UPDATED SaMTAAC PROPOSAL DESCRIPTIONS (Ver: April 14, 2019)

No-Action Alternative: Southern Sablefish and Gear Switching

No Action is an alternative to each of the following action alternatives. Under no action, there would be no south-to-north reapportionments of sablefish in response to under attainment of the southern sablefish trawl allocation; and vessels with limited entry trawl permits would be able to continue to use any gear to catch their trawl QP allocations. Sablefish QP as a constraint in any particular year would likely vary with market conditions for both sablefish (including northern sablefish relative to southern) and species with which sablefish co-occurs.

Action Alternatives

Reapportioning Trawl Sablefish South Allocation to the North (Southern Sablefish)

Action Alternative 1: Temporarily Shift a Portion of the Trawl Allocation from South to North (Reapportionment)

Overview: Each year, a percentage of the sablefish south trawl allocation may be reapportioned. The reapportioned amount will be issued as northern sablefish QP. The amount reapportioned will be determined based on the amount of southern QP that is used/unused over time. The overall proportion of the southern sablefish reapportioned in any one year will be a combination of the percent reapportioned in the previous year (the base reapportionment percentage) and an additional incremental percentage increase or decrease, depending on the amount of southern QP that was used in the previous year. The reapportionments provided in this alternative are not reallocations: they will not change the underlying sablefish north/south or sector allocations formulas. At least 10 percent of the southern sablefish trawl allocation will remain in the south.

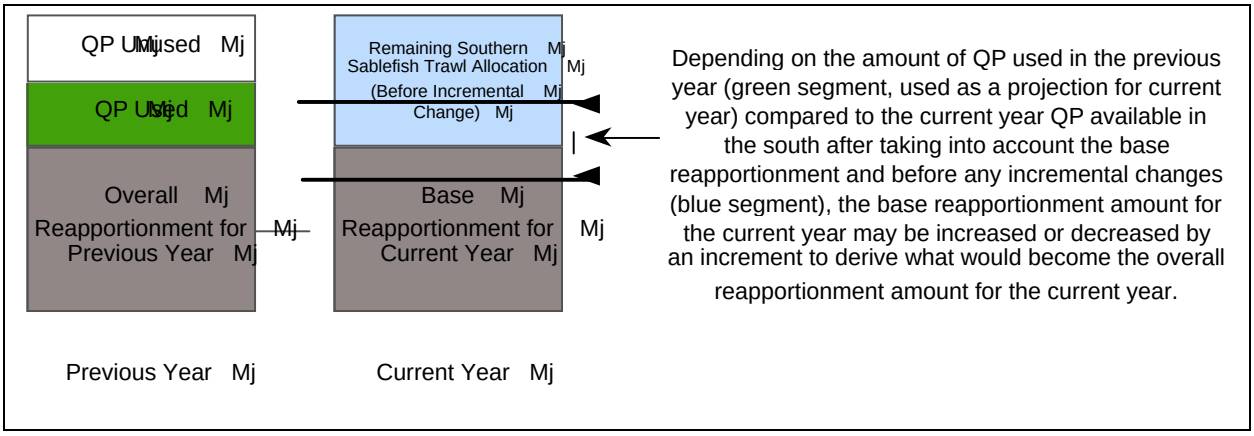

Figure 1. The general pattern for adjusting reapportionments from one year to the next: previous year's overall reapportionment becomes current year base and current year overall reapportionment is derived by starting with the base and adding or subtracting an increment (the increment depends on the amount of southern QP that was used in the previous year and it is possible there would be no incremental change).

Full Description

The specific percentages provided in this alternative are examples and may be adjusted as the alternative is refined. References to the amount of trawl allocation caught include both that which is caught with trawl gear and that caught with other gears through gear switching.

1. As under status quo, after the coastwide sablefish OFL and ABC are determined, northern and southern sablefish ACLs will continue to be specified based on the biomass in each area as estimated through the trawl survey results Allocations among sectors by geographic area will then be as specified in the FMP. Through this process, an initial trawl allocation for the southern area will be determined, some of which may then be reapportioned to the north as specified in the following paragraphs. The annual reapportionments are not reallocations: they do not change the underlying north/south or trawl allocation.
2. **Overall Reapportionment.** Each year's *overall reapportionment* will be the previous year's reapportionment (*a base reapportionment*) plus or minus an additional increment.
3. **Incremental Change and Thresholds.** The incremental change will be determined based on the amount of southern sablefish quota that is projected to be caught in the year (QP utilized) as a percent of the amount of southern sablefish quota available (as a percent of the amount of unreapportioned quota after deducting the base reapportionment amount from the southern trawl allocation but before the incremental adjustment). This value is the projected utilization percentage, and it will be compared to utilization thresholds to determine the incremental change.
    a. **Projected utilization percentage is less than lower utilization threshold (e.g. 50%):** The base reapportionment will be increased by an amount equal to **50% (e.g.)** of the southern QP that would be expected to go unused in the absence of the incremental change. However, the overall reapportionment will not be more than 90 percent of the sablefish south trawl allocation.
    b. **Projected utilization percentage is between lower threshold (e.g. 50%) and upper threshold (e.g. 75%):** There will be no incremental changes to the base reapportionment.
    c. **Projected utilization percentage of unreapportioned QP is above the upper threshold (e.g. 75%):** The base reapportionment will be decreased by the amount of the last incremental increase. With each additional year above the upper threshold, the next earlier increment added to the north will be returned to the south. Thus, increments will be returned to the south in reverse of the order by which they were moved to the north and the same increment will not be returned twice. Under no circumstances will sablefish quota originally allocated to the north be reapportioned to the south.
4. Process details are to be determined (TBD): Will the projected utilization of southern QP be determined based on a formula set in regulation at the time this action is completed, specified in a formula set during each biennial specification process, specified at the November Council meeting preceding the year of the reapportionment, or in some other fashion?

Calculations for Implementing the Alternative

The following terms, formulas, and steps would implement this alternative.

Table 1. Definition of terms and related formulas that would be used to implement Alternative 1.

	Information Needed	Term and Formula
A	What percent of southern sablefish quota was reapportioned last year?	***Base reapportionment percentage*** = previous year's ***overall reapportion percentage*** (j).
B	How much quota (mt or lbs) would last year's reapportionment percentage be when applied to the current year?	***Base reapportionment amount*** (current year) = ***base reapportionment percentage*** (a) times the current year southern sablefish trawl allocation.
C	How much southern quota is **expected to be caught** in the current year?	***Projected utilization of southern sablefish QP*** = last year's southern sablefish QP used (if the calculation is conducted before the end of the year, it is the amount projected to be used by the end of the year).
D	What is the amount expected to be caught as a percentage of the amount of quota that might be available in the current year? (This value will be compared to thresholds to determine whether to increase, not change, or decrease the reapportionment by an increment.)	***Projected utilization percentage of unreapportioned QP*** (before the incremental adjustment) = the ***projected utilization of southern sablefish QP*** (c) divided by the current year trawl allocation amount after subtracting the current year ***base reapportionment amount*** (b).
E	How much QP might be left unharvested in the south?	***Projected unused southern QP*** (before the incremental adjustment) = the southern sablefish trawl allocation for the current year minus both the ***projected utilization of southern sablefish QP*** (c) and the current year ***base reapportionment amount*** (b).
F	What is the amount that might be left unharvested expressed as a percentage of the southern allocation? (A portion of this amount may become the increment used for north/south transfers, e.g. 50%.)	***Projected unused southern QP percentage*** (before the incremental adjustment) = the ***projected unused southern QP*** (e) divided by the current year trawl allocation (Note: unlike the ***projected utilization percentage of unreapportioned QP*** (d), here the ***base reapportionment amount*** (b) is not subtracted).
G	At what levels of projected catch (projected QP utilization of southern QP) will there be incremental reapportionments?	***Utilization Thresholds*** = upper and lower percentage threshold criteria that will be compared to the ***projected QP utilization percentage of unreapportioned QP*** (d) to determine whether the reapportionment should be increased by an increment (if less than the lower threshold criteria), remain unchanged, or decreased by an increment (if greater than the upper threshold criteria). (Thresholds are specified in the paragraph that follows this table.)
H	What will the incremental change be, expressed as a percentage?	***Incremental Percentage*** = the percentage change that will be made to the ***base reapportionment amount*** (b) based on the ***projected utilization percentage of unreapportioned QP*** (d) as compared to the ***utilization thresholds*** (g). (As specified in the paragraph that follows this table.).
I	What percent of the southern quota will be reapportioned for the current year?	***Overall reapportionment percentage*** = the ***base reapportionment percentage*** (a) plus or minus the ***incremental percentage*** (h) but not greater than 90%.
J	What amount (mt or lbs) of quota will be reapportioned for the current year?	***Overall reapportionment amount*** = the ***overall reapportionment percentage*** (i) times the southern sablefish trawl allocation.

