

Examples of Eligibility Requirements in Other Fisheries

1. Only permit holders can own IFQ

An example of this can be found in the British Columbia (B.C.) groundfish program. This program restricts the fishery to the current harvesters and new harvester entrants. In B.C., this rule has driven processors to become more vertically integrated by buying a vessel with a permit in order to buy, sell and trade IFQ. If this provision were applied to the U.S. trawl rationalization program, **processors receiving IFQ in the initial allocation would be excluded from owning IFQ, therefore an exception would need to be created immediately.**

2. Only individuals can own IFQ

In the Alaska halibut/sablefish¹ IFQ fishery, only individuals are eligible to own IFQ; however, for liability protection an individual can form a limited liability company after purchasing IFQ. There was a grandfather clause for corporations existing at initial allocation. This “only individuals can own IFQ” provision is coupled with an “owner on board²” provision. Many west coast harvesting businesses are organized as corporations and partnerships. **To use the Alaska halibut/sablefish approach, the IFQ owned by businesses would have to be held outside the corporate/partnership structure.**

3. Crew IFQ shares

The Alaska commercial crab fishery set aside about 3% of the quota shares³ specifically for captains and crew with recent (within 365 days) participation harvesting in the crab fishery. Owners of crew shares must be an individual, not a corporation. Those who wish to own crew shares must prove recent participation each time they buy or utilize shares. **Under the current trawl rationalization program design, crew would be able to own IFQ without proof of participation in the fishery, saving time and effort for crew and for NMFS regulators.**

¹ Those who are eligible to own quota shares in halibut/sablefish are either 1) individuals with an initial allocation, 2) individuals with proven crew experience in any U.S. commercial fishery for at least 150 days, or 3) an eligible community non-profit. The community non-profit can hold quota shares, but must lease out annual quota pounds to community residents. Of the 27 eligible Gulf of Alaska communities, 20 have formed a non-profit; however, only one community non-profit is functional. Many do not have the funds to buy quota shares, while others lack organizational infrastructure.

² The IFQ owner must be aboard at all times during the fishing trip and the IFQ owner must sign the landing report. There are exceptions in the case of an emergency.

³ Other quota shares in the commercial crab fishery can be held by any processor (does not have to be U.S. owned); by a harvester with a crab limited license permit (must be either a U.S. citizen or corporation); and by any of the six Community Development Quota groups (comprised of 65 communities).