

FINAL ACTION ON WIDOW ROCKFISH REALLOCATION AND DIVESTITURE ISSUES

Under the Amendment 20 trawl catch share program, overfished species were allocated in a manner intended to meet the bycatch needs for those receiving quota for target species, in contrast to a formula with catch history included. Amendment 20 included a provision which noticed the possibility that when an overfished species attains rebuilt status, reallocation of quota shares (QS) for the species would be considered. Widow was declared rebuilt for the 2013-2014 biennial specifications cycle, but consideration of a QS reallocation was delayed due to other pressing fishery management workload. Under the September 2014 groundfish omnibus agenda item, the Council prioritized the consideration of widow QS reallocation, and then at its November meeting selected a range of alternatives for analysis and scheduled decision on a final preferred alternative for this meeting. The following is a synopsis of the alternatives:

Reallocation Alternative 1 (No Action): *Status quo widow QS allocations.*

Reallocation Alternative 2: *Use a Modified Amendment 20 Target Species Allocation Formula* (10 percent for the adaptive management program (AMP), a portion divided among all permits equally, a portion based on whiting trip landings history between 1994 and 2003, and a portion based on nonwhiting trip landings history between 1994 and 2002). Suboptions for determining amount of QS allocated for whiting vs. nonwhiting trips.

Suboption a: *Use an annual catch limit (ACL) of 2,000 mt* (the widow ACL adopted for the 2016 fishery). Apply Amendment 21 allocation rules to the 2016 widow ACL in order to determine the split of widow rockfish QS between whiting and nonwhiting trips.

Suboption b: *Use an ACL of 3,790 mt.* Same as Suboption a, but use as an ACL an amount equivalent to the 2016 acceptable biological catch (ABC).

Reallocation Alternative 3: *Include Revenue Shares for 2003 through 2010 as a Proxy for Recent Participation* (same as Alternative 2, but take the portion of the QS that would have been allocated based on nonwhiting landing history, allocate half that amount as specified for landings history in Alternative 2 and half of it based on share of nonwhiting exvessel revenue for 2003 through 2010).

Suboption a: *Drop three worst years from the revenue calculation.*

Suboption b: *No drop year provision for the revenue calculation.*

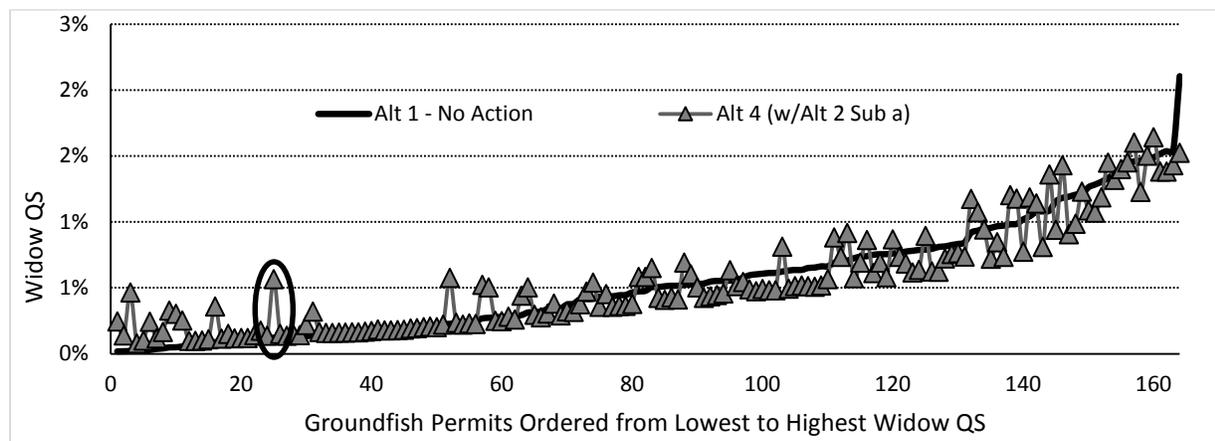
AND: Select Alternative 2 options for the portion of the formula based on Alternative 2.

Reallocation Alternative 4: *Use a Pounds Neutral Reallocation* (leave a base amount of QS unallocated, such that in 2016 every QS account would receive the same amount of quota pounds (QP) that it received in 2014, the last year of rebuilding; reallocate the remainder using the Alternative 2 formula.

AND: Select Alternative 2 options for the portion of the formula based on Alternative 2.