Steps for Determining Annual Incremental Percentage Change to the Reapportionment Percentage. The ***incremental percentage*** (h) change is determined by comparing the ***projected utilization percentage of unreapportioned QP*** (d) to ***utilization thresholds*** (g). *The threshold and incremental percentages in the following paragraphs are strawmen and may be revised as the alternative is refined.*

1. **Projected utilization percentage of unreapportioned QP is less than lower utilization threshold (e.g. 50%):** The new ***overall reapportionment percentage*** (i) for the current year will be the ***base reapportionment percentage*** (a) plus an ***incremental percentage*** (h) that is equal to **50%** (**e.g.)** of the ***projected unused QP percentage*** (f). The overall reapportionment percentage may not be greater than 90 percent.
2. **Projected utilization percentage of unreapportioned QP is between lower threshold (e.g. 50%) and upper threshold (e.g. 75%):** The new ***overall reapportionment percentage*** (i) for the current year will be the ***base reapportionment amount percentage*** (a). There will be no incremental changes.
3. **Projected utilization percentage of unreapportioned QP is above the upper threshold (e.g. 75%):** The new ***overall reapportionment percentage*** (i) for the current year will be the ***base reapportionment percentage*** (a) minus an ***incremental percentage*** (h) to be returned to the south. That ***incremental percentage*** will be the most recent year ***incremental percentage*** reapportioned to the south. With each additional year above the upper threshold, the next earlier ***incremental percentage*** added to the north will be returned to the south. Thus, ***incremental percentages*** will be returned to the south in reverse of the order by which they were moved to the north and the same increment will not be returned twice. If the ***base reapportionment percentage*** (a) is zero, there would be no increment to return to the south. Under no circumstances will sablefish quota originally allocated to the north be reapportioned to the south.

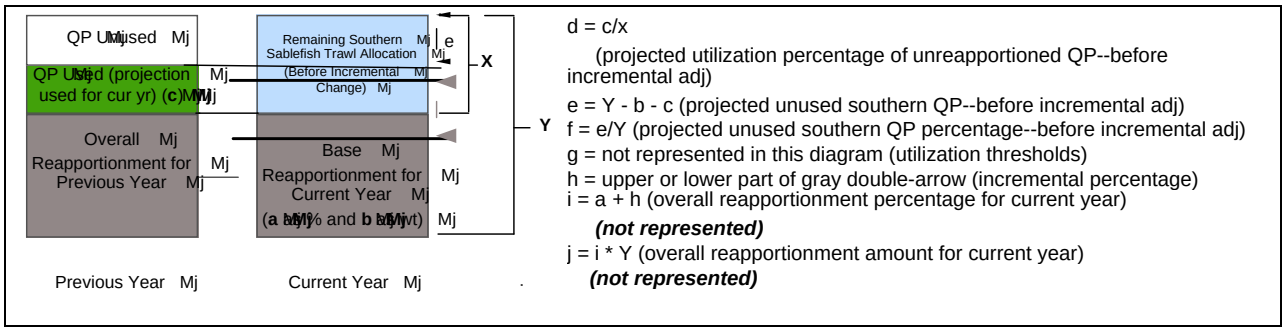

Figure 2. Diagrammatic representation of the formulas provided in Item 2 of Alternative 1 (values i and j would be determined based on the adjustments represented by the gray double headed arrow).

Discussion of Modified Language

At its October 2018 meeting, the SaMTAAC directed Council staff to work with Mr. David Crabbe to more fully develop the language. The primary focus of the revisions was to further specify the alternative in a manner that would not result in wide year-to-year swings in the amount reapportioned to the north.

> Move a portion of sablefish south trawl sector allocation between south and north using an attainment based formula annually.
>
> a) A percentage of un-obtained quota pounds in a particular year would be moved to the northern allocation the following season.
> b) When obtainment of sablefish south reaches a predetermined percentage of the current allocation, a percentage of the sablefish south quota which was previously moved north would be returned to the sablefish south allocation the following season.
> c) Sablefish allocation moved back to the south would not exceed sablefish south allocation determined from survey data/assessment.
> d) Sablefish south allocation would not be reduced below X percent (example 25%) of the southern trawl allocation as determined from survey data/assessment.

Questions to Address

Specifications: What is the impact of the alternative on management for specifications such as northern and southern ACLs? Can the process be adjusted to eliminate concern about exceeding ACLs? For example, can the allocations to other sectors be specified as sector ACLs for the northern and southern areas while the trawl allocation is specified as a sector ACT, all under a single coastwide trawl ACL? Or might there be a single coastwide ACL for all sectors combined with allocations of the ACL specified as ACTs? Conversion of sablefish ACLs to ACTs (except where the coastwide ACL is derived directly from the coastwide ABC) has been identified as an issue for the new management measure prioritization process. It might be taken up as part of the biennial specifications process.

Anticipated Implementation Details (Preliminary)

Once the northern sablefish QP are issued, there would be no distinction between QP that are issued for the initial northern allocation and those that are issued as a result of the reapportionment from south to north. The additional QP would be treated as northern QP in all respects:

- Annual vessel QP limit for the north (4.5 percent) would apply to the total northern QP (including the reapportionment amount).
- When possible, carryover would continue to allow vessels to carryover surpluses and deficits in amounts up to 10 percent of the total northern QP (including the reapportionment amount). Assuming that the ACL issue is addressed, a coastwide ACL might provide more flexibility to implement carryover, assuming that some degree of underachievement of the southern trawl allocation continues. The amounts carried over would be less likely to allow harvest that is greater than the coastwide sablefish ABC.

Other Approaches for Designing the Alternative

There are two other ways this alternative might be designed. One would be more complex but would allow decreases in the southern trawl allocation to come first from the reapportionment to the north and, if the northern reapportionment was reduced to zero, additional amounts would come off remaining southern trawl allocation. The other would be simpler. It would base each year's reapportionment on the amount of southern sablefish QP that is projected to be unused in the current year relative to the total southern sablefish trawl allocation for the year, without reference to previous year's reapportionment amount. It would not have thresholds and would not track increments as they are moved to the north then moved back to the south as southern attainment increases.

Action Alternative 2: Allow Some Southern QP to Be Harvested as Far North as 42º N. Latitude

Overview: Each year a portion of the southern sablefish quota pounds will be designated as eligible for use up to 42º N. lat., but only with trawl gear. The proportion of southern sablefish quota pounds eligible to be used in the north will be half of whatever portion of the original southern allocation that was not harvested in the south in the previous year (either because it was not harvested anywhere or it was harvested in the north). That proportion is then applied to the current year southern sablefish trawl quota to determine the pounds eligible for use in the north.

Full Description:

1. Each year, sablefish south quota pounds will be issued to accounts with southern sablefish QS as "South A" and "South B".
2. South A can be used with any gear but only south of 36º N. lat. (i.e., no new restrictions or opportunities relative to the current southern sablefish QP).
3. South B can be used the same as South A, and can also be used between 36º N. lat. and 42º N. lat. but only with trawl gear.
4. Every QS account would be issued South A and South B QP as specified in the next paragraph.
5. For the current year, the percentage of sablefish south QP issued to a QS account as South B will be equal to half of the southern allocation that was not harvested in the south in the previous year expressed as a percent of the previous year southern sablefish trawl allocation. The southern allocation that was not harvested in the south includes all unharvested southern QP (both South A and South B) plus the South B harvested in the north. These percentages would be applied to the current year southern sablefish trawl allocation to derive the QP to be issued as South B. The remainder would be issued as South A:

$$\textbf{South B}\% = 50\% \times \frac{(\text{South A (Unharvested)} + \text{South B (Unharvested)} + \text{South B (Harvested North)})}{\text{Sablefish South Trawl Allocation}}$$

Alternatively, this can be expressed as

$$\textbf{South B\%} = 50\% \times \frac{(\text{Sablefish South Trawl Allocation} - \text{Sablefish South Harvested in the South})}{\text{Sablefish South Trawl Allocation}}$$

South A% = 100% - South B%

South A QP = South A% X Current Year Southern Sablefish Trawl Allocation
South B QP = South B% X Current Year Southern Sablefish Trawl Allocation

6. Process details are to be determined (TBD): Will the projections used for determination of the amounts of South A and South B to be issued by determined based on a formula set in regulation at the time this action is completed, specified in a formula set during each biennial specification process, specified at the November Council meeting preceding the year of the reapportionment, or in some other fashion?)

Discussion of Modified Language

The following is the original description of Alternative 2.

a) Split South quota share into two separate categories. They would be identified as "South A" and "South B"
*b) South B can be harvested below the 36 degree North latitude line with any gear. In addition, "South B" can also be harvested with **Trawl gear only** from the 36 degree North Latitude line to the 42 degree Latitude line*
*c) The annual percentage of quota share for "South B" would be determined by identifying the total unharvested South quota in the previous year and reducing that amount by **50 percent**. This percentage of unharvested South Quota would be the sum of unharvested "South A" plus the amount of South B harvested by trawl above 36.*
d) The annual percentage of quota share [work with administrators to determine best way to do this] for "South A" would be the remainder of the total South allocation after the above outlined procedure is applied to identified the total "South B" allocation. (Total South minus identified "South B" equals "South A")
e) South A" can be harvested as described in Status Quo description above

In item C, the first sentence indicates that all unharvested southern quota would be included in the numerator for determining the amount of South B to be issued in the following year. The second sentence indicates that it is the unharvested South A and unharvested South B that would be included in the numerator (unharvested South B is not referenced). The restated version of this alternative includes all unharvested South B quota, since including this amount more fully reflects the full under attainment of southern allocation with respect to the area south of 36º N. lat. The SaMTAAC should review this and modify as needed.

