

SABLEFISH MANAGEMENT AND TRAWL ALLOCATION ATTAINMENT COMMITTEE:  
FINAL REPORT TO THE COUNCIL

The Sablefish Management and Trawl Allocation Attainment Committee (SaMTAAC/Committee) has completed work on its charge and provides this document to the Council as its final report. In providing its final report, the Committee expects that if the Council decides to move forward on this issue the alternatives it has developed will be subject to further refinement in the broader Council process; and that such refinement will be informed by additional analysis that is expected and may be requested by the Council. While the committee worked to develop alternatives on the under-attainment issue, focusing on actions that address gear switching, it received substantial testimony supporting status quo, i.e. the no-action alternative, in addition to testimony supporting limiting or reducing gear switching.

Report outline:

SaMTAAC Charge.....	1
Deliberations .....	1
Draft Purpose and Need .....	3
Principles.....	4
Range of Alternatives: No Action and Action Alternatives .....	5
Gear-Switching Opportunities for Those Not Grandfathered in as Gear Switchers, Including New Entrants .....	6
Gear-Switching Opportunities for Those Grandfathered in as Gear Switchers.....	8
Degree of Gear Switching Allowed.....	9
APPENDIX A: Full Description of Action Alternatives .....	A-1
APPENDIX B: Rationale for Design of the Action Alternatives .....	B-1

**SaMTAAC Charge**

The Committee was appointed by the Council in April 2018 and given the following charge:

Identifying obstacles to achieving the goals and objectives of the catch share plan related to under attainment of non-sablefish trawl allocations and unharvested sablefish quota pounds (QP) south of 36° N. latitude. As appropriate to overcome identified obstacles, the committee will discuss and develop options, including but not limited to, actions that may modify rules for gear switching by trawl permit holders and QP leasing to vessels using fixed gear, as well as options that may encourage increased utilization of sablefish QPs south of 36° N. latitude.

**Deliberations**

To address its charge, the Committee met six times: June 2018, October 2018, May 2019, October 2019, January 2020 and April 2020 (the last via webinar). Records for these meetings, including materials considered by the Committee and meeting summaries, are provided on a [SaMTAAC webpage](#) on the Council website. While the Committee has steadily progressed in its work, its

process was interrupted by a government shut-down in the winter of 2018/2019 and was more recently impeded by the stay-at-home orders in association with the COVID-19 pandemic.

The Committee did its initial scoping work in 2018 that included investigation of up to 24 alternatives suggested during its deliberations ([Supplemental Information Report 6, November 2018](#) and [Information Report 2, June 2019](#)). Most of the alternatives were focused on limiting sablefish harvest by gear-switching vessels. This focus was based on the possibility that trawl sector attainment of its allocations of species that co-occur with sablefish might be impeded by a limited availability of sablefish quota—particularly the trawl allocation of Dover sole. If that is the case, then sablefish taken by gear-switching vessels could be contributing to the under attainment of those co-occurring species.

The Committee discussed the possibility that there might be other factors constraining attainment of trawl sector allocations (e.g. lack of markets) and other under-attained species of concern (e.g. lingcod). However, based on the context of its charge, the Committee decided to focus on potential sablefish related constraints in the north and under attainment of sablefish allocations in the south (south of 36° N. lat.). Specifically, the Committee noted that prior to its appointment, there had been three industry workshops where high levels of concern surfaced that objectives of the catch share program were being undermined by the harvest of trawl allocated sablefish with fixed gear.

As directed by its charge, the Committee explored the issue of under attainment of the southern sablefish allocation. The Committee's discussions covered both the possibility that a policy change might encourage increased harvest of southern sablefish within the southern area and that some unused southern sablefish trawl allocation could be shifted to the north, alleviating possible sablefish constraints in the north. The Committee found that the reasons that sablefish in the south are not being harvested were not fully understood and difficult to assess. The lack of local markets and limited fishing grounds for groundfish trawlers were a contributing factor.

The Committee initially undertook development of alternatives that would have attempted to improve non-sablefish species allocation attainment in the area north of 36° North latitude by shifting some southern sablefish trawl allocation to the north (either reapportioning some of the allocation to the north or allowing southern sablefish QP to be used in the north). With respect to policies that might increase sablefish harvest in the southern area, it was noted that as a result of community based efforts, conditions in the region are changing including the entry of new buyers operating in ports just to the north of the line might begin purchasing product taken in the south. The Committee found that the lack of local markets and limited fishing grounds for groundfish trawlers were a contributing factor. Further, there could be unintended consequences from trying to address issues in the south using regulatory measures; for example, allowing large vessels from outside the area coming in to take the available catch and adversely impacting other local fishing grounds and fleets. However, at its May 2019 meeting, these alternatives were set aside. In addition to the previously mentioned factors and uncertainties about the impacts that certain regulations might have on participants that fish in the south, the concern of some committee members about uncertainties surrounding the science relative to the portion of the sablefish stock in the south also contributed to the Committee's decision to not bring forward these regulatory alternatives. Finally, while shifting sablefish from south to north might provide some relief, it would not resolve the gear-switching issue and may have only been a temporary improvement in

trawl attainment if the shift to the north simply led to more gear switching. Therefore, it seemed best to first determine if gear switching in the north should be limited. For these reasons, the Committee did not develop alternatives that might increase utilization of sablefish in the south. If the Council wants to address the southern sablefish issue, the Committee recommends delaying further consideration of such alternatives until we get finality on the gear-switching issues in the north.

