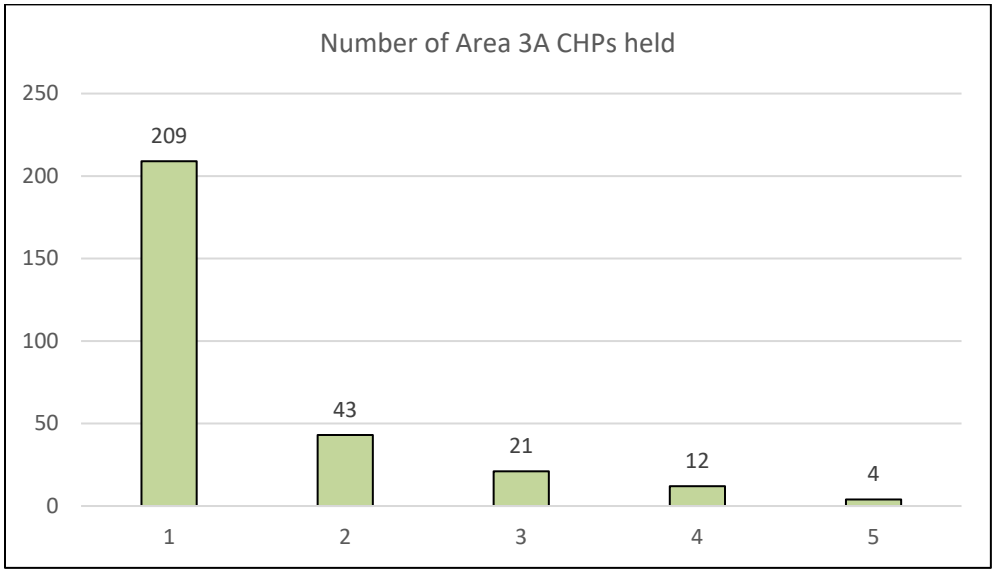
In Area 3A there are 300 CHP holders (including CQEs and MWR entities; Table 15) holding 488 total CHPs (as highlighted in Table 3 in Section 3.3.2). In Area 3A, there are no existing CHP holders that hold over the five CHPs ownership cap (Figure 8). However, Area 3A CHPs have a much wider distribution of angler endorsements (not displayed herein). Like Area 2C, the majority of CHPs are endorsed for 4, 5, or 6 anglers; however, the maximum angler endorsement for Area 3A allows 38 anglers to fish on one vessel at one time. Another 41 CHPs in Area 3A allow 15 or more halibut anglers on one vessel at one time. This is indicative of several types of charter operations with larger vessels in Area 3A and State of Alaska regulations that do not limit charter vessels to fishing a maximum of six lines, as in Area 2C. Some larger vessels do multi-day charters with larger groups, while other large vessels operate with half-day or day trips. The Area 3A charter sector businesses are also operationally diverse. Table 16 demonstrates that similar to Area 2C, there is wide distribution in the volume of anglers per business, with a greater proportion of 3A businesses catering to over 390 halibut angler days per season relative to charter businesses in Area 2C.

Table 15 Number of unique Area 3A CHP holders

Area 3A CHP holders	
CHP holders	289
CQE permit holders	8
MWR permit holders	3
Total entities	300

Source: NMFS RAM Program CHP data, Accessed 7/19/2021.

Figure 8 Area 3A: Number of CHPs held by unique CHP holders



Source: NMFS RAM Program CHP data, Accessed 7/19/2021.
Note: The figure does not include CQE and MWR holdings. All CQEs in Area 3A hold 7 CHPs (the maximum allowed). One MWRs in Area 3A holds 4 CHPs and the other two MWR entities each hold 1 CHP.

Table 16 Frequency distribution of Area 3A halibut angler-trips by business

Halibut angler days associated with business license	3A 2017 Business Freq	3A 2017 Business Freq Pct
1-30	32	14.0%
31-60	18	7.9%
61-90	21	9.2%
91-120	15	6.6%
121-150	11	4.8%
151-180	10	4.4%
181-210	9	3.9%
211-240	8	3.5%
241-270	15	6.6%
271-300	6	2.6%
301-390	27	11.8%
>391	57	24.9%
(avg halibut angler days/ license = 375)		
Total Business Licenses	**229**	

Halibut angler days associated with business license	3A 2018 Business Freq	3A 2018 Business Freq Pct
1-30	33	14.4%
31-60	21	9.2%
61-90	14	6.1%
91-120	9	3.9%
121-150	12	5.2%
151-180	16	7.0%
181-210	10	4.4%
211-240	9	3.9%
241-270	9	3.9%
271-300	10	4.4%
301-390	28	12.2%
>391	59	25.8%
(avg halibut angler days/ license = 367)		
Total Business Licenses	**230**	

Halibut angler days associated with business license	3A 2019 Business Freq	3A 2019 Business Freq Pct
1-30	30	13.1%
31-60	19	8.3%
61-90	16	7.0%
91-120	9	3.9%
121-150	12	5.2%
151-180	11	4.8%
181-210	9	3.9%
211-240	11	4.8%
241-270	14	6.1%
271-300	7	3.1%
301-390	23	10.0%
>391	64	27.9%
(avg halibut angler days/ license = 383)		
Total Business Licenses	**225**	

Source: ADF&G Saltwater Logbooks sourced through AKFIN
Angler days only include days where halibut was recorded as retained.
Observations with missing business license numbers were excluded.
Note these numbers are updated from previous versions of the document and slightly different than businesses numbers reported by ADF&G as they are limited to trips where a CHP was also reported.

3.3.7.2 Area 3A Anglers

The number of charter halibut angler-days that have occurred over time for Area 3A and sub-areas are demonstrated in Table 17. Aside from 2020, trends in Area 3A sub-areas have been somewhat steadier, even declining in some sub-areas like Central Cook Inlet, Lower Cook Inlet, and Kodiak. Based on the preliminary estimates for harvest in 2020, Area 3A experienced a 29% reduction in halibut harvest relative to 2019. The Area 3A portion of Glacier Bay and Yakutat had the greatest percentage declines in harvest relative to 2019 at 52% and 50% reductions, respectively based on primarily 2020 harvest data.

Table 17 Area 3A charter logbook angler-days (effort), 2006-2020

Area 3A angler-days by subarea									
Year	GlacB-3A	Yak	EPWS	WPWS	NGulf	CCI	LCI	Kod	Tot 3A
2006	91	3,164	6,571	2,939	30,381	34,915	50,850	12,030	140,941
2007	137	2,996	6,692	3,326	35,359	36,870	52,301	13,965	151,646
2008	413	3,156	5,414	3,642	32,945	34,013	45,495	12,574	137,652
2009	220	2,201	5,134	3,364	25,591	27,516	36,801	10,059	110,886
2010	161	2,449	5,156	3,753	28,431	27,824	40,573	10,084	118,431
2011	922	2,485	3,855	3,020	27,848	27,565	41,634	10,481	117,810
2012	1,030	2,681	3,440	3,507	30,154	26,238	40,561	10,036	117,647
2013	1,264	2,919	3,618	3,736	29,872	27,741	40,615	9,313	119,078
2014	1,424	3,315	3,576	3,435	29,613	20,633	37,111	9,927	109,034
2015	1,852	3,267	3,527	3,484	30,864	19,882	33,011	8,756	104,643
2016	1,887	3,382	4,126	4,094	33,007	16,865	36,978	8,427	108,766
2017	2,211	3,405	3,579	3,679	27,934	17,330	35,426	7,899	101,463
2018	2,739	4,412	4,045	3,955	27,535	16,871	33,723	8,476	101,756
2019	2,094	4,365	4,653	4,764	29,889	15,184	33,681	8,961	103,591
2020	958	1,994	3,495	3,770	20,694	10,773	24,250	5,851	71,745
2021	*1,224*	*4,249*	*4,974*	*4,668*	*31,779*	*17,164*	*46,167*	*12,797*	*123,023*

Source: Webster, Jevons, & Power 2021
Notes: Angler-days are trips with halibut harvested, bottomfish hours recorded, and/or bottomfish stat areas recorded (not including closed days).
Angler-day is client-only except 2014-2021 data which includes all reported crew data even though prohibited.
Preliminary estimates for 2021 (in italics) are based on logbook data for charter trips through August 31, 2021, entered as of November 1, 2021.
Abbreviations: Glacier Bay 3A portion (GlacB-3A); Yakutat (Yak); Eastern Prince William Sound (EPWS); Western Prince William Sound (WPWS); North Gulf (NGulf); Central Cook Inlet (CCI); Lower Cook Inlet (LCI); Kodiak/ Alaska Peninsula (Kod)

3.3.7.3 Community Engagement

Table 18 highlights the communities associated with Area 3A CHP holders, as one example of community engagement relative to the charter halibut sector in Area 3A (with more types of connections described in Section 3.3.6.3). As can be seen in Table 18, for Area 3A, a large portion of the CHPs are registered in Homer, Seward, Kodiak, Soldotna, Ninilchik, Anchorage, and Yakutat, Alaska with many communities represented across Alaska and other states.

Table 18 Area 3A CHP holder community associations

State	# of CHPs	% of CHPs
AK	387	90.8%
AZ	1	0.2%
CA	4	0.9%
CO	2	0.5%
FL	3	0.7%
HI	1	0.2%
MN	1	0.2%
MT	2	0.5%
ND	1	0.2%
NE	1	0.2%
NM	2	0.5%
NV	3	0.7%
NY	1	0.2%
OR	1	0.2%
TX	2	0.5%
UT	3	0.7%
WA	9	2.1%
WY	2	0.5%
Total	**426**	100.0%

Alaska Community	# of CHPs	% of CHPs
ANCHOR POINT	7	1.8%
ANCHORAGE	25	6.5%
ANDERSON	1	0.3%
ANIAK	1	0.3%
BIG LAKE	1	0.3%
CHUGIAK	2	0.5%
CLAM GULCH	1	0.3%
CORDOVA	4	1.0%
EAGLE RIVER	7	1.8%
ELFIN COVE	8	2.1%
FAIRBANKS	1	0.3%
FRITZ CREEK	2	0.5%
GIRDWOOD	2	0.5%
HOMER	60	15.5%
JUNEAU	9	2.3%
KASILOF	8	2.1%
KENAI	6	1.6%
KODIAK	48	12.4%
LARSEN BAY	5	1.3%
MOOSE PASS	1	0.3%
NINILCHIK	28	7.2%
NORTH POLE	2	0.5%
OLD HARBOR	3	0.8%
OUZINKIE	1	0.3%
PALMER	3	0.8%
PEDRO BAY	1	0.3%
PELICAN	7	1.8%
PETERSBURG	1	0.3%
PORT LIONS	4	1.0%
SELDOVIA	1	0.3%
SEWARD	50	12.9%
SOLDOTNA	45	11.6%
STERLING	6	1.6%
VALDEZ	7	1.8%
WASILLA	10	2.6%
WHITTIER	2	0.5%
WILLOW	1	0.3%
YAKUTAT	16	4.1%

Source: NMFS RAM Program CHP data, Accessed 7/19/2021.

3.4 Analysis of Impacts: Alternative 1, No Action

Under the no action alternative there would be no RQE funding mechanism supported by Federal rules. NMFS would not facilitate or otherwise play a role in the collection of fees.

As noted above, following the implementation of the RQE regulations in 2018, the RQE established as a qualified non-profit entity and was approved by NMFS in March 2020. The RQE is therefore currently authorized to purchase halibut QS for use by charter anglers. If the RQE acquired funds through donations, grants, fundraising, or other private funding sources, then these sources could contribute to halibut QS purchases. Additionally, the RQE could choose to design and facilitate its own fee collection program, potentially implementing requirements through a merit-based system or privately through civil contracts. However, the RQE program was designed to benefit the collective, and it does not allow charter operators or anglers to be excluded from access to the additional pounds of halibut available through RQE halibut QS holdings, regardless of whether they agree to pay a fee. This raises the possibility that without a suitable enforcement mechanism, there may be free riders (i.e., those who benefit from, but do not contribute to the expense of QS) in the program.

In addition to the RQE's QS contribution, status quo management measures may also be relaxed for individual charter operations through the GAF Program. GAF regulations were a feature of the Catch Sharing Plan implemented in 2014. The program allows individual charter permit holders to temporarily lease or use their own QS to liberalize management measures for individual anglers and allow the retention of halibut up to the limits allowed for unguided anglers. Section 3.3.3.4 provides additional background on this program and recent patterns of use.

Under the status quo, liberalized management measures may also occur sector-wide if overall halibut catch limits increase, and angler effort remains relatively static or drops. Catch limits can increase either through changes to existing CSP allocations, or by increases in the halibut biomass and corresponding catch limits adopted by the IPHC.

3.5 Analysis of Impacts: Alternative 2, Establish a Federal Fee Collection Program

During the period when the Council examined RQE funding, NMFS did not have the authority to develop the rules that would allow a Federal fee collection option; however, as described in Section 3.2, the authorizing legislation was eventually adopted by Congress in early 2023. Under the new authority, NMFS could oversee and/or administer an RQE fee program. The authorizing statutes require that the RQE fees would be collected from charter vessel operators.

The Council's motion in April 2021 that requested a funding analysis did not dictate a specific mechanism that would be used to collect fees from charter businesses. The Council determined it would be advantageous to analyze various options, and that NMFS AK Region and RQE stakeholders should collaborate on the design of a workable mechanism. The Council also requested the 2021 analysis should explore the range of potential fee collection methods currently used for other North Pacific fisheries, including State of Alaska fisheries and other programs, and provide information on likely administrative costs for the fee collection and eventual disbursement of funds to the RQE. The final discussion paper (NPFMC 2021) included details on the 1) State of Alaska King Salmon Stamp Program, 2) the State of Alaska Big Game Locking Tags, 3) the Federal Duck Stamp Program; and, 4) a summary of other Recreational Fishing Harvest Tag/ Stamp Programs. Additionally, this analysis includes details of the IFQ Cost Recovery Program as an example of an annual fee billed by NMFS.

Under Alternative 2 of the 2021 analysis, analysts explored two primary fee collection concepts: a halibut stamp, and an annual operator fee. A charter halibut stamp was the primary mechanism considered in the

discussion paper (NPFMC 2021) and was the preferred method of charter representatives. A charter halibut stamp program would require all charter businesses to purchase a charter halibut stamp for each charter vessel angler for each day they intend to harvest halibut on a charter vessel fishing trip in IPHC regulatory Areas 2C and 3A. Alternatively, an annual fee levied on charter operations was also included as a possible way to reduce administrative costs by relying primarily on existing infrastructure in NMFS. An annual operating fee could be charged uniformly across charter businesses, or the fee could vary, depending upon differences among charter operations. For example, the fee could be tied to angler effort or other measures of business activity associated with charter operations. A uniform fee across businesses was unlikely to be a popular option, given the wide distribution of participation among operations, where many operators show very limited halibut effort. However, this option was included in part for comparative purposes. Table 19 summarizes benefits and challenges associated with each mechanism. Section 3.5.1.5 further describes some of the expected long-term and short-term administrative costs expected with each mechanism.

The remainder of this section describes possible features and decision points associated with these mechanisms. Several topics relevant to all mechanisms are also considered (e.g., the use of the revenue, and Paperwork Reduction Act considerations). Finally, this section includes an analysis of the impacts of establishing a Federal fee collection on anglers, operators and communities.

Table 19 Summary of benefits and challenges among fee collection mechanisms

Category of benefit/ challenge	Charter halibut stamp		Annual operator fee – Uniform fee		Annual operator fee – Scaled to charter business activity	
	Benefits	Challenges	Benefits	Challenges	Benefits	Challenges
Administration	▪ Would not require issuing invoices and administering payments and non-payments of fees	▪ Costs for program development and maintenance, plus increased staff time. ▪NMFS does not have widespread in-person user support similar to ADFG offices and vendors	▪ NMFS has experience implementing other types of administrative fees		▪ NMFS has experience implementing other types of administrative fees	▪ The need to set up a robust appeals process for operators to dispute the data used to establish the fee
Data sourcing	▪ Fees are not determined by previous levels of angler effort; as such, no "data sourcing" is needed to determine the fee		"Data sourcing" is likely not needed to determine the fee			▪ Scaling fees to business activity depends on a reliable, timely data source ▪ ADF&G logbooks as a means to scale business activity is problematic ▪ Logbook data may need for substantial data auditing ▪ Additional ADF&G costs
Enforcement		▪ Would require substantial enforcement effort, including partner agencies such as Alaska Wildlife Troopers ▪ On the water enforcement would add to agency costs (particularly in the case of violations)	▪ May not require on the water enforcement (administrative only)		▪ May not require on the water enforcement (administrative only)	
User-fee concept (fees are scaled to the amount of charter business, such as angler effort)	▪ Equitable distribution of the fee burden that is tied to the number of anglers served by individual charter businesses	▪ The volume of stamp purchases and stamp assignments to anglers		▪ Not scaled to business activity; wide variation in CHP use may not equitably distribute the fee burden ▪ Could result in additional unintended effects (such as some CHP holders selling)	▪ Depending upon the system, scaling operator fees to the amount of business activity could address some of the issues of equity among fee payers.	▪ The halibut stamp concept may capture this goal better than other scaled programs.