A paragraph was added to the end of the alternative indicating the need to identify the process that would be followed in determining South A and South B designations for a coming year.

Questions to Address

What is the impact of the alternative on management objectives such as northern and southern ACLs? See Alternative 1 for further discussion of this issue. This potential issue might be addressed by conversion of sablefish ACLs to ACTs (except where the coastwide ACL is derived directly from the coastwide ABC). This adjustment to management policy has been identified as an issue for the new management measure prioritization process. It might be taken up as part of the biennial specifications process.

Designation of Quota Used: When a vessel is fishing with trawl gear in the north and has both northern sablefish QP and South B southern sablefish QP, there will either need to programming and data flow that allows the vessel to designate which QP they are using or business rules for assigning catch to quota (the additional data would be specification of the vessels preference on which QP should be debited). How important is it that a vessel be able to designate the QP it is using, as opposed to using a standardized rule for everyone? If a rule is used for debiting quota, one possible approach would be to use South B first. Use of South B first would not impact the amount of QP designated as South B for a subsequent year since it is the combined amount of

used and unused South B that goes into the formula for determining the amount of subsequent year South B issued. Use of South B first would leave more northern QP available longer in the year (more QP that could be used north of the Oregon/California border and with fixed gear) and reduce the amount of QP that could potentially be used in the southern area.

A second approach would be to use northern sablefish QP first, leaving more South B available longer in the year (quota that could potentially be used south of 36º N. lat.).

A third approach would be to deduct from both categories in proportion to the QP held of each category. So if someone's total northern sablefish and South B QP combined was 75 percent northern sablefish and 25 percent south B and they landed 1,000 pounds of sablefish, the 750 pounds of northern sablefish would be used and 250 pounds of South B would be used. (See below for a discussion of the situation where a deficit is incurred).

Similar issues arise with respect to sablefish landings south of 36º N. lat. when a vessel has both South A and South B quota available. As with the northern situation, there will either need to programming and data flow that allows the vessel to designate which QP they are using or business rules for assigning catch to quota. If a standardized rule is used for everyone, approaches similar to what was described for northern catch might be used with similar implications. If the rule is to use South A first, more South B would left for use longer in the year for potential use in the north. If the rule is to use South B first, more South A would left for use longer in the year which could only be used in the south. Alternatively, a proportional approach could be used as described for northern sablefish.

A middle ground approach would be to allow each vessel to designate for the year which of the rules they want to apply for that vessel for the year. The designation would be required by any vessel that transfers South B QP to its account.

The designations rules may also have implication for surplus carryover.

Surplus Carryover: The surplus carryover allowance is calculated as 10 percent of the used and unused QP a vessel has in its account. There are a number of ways surplus carryover might be calculated. For purposes of illustration Table 2shows activity for a vessel using trawl gear to fish both north and south of 36º N. lat. using northern sablefish, South A, and South B QP. In this example, the vessel has 900 South B QP that it dived to cover northern and southern sablefish catch with 560 pounds going to the north and 300 pounds going to the south.

Table 2. Hypothetical Vessel: 1 QP holdings and fishing activity.

	Area Fished & Gear	Gear Used	QP Type	Total QP (Used & Unused)	Sablefish Catch (lbs)	QP Used By Type (lbs)	QP Used by Type & Area (lbs)
Ves 1	North	Trawl	Sablefish North	400	900	340	340
			Sablefish South B	900		860	560
	South	Trawl	Sablefish South B		510		300
			Sablefish South A	300		210	210

If each type of QP is treated independently, a total of 110 QP would be carried over: 40 pounds of northern sablefish, 40 pounds of South B, and 30 pounds of South A (Table 3).

Table 3. Hypothetical Vessel 1: carryover amounts allowed if each type of sablefish is treated independently.

	Total QP	QP Used	Surplus QP	Surplus Limit (10%)	Surplus Carryover	QP Not Carried Over
Sablefish North	400	340	60	40	**40**	20
Sablefish South B	900	860	40	90	**40**	0
Sablefish South A	300	210	90	30	**30**	60
Total Sablefish South	1,200	1,070			70	60
Totals	1,600	1,410			110	80

If the carryover calculation is conducted grouping South A and South B together, then more QP would be carried over because the 10 percent surplus limit would be less constraining (Table 4): 120 pounds of sablefish south compared to 70 pounds of sablefish South A and South B combined when the calculation is done separately.

Table 4. Hypothetical Vessel 1: carryover amounts allowed if southern of sablefish is grouped for application of carryover limits.

QP by Area	Total QP	QP Used	Surplus QP	Surplus Limit (10%)	Surplus Carryover	QP Not Carried Over
Sablefish North	400	340	60	40	**40**	20
Sablefish South	1,200	1,070	130	120	**120**	10
Totals	1,600	1,410			160	30

If South A and B are grouped for the calculation, the question then becomes how to split the allowed carryover amounts between South A and South B. There are at least three approaches. The carryover allowance could be split between South A and South B based on the vessel's ratio between South A and South B used and unused, South A and South B used, or the rations in

which South A and South B will be issued in the year the surplus QP are being carried to. These outcomes are provided in

Table 5. Hypothetical Vessel 1: Distribution of surplus carryover between South A and South B.

	Carryover Designations in Proportion to		
Type of QP	Used & Unused	Used	South A/South B Ratio for Year to Which QP is Being Carried
Sablefish North	40	40	Unknown
Sablefish South B	90	96	
Sablefish South A	30	24	
Total Sablefish South	120	120	120
Total Sablefish	160	160	160

Vessel QP limits: If South B quota can be used in the north, which vessel accumulation limits be applied and how? The vessel accumulation limits apply to both used QP and the amount of unused QP in the vessel account. Currently, the limits are enforced by computer programs which will not allow QP to be transferred into an account in excess of those limits. The simplest approach would be to not make any changes to the limits or how they are applied. Based on the differences between the trawl allocations of northern and southern sablefish and differences between the northern limit (4.5 percent and southern limit 15.0 percent) the opportunities provided by the northern and southern limits are relatively comparable. For example in 2016 the northern limit would have allowed a vessel to take 238 thousand pounds of sablefish and the southern limit allowed 261 thousand pounds (9 percent more in the south than in the north).

Table 6. Vessel QP limits based on 2016 trawl allocations for sablefish north and south.

Vessel Limit	Trawl Allocation	Vessel QP Limit (%)	2016 QP Limit (Lbs)
Sablefish North	2,400	4.5%	238,099
Sablefish South	788	15.0%	260,586

However, using this approach vessels fishing between the Oregon/California border and 36º N. lat. would have more opportunity than vessels fishing north or south of that area (would be able to land around twice as much as vessels fishing in other areas). Very few vessels in the north fish up to the vessel accumulation limit (2.7 in the north, on average from 2011-2017).

Table 7. Averaged annual (2011-2017) maximum, median, average vessel account attainment of accumulation limits and number of accounts at the indicated attainment levels.

	Averages of Annual 2011-2017 (Percent of Annual QP Limit)			Average Number of Vessels Achieving Indicated Percent Attainment of QP Limit				Avg of Total Vessels Per Year
	Max	Median	Average	Less than 50%	50% to 75%	75% to 90%	More than 90%	
Sablefish North of 36° N.	98.3%	15.9%	22.9%	81.7	8.7	1.4	2.7	94.6
Sablefish South of 36° N.	66.4%	17.4%	23.6%	7.6	1.0	0.1	0.4	9.1

a/ The 90% level is approached only for lingcod north.

Data source: WCR IFQ database from January 8 2018. [VA_Balances_2011-2017_2017_dec_07: Summary of Species Results]

Another approach might be to leave the current vessel QP limits in place unchanged but to add a vessel catch limit[1] that would specify that in addition to the vessel QP limits a vessel could not catch more than 4.5 percent of the northern sablefish allocation and more than 15.0 percent of the southern sablefish allocation. Thus the vessel would still be able to hold QP in amounts equal to the northern limit (238 thousand pounds in 2016) and the southern limit (260 thousand pounds in 2016) but would not be able to catch more than 238 thousand pounds in the northern area (regardless of whether it covered that catch with northern QP or South B QP).