A draft analysis has been produced (Agenda Item E.6, Attachment 1) which includes a purpose and need statement (Chapter 1), a description of alternatives and summary of impacts (Chapter 2), a description of the affected environment (Chapter 3), and analysis of impacts (Chapter 4). The analysis indicates that the reallocation alternatives are not likely to substantially affect the physical or biological environment and will be unlikely to affect industry efficiency. Among the impacts,

the primary impact is a modification of the distribution of wealth among initial QS recipients. The central analysis on redistributive impacts is provided in Section 4.3.1. One of the main displays of the allocational results show entities (permits or quota owners) in order along the horizontal axis of a figure and shows above each tick mark on the horizontal axis the associated data points for that permit. In the example provided here, at about the 25 permit mark there is a permit that has a few tenths of a percent widow rockfish QS that would receive close to 1 percent under Alternative 4 (points highlighted with a circle).



Allocation policy guidance for Council consideration is provided in Agenda Item E.6, Attachment 2: this includes relevant sections of the Magnuson-Stevens Act, National Standard Guidelines developed by National Marine Fisheries Service (NMFS), and relevant sections from the Groundfish Fishery Management Plan.

Divestiture Deadline

In addition to deciding on an allocation formula, a number of decisions or determinations may be needed pertaining to the requirement that those who control QS in excess of the control limits (accumulation limits) divest themselves down to those limits by November 30, 2015. The single species QS accumulation limit for widow rockfish is 5.1 percent. The aggregate non-whiting species QS accumulation limit is 2.7 percent. Widow rockfish is exempted from the deadline because there is a moratorium on widow QS trading, pending action on the widow rockfish QS reallocation decision (or a determination that no reallocation will occur). If widow rockfish is to be reallocated that reallocation will not be completed before the deadline; therefore, some deferment on the deadline may be required.

At its November 2014 meeting, the Council adopted divestiture suboptions for analysis, which would apply to all reallocation alternatives. These options are primarily being considered as a necessity associated with a decision to reallocate widow QS, and therefore have been listed as suboptions which pertain only to the action alternatives.

Suboptions for All Action Alternatives

Widow QS Divestiture Delay

Widow Delay Suboption A: Maintain the November 30, 2015 deadline

Widow Delay Suboption B: 12 months post-implementation

Aggregate Nonwhiting QS Divestiture Delay

Aggregate Delay Suboption A: Maintain the November 30, 2015 deadline

Aggregate Delay Suboption B: Exclude Widow from the calculation

Aggregate Delay Suboption C: Extend deadline through widow reallocation

Aggregate Delay Suboption D: Extend deadline through program review

Analysis of these divestiture suboptions is provided in Agenda Item E.6.a, NMFS Report. NMFS analysis will be folded into the main analytical package after the April Council meeting.

If the Council chooses the no action alternative for reallocation, some guidance may be necessary to specify the date by which widow divestiture should be achieved (since it is currently exempted from the deadline in the regulations, Section 660.140(d)(4)(v)).

Revoking Forfeited QS in Complex Situations

At the November Council meeting, [NMFS reported](#) on a number of complex situations not explicitly covered in current regulations, and on which they were seeking guidance. These situations involved the decision rules that would be followed for forcing divestiture for owners of multiple QS accounts and in situations when QS owners were over the aggregate non-whiting control limits. At that time, the Council concurred with NMFS approach to addressing those situations, and requested that an option be added so that the QS owners over the control limits unable to find willing buyers would have the option of abandoning QS to bring themselves to within the limits. Agenda Item E.6.a, NMFS Report provides follow-up information and two alternatives on this issue and a discussion of how abandoned QS would be reallocated to other permit holders starting in Section IV on page 7 of that report.

Council Action:

Adopt final preferred alternatives for widow rockfish reallocation including

a. Reallocation Alternative

b. Divestiture Delay Suboptions

c. Divestiture Abandonment Suboption (see NMFS report, page 7)

Reference Materials:

1. Agenda Item E.6, Attachment 1: Trawl Rationalization Trailing Actions: Widow Rockfish Reallocation, Divestiture Deferment and Forfeiture Methodology, Magnuson Stevens Act Analysis and Draft Environmental Assessment.
2. Agenda Item E.6, Attachment 2: Guidance for Making Allocation Decisions Related to Catch Shares.
3. Agenda Item E.6.a, NMFS Report: NMFS widow rockfish reallocation considerations; including an overview of the range of reallocation alternatives, the individual widow QS control limit, aggregate non-whiting control limit, and divestiture considerations.
4. Agenda Item E.6.b, Public Comment.

Agenda Order:

- E.6. Final Action on Widow Rockfish Reallocation and Divestiture Issues Jim Seger
- a. Reports and Comments of Advisory Bodies and Management Entities
 - b. Public Comment
 - c. **Council Action:** Adopt Final Preferred Alternatives for Widow Rockfish Reallocation and Divestiture Issues

PFMC
03/26/15