3.5.1 Option 1: Charter Halibut Stamp

This option is the Council's Preferred Alternative recommended in its April 2022 motion for Final Action and is currently proposed by NMFS. The proposed halibut stamp mechanism would include a requirement for all charter halibut businesses to purchase a halibut stamp for each guided angler who intends to harvest halibut on a charter vessel operating in IPHC Regulatory Areas 2C and 3A. Based on the concepts considered, this mechanism is the most equitable, as the fees collected from charter operations align closely with the number of charter anglers they serve. A halibut stamp program also resembles a user fee, which charter operators and the RQE highlighted as important. The benefits and challenges for establishing a halibut stamp mechanism are summarized in Table 19.

The biggest challenge of this option is the volume of transactions and stamp assignments. Based on figures in this analysis, some 500 unique charter businesses that hold nearly 1,000 Charter Halibut Permits (CHPs) will be responsible for obtaining and validating stamps for approximately 200,000 halibut angler days each year. With a $20 daily halibut stamp requirement, it is estimated that nearly $4 million in fees may be collected annually from the combined businesses in Areas 2C and 3A. The fee collections must occur securely, and ultimately the fees must be passed through NMFS and transmitted to a specific account in the Federal Treasury.

3.5.1.1 Mechanics of a Halibut Stamp

The following section considers the mechanics of a halibut stamp program proposed by NMFS in consultation with the RQE. The Council was advised during deliberations that it was not necessary to make decisions on all the implementation details of the program if the overall intent was clear. Instead, many decisions may be made at the rulemaking stage, with some technical decisions made at the time of implementation.

3.5.1.1.1 Responsibility and Liability

Under any Federal fee collection program, this analysis applies the conditions specified in the recent amendment to Federal law that authorizes funding for the RQE. Of particular importance is the requirement that charter operators are responsible for paying the fees under rules developed by NMFS.

Apart from complying with Federal requirements, there would be specific advantages to having charter operators be responsible for assigning halibut stamps for their anglers. Operators are likely to be more aware of the stamp requirements, and would have experience using an online platform to obtain the stamps, which could both increase compliance and decrease the need for user support. Given the many thousands of charter halibut anglers that participate in Areas 2C and 3A each year – the majority of whom come from outside of Alaska - it may be more difficult to ensure adequate outreach for a new angler requirement. It may be easier to ensure that approximately 500 charter halibut businesses are informed about the need for a halibut stamp and are able to access the system they need to purchase stamps prior to departure. Additionally, charter businesses could choose to pass some or all of the cost of the stamp to their anglers directly.

Combined with the Federal requirements for fee collections, the Charter Halibut Management Committee (see Appendix 1) also recommended that Charter Vessel Guides (as defined by NMFS definition) should be liable to ensure that there are validated stamps on the vessel for each angler fishing for halibut.

The proposed regulations would require a halibut stamp for each guided angler, on each day the angler intends to harvest halibut on a charter vessel operating in IPHC Regulatory Areas 2C and 3A. This follows a recommendation from the Charter Halibut Management Committee that the validation of a charter halibut stamp should be based on halibut effort, rather than on halibut retention (see Appendix 1).

The Council and NMFS also considered an alternative where a stamp would be required only for anglers who have retained halibut. This was largely driven by input from enforcement officers, who highlighted that enforcing the "intention" portion of the ADF&G king salmon stamp can be very difficult. However, the NMFS also considered that if a stamp is required only when a halibut is retained, it creates an incentive for charter operators to opportunistically validate stamps only when they believe they will be checked by enforcement officers. Additionally, a stamps based on halibut retention raises other questions of enforcement, such as precisely when the stamp must be validated after retaining the halibut, and how to manage and electronic stamp validation when internet or cell phone connectivity is not available.

The Council's recommendation and NMFS's proposed regulations specify that halibut stamps would apply to charter anglers 18 years and older. The Analysis and the Council's rationale describe this as a feature that is consistent with State of Alaska licensing requirements. State of Alaska fishing licenses and king salmon stamps are required for nonresidents of Alaska age 16 and older, and 18 years and older for State residents. Although a youth angler exemption will reduce the stamp revenue that will be collected, it may also alleviate confusion by aligning regulations with State requirements. The analysis provides estimates that in Area 2C, between 2006 and 2021, an average of 4.3% of the angler days were represented by youth anglers. In Area 3A, similar estimates indicate 5.7% of angler days were represented by youth anglers.

Because GAF originates as a transfer of halibut quota from the commercial fishery, it is not part of the annual charter halibut allocation. Therefore, halibut stamps are not required for anglers who retain halibut landed as GAF on days that would otherwise be close by regulation to halibut retention.

This stamp exemption does not extend to anglers who use GAF to retain halibut on non-closed days. On non-closed days, a stamp exemption for GAF has the potential to undermine both the GAF and the RQE Program fee collection, primarily due to the difficulty of accounting and enforcing bag limits when halibut landed as GAF are mixed with non-GAF halibut aboard a charter vessel.

3.4.1.1.2 Online Platform for the Sales and Distribution of Stamps

Experienced ADF&G licensing staff strongly recommended that any permit or license endorsement program should include online sales. ADF&G indicated their greatest challenge for making king salmon stamps exclusively electronic and available for online sales is the agency's inability to conduct sales and maintain the database during the rare periods when the online system is shut down (NPFMC 2021).

There are substantial benefits to having an online platform for the sale and distribution of halibut stamps, instead of paper stamps that are distributed through the mail. They include:

- A digital platform is much simpler and more accurate than using cash payments for paper records. Record keeping is also more accurate and timely.
- An electronic platform eliminates most costs for printing and distribution of stamps.
- The ability to instantly obtain an electronic halibut stamp once it is purchased would diminish the delays and disruption for operators and anglers and would likely increase compliance.
- An online framework for the sale and distribution of stamps may be especially important for NMFS, as the agency does not have a network of vendors or in-person user support as ADF&G does. The only other distribution option for NMFS would be through mail or fax.
- Payments and payment receipts are more secure.

For this option, NMFS proposes a system where the agency would design a platform that allows charter businesses to purchase electronic stamps in advance of actual use by using accounts that are specific to their business. If a charter business can purchase stamps at times opportune to them, and in quantities that make sense to them at the time, it would settle most issues of poor internet connectivity and systems breakdowns that could complicate real-time purchases at the start of a fishing trip. Moreover, it would be a more flexible way for businesses to operate if a business can "bank" the stamps and use them when needed, rather than attempting to obtain stamps immediately at the time of use.

Charter stakeholders voiced their desire to allow an option to be reimbursed for unused stamps. In light of the fact that reimbursement programs are expensive to administer, NMFS proposes that electronic stamps do not have to be specific for a particular year. It would be far simpler if stamps can be purchased by charter businesses at any time, and if they are not used in one year, the stamps can carry over to the next. In that manner, once purchased, the stamps become a business asset, and a post-season reimbursement of purchased stamps is not necessary.

NMFS also considered feedback from charter operators that suggested a paper back-up system should be developed; however, this would add considerable expense to the program and may not be necessary, given the strategies for validating stamps, which are discussed in the next section.

The next consideration was to determine an effective platform for charter operations to obtain electronic stamps, and the manner in which the fees would be securely and efficiently collected and eventually transmitted to the Federal Treasury. Although security of the collected fees is paramount, another concern is that the number of anglers a charter operation serves is considered confidential information by both NMFS and ADF&G. Maintaining this confidentiality became yet one more aspect of the fee collection that NMFS would have to protect. With all of these considerations, it became apparent that NMFS's online eFish platform would be an appropriate means to create accounts and for charter businesses to purchase the stamps.

A distinct advantage of using eFish is that it currently exists. In this way, there are significant cost advantages in adapting a program that already serves the online business needs of fishing operations in the Alaska Region. For example, eFish is currently used by commercial fishing businesses to obtain and/or renew permits, check accounts for fisheries quota use, submit reports, and pay cost recovery and observer fees. Currently, many charter halibut operations have an eFish account and use it to annually register their CHPs and to submit GAF reports. Perhaps most importantly, eFish provides a secure and efficient means to collect and temporarily hold the fees from stamp purchases.

NMFS acknowledges that if the agency administers the halibut stamp fee collection with eFish, this would be a departure from the Council's April 2022 motion that recommends that NMFS contract with the RQE to issue stamps and collect fees. Although there may be advantages to this type of contract, it is the opinion of NMFS that the most secure, least costly, and expeditious means to collect fees and issue some 200,000 stamps per year is to use the existing Federal platform. The collected fees will reside within the NMFS system, where security of the funds and the confidentiality of fee collections is maintained. The transfer of those funds to the Federal treasury is part of a Federal system that is well-practiced and also secure. Although NMFS's recommendation for the mechanics of how stamps are issued and fees are collected is different than what the Council specified in its motion, NMFS's recommendation achieves the Council's intent in establishing the halibut stamp program.

3.5.1.1.2 Validating a Digital Stamp

Initially, NMFS and the RQE identified a key challenge to the effective distribution of digital charter halibut stamps would be to create a stamp that cannot be fraudulently duplicated. This lead to a strategy where actual stamps might not have to be issued. For example, if electronic stamps are purchased ahead

of time and are linked to a charter operator's account, and the validation of stamps is merely a debit from that account, then actual printouts of stamps – electronic or otherwise - might not be necessary.

NMFS proposes that charter halibut stamps can be validated for daily use by using ADF&G saltwater logbooks. Saltwater logbooks are required for all sport fish charter/guide operations that operate in Alaska saltwater. Electronic logbooks have been required in Southeast Alaska (IPHC Area 2C) since 2021. In Southcentral Alaska (IPHC Area 3A) paper and electronic logbooks are currently used interchangeably, but electronic logbooks will become mandatory in 2025. Regulations require charter guides to enter the names and sport fishing license numbers of the charter anglers prior to fishing. This may be a natural point in time where a charter guide could validate the number of halibut stamps that are needed for that charter trip. A charter guide could survey the anglers onboard to determine the number of stamps that are needed for that particular trip, then enter that number into the logbook with an appropriate date and time linked to the entry. Alternatively, under the proposed regulations, a charter vessel guide has the opportunity to validate charter halibut stamps after the vessel has traveled to the fishing grounds and before the first deployment of fishing gear into the water by the charter vessels anglers. This would provide added flexibility to charter operators who frequently leave port, survey offshore ocean conditions, and decide at that point whether halibut fishing is practical for that trip.

ADF&G has agreed to collaborate with NMFS and the RQE to develop halibut stamp validation. NMFS and ADF&G will create a means to share the data for halibut stamp validation. By regulation, charter logbook data must be submitted in accordance with ADF&G's biweekly submittal schedule. The goal of the agencies is to share the uploaded eLogbook data with NMFS in a timely manner, whereby NMFS can then merge the validated stamp information back to the eFish accounts. At that point, a charter business would be able to access its account to view records of halibut stamp purchases (e.g. date, time, and number of stamps) that are associated with a CHP, and to also track stamp validations (e.g. date and time of trip, with number of validated stamps). Additionally, eLogbooks have features that allow charter operators to query the history of many of the fields on the logbook. If this capability is applied to halibut stamp validations, then the eLogbooks would be a second source of accounting for operators to track their use of stamps.

In summary, validating halibut stamps with the ADF&G logbook meets the NMFS and RQE goal of establishing a simple, effective, and economical process with a minimal burden on charter operators.

3.5.1.1.3 Transferability of Stamps

As noted above, NMFS does not propose to issue reimbursements of halibut stamps after they are purchased. Issuing reimbursements adds significant costs and unnecessary complications to the program. Moreover, ensuring that halibut stamps can be purchased in one year and used in subsequent years will greatly reduce the need for reimbursements. For similar reasons, NMFS does not propose to allow halibut stamps to be transferred from one person's account to another. NMFS does not intend for halibut stamps to be traded, bartered, sold, or exchanged as a commodity. Additionally, trading of halibut stamps between business entities does not serve the intent or purpose of the RQE funding program.

NMFS proposes to create a single halibut stamp account for each CHP holder. If a charter business holds several CHPs, all permits would be pooled under the same account. All the halibut stamps that are purchased would be linked to that account, and when stamps are validated they would be drawn from the same account. This is a simpler means for charter businesses to purchase and validate halibut stamps, as opposed to requiring a distinct account for each CHP. If a business with multiple CHPs transfers one or more of their CHPs to another person or entity, the remaining stamps will still be applicable to the remaining CHP(s).

With an open, flexible means to purchase stamps at any time, NMFS anticipates that charter businesses will purchase stamps in quantities that make sense to them. In many cases, that may entail smaller, more frequent purchases designed to meet known needs instead of purchasing stamps in bulk quantities for future use. This also accommodates scenarios with non-transferable CHPs when an operator knows a permit may become invalid unexpectedly, or for persons who intend to transfer their CHP in the near future. NMFS also proposes that halibut stamps in an account will not expire upon transfer of a CHP. In this manner, if a business transfers one or all of its CHP(s) to another person, then the business re-enters the halibut charter fishery with a new CHP, any previously purchased stamps remaining in their account could still be used. Additionally, unused stamps associated with a CHP could be used by leasing the permit, prior to transferring a CHP in the event a CHP holder wants to cease operations and still has stamps remaining.

3.5.1.1.4 Monitoring and Enforcement

In order for a Federal fee collection mechanism to be effective, a means to enforce the requirement to purchase stamps is necessary. State and Federal licenses/permits/ stamps typically have an on-the-water enforcement component and sometimes an out of the field investigation component. They also rely on joint management between state and Federal agencies. Analysts received initial feedback from NOAA Fisheries Office of Law Enforcement (OLE) and the enforcement committee[10] during the review of the April discussion paper (NPFMC 2021).

3.5.1.1.4.1 Existing Monitoring and Enforcement of Federal Charter Regulations

Currently NOAA OLE collaborates with the State of Alaska, Alaska Wildlife Troopers (AWT) under a Joint Enforcement Agreement. Federal enforcement officers and AWT frequently work together during investigations, patrols, and on at-sea or dockside boardings to investigate violations. The Joint Enforcement Agreement determines the roles of the State enforcement officers when they operate independently. Under the agreement, the State agrees and is authorized to assist OLE in the enforcement of Federal fisheries by patrolling, performing investigations and referring violations to OLE. The State is then monetarily compensated by OLE for work performed under JEA up to the limit specified in the agreement. This assistance centers on violations where resource management or conservation issues are a priority. For example, AWT frequently help enforce halibut size and bag limits and CHP requirements.

In addition to on-the-water enforcement, OLE uses the CHP database and ADF&G charter logbook data to support Federal investigations. Enforcement can be more effective if potential violations are identified quickly. Violations that are identified in the field allow the officer an opportunity to ask questions about the discrepancy. If a violation is not identified in the field, and several months passes before these data are reviewed, a CHP holder and/ or charter guide may not recall the situation well enough to explain their case. Moreover, when the fishing season is over, OLE officers can have difficulty locating persons and performing investigations.

3.5.1.1.4.2 Monitoring and Enforcement for a Charter Halibut Stamp

As noted, the Council's recommendation and NMFS's proposed regulations would implement rules where all charter operators would be required to purchase a Charter Halibut Stamp for each charter vessel angler for each day they intend to harvest halibut on a charter vessel fishing trip in IPHC Regulatory Areas 2C and 3A. The stamp validation process with ADF&G saltwater logbooks, as described above, provides a means for on-the-water enforcement to the fee program.

[10] Enforcement Committee Report: https://meetings.npfmc.org/CommentReview/DownloadFile?p=68ff6092-4713-4c10-b294-c98f6a35507e.pdf&fileName=D3%20Enforcement%20Committee%20Minutes.pdf

Currently, charter vessel boardings by enforcement officers often include an inspection of sport fishing licenses, king salmon stamps, and charter logbooks. The presence or absence of validated halibut stamps on the logbooks would be an efficient, non-intrusive means to ensure that valid stamps are being used.

Additionally, enforcement of the proposed halibut stamp program may include a component of off-the-water investigation or auditing. As discussed below, OLE representatives have several concerns with this role and the additional resources required to fulfill it.

Currently, AWT conducts the majority of patrols and boardings of guided and unguided recreational fishing vessels in Alaska. If AWT encounter violations of Federal recreational fishing regulations, the cases are referred to NOAA Fisheries for further action. The Joint Enforcement Agreement does not compel the AWT to enforce regulations that are specific to the RQE and the collection of fees from charter operators. Similar to the enforcement of other Federal rules, AWT enforcement of regulations associated with the RQE would be at the discretion of the State of Alaska.