Anticipated Implementation Details (Preliminary)

Deficit Carryover: Any deficit carried over from one year to the next would need to be covered by QP valid for the area and gear with which the sablefish was caught. The deficit carryover is usually equal to 10 percent of the fish caught and covered with QP (10 percent of the used QP). A catch deficit would not be specific to a type of sablefish QP until it is covered by that QP. For example, deficit catch north of 36º N. lat. could be covered with sablefish north or South B QP. On that basis, the simplest approach for determining the maximum deficit that a vessel could carryover would be to multiply the total sablefish covered with QP in the management area (either north or south of 36º N. lat.) by 10 percent (whether the QP used to cover the catch were northern QP or South B QP). That deficit would then have to be covered with the appropriate QP. For example, if a north of 36º N. lat. sablefish deficit was incurred while using fixed gear, the vessel could only use northern sablefish QP to cover the deficit (not South B QP, which is restricted to use with trawl gear). If the deficit were incurred with trawl gear then either northern sablefish or South B QP could be used. Because a vessel cannot carry more than one gear type at a time (other than carrying multiple types of trawl gear) and must stop fishing once it

[1] With the new survival discard credits this would actually be a mortality limit, rather than a catch limit.

has incurred a deficit, any deficit that is carried over will be for only one gear type, simplifying the calculation.

A hypothetical example is provided in Table 8. The scenario illustrated is one in which a vessel

- fished with fixed gear in the north, catching and covering 400 pounds of sablefish;
- fished with fixed gear in the south, catching and covering 600 pounds (300 pounds with South A and 300 pounds with South B); and
- then made a final trip in the north using trawl gear to catch 700 pounds of sablefish (for a total of 1,100 pounds in the north) covering that sablefish with 100 pounds of northern sablefish QP and 500 pounds of South B QP.

Using the approach described, the sablefish by catch area column is used to determine the deficit carryover limit, and the gear type that generated the deficit would determine the type of QP that could be used to cover the deficit in the following year (in this case either sablefish north or South B).

Table 8. Hypothetical Vessel 2: Deficit carryover determinations.

	Area Fished & Gear	Gear Used	QP Type	Vessel's Total QP by Type	Sablefish Catch		QP Used by Type & Area and Gear (lbs)	QP Deficit (lbs)	Deficit Limit (10%)	Deficit Carried Over (lbs)	Type of QP to Cover Deficit
					By Area and Gear	By Area					
Ves 2	**North**	Fixed Gear	Sablefish North	500	400	1,100	400	0	-110	-100	
		Trawl	Sablefish North		700		100	-100			Sablefish North or Sablefish South B
			Sablefish South B	800			500				
	South	Fixed Gear	Sablefish South B		600	600	300	0	-60	0	
			Sablefish South A	300			300				
	Totals			1,600	1,700	1,700	1,600				

Limiting Gear Switching By Placing Gear Designations on Quota Pounds (Northern Sablefish)

Action Alternative 3: Gear Specific QP and LE Permit Owner Opt-out Options

Overview: All sablefish QP would be issued with one of two gear designations: any-gear or trawl-only. Each year, each sablefish QS owner would receive sablefish QP with the same mix of gear designations as every other sablefish QS owner (e.g., 80 percent any-gear, 20 percent trawl-only), except that under some options there is an opportunity for certain entities to receive all their sablefish QP as any-gear (an "opt-out" opportunity).

Full Description

1. At the start of the year, QS accounts will receive a specified percentage of their sablefish QP as trawl-only (e.g., TWSF) and the remainder as any-gear (e.g., AGSF) (The Council will determine the percent of each as part of its final recommendation.) As the QP are transferred and used these designations will be tracked.
2. On an "any-gear conversion date," all the remaining unused sablefish QP (TWSF and AGSF) will become any-gear QP (AGSF). The any-gear conversion date will be
   Date Option a: September 1
   Date Option b: Earlier (August 1)
   Date Option c: Later (October 1)
3. Opt-out Provision
   Under an "opt-out" provision, any QS account owner who opts out will receive 100% of the QP issued to their account as "any gear."
   Opt-out Option a: No opt-out opportunity.
   Opt-out Option b: At the time of implementation, all QS account owners have a one-time opportunity to opt-out. Any new quota account owners will not have an opportunity to opt-out and will receive gear specific QP in the proportions specified in paragraph one of this alternative.
   Opt-out Option c: At the time of implementation, a one-time opt-out option will be provided for qualified QS owners that own a vessel that primarily used fixed gear in the trawl IFQ fishery. Any new quota account owners will not have an opportunity to opt-out and will receive gear specific QP in the proportions specified in paragraph one of this alternative.

   Qualification criteria suboptions for Opt-out Option c:
   To qualify for an opt-out opportunity a QS account owner's vessel must have used fixed gear to catch
   Qualification Poundage Suboption 1: XX% of its sablefish pounds landed
   Qualification Poundage Suboption 2:100% of its sablefish pounds landed

   Qualification period suboptions for Opt-out Option c:

Qualification Period Suboption 1: The time period for determining the qualifying poundage is January 1, 2011 through September 15, 2017 (the control date).

4. Gear Designation Sunset Provision
   Sunset Option a: No Sunset
   Sunset Option b: These provisions end 10 years after implemented in regulation, unless the Council takes action to extend or modify the program. If the program sunsets, gear designations would be removed from all sablefish QP, the equivalent of issuing all QP any-gear, i.e. a return to status quo with respect to the related regulations.
   Review Period Suboption: There will be a review period prior to sunset date.

Discussion of Modified Language

The original Opt-out Option C did not specify the link that had to exist between the QS account and the vessel that would meet the qualification criteria:

> Opt-out Option C: Opt-out option for qualified fixed gear participants. All permits that had primarily used fixed gear have a one-time opt-out designation.

Some linkage is needed between the QS account (to which the opt-out provision applies) and the vessel doing the fishing. In the modified language, it has been suggested that an ownership link be required. Another approach would be to require a "first transfer" link, i.e. that the first vessel account to which QP are transferred be considered linked to the QS account. There may be other approaches that could be explored.

In the qualification poundage suboptions for the original alternative, the species that had to be landed with fixed gear was not mentioned. A sablefish qualifier has been added, since sablefish is the primary species of concern, and since owners of vessels that gear switch sometimes use all of their sablefish QP but transfer QP for other species to trawl vessels.

Other minor modifications were made to the language to simplify where possible and create terminology that would be easy to reference (e.g. the "any-gear conversion date").

The SaMTAAC should review these changes and modify as needed.

Questions to Address

The following is a list of decision points covered in this section.

- Opt-out Status Transfers
  - Once established, does opt-out status stay with the account or go with owner?
  - If opt-out status goes with the owner, which owners (individuals or collective ownership)?
  - Should the general rule include exceptions for some circumstances?
- Qualifying for the opt-out

    - If the opt-out opportunity is provided to all QS account owners, does that include QS accounts that do not have sablefish QS at the time the opt-out opportunity is offered?
    - Where qualification is required, how should vessel history and QS ownership be linked for complex situations?
    - Should there be a second Qualification Period Suboption? (If not, the current suboption should be incorporated as part of Opt-out Option C)?
- Deficit Allowances, Deficit Carryover Limits, and Coverage Requirement
    - Should deficit allowances and limits be calculated for each sablefish QP gear-type designation separately or for all sablefish QP combined?
    - After then end of the year, should fixed gear vessels be allowed to cover their deficits with trawl-only QP or be required continue to cover their catch with any-gear QP?
- Surplus Carryover Limits (10 percent) and Gear Designations for Carryover QP
    - Should surplus carryover limits be calculated for each sablefish QP gear-type designation separately or for all sablefish QP combined?
    - After the end of the year, should QP revert to their original trawl-only and any-gear designations or be carried over as any-gear QP?

Opt-out Status Transfers: Does the opt-out status stay with the QS account (ending when the QS account is terminated) or does it go with the QS account owner (such that the owner may establish a new account and maintain the opt-out status with that new account)? If it goes with the QS owner, does each person who participates in that ownership have their own opt-out status that they can use if they open a new QS account, or does the status accrue to the group of owners as a whole?[2] Should the opt-out declaration transfer to a new account for some circumstances in which a new QS account is generated?

New QS accounts are generated when an owner changes its business name (as an example), as well as for new entrants. If ownership changes but the business name does not change then a new QS account is not necessarily generated by the ownership change. For example, when a corporation is sold but the corporate name kept, a new QS account might not be generated. Conversely, if a QS account is held by a two individuals (e.g. a husband and wife partnership) and one of the partners leaves the ownership, generating a new ownership name, then generally a new QS account is created.

Opt-out Option b (All QS Account Owners Have a One Time Opportunity Opt-Out): Does this include QS accounts that do not currently have sablefish QS?

Opt-out Option c (Qualification for Opt-out Based on History of Vessel(s) Owned): The modified language proposed that the QS account/vessel account link be based on vessel ownership. Other possibilities might be available, such as a linkage established based on the first vessel to which a QS account transfers its QP.

[2] In the case of the latter, a provision might be modelled based on the owner-on-board grandfather provision for the fixed gear fishery tier/stacking system: an ownership group may lose owners without losing their grandfather status but if they add an owner they lose their grandfather status.

If an ownership based approach is taken, what are the standards for the link (e.g. does the ownership have to be 100% identical, greater than 50% identical, at least one person in common)? If 50% or less can a single vessel qualify multiple QS accounts (e.g. partners in a vessel that maintain their own separate QS accounts)? How does the opt-out provision apply for QS owners that don't have a vessel (e.g. community quota funds)?