The Committee reviewed analyses indicating both the possibility that gear switching for sablefish might be constraining attainment of co-occurring species (or might constrain attainment in the future); and the possibility that other factors, such as market limitations, may be constraining attainment of species such as Dover sole. The analyses provided at each Committee meeting are available on the [SaMTAAC webpage](#) and will be updated and summarized for future Council meetings. An informational report containing portions of the analysis most relevant to the purpose and need and qualifying criteria is provided for this meeting. The Committee notes that the Council will need to take the analytical results into account in determining whether the alternatives limiting gear switching are expected to improve attainment of the trawl allocations as compared to no action. Based on the information and the analysis it received during our deliberations, the Committee developed a purpose and need statement.

### **Draft Purpose and Need**

The draft purpose and need provided to the Council at its November 2019 meeting included a paragraph on southern sablefish attainment. Given that the Committee is recommending that there not be further development of alternatives on that issue at this time, that paragraph has been removed from the draft purpose and need statement.<sup>1</sup> The Committee recommends that the Council adopt the following as the purpose and need statement for this action.

This action is needed because the Shorebased Individual Fishing Quota (IFQ) Program has under attained most of its allocations since the inception of the program in 2011. The under attainment for some northern stocks may be due to the allowance to use fixed gear to harvest shorebased IFQ, declining trawl vessel participation, and the lack of market and infrastructure. Specifically, participants engaging in gear switching are using northern

---

<sup>1</sup> The following is the paragraph which has now been removed from the recommended purpose and need statement:

This action is also needed because the Shorebased IFQ Program has under attained several of its southern allocations, specifically sablefish south of 36° N. latitude. Sablefish is managed under a coastwide overfishing limit (OFL) and acceptable biological catch (ABC) but the annual catch limit (ACL) is split into two management areas, north and south of 36° N. The Shorebased IFQ allocation and ACL for sablefish south of 36° N. latitude are under attained due to declining gear-switching vessel participation in this area since rationalization,<sup>a</sup> limited DTS trawling in this area,<sup>b</sup> and lack of market and infrastructure.<sup>c</sup> The purpose of this action would include encouraging utilization of sablefish south of 36° N. latitude within the current management area and exploring mechanisms that would allow a portion of that allocation to be caught in areas north of 36° N. lat.

a. See page 163 of the Trawl Rationalization Program 5-Year Review (PFMC/NMFS 2017).

b. See page 151 of the Trawl Rationalization Program 5-Year Review and Table 68 (PFMC/NMFS 2017).

c. See page 249 of the Trawl Rationalization Program 5-Year Review (PFMC/NMFS 2017).

sablefish quota that may otherwise be used by trawl gears; this may lead to uncertainty in trawl access to sablefish, thereby affecting the development of markets and infrastructure. Working within the guidance and authority provided by the MSA (§303A(c))<sup>2</sup> and the Pacific Coast Groundfish Fishery Management Plan (FMP) goals and objectives, the purpose of this action would be to keep northern sablefish gear switching from impeding the attainment of northern IFQ allocations with trawl gear, while considering impacts on current operations and investments.

Under attainment results in the Shoreside IFQ Program being unable to meet Management Goals 2 and 3 of the FMP which respectively seek to maximize the value of the groundfish resource as a whole and to achieve the maximum biological yield of the overall groundfish fishery. Additionally, this action would seek to improve the program towards the goal of Amendment 20 to the FMP, which created the Shorebased IFQ Program, of providing for full utilization of the trawl sector allocation.

### **Principles**

At its October 2018 meeting, and in consideration of the working principles that were originally developed by the Community Advisory Board (CAB), the SaMTAAC developed and adopted the following as principles that the alternatives would be designed to support.

- A. We want to ensure there is affordable trawl access to sablefish.
- B. We believe that unlimited catch of sablefish through gear switching is not desirable.
- C. We want to consider impacts on existing operations/investments.
- D. We want to maintain the gear-switching option for trawl operations.
- E. We will consider industry and community impacts and ensure long-term stability.
- F. We will consider the effect on the value of trawl permits.
- G. We want to increase the net economic value of the trawl individual fishing quota fishery.

Principle C, it should be noted, references consideration of impacts to investments related to trawl, fixed gear, and buyer/processor operations.

Each of the alternatives addresses the principles in a different manner and to differing degrees. In general, the alternatives provide limits to gear switching (Principles B and C), maintain some ongoing gear-switching opportunity for all participants (Principles C and D) and provide grandfather provisions for those who have invested in gear switching as demonstrated through their gear-switching activities (Principles C). In designing the alternatives, the Committee gave due consideration to other principles based on the analysis that were before it but we will also be informed by the results of the pending analysis to determine the degree to which they are addressed: ensuring affordable trawler access to sablefish (Principle A), industry and community impacts and long-term stability (Principle E), effect on trawl permit values (Principle F), and net economic value of the trawl IFQ Program (Principle G).

---

<sup>2</sup> Section 303(A)(c) of the MSA sets forth elements defining the creation of limited access privilege programs, including the promotion of fishing safety; fishery conservation and management; and social and economic benefits.