3.5.1.1.4.3 Enforcement Perspective

Enforcement representatives (OLE and AWT) have highlighted several questions and concerns with the proposed charter halibut stamp concept. One primary concern expressed by enforcement representatives is expending resources to enforce a program that may be characterized as a civil funding mechanism between a non-profit organization and the private entities it represents, with the goal of increasing that sector's halibut allocation. The RQE concept and its funding mechanism is clearly unique; however, OLE representatives saw some parallels related to North Pacific cooperative programs. Cooperatives function under civil contractual agreements with their members, where a breach of contract is addressed in civil court and not by Federal enforcement agents.

Additionally, new regulations often require increased on-the-water presence in the initial years to raise awareness of the new requirements. This would likely be an issue with a halibut stamp requirement. Although on-the-water enforcement of halibut stamps is likely to be relatively simple and effective, there are also associated costs associated with prosecuting violations. Costs for prosecutions depend upon the severity of the penalty, which often incentivizes the accused party to seek Counsel and may result in court action. This could substantially increase costs for the state and federal government with time dedicated to the investigation, documentation of evidence and time in court with collaborative effort with NOAA General Council to prosecute the violation and determine fines and penalties. Even if overall compliance is high, a few drawn-out cases may substantially increase costs.

Over the five-year period from 2017 through 2022, AWT cited an average of 10 incidents/ year of failure to possess a king salmon stamp. However, intent to harvest king salmon is difficult to prove unless the salmon is onboard. This is likely to be the case with charter halibut stamps as well, with regulations that would require a halibut stamp for anglers who "intend to retain" halibut. Most often, citations are issued when an angler does not possess a fishing license or a king salmon stamp and they are cited only for failure to have a license. On average, AWT cited 185 incidents/ per year (for the most recent five years) for failure to possess a fishing license (A. Frenzel, personal communication, 2/23/2022).

For years when the RQE holds QS, enforcement costs may also be associated with cost recovery (see Section 3.3.5.5).

3.5.1.1.5 Terminology and Outreach

ADF&G staff who are experienced with state licensing and permits emphasized the importance of clear terminology that is used consistently by regulators, enforcement personnel, charter operators and anglers (NPFMC 2021). They stated that this practice is critical for ensuring participants have a clear understanding of the requirements and rules of a program. ADF&G has seen many types of

misunderstandings among customers when clear and consistent explanatory language is not used. For example, in most hunts, out of state hunters need three items: their license, a locking tag, and a permit. Many hunters think the permit is the "tag". The permit is in fact a piece of printed cardboard, and hunters have to physically mark the permit with a notch that indicates the day and month when an animal is harvested, whereas the tag is a metal tag that is affixed to the animal itself. Therefore, particularly with so much communication occurring over the phone, without clear language between ADF&G staff and the hunters, misunderstandings of the regulations can easily occur.

Similar confusion regarding terminology could occur if a halibut stamp program does not use an actual, physical stamp. Again, clarity and compliance may be increased if the name includes a description of those required to carry it; for example, "charter halibut angler" or "guided halibut angler", which makes it clearer that the requirement would not be for an unguided angler or someone not intending to retain halibut. The Charter Halibut Management Committee recommended the term "charter halibut stamp" (see Appendix 1).

Education, outreach, and clear communication of program goals are essential to gain charter angler and charter operator support, as well as high compliance for any mechanism that is developed. This will be the responsibility of NMFS, the RQE, and supporting charter stakeholders.

3.5.1.2 Potential Revenue from a Halibut Stamp

In April 2019, along with its discussion paper, the Council requested an analysis of the amount of revenue that could be generated by the sale of the stamps for guided halibut trips in Regulatory Areas 2C and 3A based on past participation. The Council requested the analysis consider ranges of $10, $15, and $20 per stamp as well as one-day and three-day stamps. This analysis is incorporated herein based on the Council's discussion paper (NPFMC 2021).

For the halibut stamp mechanism and the purposes of this analysis, the revenue calculations were based on angler-day effort, a metric defined as any day where halibut were harvested or days that were open to halibut retention where bottomfish hours or statistical areas were recorded were considered to be a halibut fishing trip. This is also the metric ADF&G uses to assess charter angler days for the purposes of annual management measure analyses. This metric is expected to be the best estimate of the proposed halibut stamp regulations, which would require all charter operators to purchase an RQE halibut stamp for each guided angler, for each day that they intend to harvest halibut on a charter vessel, whether a halibut is harvested or not. If the Council determines it would be more appropriate to link the stamp requirement to retention of halibut, then revenues generated from the retrospective analysis would be somewhat less. Note the revenue analysis for the annual operator fee mechanism in Section 3.5.2.3 is based on days when charter anglers actually retain halibut, largely because enforcement of a tiered system for operator fees, which would occur post-season would be more enforceable if it were based on logbook evidence of retained halibut (this contrasts with the proposed halibut stamps program, where stamps would be validated before fishing, and most enforcement would occur on the water during vessel boardings.

Table 20 shows the amount of gross revenue estimated from a daily stamp of either $10, $15, or $20 based on 2009-2019 reported angler-days for Area 2C and Area 3A. Halibut stamps are assumed to be specific to each IPHC Regulatory Area, with separate funding accounts.[11] These estimates do not account for any potential change in angler demand due to an RQE stamp requirement or changes in management measures due to changes in halibut abundance or from addition of RFQ to the charter allocation. These estimates also include provisions for youth anglers, as described in previous sections.

[11] R. Yamada, personal communication, 12/30/2020

Table 20 Revenue calculations based on different stamp fee levels applied to charter anglers

Area 2C	Angler Days	$10	$15	$20
2009	74,428	$744,280	$1,116,420	$1,488,560
2010	77,983	$779,830	$1,169,745	$1,559,660
2011	72,934	$729,340	$1,094,010	$1,458,680
2012	75,463	$754,630	$1,131,945	$1,509,260
2013	81,755	$817,550	$1,226,325	$1,635,100
2014	90,413	$904,130	$1,356,195	$1,808,260
2015	94,804	$948,040	$1,422,060	$1,896,080
2016	96,264	$962,640	$1,443,960	$1,925,280
2017	104,281	$1,042,810	$1,564,215	$2,085,620
2018	108,700	$1,087,000	$1,630,500	$2,174,000
2019	106,753	$1,067,530	$1,601,295	$2,135,060
Average	89,434	$894,344	$1,341,515	$1,788,687
Area 3A	**Angler Days**	**$10**	**$15**	**$20**
2009	110,886	$1,108,860	$1,663,290	$2,217,720
2010	118,431	$1,184,310	$1,776,465	$2,368,620
2011	117,810	$1,178,100	$1,767,150	$2,356,200
2012	117,647	$1,176,470	$1,764,705	$2,352,940
2013	119,078	$1,190,780	$1,786,170	$2,381,560
2014	109,034	$1,090,340	$1,635,510	$2,180,680
2015	104,643	$1,046,430	$1,569,645	$2,092,860
2016	108,766	$1,087,660	$1,631,490	$2,175,320
2017	101,463	$1,014,630	$1,521,945	$2,029,260
2018	101,756	$1,017,560	$1,526,340	$2,035,120
2019	103,591	$1,035,910	$1,553,865	$2,071,820
Average	110,282	$1,102,823	$1,654,234	$2,205,645

Source: (Webster and Powers 2020); Tag-Potential-Revenue.xls

Some anglers fish for halibut on multiple (typically successive) days, and guided halibut trips can range over a number of days; therefore, the Council requested an analysis of one and three-day stamps.[12] Table 21 shows the number of anglers who engaged in halibut fishing[13] for 1, 2, 3, and 4+ days per year from 2010-2019. In both Areas 2C and 3A, most anglers only spent one day halibut fishing – an average of 45% of anglers in 2C and 77% of anglers in 3A. In both Areas, close to 15% of anglers halibut fished for two days. A much higher percentage of anglers have engaged in three and four or more days of halibut fishing in Area 2C than Area 3A.

It is important to note that the data may over-estimate the number of persons who would purchase a halibut stamp, as individuals who engage in bottom fishing on charter boats could have been targeting other bottomfish besides halibut, such as lingcod or rockfish.[14] This may be more prevalent in Area 3A

[12] The Charter Halibut Management Committee recommended offering stamps for 1-day at $20, a 3-day stamp at $40, and a 7-day stamp at $60 (see Appendix 1).
[13] The data considers any day where halibut were harvested or days that were open to halibut retention where bottomfish hours or statistical areas were recorded to be a halibut fishing trip. The data does not include blanks, youth anglers, or crew. Blanks and youth cannot be traced to individuals and crew cannot retain halibut under CSP provisions. From 2010 to 2019 youth accounted for 4-5% of angler days in 2C and 5-6% of angler days in 3A.
[14] S. Webster, personal correspondence, 2/22/2021

due to the annual limits – an angler might reach their annual 3A limit for halibut but continue to fish on subsequent days for other bottomfish. Additionally, halibut fishing days attributed to an individual fishing license may not have occurred sequentially.

Table 21 Halibut Days fished per individual charter angler

Area 2C	Year	Days Fished 1	2	3	4+	Total Anglers
	2010	42%	15%	23%	20%	31,967
	2011	42%	16%	24%	18%	30,458
	2012	42%	15%	24%	18%	31,553
	2013	43%	13%	24%	20%	33,734
	2014	42%	15%	25%	18%	37,721
	2015	43%	15%	25%	17%	40,576
	2016	44%	15%	25%	16%	41,841
	2017	46%	14%	24%	16%	45,914
	2018	50%	14%	22%	14%	49,731
	2019	51%	14%	22%	13%	49,930
	Average	**45%**	**15%**	**24%**	**17%**	**39,343**
Area 3A	2010	76%	15%	5%	3%	80,678
	2011	76%	16%	5%	3%	79,696
	2012	75%	16%	5%	4%	78,456
	2013	75%	16%	5%	3%	80,749
	2014	75%	16%	5%	3%	74,019
	2015	77%	15%	5%	2%	73,820
	2016	78%	16%	4%	2%	78,348
	2017	78%	16%	4%	2%	73,223
	2018	78%	16%	4%	2%	73,847
	2019	78%	16%	4%	2%	74,357
	Average	**77%**	**16%**	**5%**	**3%**	**76,719**

Source: ADF&G; Halibut Days Fished per Angler_2010_2020-3.3.2021.xlsx
Does not include youth anglers. Similar programs that offer single and multi-day stamps have a discount rate applied to the multi-day stamp. Discount rates range from 9% to 72% per day (disregarding annual passes), with a higher discount-rate-per-day applied as the number of days increases (see Table 22 and 23). If a multi-day halibut stamp with a daily discount rate is offered, the potential revenue that could be derived from stamp sales could not be predicted accurately by only looking at halibut fishing days. Understanding the breakdown between single and multi-day sales is essentially for determining a discount rate that still incentivizes an angler to purchase the multi-day stamp over multiple single-day stamps but does not negatively impact the revenue derived from stamp sales.

For example, an individual may be counted as angling for three days, but those days may have been spread out over the course of a year, and therefore the angler may have purchased three separate one-day stamps. However, the data still provides a reasonable estimate of the utilization of a one-day versus multi-day stamp, as information gathered in NMFS outreach sessions with charter operators indicate that non-sequential fishing trips are believed to make up a small portion of the data.[15] The majority of mulit-day

[15] J. Hasbrouck, personal correspondence, 2/23/2020

charter trips are more likely to occur at fishing lodges or on large live-aboard vessels that cater to anglers who reside at one facility or vessel and fish multiple days from that site.

For Alaska king salmon stamps, one-day stamps far outsell other categories of multi-day stamp options, but the overall sale of one-day stamps brings in 7% less overall revenue than the sale of 3-day and 10% less overall revenue of 7-day stamps (see NPFMC 2021), even with a daily discount rate of 33% and 57%, respectfully (see Table 22).

Table 22 Discount rates in stamp and licensing programs

License	1-Day Cost	Multi day rates		
		Number of days	Cost	Discount rate per day
AK Nonresident Sport Fishing	$15	3	$30	33%
		7	$45	57%
		14	$75	64%
		365 (annual)	$100	98%
AK Nonresident King Salmon	$15	3	$30	33%
		7	$45	57%
		14	$75	64%
		365 (annual)	$100	98%
Washington Combination	$11.35	2	$15.75	20%
		3	$19.05	44%
Oregon Nonresident/Resident Angling	$23	2	$42	9%
		3	$59.50	14%
		7 (NR only)	$93.50	42%
Virginia Nonresident Freshwater	$8.00	5	$21.00	48%
Maine Nonresident Fishing	$11	3	$23	30%
		7	$43	44%
		15	$47	72%
Michigan Nonresident Freshwater	$8.00	3	$15.00	38%

Sources: ADF&G: ADF&G Saltwater Logbooks sourced through AKFIN, and Days_by_CHP guide(8-25_21).xls

Table 23 and Table 24 provide an example of how a discount rate could be applied to the sale of a halibut stamp with a $10, $15, or $20 single-day rate and what the impact of that could be on annual revenue, using 2019 as an example year. Based on the king salmon stamp pricing structure, a discount rate of 33% per day was applied to a 3-day stamp option and a 57% discount rate per day was applied to a 7-day stamp option. The number of sales of each stamp was estimated by aggregating the breakdown of angler days fished (Table 21) for 2019 and making assumptions of angler purchasing behavior – it was assumed that anglers who fished two or three days would have purchased a three-day stamp and anglers who fished four or more days would have purchased a seven day stamp. No evaluated options considered anglers who fished for more than seven days; however, these anglers make up a relatively minor component of the fishery.

Applying a discount rate to different halibut stamp offerings had a smaller impact on the potential revenue in Area 3A compared to the potential revenue for Area 2C in 2019. The loss in revenue associated with applying a discount rate to halibut stamp sales in Area 3A ranged from about $111,000 to $222,000 and in Area 2C the loss ranged from around $255,000 to $510,000 depending on the single-day stamp price (Table 23 and Table 24). In other words, the potential revenue that could have been earned by stamp sales in 2019 would have been 11% and 24% lower in Area 3A and 2C, respectively, if stamps were offered in multi-day bundles rather than only sold as single-day stamps. Area 3A potential revenue was less impacted by the discounted stamps because a much larger proportion of anglers were single-day anglers,

compared to Area 2C (Table 21). Selecting an appropriate discount rate will be crucial when determining the cost structure of the halibut stamp to ensure that it incentivizes the purchase of multi-day stamps without having a substantial negative impact on revenue.

The analysts emphasize that Table 23 and Table 24 are intended to provide a reasonable comparisons; however, the available data is highly generalized. Furthermore, retrospective analysis on potential stamp purchases does not account for potential influence that price structures and stamp requirements may have on angler buying behavior. To highlight this, a study on Alaska resident and non-resident anglers' willingness to pay for an RQE halibut stamp that enabled more relaxed charter halibut fishing regulations (allowing charter fishermen to catch their daily bag limit with fish of any size) compared to status quo halibut fishing regulations found both groups had an increased willingness to pay for more relaxed regulations (Mitchell 2021). Future considerations and economic analysis on stamp prices, stamp offerings, discount rates, and angler willingness to pay will result in highly varied potential revenue determinations.