If an entity participates in the ownership of multiple vessels and QS accounts and only one vessel has gear switched, would all QS accounts owned by the entity qualify for the opt-out (Example A, Figure 3)? For partnerships that owns a QS account and in which each partner also owns a vessel and their own QS account, if one of the partner's vessels fished with fixed gear which QS accounts would qualify for the opt-out provision (Example B, Figure 3)? In the previous example, what if one of the partners does not own a vessel (Example C, Figure 3)?

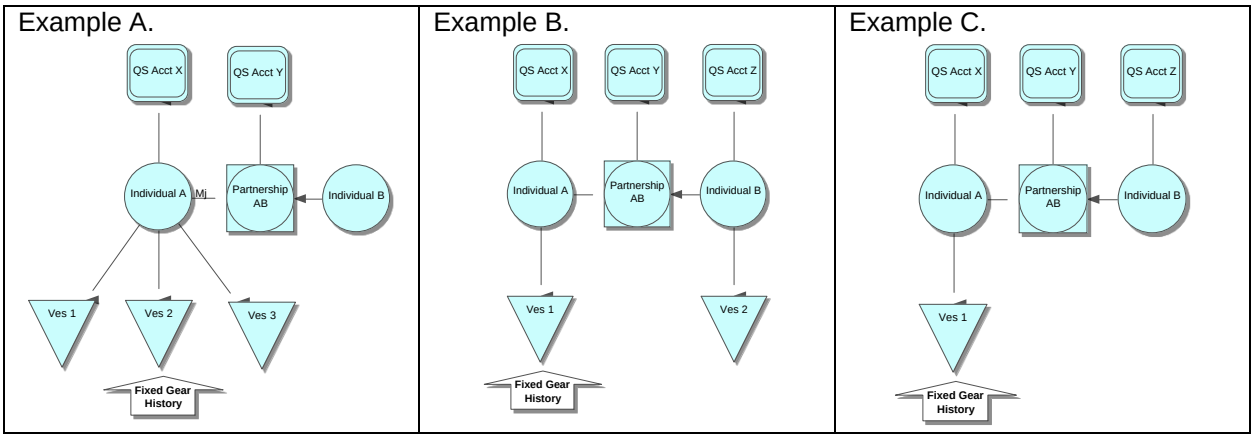

Figure 3. Examples of ownership structures to consider in developing policy for linking vessel fixed gear history QS accounts.

Opt-out Option c (Qualification Period): Under Opt-out Option c there is a qualification period that is characterized as a suboption but there are no other options. Should a suboption be added or should the qualification period be considered part of Opt-out Option c, rather than a suboption?

Deficits—Inseason and Carry-Over: There are two issues to address, the first is how the inseason deficit allowance and deficit carry-over amount will be calculated and the second is the QP gear designation required after the end of the year to cover deficits incurred with a particular gear.

There are three periods of time to consider: deficits occurring prior to the any-gear conversion date (first day of August, September or October, to be determined), deficits occurring after the any-gear conversion date and prior to the start of the following year (when only any-gear QP is available), and deficits carried over into the following year (see Table 9, first column). While there are three periods to consider, the alternative approaches for each appear to be similar.

Two approaches have been identified for calculating the deficit allowance: (1) calculate based on the gear used (distinct approach), (2) calculate based on total sablefish catch (combined approach; see Table 9, second column). The distinct approach will result in separate calculations

for each gear used, as shown for Vessel 2 in Table 10. For this approach, if a vessel has both trawl and fixed gear landings but has a deficit with only one of those gears,[3] then the amount of deficit the vessel will be allowed to carry could be lower than for a vessel that had the same total amount of landings and QP but used only one gear (see the "Deficit Allowance/Carryover" column for all three vessels of Table 10). For the combined approach, vessels with the same total catch and QP would have the same carryover amount regardless of how the catch was distributed among gears (Table 11). Note that the gear-type of the QP used to cover catch does not have a bearing on these deficit calculations because the deficit is the amount that remains uncovered and so is not yet associated with QP that has a gear designation.

The QP used to cover the deficit would be that available in the period of the deficit or in the following period(s). During the initial period (prior to the any-gear conversion date), a vessel could use trawl-only or any-gear QP; after the any-gear conversion date, the deficit would be covered with any-gear QP; and after the end of the year, either vessels could be required to cover the deficit with QP that has the gear-type designation appropriate for the gear used or they could be allowed to use QP with either gear type designation (relevant for fixed gear deficits). The latter approach might be consistent with the any-gear status that all QP would have after the any-gear conversion date. However, after the start of the new year there would also be trawl-only QP available (issued for the new year).

Carry Over of Surpluses: As with deficit carry-over, a decision is needed on determination of the individual vessel QP account carryover limits. Additionally, a decision is needed on whether any-gear QP will carry over as any-gear QP or with its original gear designation.

When carryover is issued, vessels are generally allowed to carry-over unused QP in an amount equal to 10 percent of their combined used and unused QP. As with the deficit carryover, the question is whether to calculate carry-over for each QP gear designation, i.e., the original trawl-only and any-gear designations, or for both together (bottom of Table 9). As with the deficit carryover, calculation of separate carry-over limits (the "distinct" approach) can result in lower amounts of carryover than calculation of a combined carryover QP limit (compare the surplus carryover columns of Table 12 and Table 13).

The distinct approach would require QP to continue to carry their gear designations, even after the any gear conversion date. The following section on implementation details describes how the original gear designations on QP could be maintained by changing the accounting rules instead, such that trawl-only QP could be used with any gear after the any-gear conversion date. Under the combined approach, either only any-gear QP would be carried over or the QP gear-type designations could be maintained and the combined carryover limit applied in proportion to the types of unused sablefish QP the vessel maintains. For example, for the combined approach calculation, if a vessel is able to carryover 1,000 QP and has 1,500 QP of surplus trawl-only QP and 500 pounds of surplus any-gear QP, then it would carryover over 750 QP of trawl only QP and 250 pounds of any-gear QP.

[3] It will necessarily be the case that a vessel can only incur a deficit with one gear type (trawl or fixed gear) because only one of these gear types can be used on a trip and after a deficit is incurred the vessel cannot participate in the IFQ fishery until after the deficit has cleared.

To cover deficits after the end of the year vessels can use QP for the following year, which will carry one of the two gear type designations, or QP that others have carried over from the previous year. Depending on how the any-gear period is implemented and surplus carryover treated, QP from the previous year will be either be all any-gear QP or QP with one of the two gear designations.

Table 9. Approaches for calculating deficit/carryover limits under Alternative 3.

Period and Type of Deficit/Surplus	Calculation of Inseason/Carryover Deficit Limit[a/] Or Surplus Carryover Limit	Gear-type QP Used to Cover Deficit (any-gear and/or trawl-only) and Gear-type for Surplus Carryover	Some Implications
Inseason Deficit Prior to Any-Gear Conversion Date (deficits in excess of 10% are a violation)	**Distinct:** Deficit allowance calculated for each gear type as 10% of sablefish caught[b/] and covered with QP, by the gear type ("fixed gear" or "trawl")	Trawl: Either Any-Gear or Trawl-Only Fixed Gear: Any-Gear	Possibility of smaller deficit allowance for vessels that use both gears compared to the deficit allowance for vessels with the same total QP and catch but using only one gear (see Table 10).
	Combined: Deficit allowance calculated as 10% of sablefish caught and covered with QP (regardless of gear with which the fish was caught)		All vessels with the same total QP and catch would have the same deficit allowance, regardless of the gears used (see Table 11).
Inseason Deficit After Any-Gear Conversion Date (deficits in excess of 10% are a violation)	**Distinct:** Same as for "Prior to Any-Gear Conversion Date"	Trawl: Any-Gear (including for deficits occurring before the any-gear conversion date) Fixed Gear: Any-Gear	Same as for "Prior to Any-Gear Conversion Date" and distinct calculations.
	Combined: Same as for "Prior to Any-Gear Conversion Date"		
End-of-Year Deficit	**Distinct:** Carryover calculation same as allowance for "Prior to Any-Gear Conversion Date"	Trawl: Either Any-Gear or Trawl-Only or Trawl-Only Issued for Following Year Fixed Gear: Any-Gear Consider whether QP will revert to original designations after the end of the year. Consider whether fixed gear catch during the any-gear period would have to be covered with any-gear QP or whether trawl-only QP might also be used (this would not be consistent with reverting the QP to their original designations. .	Same as for "Prior to Any-Gear Conversion Date" The distinct approach would rely on gear type used during the any-gear period even though all QP during that period was any-gear QP.
	Combined: Carryover calculation same as allowance for "Prior to Any-Gear Conversion Date"		