## Range of Alternatives: No Action and Action Alternatives

The Committee has progressively consolidated and refined the action alternatives and recommends that in addition to status quo/no action, three action alternatives be included in the Council's range of alternatives addressing the purpose and need statement. The alternatives are fully described in Appendix A to this report and summarized here. The rationale for the design of these action alternatives is provided in Appendix B (but not rationale for selecting one action alternative over another or over no action). The focus of the action alternatives is a limitation and/or a reduction of the amount of the trawl sector's allocation of northern sablefish that is taken using fixed gear. It is important to note that gear switching for any other species would not be directly limited by these alternatives. The three action alternatives each provide a different mechanism for limiting gear switching, and each mechanism results in a different distribution of impacts. Under each action alternative, participants that demonstrate a degree of recent and historical participation, investment, and dependence on gear switching are given grandfather considerations and provided some enhanced gear-switching opportunity, as compared to those without such activity. The short- and long-term amounts of gear switching allowed under each action alternative can be changed by changing options selected within the alternatives, such as qualifying requirements or individual entity gear-switching limitations.

Alternative 1 limits gear switching by issuing a certain amount of northern sablefish QP as trawl-only and the remainder as unrestricted (i.e. status quo). An opt-out policy option is provided that, if selected by the Council, would provide a permit owner with a qualifying gear-switching history (i.e. grandfather status) one opportunity at the time of implementation to designate a quota share (QS) account that would receive all its QP as unrestricted gear. All other QS accounts would each receive a specified percentage of their QP as trawl-only and the remainder as unrestricted gear QP (Table 1).

Alternative 2 limits gear switching by prohibiting a vessel from gear switching more than 0.5 percent<sup>3</sup> of the northern sablefish QP unless it has a permit that qualifies for a gear-switching endorsement based on a history of gear switching (i.e. qualifies for a grandfather status). The gear-switching endorsed permits might be permanent or phased out over time.

Alternative 3 limits gear switching by prohibiting a vessel from gear switching for northern sablefish unless it is an active trawler (or qualifies for an active trawler exemption) and then limiting gear switching by each active trawler to 1.0 percent<sup>4</sup> of the northern sablefish allocation. An active trawler exemption (i.e. grandfather status) would be provided for vessels with a qualifying history of gear switching, placed on a trawl permit, and allow gear switching up to 0.6 percent<sup>5</sup> or a percentage equivalent to the northern sablefish QS owned by the vessel owner.

---

<sup>3</sup> Using the 2020 trawl allocation (2,637 mt), 0.5 percent is equivalent to 29,100 pounds.

<sup>4</sup> Using the 2020 trawl allocation (2,637 mt), 1.0 percent is equivalent to 58,100 pounds.

<sup>5</sup> Using the 2020 trawl allocation (2,637 mt), 0.6 percent is equivalent to 34,900 pounds.

Table 1. Comparison of central provisions for the alternatives.

	<b>Alternative 1</b>	<b>Alternative 2</b>	<b>Alternative 3</b>
<b><i>Central Provisions Applying to All Except those With Grandfather Status</i></b>			
Gear-Switching Limitation Mechanism	Gear Specific QP: Most northern sablefish QP specified as trawl-only.	Northern sablefish annual gear-switching limit on all permits.	No northern sablefish gear switching except for a limited amount by active trawlers.
Basic Gear-switching Allowance	10 percent or 30 percent of all QP would be issued with no gear restrictions (Council to determine the percentage). QP are freely tradeable and there is no per-vessel limit on gear switching.	All permits would have a 0.5 percent <sup>3</sup> annual northern sablefish gear-switching limit.	All active trawlers would have a 1.0 percent <sup>4</sup> annual northern sablefish gear-switching limit.
<b><i>Central Provisions Applying to Those with Grandfather Status as Gear Switchers</i></b>			
Provision for Those with a Qualifying Gear-switching History	A qualified permit owner designates a QS account to which all northern sablefish QP would be issued as unrestricted gear (an “opt-out QS account”), if this optional provision is selected.	A qualified permit owner receives a gear-switching endorsement for its limited entry permit and a higher gear-switching limit is associated with the endorsement, as compared to non-endorsed permits.	A qualified vessel receives an exemption from the active trawler requirement (applied to a limited entry permit) and a 0.6 percent <sup>5</sup> northern sablefish gear-switching limit or a limit equal to the amount of northern sablefish QS owned by the vessel owner.
Duration of the Grandfather Provision	Opt-out status expires if the QS account expires (is not renewed) or a new owner is added to the underlying QS account ownership.	Endorsement either expires when the permit transfers to a new owner (or a new owner is added to the permit ownership); OR the endorsement continues indefinitely (Council to choose expiration provision as part of its final action).	Exemption expires when the permit transfers to a new owner (or a new owner is added to the permit ownership) or after 12 years, whichever comes first.