Table 23 Area 2C 2019 potential revenue at different halibut stamp prices with different discount rates applied

Stamp	Estimated 2019 Sales	Daily discount rate[1]	Price structure based on daily stamp price					
			Price	Revenue	Price	Revenue	Price	Revenue
1-day	25,510	0%	$10	$255,100.00	$15	$382,650.00	$20	$510,200.00
3-day	17,752[2]	33%	$20.10	$356,815.20	$30.15	$535,222.80	$40.20	$713,630.40
7-day	6,668[3]	57%	$30.10	$200,706.80	$45.15	$301,060.20	$60.20	$401,413.60
Total potential revenue[4]				$812,622.00		$1,218,933.00		$1,625,244.00
2019 revenue from non-discounted stamp fee structure[5]				$1,067,530.00		$1,601,295.00		$2,135,060.00
Difference in potential revenue				$254,908.00		$382,362.00		$509,816.00

Source: ADF&G; Discount-Rate-Scenario.xlsx
[1]See Table 21
[2]To estimate the number of 3-day stamps sold, it was assumed any angler fishing 2 or 3 days would purchase a 3-day stamp, totals for 2- and 3-day anglers were combined.
[3]To estimate the number of 7-day stamps sold, it was assumed any angler fishing 4 or more days would purchase a 7-day stamp.
[4] This estimate does not include youth anglers
[5]Table 20- includes youth anglers

Table 24 Area 3A 2019 potential revenue at different halibut stamp prices with different discount rates applied

Stamp	Estimated 2019 sales	Daily discount rate[1]	Price structure based on daily stamp price					
			Price	Revenue	Price	Revenue	Price	Revenue
1-day	57,878	0%	$10	$578,780.00	$15	$868,170.00	$20	$1,157,560.00
3-day	15,017[2]	33%	$20.10	$301,841.70	$30.15	$452,762.55	$40.20	$603,683.40
7-day	1,462[3]	57%	$30.10	$44,006.20	$45.15	$66,009.30	$60.20	$88,012.40
Total potential revenue[4]				$924,627.90		$1,386,941.85		$1,849,255.80
2019 revenue from non-discounted stamp fee structure[5]				$1,035,910.00		$1,553,865.00		$2,071,820.00
Difference in potential revenue				$111,282.10		$166,923.15		$222,564.20

Source: ADF&G; Discount-Rate-Scenario.xlsx
[1]See Table 21.
[2]To estimate the number of 3-day stamps sold, it was assumed any angler fishing 2 or 3 days would purchase a 3-day stamp, totals for 2- and 3-day anglers were combined.
[3]To estimate the number of 7-day stamps sold, it was assumed any angler fishing 4 or more days would purchase a 7-day stamp.
[4] This estimate does not include youth anglers
[5]Table 20- includes youth anglers

3.5.1.3 NMFS Recommends a Single Fee for Stamps

The April 2022 Council motion calls for a tiered fee approach to issue stamps that are linked to charter halibut anglers. As noted previously, these stamps would be validated for anglers who intend to harvest halibut. The base fee in the tier would be a $20 stamp that is valid for a single day. The next tiers are a $40 stamp would be valid for up to three days, and a $60 stamp that is valid for seven or more days. The rationale for tiered fees appears to be that it is similar to other options for user-fee stamps available through the State of Alaska. However, as indicated above, the State stamps are invariably purchased by individual users, and are directly tied to an individual, whereas halibut stamps would be purchased by CHP holders and subsequently assigned to individual anglers by charter vessel guides.

The previous section focuses on the amount of revenue that would be raised by varying prices of single-fee stamps. It also compares the effects on revenue for tiered, multiday stamps with varying base rates and discounts. However, the discussion in the previous section also raises issues with how tiered fees would interact with the number of days that anglers intend to fish for halibut. Some of the implications of tiered fees may not align with the intent of the discounts. Table 25 illustrates some of the effects.

For example, Table 25 shows that for anglers who intend to fish for one or two days, tiered fees do not provide a discount; that is, a charter operator will pay the same fee under either a single or tiered fee for all 1-day and 2-day anglers (i.e. $20 for one day, and $40 for two days). However, for anglers who fish two days, it wouldn't matter if the charter operator applies two 1-day stamps, or a single 3-day tiered stamp - the same $40 rate would apply. For anglers who intend to harvest halibut on three days, the $20-$40-$60 tiered fee provides charter operators a $20 discount. Then, to cover the halibut fishing needs of a 4-day angler, the charter operator again has two choices: to purchase one 3-day stamp at $40, then add a $20 1-day stamp to cover the fourth day (total = $60), or the operator might choose to just purchase a $60 7-day stamp. Therefore, under the current $20-$40-$60 fee structure, it is likely that charter operators would purchase and validate 7-day stamps to cover the activities of all persons who intend to retain halibut on four or more days, simply because it is easier than buying two or more stamps.

Table 25 Comparison of Purchases of the Single $20 Fee vs Tiered Fees

Days to Fish	Cost Single $20	Cost Tiered Fee $20-$40-$60	Tiered Fee Purchase Combo	Likely Purchase
1	$20	$20	(1d)	$20 (1d)
2	$40	$40	2 (1d)	$40 (3d)
3	$60	$40	1 (3d)	$40 (3d)
4	$80	$60	1 (3d) + 1 (1d)	$60 (7d)
5	$100	$80	1 (3d) + 2 (1d)	$60 (7d)
6	$120	$80	2 (3d)	$60 (7d)
7	$140	$60	(7d)	$60 (7d)

Table 21 in the previous section indicates that relatively few charter anglers pursue halibut for four or more days in a year: in 2019 (the most recent year in the analysis, and most likely to reflect current trends), 13% of the Area 2C anglers and 2% of the anglers in Area 3A are estimated to have fished for halibut for four or more days.

Along with the interactions among the $20-$40-$60 tiers, a more serious consideration arises with tiered fees and the implementation of the stamp program: if tiered fees are to work as intended, the stamps and their respective validation dates would have to be tied to individual anglers over multiple days. The burden to issue appropriate stamps and track their use by individual anglers is likely to be particularly difficult among large operations where guests commonly fish for varying numbers of days and move between boats during their stay, or to accommodate anglers who change their intentions for halibut fishing daily. Compared with a single-fee approach, this added amount of administrative complexity would significantly undermine the goals of a simple, inexpensive fee collection strategy.

Additionally, during outreach sessions with charter operators, some operators pointed to a lack of equity among fishing businesses if tiered fees were implemented. Operations that cater almost exclusively to one or two-day trips would be responsible for paying fees at the highest level, while other operations that log the same number of angler days, but whose guests tend to fish continuously for three or more days, would be contributing proportionately less to the RQE.

Given the trade-offs of greater complexity, higher costs, information collection burdens, and perceptions of fairness and equity in fee collections, NMFS proposes to implement a single $20 fee to issuing stamps. Although this would be a departure from the fee structure in the Council's April 2022 motion, the efficiency and equity considerations of a single-fee approach appear to be more consistent with the Council's overall intent for the halibut stamp program. This change was endorsed by a Council motion at its October 2024 meeting.

3.5.1.4 Changing or Suspending the Fee

The Council recommends recommended and NMFS proposes regulations to specify that the fee for the stamp in the years 2025, 2026, and 2027 would not exceed $20.00. Consistent with the Council's motion, NMFS proposes that beginning in 2028, the RQE could petition the Council to increase, decrease, or suspend the fee the stamp. The fee for the stamp could not increase by more than 10 percent of the fee in the previous fishing year. The limitation on fee increases was recommended by the Council to protect the interests of charter operators who might be concerned with significant and immediate fee increases.

NMFS also proposes regulations that would include allow for suspending the stamp requirement and fee collection, if necessary. As noted in in Section 3 of this analysis, the RQE has limits on the amount of commercial halibut QS it may purchase. The proposed regulations are designed to temporarily or permanently suspend the fee collection should those limits be reached and the RQE and charter operators decide it is not in their interest to continue to collect fees.

Additionally, NMFS proposes regulations that would allow the Regional Administrator to suspend the stamp requirement and fee collection if the agency determines that the RQE stamp program is not meeting management needs or is out of compliance with the applicable regulations or laws. In these cases, NMFS would retain the authority to suspend the fee collection indefinitely or until any deficiencies are corrected.

3.5.1.5 Description of Administrative Costs for a Charter Halibut Stamp

At its October 2021 meeting, the Charter Halibut Management Committee suggested that future analysis would benefit from a more concrete set of cost estimates for the design, implementation, management, and enforcement of different mechanisms, as well as differentiating between short-term and long-term costs. Members felt this additional information could help the Council and stakeholders weigh potential benefits to the charter sector with the potential costs to the charter sector as well as governmental agencies (taxpayers) and possibly halibut IFQ holders through the Cost Recovery Process.

Although additional descriptions of potential costs are included, this section does not include estimated expenses. Some example programs exist (e.g., king salmon stamp); however, the expenses incurred for these programs are likely very different than the proposed program. For example, the State of Alaska king salmon stamp is one product which can be purchased at the ADF&G licensing and permitting store. As described in the previous discussion paper (NPFMC 2021) ADF&G has regional offices and a network of vendors to help sell a number of products, including the king salmon stamp. Isolating the administrative expenses for the king salmon stamp may not provide an accurate cost comparison for a stamp program that requires complete agency infrastructure to facilitate (if designed and implemented through NMFS) or a non-profit (if designed and implemented under contract through the RQE). Moreover, many of the costs are highly variable based on the specifics of the program chosen. For example, if a charter halibut stamp application requires substantial customization, this cost will be substantially greater than an application that can be built from a more generic framework.

Table 26 includes a description of potential administrative costs for a charter halibut stamp. This list includes general costs categories, regardless of whether it is the Federal government (NMFS) that designs and implements the program or whether NMFS can contract with the RQE to design, implement, and facilitate the program.

Under the current NMFS proposal, halibut stamps would be obtained through the Alaska Region eFish online platform. The Federal process requires that payments must be made through the Federal pay.gov system. A distinct advantage of using eFish is that it very secure. The application complies with federal mandates such as the Federal Information Security Management Act (FISMA). Administered by the Department of Homeland Security, FISMA requires agencies to report the status of any information security programs to OMB and requires the Inspectors General to conduct annual independent assessments of those programs. Payments would also fall under NOAA's Records Management Program, which would require payment records to be stored for a minimum of six years. NMFS would additionally be required to consider the 'Rights in Data' clause of the Federal Acquisition Regulations (FAR) which can risk downstream data loss. If physical stamps were required, NMFS would be required to use the U.S. Government Publishing Office (GPO) to procure any printing as required by Title 44 of the U.S. Code.

Table 26 Description of potential administrative costs for a Charter Halibut Stamp

Cost category	Upfront cost or longterm cost	Description	Details and examples
Stamp design, implementation, and facilitation	UC	Development of database, stamp design, application and website	Expense and time for development depends on how much customization there needs to be, versus finding a platform structure that requires little modification. For example, in the "redeemable code" model, the operator could buy any number of codes at one time, and then on any given day, "redeem" the codes as appropriate. The program would track the days on which the codes are redeemed.
	LC	Website and program maintenance and program user support	FTE or could be contracted out; will require a user support component
	LC	Host fee / domain fee and cost for server space for website and database	
	LC	Finance officer to manage accounts and provide user financial support (e.g., reimbursements)	FTE or could be contracted out; will require a user support component. For example, the ADF&G licensing program requires four fulltime employees for licenses and three accountants just for vendor accounts.
	LC	Transmission of funds	Time and expense from NOAA Operations and Management Division to transmit funds to Federal Treasury, and track funds back to the RQE.
	UC	Design of paper backup stamp	Likely necessary as a back-up option. Strongly encourage electronic purchasing/distribution
	LC	Printing and mailing costs for paper backup stamp program	Costs depend on how much use, strongly encourage electronic. For the king salmon stamps, the total mailing costs for sending licenses, stamps, permits, tags etc. can range from $25K – $50K per year (Grove and Siegel, personal correspondence 1/13/21).
Resources for communication and public outreach	UC/ LC	Costs for communicating new requirements to operators and anglers	E.g., producing/ printing / distributing materials such as flyers, emails, an online FAQs and small entity compliance guides.
	UC/ LC	ADF&G communication and support	Inherently ADF&G will take on more communication costs as all other angler licensing/ permits/ stamps can be purchased through ADF&G.
Enforcement	UC	Increased on-the-water presence with the roll out of the new program to increase awareness of the requirement	
	LC	The incremental costs with enforcing a new on-the-water requirement	
	LC	Potential auditing of stamp payments against logbook data	This could only be done by an entity with access to confidential data (i.e., not the RQE). It is possible it would only be used in the event of an investigation or in the first few years of the program.
	LC	Prosecuting violations	The largest cost category for enforcement would be associated with prosecuting a violation. This could substantially increase costs with time dedicated to the investigation, documentation of evidence and time in court.

Table 27 Federal Requirements which may apply for a stamp application

Topic	NOAA Requirement
Payments	Must use pay.gov
Security	FISMA
Records	NOAA Records Management Program
Data rights	Rights in Data (FAR)
Printing	Must use GPO
Modifications	New contract required (can create delay)

3.5.2 Option 2: Annual Operator Fee

The second fee collection mechanism that was considered and analyzed by the Council was a direct annual fee to the operators. This would be mainly an administrative action and likely would not require an on-the-water enforcement component. For instance, an annual fee could be tied to the annual renewal of CHPs, and could also include CQE permits and MWR permits, which are programs that would also benefit from RQE holdings. Enforcement representatives suggested a straight annual operator-based fee could result in substantially less inter-agency/ RQE complexity and less overhead cost to administer. The benefits and challenges of an annual operator fee mechanism – considered with options to apply a uniform fee to all CHP holders and an option to scale the fee to angler halibut effort are summarized in Table 19.

3.5.2.1 Consideration of a Uniform Fee to All Operators

Due to the wide variation in the number of halibut angler days per CHP, an option to impose a uniform annual fee to all operators is unlikely to be an equitable or popular option, and the Council did not recommend this. However, a discussion of the benefits and challenges of this option are included here for comparative purposes (and highlighted in Table 19).

The primary benefit of administering a uniform fee to all CHP holders annually is its relative simplicity and lesser cost compared to other programs. It would likely be implemented as an administrative action by NMFS. There would no need to issue stamps or to carefully link the number of halibut anglers to an operation's annual fee. Enforcement of rules would also be simple, with no need for additional on-the-water enforcement.

However, as mentioned above, this type of fee may not be perceived as fair and equitable given the wide distribution of number of halibut anglers associated with charter operations. It may also generate an unintended response from CHP holders who are in the lower use categories. For instance, if the fee were set relatively high with a goal of obtaining more revenue for the RQE, then some operators may choose to not renew their CHPs, and some operators may even be prompted to sell their CHPs.

3.5.2.2 Mechanics of an Annual Operator Fee Linked to Business Performance

In order to establish a more equitable annual fee, the Council considered an RQE fee collection method that would have tied CHP renewal to a fee that is linked and/or scaled to the amount of charter halibut business associated with the CHP. For example, the scale could be determined from the amount of angler effort in previous year(s) that was linked to the CHP. This option could also employ a tiered fee system that is based on classifications of use of a CHP. This would also be an administrative action and could be similar to NMFS cost recovery or fishery observer fees, which are linked to the amount estimated revenue associated commercial fishing operations.

3.5.2.2.1 Example of IFQ Cost Recovery

The challenges of designing an annual CHP fee that is based on business performance can explored by comparing such a system to the NMFS IFQ Cost Recovery program. The Magnuson-Steven Act obligates

NMFS to recover a portion of the actual costs of management, data collection, and enforcement of any Limited Access Privilege Program (LAPP) up to 3% of the ex-vessel value of the fish harvested under any such program. This includes the IFQ Program and will include cost recovery associated with any QS held by the RQE (see Section 3.3.5.5).

NMFS IFQ Cost Recovery system bills IFQ permit holders annually. IFQ permit holders are responsible for fees owed for all landings recorded on their permit(s). This includes IFQ pounds from their own QS and from QS that was leased from another QS holder. It also includes landings made by hired skippers. IFQ permit holders are also responsible for fees associated with halibut that were landed using their IFQ in the GAF program by persons who hold a CHP.

This system is primarily conducted through cooperation between NMFS Operation Management Division (OMD), Information Services Division (ISD) and RAM.[16] ISD develops and maintains databases to merge harvest information with standardized ex-vessel prices that are derived from processor reports. Agency staff then reviews the cost, harvest, price, and value data, and a summary invoice is generated for each IFQ permit holder. Paper invoices are mailed through the United States Postal Service, which allows correspondence to be tracked, to document non-payments, invalid mailing addresses, etc. IFQ permit holders must pay their fee no later than January 31 of the year after the calendar year of their landings. For Cost Recovery, all payments must be made electronically through NMFS eFish accounts. Previously, personal checks were accepted, but this option has been discontinued. The online fee submission form contains a cover sheet with the payer's fee detail data. On the cover sheet is a mandatory check-box, where the payer indicates they either agree with the NMFS data that determines their fees (i.e., using NMFS figures for halibut landings and standardized prices data), or they do not agree (i.e., the permit holder elects to pay "actuals", using verifiable information that they supply). To verify halibut landings, the payer must provide, at minimum, the date of landing, port, pounds landed, and actual sale amount. Most often, to verify actual landings data, fish tickets and payment invoices are used. If clear documentation is provided, most actuals are approved by OMD, at its discretion. The number of actuals approved each year are included in Table 28.

Failure to pay cost recovery fees may result in NMFS action against the permit holder's QS holdings and/or permit sanctions. If a permit holder fails to pay by January 31, their QS/IFQ automatically becomes nontransferable until the fee liability is satisfied. In addition, the permit holder is prohibited from receiving QS or IFQ by transfer. Before penalties are issued, NMFS OMD delivers a letter of Initial Administrative Determination (IAD) outlining the permit holder's right to an appeal and the repercussions of failing to pay. After the initial IAD is sent, the payer is subsequently warned with a series of letters from NMFS until the payment is made. If an IFQ permit holder does not pay, or does not pay the full amount, and/or the payer's account has been forwarded to the US Treasury Dept. for collections, the IFQ permit remains flagged in the NMFS databases, and cannot be issued by RAM. The number of accounts forwarded to collections in the last three years is shown in Table 28.