Period and Type of Deficit/Surplus	Calculation of Inseason/Carryover Deficit Limit[a/] Or Surplus Carryover Limit	Gear-type QP Used to Cover Deficit (any-gear and/or trawl-only) and Gear-type for Surplus Carryover	Some Implications
End-of-Year Surplus (Calculation includes used and unused QP)	**Distinct:** 10% of the trawl-only QP and 10% any-gear QP	All QP carries over with its original designations trawl-only or any-gear (though it would be possible to use the distinct approach but carry the QP over as any-gear QP).	Potentially smaller surplus allowance for vessels that use both trawl-only and any-gear quota compared to the surplus allowance for vessels that only use one quota type with the same total QP and catch (see Table 12). If gear designations are carried over, vessels may want to continue to designate which QP gear-type they are using to cover their catch after the any-gear conversion.
	Combined: 10% of the total used and unused for trawl-only QP and any-gear QP combined	All QP carries over as any-gear (though it would be possible for the QP to carryover with its original gear designations[c/])	All vessels with the same total QP and catch would have the same deficit allowance, regardless of type of quota held and gear used (see Table 13). If all QP carries over as any-gear, after the any-gear conversion date there would be no need to track the original gear-type designations on the QP. If gear designations are carried over, vessels may want to continue to designate which QP gear-type they are using to cover their catch after the any-gear conversion.

a/ No options are provided for calculating a deficit based on gear-type QP because for vessels using trawl gear catch is not specific to a gear-type QP (i.e. either type can be used to cover the catch).

b/ While the reference here is to sablefish caught, with the new provision providing sablefish survival credits the actual calculation would be based on sablefish mortality.

c/ If a vessel holds QP in excess of the 10 percent surplus carryover limit (such that some QP must be forfeited) and has both gear-type QPs, then both types would be reduced by the amount required to reduce total holdings to the 10% limit. For example, if an individual has QP equal to a 15% carryover, then a 1/3 reduction of the holdings of surplus QP for each gear type will be required.

Table 10. Resulting carryover allowances for vessels with **deficits** using the **distinct** approach.

	Gear Used	Sablefish Catch (lbs)	QP Used (lbs)	Deficit	Deficit Limit (10%)	**Deficit Allowance/ Carryover**	QP Used to Cover		
							Pre-Conv Period	Conv Period	Following Year
Ves 1	Trawl	1,000	910	90	91	**90**	Any-gear or Trawl Only	Any-Gear	Any-Gear or Trawl-Only
Ves 2	Trawl	600	510	90	**51**	**51**	Any-Gear or Trawl- Only	Any-Gear	Any-Gear or Trawl-Only
	Fixed Gear	400	400	0	**40**	**0**			
Ves 3	Fixed Gear	1,000	910	90	91	**90**	Any-Gear	Any-Gear	Any-Gear (or also allow coverage with trawl-only)

Table 11. Resulting carryover allowances for vessels with **deficits** using the **combined** approach.

	Gear Used	Sablefish Catch (lbs)	QP Used (lbs)	Deficit	Deficit Limit (10%)	**Deficit Allowance/ Carryover**	QP Used to Cover Deficit During. . .		
							Pre-Conv Period	Conv Period	Following Year
Ves 1	Trawl	1,000	910	90	91	**90**	Any-gear or Trawl Only	Any-Gear	Any-Gear or Trawl-Only
Ves 2	Trawl	600	510	90	**91**	**90**	Any-Gear or Trawl- Only	Any-Gear	Any-Gear or Trawl-Only
	Fixed Gear	400	400	0		**0**			
Ves 3	Fixed Gear	1,000	910	90	91	**90**	Any-Gear	Any-Gear	Any-Gear (or also allow coverage with trawl-only)

Table 12. Resulting carryover allowances for vessels with **surpluses** using the **distinct** approach.

	Gear Used	QP Gear Type	Total QP (Used & Unused)	Sablefish Catch (lbs)	QP Used (lbs)	Surplus QP	Surplus Limit (10%)	**Surplus Carryover**
Ves 1	Trawl	Trawl-Only	400	910	400	0	40	**0**
		Any-Gear	600		510	90	60	**60**
Ves 2	Trawl	Trawl-Only	300	510	300	0	30	
		Any-Gear	300		210	90	70	**70**
	Fixed Gear		400	400	400	0		
Ves 3	Fixed Gear	Any-Gear	1,000	910	910	90	100	**100**

Table 13. Resulting carryover allowances for vessels with **surpluses** using the **combined** approach.

	Gear Used	QP Gear Type	Total QP (Used & Unused)	Sablefish Catch (lbs)	QP Used (lbs)	Surplus QP	Surplus Limit (10%)	**Surplus Carryover**
Ves 1	Trawl	Trawl-Only	400	910	400	90	100	**90**
		Any-Gear	600		510			
Ves 2	Trawl	Trawl-Only	300	510	300	90	100	**90**
		Any-Gear	300		210			
	Fixed Gear		400	400	400			
Ves 3	Fixed Gear	Any-Gear	1,000	910	910	90	100	**90**

Tracking QP after the Any-Gear Conversion Date. There are at least two ways that the tracking system might allow both trawl-only and any-gear QP to be used as any-gear after the any-gear conversion date. One would be to change the designations on the QP to any-gear. The other would be to change the accounting system rules (and programming) to allow trawl-only quota to be used for catch by any gear. How this is implemented may depend on the way that end-of-year surpluses are handled (Table 9). If all QP is to be carried into the following year as any-gear gear QP, then after the any-gear conversion date there would be no need to maintain the QP gear distinctions (all QP could be relabeled as any-gear QP). However, if QP is to be carried into the following year as trawl-only and any-gear, then the maintaining distinction on the QP might be maintained. It may be easier for tracking the QP trades and implementing the carryover to simply allow trawl-only QP to be used as any-gear QP after the conversion date. In either case, it would be up to NMFS to determine the most administratively feasible and cost effective approach.

Limiting Gear Switching By Limiting Individual Vessels (Northern Sablefish and Possibly Other Species)

Action Alternative 4: Active Trawl or Exempted Vessel Designation Required for Gear Switching

Overview: In the area north of 36º N. lat. there will be different gear switching limits for different groups of vessels: active trawlers and exempted vessels. Gear switching by all other vessels participating in the IFQ program will be prohibited north of 36º N. lat. There will be qualification requirements for the active trawl and exempted vessel designation. The active trawl designation will be transferable while the exempted vessel designation might or might not be transferable and could be phased out, depending on the options selected.

Full Description

Qualification: The following are the requirements that must be met for the active trawler and exempted vessel designations. The qualifying entity will be the vessel, limited entry permit, or QS account (TBD prior to or on final action) and vessel gear switching limits will be determined by linkage to the qualifying entities.

Active Trawler Designation:

> The vessel/permit/QS account had at least X trawl IFQ landings totaling at least X pounds with trawl gear in the prior calendar year(s)

Exempted Vessel Designation:

> The vessel/permit/QS account made gear-switched landings totaling at least X lbs of sablefish (TBD) in each of at least 3/4/5 years (TBD) prior to the control date (for analysis X = 30,000 lbs, 50,000 lbs, or 70,000 lbs)

Gear Switching Limits by Vessel Group: For *active trawlers* the annual gear switching limit is:

> X% of the annual trawl allocation of northern sablefish

For *exempted vessels* the annual gear switching limit is:

- **Limit Option 1:** the maximum amount of northern sablefish landed while gear-switching in any year between 2011 and the control date, as a percent of the annual northern sablefish trawl allocation.
- **Limit Option 2:** an amount equivalent to the northern sablefish QP issued for QS owned by the vessel owner plus an additional XX% of that amount but not greater than the 4.5% annual vessel QP limit {value for XX% to be identified}.
- **Limit Option 3:** less than the amount under Option 1 {TBD, intended to reduce the total potential gear-switched sablefish landings by all exempted entities to "control date footprint"}. Reduction could be applied immediately or phased in over 10 years.
- **Limit Option 4**: Standard vessel northern sablefish QP limit (4.5%).

For *all other vessels* gear switching is prohibited.

Transferability and Expiration: Active Trawler Designation: Transferable with the vessel/permit/QS account.[4]

Exempted Vessel Designation:

> **Expiration Option 1:** Exemption expires when the vessel/permit/QS account ownership changes (ownership-based sunset).
> **Expiration Option 2:** Exemption may be transferred one or two times with a change in ownership of vessel/permit/QS account[4]
> **Expiration Option 3:** Exemption is permanent/freely transfers[4]
> **Expiration Option 4:** All exemptions expires after X years (for analysis X=5, 10, 15)
> *(Expiration Option 4 could be combined with other expiration options)*

Discussion of Modified Language

In the annual gear switching limit section, the limits are now stated in terms of the vessels. The original alternatives stated both the annual gear-switching limit for exempted entities and the qualification requirements in terms of the "vessel/permit/QS account." The annual gear-switching limit for active trawlers was stated in terms of the vessel but the qualification requirement was in terms of the "vessel/permit/QS account." For purposes of monitoring and enforcement, gear switching limits granted to the qualifying entities will have to be linked to a vessel. Therefore, in the annual gear switching limit section revisions have been made to state the exempted vessel limit in terms of the vessels, consistent with the specification of the active trawler limit in terms of the vessel. There will need to be a statement on the method for linking a qualified QS account to a particular vessel (a vessel is linked to itself by definition and linkage of the limited entry permit to a vessel is already required). QS account/vessel linkage is discussed further under "Questions to Address." The SaMTAAC should review this change and make sure it is in line with its intent.