### **Gear-Switching Opportunities for Those Not Grandfathered in as Gear Switchers, Including New Entrants**

Under Alternative 1, there will be northern sablefish QP that are eligible for gear switching (i.e. unrestricted gear QP) that any trawl permit owner may acquire from the owners of those QP (Table 2). Any existing participant that is not grandfathered in or any new entrant could potentially buy or trade QP to acquire up to a full vessel limit of unrestricted QP (4.5 percent<sup>6</sup>). Gear switchers not grandfathered in that wish to secure longer term access to unrestricted QP could acquire their own QS and so receive a portion of each year’s QP as unrestricted (10 or 30 percent of their northern sablefish QP as unrestricted gear, depending on options selected by the Council). The

<sup>6</sup> Using the 2020 trawl allocation (2,637 mt), 4.5 percent is equivalent to 261,600 pounds.

trawl-only QP they receive (90 or 70 percent of their northern sablefish QP) might be traded to trawl-only entities in return for more unrestricted QP. If the Council includes an option for a mid-year conversion, all QP would become unrestricted as of either August 1 or September 1, increasing the total amount of gear-switching opportunity during the year.<sup>7</sup> Another avenue for securing long-term access could be to enter into longer term contracts to acquire unrestricted QP from other QS accounts each year. QS accounts that are opted-out under a grandfathering provision (and receive 100 percent of their QP as unrestricted each year) potentially provide another source of unrestricted QP that could be bought or traded for each year. (See the following section for more details.)

Under Alternative 2, any entity with a non-endorsed permit may gear switch as much as 0.5 percent<sup>3</sup> of the northern sablefish trawl allocation. Depending on options the Council selects, a new entrant may be able to lease or purchase an endorsed permit, providing them with a higher gear-switching limit (see next section).

Under Alternative 3, any trawl permitted vessel that meets the active trawler criteria may gear switch as much as 1.0 percent<sup>4</sup> of the northern sablefish trawl allocation, including trawl permitted vessels owned by current participants or acquired in the future by a new entrant. Active trawler status is evaluated on an annual basis and once a vessel meets the active trawler requirement during a year it carries the active trawl designation for the remainder of that year and the following year. Trawl permitted vessels that are not active trawlers or fishing under grandfather provisions (see following section) may not retain northern sablefish while gear switching.

Table 2. Northern sablefish gear-switching opportunities for those not grandfathered in as gear switchers, including new entrants.

Alternative 1	Alternative 2	Alternative 3
Acquire northern sablefish QS and receive unrestricted QP each year in the proportion selected by the Council (10 percent or 30 percent).	Gear switch under the non-endorsed vessel northern sablefish gear-switching limit (0.5 percent <sup>3</sup> ).	Become an active trawler and fish under the active trawler northern sablefish gear-switching limit (1.0 percent <sup>4</sup> ).
(Additionally, the Council could select an option that would convert all trawl-only QP to unrestricted as of either August 1 or September 1 of each year.)	OR	OR
AND/OR	Acquire a gear-switching endorsed permit (if endorsements do not expire on transfer) and fish under that permit's northern sablefish gear-switching limit—see following section.	Lease an exempted permit (exemptions expire with permit ownership changes) and fish under the exempted permit northern sablefish gear-switching limit.
Purchase/trade annually or enter longer-term contract for acquisition of unrestricted QP issued annually to QS accounts with northern sablefish QS.		

<sup>7</sup> Along with the conversion options that include a date, there is an option that would convert trawl-only QP to unrestricted after the end of the year for which it was originally issued (either during post-season trading or as part of QP carryover).

## **Gear-Switching Opportunities for Those Grandfathered in as Gear Switchers**

Under Alternative 1, the Council may choose to include an opt-out provision. If Alternative 1 is ultimately adopted as the final preferred alternative, and an opt-out opportunity is provided, entities that own a trawl permit with adequate gear-switching history may designate a QS account that will receive all of its northern sablefish QP as unrestricted gear (rather receiving a portion that is trawl-only). The QS account designated as opted out could be one under the ownership of the qualifying entity or one owned by someone else. Once the opt-out account is designated, additional northern sablefish QS can be transferred to the account and unrestricted QP will also be issued for that additional QS. Thus, any opt-out account could eventually receive unrestricted QP for up to 3 percent northern sablefish QS (the status quo QS own/control limit), regardless of the amount of QS in the account when it is first designated as an opt-out account. This opt-out status would continue until the QS account expires (is not renewed) or a new individual is added to the underlying ownership of the QS account. QS account expiration may happen for a variety of reasons, including ownership name changes that do not involve a change underlying ownership (e.g. an individual that owns a QS account forms an LLC and wants to hold the QS in the name of the LLC). Over time, all opt-out QS accounts will expire. Entities which have historically gear switched more than 3 percent of the northern sablefish QP (amounts up to the 4.5 percent<sup>6</sup> vessel limits) will have to continue to acquire unrestricted QP from other QS or vessel QP accounts, as they have in the past. However, the amount of QP potentially available to them for gear switching will be substantially constrained under Alternative 1 as compare to status quo (Table 3).

Under Alternative 2, entities that own a trawl permit with adequate gear-switching history will qualify for a gear-switching endorsement that will either allow them to gear switch for northern sablefish up to the average of their past gear-switching amounts (Endorsement Limit Option 1) or up to an annual northern sablefish vessel QP limit (Endorsement Limit Option 2, currently 4.5 percent<sup>6</sup>). If Alternative 2 is ultimately adopted as the final preferred alternative, the Council would select the option that applies at that time. The gear-switching endorsement will be attached to the limited entry permit and expire with either the transfer of the permit to a new owner or the addition of a new owner to the underlying permit ownership (Expiration Option 1) or not expire when the permit is transferred (Expiration Option 2, i.e., no limit on the duration of the gear-switching endorsement is specified).