Other fisheries are also responsible for cost recovery payments, but according to OMD staff the IFQ cost recovery program tends to be far more labor intensive than other cost recovery programs with much more time spent with IFQ accounts than with any other program. The sheer volume of payers is the largest contributor to the workload. Staff time includes much direct customer support to payers. Other cost recovery programs have relatively few payers and/or the payers are organized into business cooperatives, or the payments come directly from processors.

[16] C. Weeks, personal communication, 8/11/2021

Table 28 Statistics for IFQ Cost Recovery Fees

Year	Number of IFQ permit holders billed cost recovery fees	Number of accounts forwarded to collections	Number of IFQ permit holders who paid actuals
2018	1,843	4	94
2019	1,805	8	88
2020	1,473	10	56

Source: C. Weeks, personal communications, 8/11/2021

Using the NMFS Cost Recovery Program as a model of a fee that is based on business performance, an RQE annual fee could be tied to the renewal of the CHP, and as mentioned above, or it could be based on the amount of halibut angler effort associated with the CHP. Adding an angling effort component to CHP renewal would require ISD to draft a unique invoice letter for each CHP holder, annually detailing charter halibut angler effort associated with each CHP they hold (the next section discusses availability of such data). Similar to the Cost Recovery Program, invoices could be distributed and payments could be made electronically to NMFS through its online eFish platform. Also similar to the Cost Recovery Program, if fees are not paid, or not paid in full, the associated CHPs could be flagged and not issued by NMFS until payments are fully received. Ultimately, accounts that are out of compliance could be forwarded to the US Treasury Deptartment for collections. This system would also need to establish an appeals process if CHP holders wish to appeal the bill they were charged, which is discussed more below.

This additional fee collection responsibility for NMFS would add up to 574 new accounts for CHP holders, depending on the inclusion of CQE and MWR holders in the fee responsibilities (Table 11 and Table 15).

3.5.2.2.2 Data Needed to Establish Angler Effort

In order for NMFS to design an annual fee that is scaled to a charter operator's previous angler effort, the agency would likely need to rely on ADF&G saltwater logbook data as a primary data source. Logbook data represents the only mandatory census source of charter halibut angler effort. Timely and accurate logbook data are required under both NMFS and State of Alaska regulations.[17] Alaska statutes also specifically support accurate data collections. NMFS has previously used logbook data to implement charter regulatory programs. For instance, it was integral for the development of the Charter Halibut Limited Access Program and the issuance of CHPs. Each trip also requires documentation of CHP(s) used.

However, there are some drawbacks and obstacles to the use of these data in assessing angler effort, and for tying that effort to specific CHPs. ADF&G has expressed concern that using logbook data to assess a fee could lead to non-reporting and may compromise the quality of the data. Logbooks were designed for resource management and not as a data source for this purpose. It is also not explicitly designed to capture halibut angler effort by CHP, and for example, use of the eLogbook data to assess operator fees based on CHPs would require some restructuring of the logbook electronic application, particularly when multiple CHPs are used on one trip. Using logbook data in this way would impose additional cost and burden on the ADF&G Sport Fish Division.

Moreover, NMFS does not have a formal data-sharing agreement with ADF&G for logbook data. Instead, the agencies rely on transmission of periodic updates to logbook data, rather than through a formal data flow. Typically, these updates occur after all logbooks have been entered into the system and ADF&G staff have completed the task of updating and cleaning the data. Since 2005, ADF&G has conducted an

[17] See AS 11.56.210, and regulations at 5 AAC 75.075 and 5 AAC 75.076. NMFS charter logbook regulations are found at 300.65 (d).

extensive in-season and post-season logbook validation process to improve the accuracy of reported information (Powers & Sigurdsson 2016). This process has recently incorporated phone calls and other types of on-site outreach, which has significantly improved the quality of the data, minimized reoccurring mistakes by the guide, increased compliance, and contributed to the outreach portion of this program. As part of its in-season editing, ADF&G verifies the presence of a CHP number if the logbook indicates halibut was retained.[18] Given the process of data entry and verification, there is currently a significant lag between the actual use of the logbook and when NMFS is able to access it. Finalized data are typically available in the spring of the following year, but that period has sometimes extended into the autumn. With the current data flow schedule, NMFS might not have access to the previous year's data in time to assess a fee before CHPs must be issued for the current year.

Beginning in 2021, saltwater operators in Area 2C were required to use the electronic logbook (eLogBook) to report sport fishing guide activity. At that time in Area 3A, saltwater operators could choose to use either paper or eLogBooks; however, beginning in 2025 eLogbooks will become mandatory in Area 3A. The eLogBook requires the same information as the paper logbook in an electronic format and it is recommended that operators retain a paper logbook on board in the event of a technical difficulty or equipment failure. The eLogBook stores data and allows the guide to use previously entered information in some fields, such as the vessel name, name of charter guide, waters fished, and species harvested or caught. The eLogbook also includes some auto-checking designed to minimize errors (e.g., "The CHP number should start from 4 or 5 and should be exactly 4 digits"). Based on experience in Area 2C, the electronic data reporting system has reduced transcription errors, improved accuracy, and decreased the time necessary to scrub and finalize the data.

Angler effort by CHP is not systematically collected from the logbook data. An initial review of these data from paper logbooks highlighted that substantial data editing be necessary to obtain a level of accuracy needed for charging a fee based on angler effort. Many of the obvious errors appear to be transcription errors on the paper logbooks (e.g., misreading handwriting on paper logbooks or inverted numbers while typing). Moreover, tracking and correcting such errors inseason so that the data would be available soon after the end of the season would require substantial staff time and may be further confounded by the annual CHP registration process, as CHPs can be registered at any point throughout the season. However, many of these types of errors will substantially decrease with the migration to eLogbooks. Still, not all CHP errors are able to be detected by data managers and agency staff. CHPs are able to be leased and shared; they are not linked to a single vessel or business. Thus, staff cannot determine without contacting an operator whether a business separate from the CHP owner has lawfully used the permit, or whether a charter operator mis-entered a CHP number and mistakenly used a valid CHP from another business. In the case of an annual operator fee linked to a CHP, a CHP holder could be inadvertently billed for effort they did not authorize on their CHP. This would need to be addressed through an appeals process (see Section 3.5.2.2.4).

Another point of consideration regarding logbook data is that it does not perfectly capture the intent to harvest halibut on a trip. For ADF&G management reports, the intent to harvest halibut (angler effort) is represented as angler days from trips with halibut harvested, or bottomfish hours recorded, and/or bottomfish statistical areas recorded (not including closed days) in the logbook. In addition to including trips where halibut were actually harvested, this metric also captures charter trips where anglers are unsuccessful at harvesting halibut, and harvest per unit effort, which is information that is still important for the analysis of predicted harvest under future management measures. However, for purposes of charging a fee based on charter halibut angler effort, the Council and NMFS considered whether angler days from trips where halibut are harvested should be used. Using halibut retention as a basis for charging

[18] Since the CHP is part of the Federal Charter halibut limited access program, OLE is responsible for ensuring these CHPs are valid.

a fee may exclude trips where anglers intended to catch halibut but did not, it would also ensure CHP holders are not charged for trips when their anglers were bottomfishing for rockfish, for example.

3.5.2.2.3 Liability and Responsibility

As with an annual operating fee mechanism, it would be the responsibility of the charter operator to pay the fees on time. CHPs are frequently leased or shared; however, this is a private arrangement and not a transaction facilitated through NMFS. Similar to the relationship between a QS holder and a hired skipper in the commercial fishery (which does not include a formal transfer of IFQ through NMFS), the QS holder remains the IFQ permit holder and that person is then liable for cost recovery fees and any penalties associated. Likewise, in the situation of an annual CHP operator fee, it would be the responsibility of the CHP holder to recover this fee from the lessee (and/ or the anglers) if they wished to do so. For instance, in the case of a formal lease arrangement, this aspect may be included in the terms of the civil contract.

3.5.2.2.4 Enforcement and Appeals

Enforcement of an annual operating fee would be primarily administrative. Similar to the NMFS Cost Recovery Program, failure to submit RQE Program fees could result in NMFS denying the issuance or transfer of a CHP. In some cases, non-payment of RQE fees could result in a formal collections process by the US Treasury Dept.

As mentioned, it will also be necessary to include a process for formal appeals into this option, if an operator wishes to dispute the halibut angler-days associated with their fee. NMFS could consider issuing an interim CHP for use while the appeal is being settled.

3.5.2.3 Potential Revenue from an Annual Operator Fee

The potential revenue generated from a fee collection will differ depending on whether it is a uniform fee, a tiered fee based on classification of the CHP (e.g., number of allowable anglers onboard), or based on the number or classification tiers of halibut angler history associated with the CHP. Additionally, if the fee is determined by angler fishing history, the revenue would vary depending on whether a fee is based on the intent to catch halibut versus anglers who actually retain halibut.

To evaluate potential revenue from a fee that uses angler history, this section uses the metric of "halibut retention days" (representing individual anglers who retained halibut on a trip) which is a different than the "angler effort days" metric used in the revenue analysis in Section 3.5.1.2, and what is typically used by ADF&G in the analysis of annual management options for Areas 2C and 3A. The number of halibut retention days will invariably be smaller than angler effort days, which include days with bottom fishing statistical areas or bottom fishing hours recorded where halibut are not retained. For instance, the difference can be seen in Table 29. Table 30 demonstrates the potential revenue that could have been generated from CHP holders (in 2017, 2018, and 2019) if operators had been charged a $10, $15 or $20 fee for each halibut angler day in which halibut was retained. In addition to a fee per angler, an annual operator fee could be considered in tiered amounts.

Table 29 Halibut retention days (angler days in which halibut are retained) versus angler effort days

2C	Halibut Retention Days	Angler Effort Days
2017	70,092	104,281
2018	69,900	108,700
2019	70,091	106,753
3A	**Halibut Retention Days**	**Angler Effort Days**
2017	85,624	101,463
2018	83,522	101,756
2019	85,330	103,591

Source: ADF&G Saltwater Logbooks sourced through AKFIN and (Webster and Powers 2020)

Table 30 Potential revenue from a fee per halibut retention days

2C	Halibut Retention Days	$10	$15	$20
2017	70,092	$700,920	$1,051,380	$1,401,840
2018	69,900	$699,000	$1,048,500	$1,398,000
2019	70,091	$700,910	$1,051,365	$1,401,820
Average	70,028	$700,277	$1,050,415	$1,400,553
3A	**Halibut Retention Days**	**$10**	**$15**	**$20**
2017	85,624	$856,240	$1,284,360	$ 1,712,480
2018	83,522	$835,220	$1,252,830	$ 1,670,440
2019	85,330	$853,300	$1,279,950	$ 1,706,600
Average	84,825	$848,253	$1,272,380	$ 1,696,501

Source: ADF&G Saltwater Logbooks sourced through AKFIN; Days_by_chp_guide(8-25-21).xls

Ideally a revenue analysis for the annual operator fee mechanism would also use past halibut angler days by CHP holder to evaluate the distribution of fees that would be imposed across CHP holders. As described in Section 3.5.2.2.2, an initial review of these data revealed a need for significant data editing and verification prior to use. To provide some indication of the distribution of fees that businesses may be responsible for under an annual operator fee mechanism, the analysts used halibut angler days (in which a halibut was retained) by businesses between 2017 and 2019.

In Section 3.3.6.1 and 3.3.7.1 of the analysis, Table 12 and Table 16 demonstrate the distribution of halibut angler effort across businesses. The tables and figures in the following section consider the range of hypothetical fee liability relative to these levels of halibut angler effort in past years (2017, 2018, and 2019) if there had been a $10, $15, or $20 fee per angler per day fishing imposed across businesses.

In Table 31 and Table 32, charter businesses associated with halibut retention are grouped into four quartiles with an equal number of businesses in each quartile, based on levels of halibut angler effort associated with the businesses from 2017- 2019. For example, the first quartile of businesses represents the 25% of businesses that had the least number of halibut angler days in the years presented. Intuitively, these businesses would be responsible for the smallest annual operator fee. For example, in Area 2C, Table 31 shows the businesses with the lowest category of angler effort would have paid about $150 per year with a $10/ angler fee and about $300 per year with a $20/ angler fee. In Area 3A, Table 32 shows the shows the businesses with the lowest category of angler effort would have paid about $285 per year with a $10/ angler fee and $580 per year with a $20/ angler fee.

This can be contrasted with the highest quartile, the 25% of the charter businesses that supported the greatest number of halibut angler days in 2017-2019. On average, in Area 2C these operators would have

been responsible for annual operator fees of about $8,200 with a $10/ angler fee and about $16,400 with a $20/ angler fee. In Area 3A these operators would have been responsible for annual operator fees of about $10,200 with a $10/ angler fee and about $20,400 with a $20/ angler fee.

However, the distribution of the top quartile of businesses (the 25% of businesses with the greatest number of halibut angler days) is very wide. Operators at the higher end of the quartile, with the greatest level of associated halibut angler effort could potentially be responsible for a payment which is tens of thousands of dollars, even under a $10/angler fee. With a $20/ angler fee the five businesses with the greatest level of associated halibut angler effort in both Areas would have each owed more than $20,000, with several businesses hypothetically owing substantially more.

A tiered fee system could reduce the variability in fees paid by an individual operator but given the wide distribution of halibut angler days associated with the top quartile of businesses, it could also substantially reduce the total revenue collected.

Table 31 Hypothetical fees required of Area 2C charter halibut businesses if an operator fee were adopted

At $10 per angler			
	2017	**2018**	**2019**
Minimum fee	$10	$10	$10
Average payment for businesses in the 1st quartile	$175	$163	$125
Average payment for businesses in the 2nd quartile	$846	$849	$686
Average payment for businesses in the 3rd quartile	$1,954	$2,102	$1,957
Average payment for businesses in the 4th quartile	$8,241	$8,207	$8,222

At $15 per angler			
	2017	**2018**	**2019**
Minimum fee	$15	$15	$15
Average payment for businesses in the 1st quartile	$263	$244	$188
Average payment for businesses in the 2nd quartile	$1,269	$1,274	$1,028
Average payment for businesses in the 3rd quartile	$2,931	$3,152	$2,936
Average payment for businesses in the 4th quartile	$4,095	$12,311	$12,333

At $20 per angler			
	2017	**2018**	**2019**
Minimum fee	$20	$20	$20
Average payment for businesses in the 1st quartile	$351	$326	$251
Average payment for businesses in the 2nd quartile	$1,692	$1,698	$1,371
Average payment for businesses in the 3rd quartile	$3,908	$4,203	$3,915
Average payment for businesses in the 4th quartile	$16,481	$16,414	$16,444

Source: ADF&G Saltwater Logbooks sourced through AKFIN; Days_by_chp_guide(8-25-21).xls
Note: the concept considered under annual operator fee would charge a fee to the CHP holder, not the business

Table 32 Hypothetical fees required of Area 3A charter halibut businesses if an operator fee were adopted

At $10 per angler			
	2017	**2018**	**2019**
Minimum fee	$10	$10	$10
Average payment for businesses in the 1st quartile	$289	$264	$311
Average payment for businesses in the 2nd quartile	$1,266	$1,366	$1,458
Average payment for businesses in the 3rd quartile	$2,926	$3,013	$3,109
Average payment for businesses in the 4th quartile	$10,407	$9,955	$10,324

At $15 per angler			
	2017	**2018**	**2019**
Minimum fee	$15	$15	$15
Average payment for businesses in the 1st quartile	$433	$396	$467
Average payment for businesses in the 2nd quartile	$1,899	$2,049	$2,187
Average payment for businesses in the 3rd quartile	$4,389	$4,519	$4,664
Average payment for businesses in the 4th quartile	$15,610	$14,933	$15,486

At $20 per angler			
	2017	**2018**	**2019**
Minimum fee	$20	$20	$20
Average payment for businesses in the 1st quartile	$578	$528	$623
Average payment for businesses in the 2nd quartile	$2,533	$2,732	$2,916
Average payment for businesses in the 3rd quartile	$5,853	$6,026	$6,218
Average payment for businesses in the 4th quartile	$20,813	$19,910	$20,648

Source: ADF&G Saltwater Logbooks sourced through AKFIN; Days_by_chp_guide(8-25-21).xls
Note: the concept considered under annual operator fee would charge a fee to the CHP holder, not the business

3.5.3 Use of Revenue

The intention under any Federal fee collection method would be to appropriate the collected fees to the RQE in the following year.