As directed by the SaMTAAC, CAB Proposal E was incorporated into this alternative, as an annual vessel limit option (Limit Option 2).

Questions to Address

The initial step in implementing the alternative is ***determining qualification*** for the active trawl designation or exemption. The qualifying entities to consider are the QS account, the limited entry permit, and the vessel. After qualification is determined, ***the relation to the vessel*** needs to be specified. If qualification is based on the vessel, the relationship is self-defined. If qualification is based on the permit, the relationship to the vessel will likely be straight forward: the vessel registered to the permit. For QS account owners, the relationship will need to be specified. After the link from the qualified entity to the vessel is determined, then the ***limit for the vessel*** needs to be specified. For active trawlers this would be simple, the same limit applies to all vessels that qualify as active trawlers. For exemption Options 1 and 3, this requires an evaluation of the history for the qualifying entity and relationship to the current vessel. For

[4] QS accounts expire with changes of the ownership name on the account (but not necessarily with changes in the underlying ownership).

exempted vessel Option 2, a vessel must be linked to a current QS account in order to determine the limit. The last part of implementing this alternative is applying the ***rules for transferability and expiration*** (the latter of which might apply to vessel exemptions.

Qualification for Vessels: If qualification is based on the history of the vessel, vessel replacement may interrupt the sequence of catch history that would otherwise accrue to the benefit of the vessel owner. How might vessel upgrades or losses be treated? (It may be possible to evaluate the data to determine the degree to which this has occurred in the past but even if it has not occurred it could occur between now and when this alternative is implemented).

Qualification for Permits: If a vessel was lost or upgraded but replaced with a larger vessel requiring acquisition of a new permit, how might the situation be addressed? (It may be possible to evaluate the data to determine whether the degree to which this has occurred in the past but even if it has not occurred it could occur between now and when this alternative is implemented).

Qualification for QS Account Owners: Qualification by QS account owners presents a greater variety of situations to be addressed. The first issue is how to treat situations in which a QS account expires due to changes in the name of the owner listed on the account. For a discussion of the conditions under which a QS account is discontinued when ownership changes see Opt-out Status Transfers on page 17. If a QS account is discontinued due to a name change but the owners of the QS account open new accounts or join in the ownership of other accounts should the catch history move with the QS owner?

Even if the name on an account does not change there may be changes in the underlying ownership. In some cases there could be wholesale change in the ownership of the QS account, but the name of the corporation remains unchanged, for example when a corporation is purchased. In other cases there may be subtractions and additions. For purposes of determining qualification, how might the evaluation of history be affected if

- one partner leaves the fishery but others remain in ownership of the account,
- partners split up and acquire their own accounts, or
- partners split up and join with a different partner(s) that also have QS ownership history?

These questions are framed in terms of partnerships but would apply to other ownership structures as well. The situations of both the individuals/entities that leave an ownership group and those that remain should be addressed.

One approach might be to address these situations using share of ownership of a QS account. If that approach is explored, two other factors should be taken into account. First, there are some QS ownership accounts that husbands and wives own in joint tenancy with right of survivorship such that there is not a partial ownership interest specified (these show up in the data system as each owning 100 percent interest in the QS account). Second, at this time QS account owners are not required to submit ownership interest information to NMFS for entities that hold less than a 2 percent share of ownership.

Additionally, since the history starts with the vessel that catches the fish, situations need to be considered in which there might be more than a one-to-one linkage between the activity of a vessel and a QS account. For example, what happens when a single entity owns a gear switching vessel and participates in the ownership of multiple QS accounts (see Partnership AB in Example B or Individual B in Example D of Figure 4).

Relation of the Qualifying Entity to the Vessel: As described above, if the qualifying entity is the vessel or permit, the relationship is probably relatively straight forward. For the QS Owner that qualifies, there may be different relationships that determine the vessel that qualifies for the gear-switching limit. It might be based on common ownership between the QS account and the vessel owner, though there may be some situations in which a QS account owner may need to explicitly designate the vessel to which the qualification accrues (for example, where a QS account owner owns more than one vessel). Or, common ownership might not be required but it would be up to the qualified QS account owner to designate a vessel. Other approaches might also be possible.

Vessel Gear Switching Limits: After the link to the qualified vessel is determined, then the limit for the vessel needs to be specified. For active trawlers and exempted vessel Limit Option 4 this would be simple, the same limit applies to all vessels that qualify as active trawlers.

Exempted vessel Limit Options 1 and 3 require an evaluation of the history for the qualifying entity. Evaluation of the history for determination of the gear switching limits for exempted vessels would raise considerations similar to those identified for determining qualification of the vessel, permit, or QS account.

For exempted vessel Limit Option 2, a linkage between the QS account and vessel ownership is required. QS ownership linkages to vessels could be determined through self-identification by applicants during the permit renewal process. Detailed information on owners of QS account and participating vessels is also available through the Limited Entry Permit Office.[5] However, there a number of specific situations that should be considered. How would the vessel gear switching Limit Option 2 be applied if a single QS owner has multiple vessels (Example A in Figure 4)? Would the vessel/QP account and QS accounts just need to share a common majority interest ownership or identical ownership? For example, how would the limit be determined if a vessel is owned by two QS owners that each own QS accounts separately from one another (Example B in Figure 4). What about situations where both are true (a single owner owns multiple vessels and one of those vessels is also owned in partnership with another individual that also owns QS (Example C in Figure 4). As a final example, what if an individual owns its own QS and vessel but also owns a vessel in partnership with someone else, and some QS in partnership with yet another party (Individual B in Example D in Figure 4). A possibility for addressing these situations might be some kind of a declaration process in which the QS account owners would specifically identify which of their vessels they would like their sablefish QS associated with (for purposes of determining the vessel's gear switching limits). Such an approach could be specified to allow crew owned QS to contribute to the gear switching limits for a vessel.

[5] But not detailed information on limited entry permit ownership.

Another question to consider is, which limits would apply if a vessel qualifies as both an active trawler and exempted vessel.

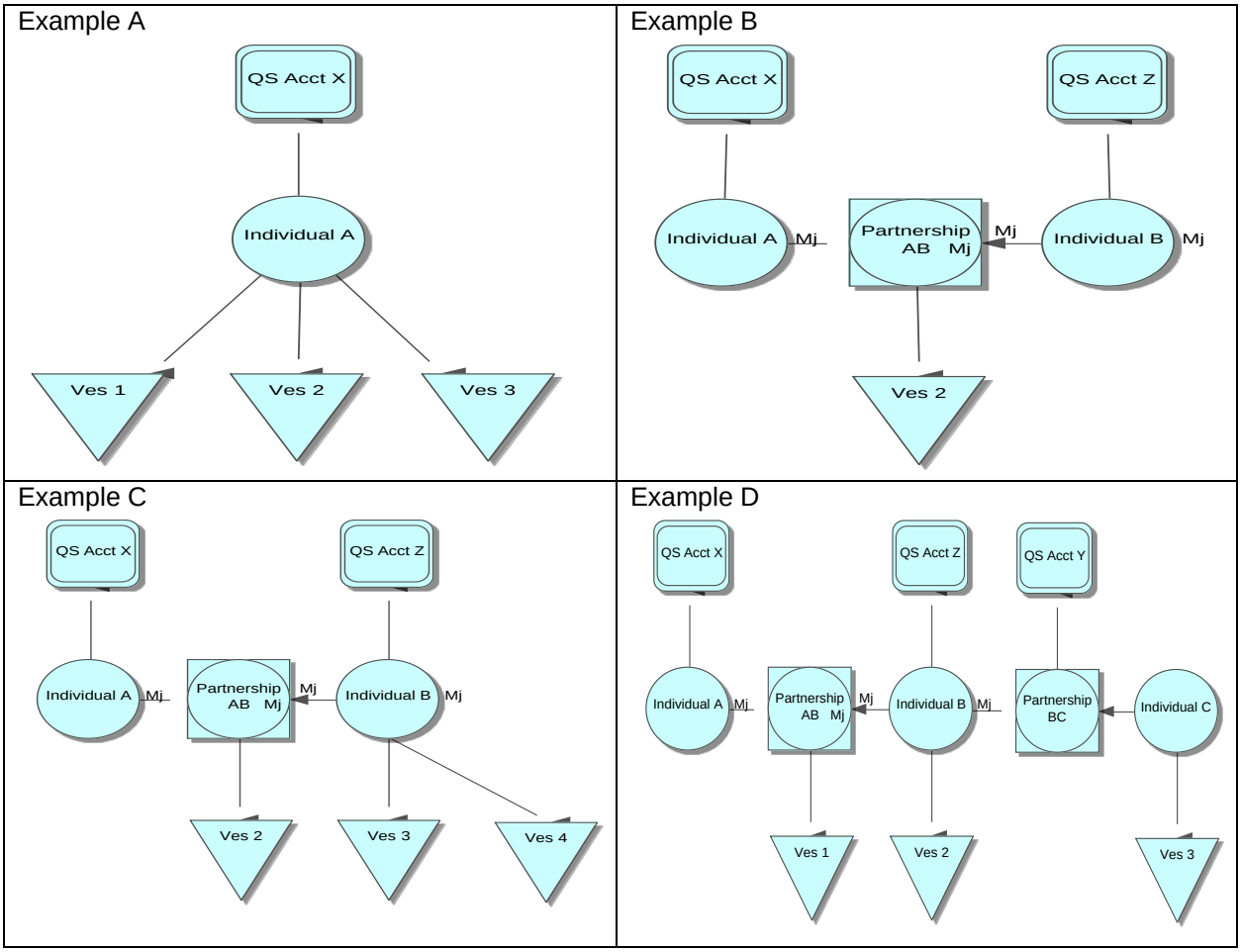

Figure 4. Examples of ownership structures to consider in developing policy for linking vessel limits to the amount of QS owned by the vessel owner.