Under Alternative 3, entities that own a vessel with adequate gear-switching history will qualify for an exemption from the active trawler requirement. The exemption will be assigned to a limited entry permit and provide the vessel to which it is registered the greater of a 0.6 percent<sup>5</sup> northern sablefish gear-switching limit or an amount equivalent to the northern sablefish QS owned by the vessel owner. Fifty percent common ownership between the vessel and QS account is required to qualify for a gear-switching limit based on QS ownership (see full description of the alternatives for specifics of the ownership requirement). The active trawler exemption will expire with the earlier of 12 years or either the transfer of the permit to a new owner or the addition of a new owner to the underlying permit ownership. The gear-switching limit based on QS ownership expires as soon as there is no longer 50 percent common ownership between a vessel with an exempted permit and a QS account. Over time, all active trawl exemptions will expire due to changes in ownership or the 12-year time limit.



Table 3. Northern sablefish gear-switching opportunities for those grandfathered in as gear switchers.

Alternative 1	Alternative 2	Alternative 3
<p>Opt-out Option: if the Council selects the opt-out option:</p> <p>Trawl permit owners with qualifying gear-switching history designate an opt-out QS account.</p> <p>Opt-out QS accounts receive all northern sablefish QP as unrestricted gear.</p> <p>Additional QS can be added to the opt-out account and QP issued for that QS will be unrestricted gear.</p> <p>Opt-out status QS accounts expire with expiration (non-renewal) of the QS account or addition of a new owner to the QS account.</p>	<p>Trawl permit owners with qualifying gear-switching history receive a gear-switching endorsement attached to their permit.</p> <p>Vessels with gear-switching endorsed permits gear switch up to either the historic gear-switching average for the permit or 4.5 percent<sup>6</sup> (to be determined by the Council).</p> <p>Endorsements either expire with the transfer of a permit to a new owner (or addition of a new owner to the underlying permit ownership) OR there is no expiration (to be determined by the Council).</p>	<p>Vessel owners with qualifying gear-switching history designate the trawl permit which will receive an active trawler exemption.</p> <p>Vessels with exempted permits gear switch up to the greater of 0.6 percent<sup>5</sup> or a percentage equal to the QS owned by the vessel owner.</p> <p>Exemptions expire with the earlier of 12 years or the transfer of a permit to a new owner (or addition of a new owner to the underlying permit ownership).</p>

### Degree of Gear Switching Allowed

Selection of options within each alternative will determine the amount of gear switching allowed over the short- and long-term. The following is a review of key choices influencing the overall amount of gear switching that is likely to result for each alternative (Table 4). Estimates of the number of entities qualifying to be grandfathered in under different qualifying options and the historic gear switching of those entities will be provided in a separate analytical document.

Under Alternative 1, over the long-term, the amount of QP available for gear switching will be determined by the percentage of unrestricted QP issued to non-opt-out accounts and whether or not to include a conversion date (date on which all QP become unrestricted). Over the short-term, if the Council selects the opt-out provision, this amount will be higher and depend on the number of entities qualifying to designate an opt-out account (for which all QP would be issued as unrestricted) and the choices and activity of those entities. Qualifying entities might choose to opt-out their own account that already has northern sablefish QS; open and opt-out a new account that does not have any northern sablefish QS; or designate an opt-out account that is not under their ownership. Following any of these courses, additional QS could be transferred to the account up to the 3 percent northern sablefish own/control limit. If unrestricted QP is more valuable than trawl-only QP, owners of opt-out QS accounts might choose to acquire more northern sablefish QS than they intend to gear switch themselves and sell the resulting unrestricted QP to others interested in gear switching, potentially generating more revenue from the sale of the QP. Because the amount of unrestricted QP depends on choices such as these, if the opt-out provision is included it is more difficult to project the degree to which existing gear switching might be constrained over

the short-term. However, over time the opt-out status of all QS accounts would expire. Under Alternative 1, the degree to which gear switching will be constrained can be adjusted by changing the amounts of unrestricted QP issued annually to non-opt-out QS accounts, the decision on whether or not to include a conversion date, the decision to include an opt-out provision, changing the opt-out qualifying requirements, changing rules for the expiration of opt-out status, or limiting the degree to which new QS transferred to opt-out accounts will be issued unrestricted QP.

Under Alternative 2, over the long-term, the amount of gear switching will be determined by the number of vessels that choose to gear switch under the 0.5 percent<sup>3</sup> gear-switching limit and whether the gear-switching endorsements expire. If the gear-switching endorsements do not expire, then the long-term limit on gear switching will also depend on the gear-switching endorsement qualification criteria and the amount of gear switching allowed for gear-switching endorsed permits. If the gear-switching endorsements expire with changes in ownership (as described in the previous section), then the long-term amount of gear switching will be determined only by vessels choosing to fish under the 0.5 percent limit and the additional gear switching engaged in by endorsed permits will only be over the short-term. Under Alternative 2, the degree to which gear switching will be constrained may be adjusted by changing the 0.5 percent limit for non-endorsed vessels, changing the gear-switching endorsement qualifying requirements, changing the gear-switching limits provided for endorsed permits, or changing the expiration rules for gear-switching endorsements.

