

At the October 2019 meeting of the Sablefish Area Management and Trawl Allocation Attainment Committee, the Committee requested that NMFS provide an assessment of the ways in which non-transferable assets or qualifications on assets and hardships have been handled in other systems, for example, with respect to passing an asset along to family members in the event of death. Non-transferable provisions of assets are found in each of the alternatives under consideration by the Committee. The opt-out provision of Alternative 1 would be non-transferable and would expire if a QS account expired or a new owner was added to the underlying ownership of the account. Alternative 2 has options that would limit the transferability of the gear switching endorsement based on changes in permit ownership. Alternative 3 has active trawler provisions that would need to be maintained over time and exemptions to the active trawler requirement that are not transferable to a new permit owner. Below we provide details from three catch share programs that have limitations on transferability of assets as well as exemptions from those limitations for illness and/or death.

### **Primary Sablefish Fishery (Tier Permit Stacking Program)**

The Pacific Fishery Management Council's Limited Entry Fixed Gear Sablefish Primary Fishery (also referred to as the Tier Fishery or the Permit Stacking Program) limits the eligibility for persons interested in receiving a qualified permit (i.e. a groundfish limited entry fixed gear permit with a sablefish endorsement) with owner-on-board provisions. Specifically, the owner of the permit must be on-board the vessel during the primary season when that permit's tier amount is being fished. Permits can only be held by individuals, not corporations or other business entities. These provisions do not apply to permit holders who had demonstrated ownership of a qualifying permit prior to November 1, 2000 (i.e., initial issuees). For initial issuee permits held by more than one owner (co-owners), death of an individual owner would not affect the exemption from the owner-on-board requirement for the permit. For example, if a husband and wife held a permit in a partnership, upon the death of the husband, the partnership would still qualify for the owner-on-board exemption.

Permit holders that do not qualify for an owner-on-board exemption may apply for an exemption from NMFS for reasons related to illness, injury, or death. An exemption due to injury or illness is only effective for the fishing year of the request for exemption, and is limited to less than three consecutive or total years. In the case of a death of a permit holder subject to the owner-on-board requirements, before the estate is settled, the estate of the deceased permit owner may request an exemption from the owner-on-board requirements from NMFS. An exemption due to death of the permit owner is only effective until such time that the estate of the deceased permit owner

has registered the deceased permit owner's permit to a beneficiary or up to three years after the date of death as proven by a death certificate, whichever is earlier.

### **Alaska Halibut and Sablefish Individual Fishing Quota Program**

The North Pacific Fishery Management Council's Halibut and Sablefish Individual Fishing Quota (IFQ) Program also limits eligibility of potential recipients of quota share transfers with owner-operator requirements. There are three exemption provisions from the owner-operator requirements: the hired master provision, the medical transfer provision, and the beneficiary transfer provision. Initial issues of quota shares (QS) under the program are eligible to use hired masters, thereby exempting these QS holders from the owner-operator requirements. Upon the death of an initial issuee, temporary annual transfers of IFQ to a surviving spouse or designated beneficiary can be done through the beneficiary transfer provision. The IFQ can be fished by a hired master for up to three calendar years after a QS holder's death. Additionally, QS holders can apply for an exemption from the owner-operator requirements due to medical needs using the medical transfer provision. This provision is only available for 3 of the 7 most recent years.

### **Bering Sea and Aleutian Islands Crab Individual Fishing Quota Program**

The North Pacific Bering Sea and Aleutian Islands Crab IFQ Program also has some limitations on eligibility to receive QS by transfer. There are two primary types of QS in this program, Owner QS and Captain/Crew QS. Owner QS can only be held by individuals who are US citizens with at least 150 days of sea time in US commercial fisheries or by corporations/partnerships/etc with at least one member who is a US citizen that owns 20% or more of the corporation and has at least 150 days of sea time in US commercial fisheries. In addition to the citizenship and sea time requirements, Captain/Crew QS holders are subject to active participation requirements. Under this program, upon the death of an individual who holds QS, the surviving spouse or designated beneficiary that does not meet the eligibility requirements can receive all the QS and can transfer the IFQ to a person who is eligible to receive IFQ for up to three calendar years.