Divestiture Considerations

Widow reallocation, Individual, and Aggregate species limits

November 2014
Widow Rockfish Control Limit and Divestiture Considerations

Presentation Overview:
1. Widow Rockfish Control Limit and Divestiture
2. Aggregate Nonwhiting Control Limit and Divestiture
3. Required Divestiture for Individual Species Control Limits
4. Required Divestiture for Aggregate Nonwhiting

- At the time of initial widow rockfish allocation, widow rockfish was declared overfished
- 2011 widow rockfish stock assessment determined the widow rockfish stock to be rebuilt
Widow Rockfish Control Limit & Divestiture

- Any QS permit owner over the widow accumulation limit of 5.1% is currently unable to divest of their excess shares by the divestiture deadline of November 30, 2015 due to the moratorium on widow QS transfers (§660.140 (d)(3)(ii)(B)(2)).

- **Aggregate Nonwhiting Control Limit** - the pounds for all nonwhiting (and halibut) species summed and divided by the total shoreside trawl allocation of all nonwhiting species. This calculation is used to determine a business or individuals’ share of the aggregate nonwhiting trawl quota, which is currently set at 2.7%

- Now that widow rockfish are rebuilt, reallocation may be appropriate to allow increased targeting of the stock.

- The reallocation of widow rockfish may have implications for the ratio of widow to the aggregate non-whiting control limit.
Because widow rockfish was considered to be under rebuilding in 2010, the aggregate non-whiting control limit currently uses the rebuilding formula for widow to determine the 2010 OY value (§660.140 (d)(4)(i)(B).
Aggregate Nonwhiting Control Limit & Divestiture

Given widow reallocation considerations, there are options for implementing aggregate nonwhiting limit control limits:

• One option might be to apply the aggregate nonwhiting control limit for all species except widow rockfish until reallocation is finalized.

• Another option may be to delay the deadline for QS divestiture, which is currently November 30, 2015 for all species except widow rockfish.

• Another consideration could be the elimination of the Aggregate Nonwhiting Control Limit
Required Divestiture for Individual Species Control Limits

• Under current regulations, all QS owners must divest all their QS to their limits by November 30, 2015.
  • Under the best of circumstances, all QS owners would divest

• Current regulations are clear that if owners of one QS permit are over an individual species control limit by 1%, NMFS would revoke and redistribute that 1% to the remainder of the QS or IBQ owners in proportion to their QS or IBQ holdings (§ 660.140 (d)(4)(v)).

• However, the regulations do not currently describe a specific method by which NMFS would revoke and redistribute QS in the case where an individual is over their control limit across multiple permits.

  1. For example, if a person owned 5 QS permits and exceeded a species control limit by 1% across those permits, how much would NMFS revoke from each permit to get the person under the limit?
Required Divestiture for Aggregate Nonwhiting Species Control Limits (NMFS preferred approach)

- The regulations do not currently describe a specific method for NMFS to revoke and redistribute QS in the case where a business entity or individual is over the aggregate non-whiting control limit of 2.7%.

- NMFS proposes to use a proportion (Overage/total amount owned) to determine how much QS to revoke from each individual non-whiting (and non-halibut) species.
  - Currently, only 9 individuals are over their control limit for one or more species
  - Currently, only ≤3 individuals are over the 2.7% aggregate nonwhiting control limit

- Although NMFS hopes that there will not be a need to revoke QS from any QS permit owning business or individual, we thought it was important to propose our plan so that the Council has time to consider it before the divestiture deadline, November 30, 2015.

- This required divestiture method could be added to the widow reallocation rulemaking.
Input Requested by NMFS from QS Owners

- NMFS would like to hear from QS owners whether proportionally revoking QS when over a limit (individual or aggregate) is appropriate.

- NMFS would like to hear from QS owners whether a delay in the divestiture deadline would be appropriate.

- NMFS would like to hear from QS owners whom may have already divested their non-whiting aggregate species to under 2.7%.
Questions?

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### Appendix:
**NMFS Preferred Required Divestiture Approach**
(Individual species)

**Individual Species Example:**

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QS Permit</strong></td>
<td><strong>QS Percent Owned by Individual in Each Permit for Species</strong></td>
<td><strong>Total Overage of Individual</strong></td>
<td><strong>Total Owned by Individual</strong></td>
<td><strong>Individual Permit’s Share of Total Percent Owned Across Permits (B/D)</strong></td>
<td><strong>Overage Amount Revoked and Redistributed by NMFS (C*E)</strong></td>
<td><strong>Amount Remaining Owned by Individual (B-F)</strong></td>
</tr>
<tr>
<td>1</td>
<td>2.500%</td>
<td>1.000%</td>
<td>11.000%</td>
<td>22.727%</td>
<td>0.227%</td>
<td>2.273%</td>
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<td>1.000%</td>
<td>11.000%</td>
<td>9.091%</td>
<td>0.091%</td>
<td>0.909%</td>
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<tr>
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<td>1.000%</td>
<td>11.000%</td>
<td>27.273%</td>
<td>0.273%</td>
<td>2.727%</td>
</tr>
<tr>
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<td>1.000%</td>
<td>11.000%</td>
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<td>0.045%</td>
<td>0.455%</td>
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<tr>
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<td>1.000%</td>
<td>11.000%</td>
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<td>3.636%</td>
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<td><strong>Total QS% Owned by Individual Across QS Permits</strong></td>
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<td></td>
<td></td>
<td>100.000%</td>
<td>1.000%</td>
<td><strong>10.000%</strong></td>
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<td><strong>QS Control Limit for Species</strong></td>
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<td></td>
<td><strong>10.000%</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Amount Over Control Limit</strong></td>
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<td></td>
<td></td>
<td>1.000%</td>
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