Under Alternative 3, over the long-term the amount of gear switching will be determined by the number of vessels that qualify as active trawlers and choose to gear switch under the 1.0 percent<sup>4</sup> gear-switching limit for such vessels. The total amount of gear switching by these vessels is limited to 10 percent and the 1.0 percent limit may be reduced to keep the fleet within this 10 percent backstop. Over the short-term, there will be additional gear switching by vessels fishing under permits that carry an exemption from the active trawler requirement (the greater of the 0.6 percent<sup>5</sup> limit or the amount of northern sablefish QS owners by a vessel owner fishing under an exempted permit). The total amount of gear switching by vessels fishing under these exemptions is limited to 10 percent and at the start of the program, the 0.6 percent limit may be reduced to keep the fleet within this 10 percent backstop. Over time the exemptions for all trawl permits will expire. Thus, initially gear switching could be as high as 20 percent but over time, after exemptions expire, it would be capped at 10 percent. Under Alternative 3, the degree to which gear switching will be constrained may be adjusted by changing the amount of trawling required for a vessel to qualify as an active trawler, changing the 1.0 percent limit for active trawlers, changing the qualification requirements for active trawler exemptions, changing the gear-switching limits for vessels that qualify for the exemptions, changing the rules for expiration of the exemptions, or changing the 10 percent backstops.

Table 4. Policy choices impacting amount of gear switching.

Alternative 1	Alternative 2	Alternative 3
<b>Long-Term</b>		
Percent of QP Issued to Each Non-opt-out Account as Unrestricted Gear.	Gear-switching limit for vessels with non-gear-switching endorsed permits.	Amount of trawling required to qualify as an active trawler.
Whether or not a conversion date is included (date on which all QP become unrestricted QP).	Whether the gear-switching endorsement on permits expire (if not, also see short-term choices).	Size of the gear-switching limit for active trawlers.  Size of the active trawler backstop (currently set at 10 percent).
<b>Short-Term</b>		
Long-term choices plus, if an opt-out opportunity is included:  Opt-out qualification requirement.  Providing unrestricted QP for QS subsequently added to opt-out account.  Rules for expiration of opt-out status.	Long-term choices plus:  Endorsement qualification requirements.  Amount of gear switching allowed for vessels fishing under gear-switching endorsements.  Rules for expiration of gear-switching endorsements.	Long-term choices plus:  Active trawler exemption qualifying requirement.  Amount of gear switching allowed for vessels fishing under active trawler exemptions.  Rules for expiration of active trawler exemptions.  Size of the exempted vessel backstop (currently set at 10 percent).

# Appendix A – Full Description of Action Alternatives

This document contains the alternatives developed by the SaMTAAC, incorporating all decisions made by the committee at its April 2020 and previous meetings.

No-Action Alternative .....	A-1
Action Alternatives .....	A-1
Gear Specific QP Alternative (Action Alternative 1) .....	A-1
Gear-Switching Endorsement Alternative (Action Alternative 2).....	A-3
Active Trawler Alternative (Action Alternative 3).....	A-6

## No-Action Alternative

No Action is an alternative to each of the following action alternatives. Under No Action, the regulatory regime would not change in connection with this deliberation, but the fishery will continue to change in response to changing environmental, economic, and social conditions, as well as other regulatory actions. Attainment of the trawl allocations would continue to vary with changes in factors such as the level of trawl allocations, market conditions, the mix of co-occurring species, and prices for quota pounds (QP). These factors may influence and be influenced by the degree of gear switching (trawl permitted vessel use of non-trawl gear to catch trawl QP). Vessels with limited entry trawl permits would be able to continue to use any gear to catch their sablefish QP.

## Action Alternatives

In some cases, the provisions of one of the action alternatives might be used in a different action alternative, though the implications may need to be analyzed before final action. For example, qualifying requirements for one alternative if applied to a different alternative could undermine the degree of constraint of gear switching originally intended for the alternative.

### Gear Specific QP Alternative (Action Alternative 1)

**Overview.** Each year, some northern sablefish QP would be issued as trawl-only QP and the remainder would continue to be unrestricted (valid with any legal groundfish gear, as under status quo). Every northern sablefish quota share (QS) owner would receive these two types of QP in the same proportions (e.g., 80 percent trawl-only and 20 percent unrestricted), except that under an option there would be an opportunity for certain entities to receive all their sablefish QP as unrestricted (an “opt-out” opportunity). There is also an option that would convert all trawl-only QP to unrestricted QP on a specified date in the latter half of the year.

## Full Description

**Allocation of Gear Specific QP.** All northern sablefish QP issued to QS accounts (including Adaptive Management Program [AMP] QP) will be designated as trawl-only or unrestricted with respect to gear used (i.e., status quo “sablefish QP”) in the following proportions: <sup>1, 2</sup>

**Gear Specific QP Option 1:** *(If the Council does not select the opt-out option, described below, then only Option 1 is available)*

70 percent trawl-only/30 percent unrestricted (any gear)

**Gear Specific QP Option 2:** *(If the Council selects the opt-out option, described below, then both Option 1 and Option 2 are available.)*

90 percent trawl-only/10 percent unrestricted (any gear)

Northern sablefish caught with any gear other than trawl would have to be covered with unrestricted QP. Northern sablefish caught with trawl gear could be covered with trawl-only or unrestricted QP. A vessel using trawl gear that had both trawl-only and unrestricted QP in its account would designate which type of QP would be used to cover the landing.