Transferability and Expiration: If active trawl or exempted vessel designations are to the vessel or permit, to the degree that transfer is allowed the transfer process seems like it would be straight forward, though there may be some special situations to consider. If an active trawl or exempted vessel designation is associated with a vessel, should there be an opportunity to move the designation to the replacement vessel (consider both upgrade and vessel loss situations). If an active trawl or exempted vessel designation is associated with a permit, should there be an opportunity to move the designation to a different permit if a vessel owner upgrades to a larger size vessel and so needs a permit with a larger size endorsement.

If the designations are assigned to the QS accounts, transferability may be limited by the fact that these accounts are not transferable completely transferable but rather expire when the name listed on the account changes. Again, for a discussion of the conditions under which a QS account is discontinued when ownership changes see Opt-out Status Transfers on page 17.

There are options which would cause a vessel exemption to expire with a change in vessel/permit/QS account ownership or after one or two transfers. For these options, what would constitute a change in ownership or transfer: would there have to a 100 percent turnover of ownership or could some parties leave or be added to the ownership without the change being considered a transfer?

Scope of Species and Qualification: Is the active trawl designation or exemption required to gear switch only for sablefish or for other groundfish species as well. If for other groundfish species as well, should qualification requirements include species other than sablefish.

Scope of Species and Gear Switching Vessel Limits: If the gear switching limitation applies only to northern sablefish, would there be some kind of an incidental sablefish allowance for gear switching vessels that target other species without an active trawl designation or exemption?

If the gear switching limitation extends to species other than sablefish north of 36º N. lat., what would the limits be for other species (consider for active trawlers and exempted entities)? How would limits apply for species and species groups that extend south of 40º 10' N. lat species and species group?

Anticipated Implementation Details (Preliminary)

It is anticipated that gear switching limits would be monitored and enforced similar to the way that annual vessel QP limits are enforced: the QP tracking system would include within it the gear switching limit that applies to each vessel, an additional data element (gear used) would be reported with the catch, and to monitor compliance the system would compare the vessel gear switching limit against the total gear switched landings.

Under Limit Option 2, QS account owners that do not own vessels would not be excluded from having their QP used on a gear switching vessel. The specification of a vessel limit that is an additional percentage above the amount of QS owned by the vessel owner allows crews, community associations, or others to own QS and transfer QP to a qualified vessel to be used in gear switching.

Action Alternative 5: Gear Switching Endorsement

Overview: A gear switching endorsements will be issued for qualifying permits or vessels (depending on the option selected). In the area north of 36º N. lat., only vessels associated with a gear switching endorsement will be allowed to gear switch. There will be no other limits on gear switching (i.e. eligible vessels will be able to gear switch in amounts up to the annual vessel QP limits). Gear switching endorsements will be transferable.

Full Description

Qualification: To qualify a trawl limited entry permit/vessel (depending on the Permitting Option) must have been used for gear switching between January 1, 2011 and September 15, 2017. For a permit to qualify, it must have been associated with the vessel at the time the gear switching occurred.

Gear Switching Limits By Vessel Group: For *vessels with gear switching endorsements*:

> Vessels associated with a gear switching endorsement will be allowed to gear switch in amounts limited by the annual vessel QP limit for northern sablefish (4.5%).

For *all other vessels* gear switching is prohibited.

Endorsement: Gear switching endorsements will be issued as

Permitting Option 1: an endorsement for the vessel (a gear switching permit that transfers with the vessel)[6]

Permitting Option 2: an additional endorsement added to a vessel's trawl limited entry permit.

Transferability and Expiration: Gear switching endorsements transfer with the limited entry permit/vessel (depending on the Permitting Option selected). If the endorsement is issued as a new permit for the vessel it will not be transferable separate from the vessel. There will be no predetermined expiration date for the endorsement.

Discussion of Modified Language

Minor modifications were made to the language to simplify or clarify as it seemed helpful. One addition was intended to clarify the transferability provision:

> If the endorsement is issued as a new permit for the vessel it will not be transferable separate from the vessel. [7]

The original language indicated that if the endorsement were issued for the vessel rather than the limited entry permit that the endorsement would transfer with the vessel. In effect, the

[6] The additional permit would be similar to what was created for whiting vessels under Amendment 15. Under that system a new permit was incorporated into the license limitation system program such that a vessel had to possess both the standard limited entry permit and the whiting permit in order to participate in the whiting fishery. The new whiting permits were not transferable separate from the vessel.

[7] As with many other permits, there might be expiration with failure to meet the annual renewal requirements.

endorsement would be a new permit for the vessel and Permitting Option 1 was modified to reflect this. The additional sentence indicating that the permit could not be transferred separate from the vessel is intended to emphasize the original intent that if the endorsement were issued for the vessel it would "transfer with the ... vessel." The SaMTAAC should review this and other language of the alternative to ensure that it still reflects the original intent.

Questions to Address

Scope of Species and Qualification: Is the endorsement required to gear switch only for sablefish or for other groundfish species as well. If for other groundfish species as well, should exemption qualification requirements include species other than sablefish.

Scope of Species and Gear Switching Vessel Limits: If the gear switching limitation applies only to northern sablefish, would there be some kind of an incidental sablefish allowance for gear switching vessels that target other species without a sablefish gear-switching endorsement?

If the gear switching limitation extends to species other than sablefish north of 36º N. lat., what would the limits be for other species for endorsed vessels? How would limits apply for species and species groups that extend south of 40º 10' N. lat species and species groups? If endorsed vessels are allowed to gear switch up to a full annual vessel QP limit for all species and species groups, this might be straight forward. All catch by a vessel with a gear switching endorsement, whether gear switched or not, would count toward the same limits.

Endorsement Qualification: Should there be a higher gear switching qualification requirement or is one pound sufficient? If the gear switching limit applies to more than just northern sablefish, should gear switching for other species be included in the qualifying requirement? The latter question would probably not be significant unless there were some higher amount of poundage required to qualify, in which case vessels may want to include their non-sablefish gear switched catch.

If a vessel is no longer associated with a trawl limited entry permit at the time of endorsement issuance, would it still receive an endorsement under Permitting Option 2? If so, what permitting vehicle would carry the endorsement?

Transferability: If the endorsement is assigned to the vessel as an additional permit, vessels would be required to have both a limited entry permit and a gear switching permit in order to participate in the IFQ fishery as a gear switching vessel (assuming an endorsement is required to gear switch for all species). It is specified that if the endorsement is issued for the vessel (rather than for the limited entry permit) it would transfer with the vessel. Are there any circumstances in which the gear switching permit could be transferred to a new vessel—for example, with the total loss or upgrade of a vessel? If so, what would the conditions be for transfer? Could gear switching permit be transferred to vessels of any size?

Anticipated Implementation Details (Preliminary)

None of note at this time.

Summary of Action Alternatives

The following table summarizes the main differences between the action alternatives.

Table 14. Summary of main provisions of the action alternatives (status quo/no action not included).

	Reapportioning Southern Sablefish Trawl Allocation		**Gear Designations**	**Limiting Vessels that Gear Switch**	
	Action Alt 1	**Action Alt 2**	**Action Alt 3**	**Action Alt 4**	**Action Alt 5**
Scope of Species	Southern Sablefish	Southern Sablefish	Northern Sablefish	Northern Sablefish (& Other Species?)	Northern Sablefish (& Other Species?)
Shift Southern Sablefish to North	Reapportion trawl allocation to the north before distributing QP for each area (N & S)	Allow some southern QP to be used north (up to 42º N. lat.)			
Gear Specific QP			For every QS account, issue XX% of QP as trawl-only QP and YY% as any-gear QP. Allow some or all QS owners an opportunity to "opt-out" and receive all QP as any-gear		
Gear Switching Prohibition				Prohibit gear switching except as indicated below	Prohibit gear switching except as indicated below
Active Trawler Designation (ATD)				Only active trawlers are allowed to gear switch (transferable)	
ATD Exemption				ATD exemption allowing entities with gear switching history to continue (might or might not be transferable)	
Gear Switching Endorsements					Endorsement (or vessel permit) allowing vessels (or permits) with gear switching history to continue
Annual vessel gear switching limit (for vessels allowed to gear switch)				Different limits for ATDs and those with ATD exemptions (various options)	No special limit (i.e. the already existing 4.5% annual vessel QP limit applies)
Sunsets			Possible sunset of gear designations	Possible sunset of ATD exemption	