As discussed in Section 3.3.5.3, during the development of the RQE Program, Federal regulations did not establish limits on the use of RQE funds; however, language describing the intended use of collected fees was adopted in the 2023 MSA amendment that authorizes NMFS regulations to establish RQE fee collections. This language in the amendment mirrors the Council's intent, as articulated in the Council's final action for RQE funding. The bill states, "….any fees collected under this section shall be available, without appropriation or fiscal year limitation, for the purposes of—

> (1) financing administrative costs of the Recreational Quota Entity program;
>
> (2) the purchase of halibut quota shares in International Pacific Halibut Commission regulatory areas 2C and 3A by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations);
>
> (3) halibut conservation and research; and

(4) promotion of the halibut resource by the recreational quota entity authorized in part 679 of title 50, Code of Federal Regulations (or any successor regulations)."

Note the Congressional authorization limits the spending of the fees by the RQE to two of the four states uses of the fees: purchasing halibut quota shares and promotion of the halibut resource. The other two authorized uses of the fees – financing the administrative costs of the RQE program and halibut conservation and research – are allowable uses of the fees but not specifically authorized for use by the RQE.

The primary use of the funds is expected to be for the RQE to purchase halibut QS that is allowable under the transfer restrictions established in the program (demonstrated in Figure 6). The RQE may use a broker to facilitate the sales or buy directly from a seller. As it would be seeking a specific, limited type of QS that fits into its transfer eligibility in that year, this type of sale could also be solicited through a reverse auction-type of market. These purchases might mean the RQE would be willing to pay a premium for the type of halibut QS it is seeking to buy. The purchase process would include negotiating the price, drafting the necessary paperwork, and submitting the RQE-specific transfer application to NMFS Restricted Access Management.

3.5.4 Paperwork Reduction Act

The proposed regulations for an RQE halibut stamp program is subject to the Paperwork Reduction Act (PRA) requirements. The PRA is a law governing how Federal agencies collect information from the American public. Enacted in 1980, the PRA was, among other things, designed to "ensure the greatest possible public benefit from and maximize the utility of information created, collected, maintained, used, shared and disseminated by or for the Federal Government" and to "improve the quality and use of Federal information to strengthen decision making, accountability, and openness in Government and society."[19] PRA applies to agency collections of information using identical questions posed to, or reporting or recordkeeping requirements imposed on ten or more persons.

Before requiring or requesting information from the public, the PRA requires Federal agencies (1) to seek public comment on proposed collections and (2) to submit proposed collections for review and approval by the Office of Management and Budget (OMB). OMB reviews agency information collection requests for approval or disapproval. When OMB approves an information collection, it assigns an OMB control number that the agency must display on the information collection.

In 2018, NMFS adopted a requirement to annually renew CHPs. This provides another example of a collection of information that is subject to PRA (OMB Control Number 0648-0592). This amendment package included an Information Collection Request with estimates of the public reporting burden, which was also subject to the opportunity for public comment and required OMB approval. An annual operating fee associated with CHP renewal would likely modify this existing collection of information. A charter halibut stamp also represents an additional collection of information, and an associated PRA package has been prepared.

3.5.5 Impacts of Establishing a Fee Collection Program on Charter Operators, Anglers, and Communities

This section considers the costs and benefits of the proposed fee collection mechanisms on charter halibut anglers and operators. This section does not repeat the broader analysis of the net benefits of the RQE program, which was a focus of RQE program analysis (NMFS 2017). The RQE program analysis includes consideration of the QS market impacts, impacts on the commercial IFQ fishery and participants, impacts on subsistence and unguided fishermen and a broader discussion of community impacts

[19] 44 U.S.C. § 3501.

associated with halibut stakeholders. The RQE program analysis assumed the RQE would establish a funding mechanism (such as a halibut stamp), therefore the expectations and assessment from that analysis still apply at this time. Thus, this section focuses on the impacts of an RQE fee and collection method specifically.

Costs

A Federal fee collection program of any design would impose a clear cost on charter halibut operators and likely on charter halibut anglers as well. Depending on the design of a funding mechanism, this could affect up to 274 CHP holders in Area 2C and 300 CHP holders in Area 3A (if CQE and MWR permit holders are included in the responsibility of paying the fee; Table 11 and Table 15) and about 470 businesses across both Areas (Table 41). If costs are passed on to the angler, this would affect an average of approximately 39,000 anglers in Area 2C and 77,000 anglers in Area 3A (Table 21). Based on the wide variation of angler effort across businesses (Table 12 and Table 16), the range of fees owed by operators could be substantially different. This is demonstrated with business activity from 2017-2019 in the hypothetical distribution of Area 2C operator fees in Table 31 (which are truly hypothetical as no mechanism is considering a fee at the business level). With a $20/ angler fee, in Area 2C the average business would pay approximately $5,600 annually and the average business in Area 3A would pay approximately $7,500 annually. However, in both Areas the maximum bills would be over $50,000 for some operators.

Analysts would expect this additional expense to be absorbed differently across businesses, as exemplified by the response to the cost of GAF. Anecdotally, NMFS staff have heard that the cost of leasing GAF is sometimes wholly absorbed by a business. For example, a charter business may use GAF as a customer incentive to share with anglers for specific reasons (e.g., repeat clients, client referrals, etc). Conversely, a charter business may lease GAF and make it available to their anglers when they catch a halibut that would otherwise be prohibited (e.g., within the protected slot limit) if the angler is willing to pay the direct cost of the GAF. Additionally, there are likely some hybrid scenarios where the expense is shared between the angler and operator.

This range of response would also be expected for a Federal funding program for the RQE. Some charter businesses may make this additional expense explicit in their pricing and inform the angler of its purpose. Although the expense from any of the funding mechanisms under consideration could be passed to the angler, the halibut stamp may make that relationship more explicit, if the intent is to recover the fee from anglers. Some businesses may choose to incorporate all or a portion of the additional expense in the overall price without differentiating, while other businesses may wholly absorb the cost in their operational expenses, which would ultimately affect their annual profitability. The ability to make this decision may also vary by operation type. For operations with a larger revenue stream and/or businesses that are diversified with income from other types of services, this fee may be a smaller percentage of their overall income. For a smaller operator focused primarily on halibut day-trips, it may be more difficult to absorb this as an operational cost and this fee may be more likely to be passed to anglers.

Benefits

While the individual cost categories of a fee collection mechanism to fund the RQE are relatively straightforward, the individual and sector-level benefits that could be derived from this revenue are much more complicated to predict. The intent is that with a Federal fee mechanism, the RQE can afford to buy pounds of halibut to be added to the charter sector's allocation, and this will result in less restrictive charter management measures. The complexity of assessing benefits associated with less restrictive management measures is in part due to an unknown angler demand curve and uncertainty in assessing how anglers will respond to changes in price and/or quality of the halibut they are able to harvest across a diverse charter sector. It is also complicated by the variability of what is being "purchased", as factors

like halibut abundance and future angler effort also play an important role in the type of management measures that will be implemented. In addition, practical factors like the availability and price of halibut QS and the responsibility of also managing RQE overhead costs will add to the uncertainty of predicting the type and timing of benefits.

If some or all of the cost of QS purchases are transferred to charter anglers, this would constitute an increase in the price of charter trip. If anglers are still willing to pay for a charter halibut trip with this increased price, this would indicate there could have been a consumer surplus (i.e., anglers were already willing to pay more to harvest the same halibut). Additionally, charter anglers may be willing to pay the price if they understand or actually experience the effects of increased halibut allocation and management measures are relaxed (e.g., anglers can retain larger halibut and/or more halibut, or there are fewer days closed to fishing).

In the first scenario where a consumer surplus is implied, anglers may be willing to pay more, but are not necessarily be made better off. For example, today's anglers may be faced with this additional cost of charter fishing, but they may not directly benefit from the more favorable management measures due to the time lag involved in purchasing QS. These anglers would either experience reduced consumer surplus or they may choose to forgo charter fishing altogether. Removing day of the week closures provides benefits as it allows for more anglers to fish more days of the week and more days for operators to run a business. However, some angler may not have been directly impacted by the day of the week closure, if they would have been able to book their trip under the more restrictive measures.

The benefits associated with an angler's opportunity to catch more, or slightly larger fish has been the topic of several studies (e.g., Lew & Larson 2015; Lew & Larson 2012). For instance, research on non-Alaskan resident halibut angler willingness to pay emphasized that the potential to catch at least one very large halibut is valuable to anglers; however, if retention of two fish are allowed, a size limit on the second fish is less important to non-resident anglers (Lew & Larson 2015). Anglers associated with different types of charter operations may value harvest opportunity differently. Operators may also have a sense of what types of measures their anglers are willing to pay for. A Federal fee collection should be responsive to angler demand in order for anglers to benefit in the long-run.

In order for the charter operators to benefit, they would either need to see an increase in angler demand, be able to offer more halibut charter trips (with a decrease in day of the week closures), or see an increase in angler willingness to pay above and beyond what the angler may be willing to be pay directly for halibut stamp. Charter operators may also benefit simply from the satisfaction of knowing the anglers have more opportunity, even if it does not affect their profitability. However, similar to angler benefits, if there is a lag in the amount of time the between when fees are paid and when management measures are relaxed, then there may be some operations contributing fees but leaving the fishery before fully appreciating the benefits. This may be countered somewhat by an increase in the value of charter halibut permits under a fully-functioning RQE. In theory, a potential buyer of a CHP will pay more for the access privilege if their expectation for the future use of the CHP is positive. Conversely, future charter businesses may reap the benefits of additional pounds of halibut without contributing as much to the funds required to purchase the QS.

With close cooperation between NMFS, the RQE, and stakeholders, the effect on charter halibut anglers and charter operators (as a whole) is expected to be positive in the long-term. However, charter operations across Area 2C and 3A are operationally diverse and cater to different types of anglers with different levels of price sensitivity. Thus, there may be some individuals in the charter sector who are not benefited, or who will receive the benefit disproportionately. For instance, larger charter vessels that cater to many anglers or operations that do many short trips may not change their harvest strategy; changes in size limits or annual limits may be less likely to affect these businesses or their anglers. However, these

operators would still be required to pay the same fee. The RQE will likely have to make adjustments that consider these differences for some charter operators and their anglers.

Update of the analysis on changes in management measures

Another challenge in describing the benefits of access to additional charter halibut is the variability of how halibut QS could impact the charter sector. QS purchased by the RQE with revenue from a fee collection mechanism likely will not result in a consistent set of target management measures for the charter sector. The current CSP system takes into account information on the dynamic factors of halibut abundance, halibut size, and projected angler effort when annual management measures are adopted. A change in the price of charter fishing, quality of the fishing trip (opportunity to catch more or larger fish), or more opportunity for charter halibut fishing trips (through reduction of day of the week closures) that are a direct result of a Federal funding mechanism and the additional RQE QS holdings could affect angler effort, which could in turn could affect management measures.

The analysis for the development of the RQE Program (NMFS 2017) examined retrospectively the amount of halibut QS that the RQE would need to make measurable differences in annual management measures. These analyses project charter removals based on the suite of management measures requested by the Charter Halibut Management Committee. The objective is to find a measure (or combination of measures) that will keep the sector at or below the total charter catch limit for that area, while also minimizing the economic impact to charter operators and anglers in that Regulatory Area. The analysis for the development of the RQE Program used the projected estimates of removals from 2015, along with two scenarios to represent years with higher and lower halibut catch limits: i) the 2015 commercial and charter halibut allocation; and ii) the 2011 commercial and charter halibut allocation. These comparisons help describe some of the variation in management measures that could occur. As projected effort and catch limits are continuously changing, this analysis can be continuously reevaluated in order to explain what the charter sector could be "purchasing" with additional halibut QS. The following section updates this analysis by considering the ADF&G analysis of management options for charter halibut fisheries for 2020 (Webster & Powers 2019; and supplemental Webster & Powers 2020).

At the beginning of 2020, prior to widespread knowledge of the COVID-19 pandemic, which would later result in adjusted management measures, the IPHC set the Area 2C charter halibut allocation at 780,000 lb. At the same time in 2020, the Area 2C commercial IFQ allocation was 3.41 mil lb, as illustrated in the time series in Table 33. Using the beginning of 2020 as an example, Table 33 illustrates hypothetical commercial halibut QS holdings, and how those holdings would have impacted the charter allocation in 2020, ranging from 1% - 10% (1% is the annual transfer limit in Area 2C and 10% is the cumulative limit for the RQE in Area 2C). When these pounds are added to the 780,000 lb allocation, it demonstrates the adjusted pounds that would be available to the Area 2C charter halibut sector in under each scenario.

Table 35 was presented in the 2019 ADF&G management report (Webster & Powers 2019), which demonstrated that based on projected removals, Area 2C could "afford" a bag limit of one halibut, with a reverse slot limit of U40, O80 (one fish either less than or equal to 40 inches or over 80 inches), as highlighted in the table with a red box. The green box signifies the management measures which were later adopted due to the effects of the pandemic and the expectation (and reality) of a significant drop in angler effort. For purposes of this analysis, we will focus on the pre-COVID assessment of effort. Table 36 further translates the difference between the 780,000 lb allocation and the amount of removals projected the ADF&G table, represented as a percentage of the Area 2C commercial IFQ that would be necessary to cover the difference. In doing so, Table 36 demonstrates the management measures that could have been afforded if these additional pounds were available. For example, at the level of harvest and effort that was predicted for Area 2C at the end of 2019, it would have taken 4% of the Area 2C IFQ to reach U45, O80.

In the RQE analysis (NMFS 2017), based on 2015 estimates of removals and the 2015 catch limit (0.851 Mlb for charter, 3.68 Mlb for commercial), it would have taken 2% of the Area 2C IFQ to reach U45, U80 management measures. Using a scenario of 2015 estimates of charter removals and the lower catch limits from 2011 (0.788 Mlb for charter, 2.33 Mlb for commercial) it would have taken 6% of the pool of Area 2C IFQ to reach the same U45, O80 management measures.

Table 33 Area 2C commercial IFQ and charter halibut catch limits, 2015 through 2022

Area 2C	Area 2C commercial IFQ (pounds)	Area 2C charter catch limit (pounds)
2015	3,679,000	851,000
2016	3,924,000	906,000
2017	4,212,000	915,000
2018	3,570,000	810,000
2019	3,610,000	820,000
2020	**3,410,000**	**780,000**
2021	3,530,000	810,000
2022	3,510,000	820,000

Source: NMFS Alaska Fisheries Management Reports

Table 34 Area 2C 2020 charter catch limit and adjusted pounds available with RFQ holdings at different levels

	Equivalent RFQ holdings in 2020 pounds	Total pounds available (Allocation + RFQ)
Under Current Allocation (UCA)	0	780,000
If the RQE holds:		
1% IFQ pool	34,100	814,100
2% IFQ pool	68,200	848,200
3% IFQ pool	102,300	882,300
4% IFQ pool	136,400	916,400
5% IFQ pool	170,500	950,500
6% IFQ pool	204,600	984,600
7% IFQ pool	238,700	1,018,700
8% IFQ pool	272,800	1,052,800
9% IFQ pool	306,900	1,086,900
10% IFQ pool	341,000	1,121,000

Source: Adapted from NMFS Alaska Fisheries Management Reports

Table 35 Projected charter removals (Mlb) for Area 2C in 2020 under reverse slot limits ranging from U35O50 to U50O80 with a 1-fish daily bag limit

Harvest = 68,737 halibut

	Upper Length Limit (in)															
Lower Limit (in)	50	52	54	56	58	60	62	64	66	68	70	72	74	76	78	80
35	1.227	1.145	1.082	1.013	0.962	0.917	0.853	0.792	0.757	0.73	0.702	0.684	0.658	0.644	0.642	0.631
36	1.257	1.177	1.116	1.047	0.997	0.952	0.89	0.829	0.794	0.767	0.74	0.721	0.696	0.682	0.68	0.669
37	1.274	1.195	1.134	1.066	1.017	0.973	0.911	0.851	0.816	0.789	0.762	0.744	0.719	0.705	0.703	0.692
38	1.301	1.223	1.164	1.097	1.048	1.005	0.943	0.884	0.85	0.823	0.796	0.778	0.753	0.739	0.737	0.726
39	1.32	1.244	1.185	1.119	1.071	1.027	0.967	0.908	0.874	0.847	0.82	0.802	0.778	0.764	0.762	0.751
40	1.335	1.26	1.202	1.137	1.089	1.046	0.986	0.928	0.894	0.868	0.841	0.823	0.799	0.785	0.783	0.772
41	1.354	1.28	1.224	1.159	1.112	1.07	1.01	0.952	0.919	0.893	0.866	0.849	0.824	0.81	0.809	0.798
42	1.365	1.293	1.237	1.173	1.126	1.085	1.025	0.968	0.935	0.909	0.883	0.865	0.841	0.827	0.826	0.815
43	1.378	1.307	1.252	1.189	1.143	1.101	1.043	0.986	0.953	0.927	0.901	0.884	0.86	0.846	0.844	0.834
44	1.398	1.328	1.274	1.211	1.166	1.125	1.067	1.011	0.978	0.953	0.927	0.909	0.886	0.872	0.87	0.86
45	1.419	1.351	1.298	1.236	1.192	1.151	1.094	1.038	1.006	0.981	0.955	0.938	0.914	0.901	0.899	0.888
46	1.432	1.365	1.313	1.252	1.208	1.168	1.111	1.056	1.024	0.999	0.973	0.956	0.933	0.919	0.918	0.907
47	1.451	1.386	1.334	1.274	1.231	1.191	1.135	1.081	1.049	1.024	0.999	0.982	0.958	0.945	0.943	0.933
48	1.463	1.399	1.348	1.289	1.246	1.207	1.151	1.097	1.066	1.041	1.016	0.999	0.975	0.962	0.96	0.95
49	1.486	1.423	1.373	1.315	1.272	1.234	1.179	1.125	1.094	1.07	1.045	1.028	1.005	0.992	0.99	0.98
50	1.5	1.439	1.39	1.333	1.291	1.253	1.198	1.145	1.115	1.091	1.066	1.049	1.026	1.013	1.011	1.001

Source: Webster & Powers 2019

Table notes: All values in the table include corrections for 2015-2019 errors in estimation of average weight and inflation factors for release mortality by weight.
The red boxed cell represents management measures that were selected by the IPHC based on the allocation of 0.78 mil lb at the beginning of 2020. The green box represents management measures that were later adopted by the IPHC (meeting on 5/20/2020) due to the COVID-19 pandemic and expected decrease in angler effort.