## Option for Conversion to Unrestricted QP.

**Conversion Option 1:** On August 1, any remaining unused trawl-only sablefish QP in individual accounts will convert to unrestricted sablefish QP.

**Conversion Option 2:** On September 1, any remaining unused trawl-only sablefish QP in individual accounts will convert to unrestricted sablefish QP.

**Conversion Option 3:** Any trawl only QP left at the end of the year will be converted to unrestricted QP (either before post season trading or when issued as carryover, to be determined).

**Option for an Opt-out Provision.** The Council may decide to include this opt-out provision for QS accounts with northern sablefish QS.

1. At the time of implementation, a one-time opt-out option will be provided for qualified trawl permit owners that have a history of using their permit to land sablefish with fixed gear in the trawl IFQ fishery (gear switch). Qualifying permit owners that opt-out must designate the QS account to which the opt-out status will apply.

---

<sup>1</sup> As part of implementation, PacFIN species codes might be used to track this distinction. For example, “TWSF” could be used for trawl-only sablefish and the current species code (“SABL”) for unrestricted sablefish.

<sup>2</sup> These proportions will be set in the fishery management plan in order to provide more assurance of their stability over the long-term.

2. All QP (including AMP QP) deposited to a QS account that is opted out will be unrestricted with respect to gear.<sup>3</sup>
3. Opt-out status will expire when the QS Account<sup>4</sup> expires<sup>5</sup> or when a new owner is added to the underlying ownership of the account<sup>6</sup>. Therefore, over time, the opt-out status for all QS accounts will expire and all QS accounts will receive gear-specific QP in the standard proportions of QP specified in the first paragraph of this alternative.
4. Any future trawl permit owners or new QS account owners will not have the opportunity to opt-out and all new QS accounts will receive gear-specific QP in the standard proportions of QP specified in the first section of this alternative.
5. To qualify its owner for an opt-out choice, a trawl permit must have had:
  - Opt-out Qualification Suboption A:** between January 1, 2011 and December 31, 2018, one fixed gear sablefish landing.
  - Opt-out Qualification Suboption B:**<sup>7</sup> between January 1, 2011 and September 15, 2017, a minimum of 10,000 lbs of fixed gear sablefish landings.
  - Opt-out Qualification Suboption C:**<sup>7</sup> between January 1, 2014 and December 31, 2018, a minimum of 10,000 lbs of fixed gear sablefish landings.
  - Opt-out Qualification Suboption D:** between January 1, 2011 and September 15, 2017 or between January 1, 2014 and December 31, 2018, a minimum of 30,000 lbs of fixed gear sablefish landings.

## **Gear-Switching Endorsement Alternative (Action Alternative 2)**

**Overview.** In the area north of 36° N. lat., a vessel's gear-switching activity will be restricted based on limits applied to its trawl limited entry permit and the size of the limit will depend on whether or not the permit has a gear-switching endorsement. The amount of sablefish gear

---

<sup>3</sup> If a QS account opts out, they would also be able to acquire additional QS and receive all of their QP as unrestricted (up to the 3 percent own/control limit).

<sup>4</sup> In this document the term QS Account is used synonymously with QS Permit.

<sup>5</sup> In this alternative, expiration of a QS account refers to the process by which an account is not renewed for a following year, either by choice of the QS account owner or if the account loses eligibility for renewal. A QS account may lose its eligibility for renewal due to a change in the name of the owning company or its structure without a change in the underlying ownership. For example, if an individual decided to form an LLC, the QS Account might not be renewed and instead a new QS account created for the following year.

<sup>6</sup> The rule causing expiration of a privilege with the addition of a new owner to the permit ownership interest, but not subtraction of an owner, would be similar to that which applies to expiration of the owner-on-board exemption for the fixed gear permit system. The intent is to allow, for example, a partner to leave the ownership or die without depriving the remaining owners of the privilege provided. Addition of a new owner would be volitional on the part of the existing owners and could be used to effectively circumvent the intent of expiration-on-transfer provisions. Therefore, it is only addition of a new owner that would be considered the equivalent of a transfer that terminates the privilege.

<sup>7</sup> Opt-out qualification Suboptions B and C might be combined at the time of Council preliminary and/or final action.

switching allowed will be larger for gear-switching endorsed permits than for non-endorsed trawl permits. Gear-switching endorsements will be attached to permits that have a history of gear switching that meet minimum qualification criteria. The endorsement might or might not expire when the permit to which it is attached is transferred. If endorsements expire with permit transfer, the higher gear-switching limits would eventually phase out and all vessels would be restricted to the lower level gear-switching limit provided for permits without gear-switching endorsements.

### Full Description

**Gear-Switching Endorsement and Qualification.** Gear-switching endorsements will be attached to trawl limited entry permits and will not be severable from the permit. The gear-switching endorsement on a permit (or the absence of such an endorsement) will determine the northern sablefish gear-switching limit associated with the permit.