Table 36 Percentages of Area 2C IFQ that would be needed to achieve different management measures under the Area 2C charter projected removals from Dec 2019 and a catch limit of 0.78 Mlb

	Upper Length Limit (in)															
Lower Limit (in)	50	52	54	56	58	60	62	64	66	68	70	72	74	76	78	80
35	N/A	N/A	9%	7%	6%	5%	3%	1%	UCA	UCA	UCA	UCA	UCA	UCA	UCA	UCA
36	N/A	N/A	10%	8%	7%	6%	4%	2%	1%	UCA	UCA	UCA	UCA	UCA	UCA	UCA
37	N/A	N/A	N/A	9%	7%	6%	4%	3%	2%	1%	UCA	UCA	UCA	UCA	UCA	UCA
38	N/A	N/A	N/A	10%	8%	7%	5%	4%	3%	2%	1%	UCA	UCA	UCA	UCA	UCA
39	N/A	N/A	N/A	10%	9%	8%	6%	4%	3%	2%	2%	1%	UCA	UCA	UCA	UCA
40	N/A	N/A	N/A	N/A	10%	8%	7%	5%	4%	3%	2%	2%	1%	1%	1%	UCA
41	N/A	N/A	N/A	N/A	10%	9%	7%	6%	5%	4%	3%	3%	2%	1%	1%	1%
42	N/A	N/A	N/A	N/A	N/A	9%	8%	6%	5%	4%	4%	3%	2%	2%	2%	2%
43	N/A	N/A	N/A	N/A	N/A	10%	8%	7%	6%	5%	4%	4%	3%	2%	2%	2%
44	N/A	N/A	N/A	N/A	N/A	N/A	9%	7%	6%	6%	5%	4%	4%	3%	3%	3%
45	N/A	N/A	N/A	N/A	N/A	N/A	10%	8%	7%	6%	6%	5%	4%	4%	4%	4%
46	N/A	N/A	N/A	N/A	N/A	N/A	10%	9%	8%	7%	6%	6%	5%	5%	5%	4%
47	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9%	8%	8%	7%	6%	6%	5%	5%	5%
48	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10%	9%	8%	7%	7%	6%	6%	6%	5%
49	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10%	9%	8%	8%	7%	7%	7%	6%
50	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10%	10%	9%	8%	8%	7%	7%	7%

Source: Adapted from Webster & Powers 2019
Table notes: UCA is an option under the current allocation, set at the beginning of 2020.
N/A indicates this option would not have been available under 2020 projected effort even with IFQ up to RQE's cumulative limit of 10% of the Area 2C IFQ pool.
The red box signifies the measures that were initially set by the IPHC based on projected removals in Dec 2019.
The green box signifies the measures that were later adopted by the IPHC due to the COVID-19 pandemic and expected decrease in angler effort.

The effect that RQE halibut QS holdings could have on the Area 3A charter sector requires a different type of assessment due to the suite of management measures that are typically recommended by the NPFMC's Charter Halibut Management Committee. The allocation the IPHC set for the Area 3A charter sector in 2020 was 1.71 mil lb. Consequently, the management measures that were adopted for 2020 were based on a supplemental analysis prepared by ADF&G staff for the IPHC meeting (Webster & Powers 2020) and includes recommendations from the Charter Halibut Management Committee. The adopted management measures for Area 3A for the 2020 fishery were: a 2-fish bag limit, with one fish U26, Wednesdays and Tuesdays closed to halibut fishing all season, a 4-fish annual limit, and a limit of one trip per CHP and one trip per vessel per day.

For simplicity, this analysis focuses on the pounds the RQE would have needed to hold to reduce Tuesday closures and to relax the size limit of the second fish from the measures adopted for 2020. Note that this may not be the way that the Charter Halibut Management Committee would choose to prioritize relaxing measures with the availability of additional pounds. For example, the Committee may value opening more Wednesdays rather than increasing the size limit of the second fish. Moreover, if the RQE held more than 6% of the Area 3A IFQ, it may also be able to afford to relax additional measures. However, this example is deliberately simple by using adjustments that can be seen within one table.

Table 37 demonstrates that in 2020, the Area 3A IFQ pool was set at 7.05 mil lb. Table 38 identifies varying percentages of the IFQ pool (1.2% is the annual transfer limit in Area 3A and 12% is the cumulative limit for the RQE in Area 3A) and how those percentages equates to the total pounds that would be available to the Area 3A charter sector if the RQE held that amount of QS.

Table 39 was included in the supplemental analysis prepared by ADF&G staff for the 2020 IPHC meeting (Webster & Powers 2020). This table demonstrates projected halibut removals in Area 3A assuming a 2-fish bag limit, Wednesdays closed to halibut fishing all season, a 4-fish annual limit, and one trip per CHP and one trip per vessel per day. The table evaluates two additional regulations to reduce halibut mortality to under the catch limit: a size limit on the second fish and a number of additional day-of-the-week closures (Tuesdays). This table indicates that the only option which was projected to keep charter harvests under the 1.71 mil lb catch limit was to close Tuesdays all season and to impose a 26-inch size limit on the second of two retained fish.

Table 40 demonstrates the percentage of the Area 3A halibut QS pool that would have been needed to relax management measures. For example, if the RQE had held 1.2% of the Area 3A QS pool at the beginning of 2020 (84,600 additional pounds), it could have opened up five additional Tuesdays to halibut charter fishing in Area 3A. Note that when ADF&G analysts consider the effect of day-of-the-week closures, they first consider removing effort in the middle of the season, which produces the largest effect. Relaxing management measures would therefore occur in reverse: Tuesday closures would still be in place from June 22- Aug 17 (see Table 2; Webster & Powers 2020), but not outside of this timeframe. Alternatively under this scenario, the Charter Halibut Management Committee may have recommended to use the additional pounds to relax the size limit of the second fish to 29 inches, or consider changing other measures not listed in this table (e.g., annual limits).

This result can be compared to the 2015 and the 2011 catch limit scenarios considered in the RQE analysis (NPFMC 2017). In 2015, the IPHC set the Area 3A charter halibut catch limit at 1.89 Mlb (the Area 3A commercial catch limit was 7.79 Mlb). ADF&G estimated that maintaining a charter harvest below this limit would require a 29-inch size limit on the second fish, a five-fish annual limit, a day-of the week restriction (Thursdays, June 15- Aug 31), and a limit to one charter trip per day per vessel. The RQE analysis (NMFS 2017) projected that under those conditions 3% of the Area 3A commercial halibut IFQ would remove all day-of-the-week closures. With 5% of the 2015 Area 3A IFQ the RQE could have also removed annual limits in that year based on projected removals, leaving only a 29-inch size limit on the second fish and the limit of one trip per vessel and per permit per day. In 2011, the Area 3A charter catch

limits were set at the higher level of 3.56 Mlb, thus when compared to the projected Area 3A charter removals from 2015, no additional pounds from the commercial IFQ sector would have been needed to achieve the unguided limit of 2 fish of any size.

One of the primary points of this exercise is to emphasize that the additional pounds of halibut and its effect on management measures will vary, depending on the conditions present. Because the structure of the CSP provides an annual reevaluation of projected removals under catch limits, addition pounds of halibut may not provide stable management measures. However, RQE QS holdings should consistently provide additional opportunity relative to the status quo measures. Charter stakeholders may be able to identify when this additional opportunity is the most meaningful (e.g., at times of low abundance, in removing day-of-the-week closures, etc.).

Table 37 Area 3A commercial IFQ and charter halibut catch limits, 2015 through 2022

Area 3A	Area 3A commercial IFQ (pounds)	Area 3A charter catch limit (pounds)
2015	7,790,000	1,890,000
2016	7,336,000	1,814,000
2017	7,739,000	1,890,000
2018	7,350,000	1,790,000
2019	8,060,000	1,890,000
2020	**7,050,000**	**1,710,000**
2021	8,950,000	1,950,000
2022	9,550,000	2,110,000

Source: NMFS Alaska Fisheries Management Reports

Table 38 Area 3A 2020 charter catch limit and adjusted pounds available with RFQ holdings at different levels

	Equivalent RFQ holdings in 2020 pounds	Total pounds available (Allocation + RFQ)
Under Current Allocation (UCA)	0	1,710,000
If the RQE holds:		
1.2% IFQ pool	84,600	1,794,600
2% IFQ pool	141,000	1,851,000
3% IFQ pool	211,500	1,921,500
4% IFQ pool	282,000	1,992,000
5% IFQ pool	352,500	2,062,500
6% IFQ pool	423,000	2,133,000
7% IFQ pool	493,500	2,203,500
8% IFQ pool	564,000	2,274,000
9% IFQ pool	634,500	2,344,500
10% IFQ pool	705,000	2,415,000
11% IFQ pool	775,500	2,485,500
12% IFQ pool	846,000	2,556,000

Source: Adapted from NMFS Alaska Fisheries Management Reports

Note: for Tables 39 and 40, projected removals assume the following status quo measures: a two fish bag limit with one fish of any size, a limit of one trip per charter vessel and one trip per CHP per day, all Wednesdays closed to halibut retention all year, and a 4-fish annual retention limit.

Table 39 Area 3A projected removals for 2020 under a range of maximum size limits on one fish in the bag limit and Tuesday closures ranging from zero to thirteen days or a Tuesday closure for the entire season.

Size limit	Number of Tuesday Closures														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	All
26	2.014	1.988	1.955	1.929	1.902	1.874	1.846	1.821	1.799	1.783	1.761	1.757	1.738	1.732	1.696
27	2.041	2.015	1.982	1.955	1.928	1.899	1.871	1.845	1.823	1.807	1.784	1.78	1.762	1.755	1.719
28	2.083	2.057	2.023	1.995	1.967	1.938	1.909	1.883	1.861	1.844	1.821	1.817	1.798	1.791	1.754
29	2.11	2.083	2.049	2.021	1.993	1.964	1.934	1.908	1.885	1.869	1.845	1.841	1.822	1.815	1.777
30	2.152	2.125	2.09	2.062	2.033	2.003	1.972	1.946	1.923	1.906	1.882	1.878	1.858	1.851	1.813

Source: Webster & Powers 2020
Table notes: Projections include corrections for errors in estimation of average weight and an additional 1.1% release mortality by weight.
The red box signifies the measures that were initially set by the IPHC based on projected removals in Jan 2020.
Measures that were later adopted by the IPHC due to the COVID-19 pandemic and expected decrease in angler effort include: 2 fish bag limit (one U32), no annual limit, no day-of-the-week closures, one trip per vessel per days and one trip per CHP per day.

Table 40 Percentages of Area 3A IFQ that would be needed to achieve different management measures under the Area 3A charter projected removals from Jan 2020 and a catch limit of 1.71 Mlb.

Size limit	Number of Tuesday Closures														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	All
26	5%	4%	4%	4%	3%	3%	2%	2%	2%	1.2%	1.2%	1.2%	1.2%	1.2%	UCA
27	5%	5%	4%	4%	4%	3%	3%	2%	2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
28	6%	5%	5%	5%	4%	4%	3%	3%	3%	2%	2%	2%	2%	1.2%	1.2%
29	6%	6%	5%	5%	5%	4%	4%	3%	3%	3%	2%	2%	2%	2%	1.2%
30	7%	6%	6%	5%	5%	5%	4%	4%	4%	3%	3%	3%	3%	2%	2%

Source: Adapted from Webster & Powers 2020
Table notes: UCA is an option under the current allocation, set at the beginning of 2020.
The red box signifies the measures that were initially set by the IPHC based on projected removals in Jan 2020.
Measures that were later adopted by the IPHC due to the COVID-19 pandemic and expected decrease in angler effort include: 2 fish bag limit (one U32), no annual limit, no day-of-the-week closures, one trip per vessel per days and one trip per CHP per day.

Communities that could be impacted by this action through their association with CHP holders are included in Table 14, and Table 18. For Area 2C, a large proportion of the CHP are registered in Ketchikan, Sitka, Craig, Juneau/ Auke Bay, Petersburg, and Klawock, Alaska, as well the in the state of Washington and Utah. For Area 3A a large portion of the CHPs are registered in Homer, Seward, Kodiak, Soldotna, Ninilchik, Anchorage, and Yakutat, Alaska. The type of port or associated community could shed light on some of the distributional impacts that could occur from an increased trip price. For instance, non-resident anglers may be less price sensitive if they are traveling to Alaska for a once-in-a-lifetime fishing trip and/ or paying for a lodge experience. Anglers with many substitute options (both fishing options and other recreational options) may be more sensitive to price changes. More discussion on the types of impacts associated with charter and commercial halibut communities expected from an RQE are described in NMFS (2017).

3.6 Affected Small Entities (Regulatory Flexibility Act Considerations)

Section 603 of the Regulatory Flexibility Act (RFA) requires that an initial regulatory flexibility analysis (IRFA) be prepared to identify whether a proposed action will result in a disproportionate and/or significant adverse economic impact on the directly regulated small entities, and to consider any alternatives that would lessen this adverse economic impact to those small entities. NMFS prepares the IRFA in the classification section of the proposed rule for an action. Therefore, the preparation of a separate IRFA is not necessary for the Council to recommend a preferred alternative. However, this information is useful for the Council to consider in selecting among the alternatives analyzed in this RIR and for NMFS to use to prepare the IRFA for the proposed rule, should the Council recommend implementation of one of the action alternatives.

This section identifies the directly regulated small entities, specifically focusing on the **Council's PA of Alternative 2, Option 1 -** a charter halibut stamp. This section also identifies the general nature of the potential economic impacts on directly regulated small entities, specifically addressing whether the impacts may be adverse or beneficial relative to this PA.

Identification and Count of Small, Directly Regulated Entities

As described in Section 3.5.5, there are many types of entities that would be expected to experience indirect, induced, secondary, and distributive economic impacts from the creation of a charter halibut stamp program (e.g., charter halibut anglers and support sectors in engaged charter halibut fishing communities, as well as impacts from the regulations providing the RQE the opportunity to purchase QS in general, which are addressed in the Final Regulatory Flexibility Analysis associated with rulemaking for that action; 83 FR 47819). However, the RFA focuses on those entities that are *directly regulated* by the action alternative suggested in the PA, which are identified as CHP holders, Charter Vessel Guides, and the RQE itself.

The Council recommended and NMFS's proposes regulations that would require CHP holders (i.e., natural persons or business entities that hold charter halibut permits) to purchase charter halibut stamps for each charter halibut angler who intends to retain halibut from a charter vessel operating in IPHC regulatory Areas 2C and 3A. This follows the Charter Halibut Management Committee's recommendation (Appendix 1), and the Council's PA that the liability to ensure the fee is paid should fall on the Sport Fishing Business Owner/Guide or their designee. As explained in Section 2.3, CHP holders who directly participate in the charter halibut fishery are required to be registered by ADF&G as a as Sport Fishing Business Owner/Guide. CHP holders who lease their permits to other persons might not directly participate in the charter halibut fishery but they own specific limited fishing rights authorized by NMFS to access the fishery and are in direct control of the dispensation of the permit and the profits derived from it. For the purposes of identifying the number of small entities directly regulated by this action, it should be noted that CHP holders may own more than one CHPs.

The Charter Committee also recommended that the Charter Vessel Guides (as defined by NMFS definition) should be the persons liable to ensure that there are validated stamps on the vessel for each angler fishing for halibut. This follows similar regulatory responsibilities for the Charter Vessel Guide, such as the obligation to ensure safety equipment is onboard the vessel, bag and possession limits are maintained, ADF&G saltwater logbooks are completed accurately, and anglers are in possession of fishing licenses.

In addition to CHP holders and Charter Vessel Guides, the RQE itself is directly regulated by the proposed regulations because it would be subject to rules for petitions to change the fee for charter halibut stamps, and could potentially be subject to administrative actions to suspend the fee collection.

Table 41 demonstrates the number of charter businesses (i.e. CHP holders grouped by common as Sport Fishing Business Owner/Guide identifiers) and Charter Vessel Guides between 2017 and 2020 that were associated with the harvest of halibut in the combined regulatory Areas 2C and 3A. For added perspective, note Tables 11 and 15 in the previous sections that indicate the number of unique persons who held CHPs by regulatory area in 2021. Figures in Table 41 are lower, for several reasons: the table reflects businesses that harvested halibut, whereas Tables 11 and 15 indicate mere holdings of permits; some businesses are formed by more than one person who holds CHPs; and, some businesses hold CHPs for both Areas 2C and Area 3A.

Table 41 Number of charter businesses and guides associated with the harvest of halibut

Year	Businesses	Guides
2017	471	1,226
2018	474	1,195
2019	478	1,240
2020	391	820

Source: ADF&G Saltwater Logbooks sourced by AKFIN

The thresholds applied to determine if an entity or group of entities is considered a "small" business under the RFA depends on the industry classification for the entity or entities. In order to be considered a "small" charter business, total gross receipts may not exceed $14 million, by SBA standards (NAICS code 487210, size standards effective 11/17/2022).

There is no annual census data collection of gross revenues for charter businesses or guides with which to apply this $14 million threshold. A voluntary Alaska Saltwater Sport Fishing Charter Business Survey has been conducted by the Alaska Fisheries Science Center (AFSC) which has gathered information on expenses, revenues, and business characteristics for the 2011, 2013, 2015 and 2017 fishing years. As demonstrated in the most recent Cost and Earnings Report (Lew & Lee 2019), the mean gross revenue for the population of charter businesses was between $200,894 (in 2012) and $302,609 (in 2013). These estimates are based on self-reported sales and revenues of charter trips (not necessarily halibut charter trips) and include client referrals/ booking commission revenue as well as revenue accrued by leasing of CHP. These estimates do not account for values derived from additional accommodations or food/beverage service.

Based on the difference between the SBA threshold ($14 million) and the mean revenue for charter businesses reported by Lew and Lee (2019), it is assumed that all directly regulated businesses are considered "small". If an operation was large enough, potentially including lodging and multiple recreational activities, it is possible it could exceed the SBA threshold. However, there is no data to identify if or how many operations may fit into this category, thus all businesses are considered "small."

There is no available data to determine the relationship guides have to the business (e.g., owner/ operator, hourly or salaried employee, contracted partnership, etc.). However, given the relative difference between

estimated gross revenue at the business level from Lew & Lee (2019) and the $14 million threshold, those guides that represent a separate entity are very likely still considered a small entity by SBA standards.

Similarly, CQEs, MWRs and the RQE (each of these entities are authorized to hold CHPs) which are considered to be small entities due to their relationship to the charter fishery. Analysis of the expected revenue from stamps are estimated to produce total value of just over $2 million in annual revenue by year ten in IPHC regulatory area 2C, and approximately $5.6 million in total value annual value after ten years in IPHC regulatory area 3A. Thus, the CQE and RQE entities are considered to be directly regulated small entities.

The Nature of the Economic Impacts on Directly Regulated Small Entities

Section 3.5.5 describes the expected impacts of establishing a fee collection program, in particular the proposed charter halibut stamp program, and its effects on charter operators, anglers, and communities. All these persons and entities would be directly regulated under the Council's PA and are considered to be small entities. The expected costs and benefits described in this section apply to this population.

A Federal fee collection program of any design would impose a cost on charter halibut operators. Analysts expect this additional expense would be absorbed differently across businesses, as exemplified by the response to the cost of GAF. Some charter businesses may pass some of the additional expense on to the angler (either explicitly or built into the trip price), while other operators may absorb this additional cost into their business expenses. Based on the wide variation in angler effort across businesses (Table 12 and Table 16), the range of fees owed by operators under a halibut stamp program would be quite broad. However, as the fee would be scaled to effort, those businesses with less associated halibut angler effort would pay less.

The primary benefit of a NMFS-regulated fee collection mechanism for the RQE are the effects of a larger halibut allocation to the charter sector. A larger allocation has the potential to relax some of the management measures that are currently imposed on charter operations to keep the sector within its annual halibut allocation. As described in Section 3.5.5, the operator and sector-level benefits that could be derived from this revenue are complicated to predict. The complexity of assessing benefits associated with less restrictive management measures is in part due to unknown angler demand and uncertainty in assessing how anglers will respond to changes in price and/or quality of the halibut they are able to harvest across a diverse charter sector. It is also complicated by the variability of what is being "purchased", as factors like halibut abundance and future angler effort also play an important role in the equation of what management measures will be set under the CSP. This is further described in Section 3.5.5. Although it is possible for some adverse distributional impacts for some operators and anglers, the intention of the charter halibut stamp is to provide benefits for the charter halibut sector as a whole.

3.7 Summation of the Alternatives with Respect to Net Benefit to the Nation

The proposed action considers several mechanisms to collect fees from charter operations to fund an RQE program. The Council's PA and NMFS's proposed regulations would create a Federal requirement where charter halibut businesses are responsible for purchasing a halibut stamp for each guided angler 18 years of age and older for each day they intend to harvest halibut on a charter vessel fishing trip in IPHC regulatory Areas 2C and 3A.

These proposed regulations would charge a specific fee to a user group with the objective of providing benefits back to that group, but that does not necessarily change the scope of a cost-benefit analysis at the National level.[20] Section 3.5.5 qualitatively describes the expected costs and benefits of the Council's PA

[20] In the analysis for the creation of the RQE (NMFS 2017), when the cost-benefit analysis was considered at the National scope, additional types of costs and benefits were incorporated into the qualitative discussion. For example,

at the operator, angler, and community level. If at a sector-wide level the operators, anglers and communities are not benefiting from this fee collection program, it should be discontinued. Thus, net benefits at the National level for this specific action of creating an RQE funding mechanism are also expected to be small, but generally positive, relative to the status quo.

However, there are some aspects of the PA that may complicate whether and at what point benefits are received from the proposed fee collection program. It is possible that several years of fee collection will need to occur before a sufficient amount of QS can be purchased and charter management measures are relaxed. There will be overhead costs with the RQE, and depending on the RQE's role in administering the charter halibut stamp program, potential costs associated with development and implementation of the fee collection program as well. In addition, it is not clear how quickly regulations would be changed to remove the requirement to submit a fee if the fee was not providing net benefits to the sector. Thus, net benefits at the National level for the RQE program are undetermined at this time.

4 Pacific Halibut Act Considerations

The fisheries for Pacific halibut are governed under the authority of the Northern Pacific Halibut Act of 1982 (Halibut Act, 16 U.S.C. 773-773k). For the United States, the Halibut Act gives effect to the Convention between the United States and Canada for the Preservation of the Halibut Fishery of the North Pacific Ocean and Bering Sea. It is necessary for the Council to consider the authority of the Halibut Act when considering regulations that may result from a Federal fee collection program.

The Halibut Act also provides authority to the Regional Fishery Management Councils, as described in §773c:

> *(c) Regional Fishery Management Council involvement*
>
> *The Regional Fishery Management Council having authority for the geographic area concerned may develop regulations governing the United States portion of Convention waters, including limited access regulations, applicable to nationals or vessels of the United States, or both, which are in addition to, and not in conflict with regulations adopted by the [International Pacific Halibut] Commission [IPHC]. Such regulations shall only be implemented with the approval of the Secretary, shall not discriminate between residents of different States, and shall be consistent with the limited entry criteria set forth in section 1853(b)(6) of this title. If it becomes necessary to allocate or assign halibut fishing privileges among various United States fishermen, such allocation shall be fair and equitable to all such fishermen, based upon the rights and obligations in existing Federal law, reasonably calculated to promote conservation, and carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of the halibut fishing privileges…*

The Council's PA would require a charter halibut stamp for charter vessel anglers 18 years of age and older for each day they intend to harvest halibut on a charter vessel fishing trip in regulatory Area 2C and 3A. These are purely domestic regulations that may affect catch limits to existing sectors and are not in conflict with any existing with regulations adopted by the IPHC. The action alternative does not discriminate between residents of different states. Anglers that benefit from increase opportunity to

this perspective introduces the consideration of consumer access to commercial-caught halibut. Consumers benefit around the Nation (also world-wide) from the ability to purchase a quality Pacific halibut product. An RQE that purchases QS may diminish the amount of halibut delivered to the consumer market. However, it would increase the amount of halibut (or size of halibut) available to charter anglers. The RQE analysis assumed the RQE would have access to capital with which to purchase QS and the analysis weighed these considerations. National net benefits could be negative if there was a scenario in which optimum yield was not harvested for halibut.

harvest more or larger halibut through the IFQ holdings of an RQE may be visiting Alaska from other states or they may be Alaskan residents that do not have ability or interest in prosecuting the halibut fishery on their own. The creation of a charter halibut stamp does not create a new limited access program but provides a funding mechanism for a previously approved Council program, the RQE. Cumulative transfer restriction in place for the RQE Program are included to ensure this non-profit entity does not acquire an excessive share of the halibut harvesting privileges.

5 Magnuson-Stevens Act Considerations

Below are the 10 National Standards as contained in the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), and a brief discussion of how the action alternative is consistent with the National Standards, where applicable. In recommending a preferred alternative, the Council must consider how to balance the national standards. This proposed action is primarily a fee collection mechanism that is authorized by a specific and narrowly-defined Congressional action.

National Standard 1 — Conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield from each fishery for the United States fishing industry.

The charter halibut stamp option (Alternative 2, Option 1 of the Council's Preferred Alternative) would not result in overfishing of Pacific halibut or other groundfish in the waters off Alaska. This action would create a fee imposed on halibut charter halibut permit holders and has no association with the overall number of fish that are harvested. Additionally, Pacific halibut is not a groundfish managed under the MSA. Nevertheless, Pacific halibut removals are managed to and limited by conservative and sustainable annual catch limits determined by the IPHC and allocated among user groups through domestic regulations.

National Standard 2 — Conservation and management measures shall be based upon the best scientific information available.

The analysis for this preferred alternative is based upon the best and most recent scientific and economic information available. It incorporated data from mandatory ADF&G saltwater charter logbooks and ADF&G annual management measures analyses, as well as NMFS data for charter halibut permits, the Guided Angler Fish program, and other sources of halibut landings.

National Standard 3 — To the extent practicable, an individual stock of fish shall be managed as a unit throughout its range, and interrelated stocks of fish shall be managed as a unit or in close coordination.

This proposed fee program applies to sport fishing charter operations that guide sport fishing clients who intend to fish for Pacific halibut. Although the specific authority for this action resides under the MSA, Pacific halibut are managed primarily under the Halibut Act, under the terms of the Convention between the United States and Canada for the Preservation of the Halibut Fishery of the North Pacific Ocean and Bering Sea. Nevertheless, as noted above, the Pacific halibut stock is managed conservatively and sustainably, and are managed as a coastwide stock throughout its range.

National Standard 4 — Conservation and management measures shall not discriminate between residents of different states. If it becomes necessary to allocate or assign fishing privileges among various United States fishermen, such allocation shall be; (A) fair and equitable to all such fishermen, (B) reasonably calculated to promote conservation, and (C) carried out in such a manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.

The Council's recommended charter halibut stamp applies to charter vessel anglers who intend to retain Pacific halibut on charter vessel fishing trips in IPHC Regulatory Areas 2C and 3A. State residency in one state or another is not a consideration for this application. Fees for the charter halibut stamps would be collected from charter halibut permit holders, regardless of state residency. NMFS will collect the fees and through a Federal budget process will issue the funds to the Recreational Quota Entity. Alternative 2, Option 1 does not discriminate between residents of different states in any way. The annual allocation of Pacific halibut to the charter sector falls within the conservative harvest limits set by the IPHC under scientific principles of sustainability. The creation of a fee charged against sport fishing charter halibut permit holders does not allocate fishing privileges.

National Standard 5 — Conservation and management measures shall, where practicable, consider efficiency in the utilization of fishery resources, except that no such measure shall have economic allocation as its sole purpose.

The preferred alternative for this action is a fee collection mechanism. NMFS will carry out the fee collection through a halibut stamp program by using existing electronic platforms maintained by NMFS and ADF&G. As a result, the program will be cost-effective and efficient. Standing alone, the fee collection has no relationship to an economic allocation and is therefore consistent with National Standard 5.

National Standard 6 — Conservation and management measures shall take into account and allow for variations among, and contingencies in, fisheries, fishery resources, and catches.

The preferred alternative, which would establish a fee imposed on charter halibut operators, is not expected to affect and has no association with the availability of and variability in the Pacific halibut resources in the waters off Alaska or in specific IPHC Regulatory Areas in future years. The fee would be imposed when a charter halibut guide hosts a sport angler aboard a charter vessel and in this way, at least, it allows for variations and contingencies associated with a charter operator's anticipated clients and thus, catch, as well. As noted above, the Pacific halibut harvest will continue to be managed to and limited by conservative and sustainable annual catch limits determined by the IPHC and allocated among user groups through domestic regulations.

National Standard 7 — Conservation and management measures shall, where practicable, minimize costs and avoid unnecessary duplication.

This action is designed to be as simple, inexpensive, and least burdensome as possible under the circumstances. This action would use existing online platforms maintained by NMFS and ADF&G to allow persons to purchase and validate for use electronic stamps. No duplication of effort, costs, or resources will result from the fee collection.

National Standard 8 — Conservation and management measures shall, consistent with the conservation requirements of this Act (including the prevention of overfishing and rebuilding of overfished stocks), take into account the importance of fishery resources to fishing communities by utilizing economic and social data that meet the requirements of National Standard 2, in order to (A) provide for the sustained participation of such communities, and (B) to the extent practicable, minimize adverse economic impacts on such communities.

The analysis of this action and of the previous rule that authorized the formation of the RQE indicate that Pacific halibut charter fishing operations are predominately centered in coastal Alaska communities that are dependent on fisheries resources. Most of these communities are classified as rural. The halibut stamp funding mechanism proposed by this action is designed to allow charter operators to pass the cost of the halibut stamps to their clients, if the operators believe it is in their best interest to do so. The

flexibility of this feature of the program is expected to mitigate adverse effects of the costs on charter operators or coastal communities.

National Standard 9 — Conservation and management measures shall, to the extent practicable, (A) minimize bycatch, and (B) to the extent bycatch cannot be avoided, minimize the mortality of such bycatch.

National Standard 9 does not apply to this preferred action, which is an electronic fee collection system that has no relationship to the harvesting of fish, whether the harvested fish is bycatch or targeted.

National Standard 10 — Conservation and management measures shall, to the extent practicable, promote the safety of human life at sea.

National Standard 10 does not apply to this preferred action, which is a fee collection system that has no relationship to vessel safety, operation, or whether those who would pay the fee choose to operate in poor or favorable sea conditions that may impact safety.

6 Preparers and Persons Consulted

Preparers

Sarah Marrinan (NPFMC staff)
Kurt Iverson (NMFS Inseason)
Mike Fey (AKFIN)
Angela Foristall (former SeaGrant/ NPFMC)

Persons Consulted

Savannah Grove (ADF&G)
Destinee Siegel (ADF&G)
Jim Hasbrouck (ADF&G)
Sarah Webster (ADF&G)
Ben Jevons (ADF&G)
Brianna King (ADF&G)
CPTN Aaron Frenzel (AWT)
Will Ellis (NOAA OLE)
Benjamin Cheesesman (NOAA OLE)
Nathan Lagerwey (NOAA OLE)
Alicia Miller (NMFS SF)
Mason Smith (NMFS SF)
Glenn Merrill (NMFS SF)
Tom Meyer (NOAA GC)
Demian Schane (NOAA GC)
Scott A. Miller (NMFS SF Economist)
Sarah LaBelle (NPFMC staff)
Maria Davis (NPFMC staff)
Nicole Schmidt (NPFMC staff)

Doug Bowen (Alaska Boats and Permits)
Maddie Lightsey (Alaska Boats and Permits)
Forrest Braden (RQE Board)
Garrett Lambert (RQE Board)
Brian Ritchie (Homer Charter Association)
Andy Mezirow (NPFMC)
Jim Martin (Alaska Charter Association)
Richard Yamada (RQE Board)

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