To qualify for a gear-switching endorsement, between January 1, 2011 and September 15, 2017 (the control date) the limited entry trawl permit must have landed northern sablefish IFQ with fixed gear totaling at least:

**Endorsement Qualification Option 1:** 10,000 lbs per year in at least 3 years Recent Participation Sub-Option: and participated in at least one year from 2016 through 2018.

**Endorsement Qualification Option 2:** 30,000 lbs per year in at least 3 years Recent Participation Suboption: And participated in at least one year from 2016 through 2018.

**Endorsement Qualification Option 3:** 30,000 lbs per year in at least 3 years and participated in at least one year from 2016 through 2018; or caught 90,000 lbs of northern sablefish cumulatively across three years from 2014 to 2018, with at least one gear-switched landing in each of the three years.

### Sablefish Gear-Switching Limits.

**Trawl permits with gear-switching endorsements.** The annual sablefish north gear-switching limit for a gear-switching endorsed permits is:

**Endorsement Limit Option 1:** for each qualifying permit, the average percentage of the sablefish north trawl allocation caught with fixed gear for years fished between 2011 and the control date.

**Endorsement Limit Option 2:** the standard northern sablefish vessel QP limit (the current limit is 4.5 percent<sup>8</sup> but this could change in the future).

---

<sup>8</sup> Using the 2020 trawl allocation (2,637 mt), 4.5 percent is equivalent to 261,600 pounds.

**Trawl permits without gear-switching endorsement.** The annual sablefish north gear-switching allowance for a trawl permit not endorsed for gear switching is 0.5 percent<sup>9</sup> of the sablefish north trawl allocation.

**Gear-Switching Limits and Permit Transfers.** For both gear-switching endorsed and non-endorsed permits, the gear-switching limits are associated with the permit. If a permit is transferred midyear, fish caught prior to the transfer still count against the permit's limit for the year.

**Sequential Permit Registration.**<sup>10</sup> A vessel gear switching under non-gear-switch endorsed permits (non-endorsed permit) may not exceed the 0.5 percent gear-switching limit by sequentially registering different non-endorsed permits during the same year. A vessel gear switching under a gear-switching endorsed permit may not increase its gear-switching limit beyond that allowed under the endorsed permit by sequentially registering a non-endorsed permit during the same year. FOR FURTHER DELIBERATION: Should a vessel be able to expand its gear-switching opportunity by sequentially fishing under multiple gear-switching endorsed permits?

**Combination of Trawl Permits.** Current management measures allow vessels to combine two permits to create a single permit with a larger vessel length endorsement. If trawl permits are combined and if there is a gear-switching endorsement on either permit, the permit resulting from the combination will have a gear-switching endorsement. If both of the combined permits have a gear-switching endorsement, then the larger of the two limits will be included on the resulting permit.

#### **Gear-Switching Limit Overages.**

When a vessel reaches the gear-switching limit (as determined by the permit registered to the vessel), it may retain and sell any sablefish caught in excess of the limit but may not deploy non-trawl gear on any trawl IFQ sector trips taken during the remainder of the year. The gear-switching limits are specified as limits on the maximum amount of sablefish QP that can be used to cover fish caught under the IFQ Program with non-trawl gear.<sup>11</sup> All gear-switching overages must be covered by QP.<sup>12</sup> Any QP a vessel uses for gear switching in excess of its gear-switching

---

<sup>9</sup> Using the 2020 trawl allocation (2,637 mt), 0.5 percent is equivalent to 29,100 pounds.

<sup>10</sup> Permit Stacking and Joint Registration: As under status quo, this alternative does not allow trawl permit stacking (the registration of more than one trawl permit with a vessel at the same time). Similarly, as with status quo, joint registration of trawl and fixed gear permits continues to be permissible.

<sup>11</sup> Sablefish gear-switching limits are evaluated after applying credits for discard survival. Therefore, they are actually limits on total QP used (sablefish discard mortality and landings) rather than of catch.

<sup>12</sup> A vessel that reaches the sablefish gear-switching limit would not be able to gear switch on



limit will reduce the following year gear-switching limit for its permit by the amount of the excess QP used. This applies to the permit being used by the vessel at the time of the overage.

Suboption: Any QP a vessel uses for gear switching in excess of its gear-switching limit will not reduce the following year gear-switching limit (i.e. eliminate the last two sentences of the above paragraph).

**Other Species Gear-Switching Limit.** For all trawl permitted vessels, there will not be any gear-switching limits for other IFQ species.

**Annual Vessel QP Limit.** Regardless of these gear-switching limits, trawl permitted vessels are not allowed to catch amounts in excess of the northern sablefish vessel QP limit (taking into account both the vessel's trawl and non-trawl QP landings).

#### **Endorsement Expiration.**

**Expiration Option 1:** Gear-switching endorsements will expire<sup>13</sup> when the permit is transferred to a different owner or a new owner is added to the existing permit ownership<sup>6, 14</sup> (ownership-based phase-down of gear switching).<sup>15</sup>

**Expiration Option 2:** Gear-switching endorsements do not expire when the permit is transferred.

#### **Active Trawler Alternative (Action Alternative 3)**

**Overview.** To be eligible for gear switching in a particular year, a vessel would be required to have a certain level of trawl landings earlier in that year or the previous year. Exemptions to this requirement would be provided for vessels that have some minimum amount of gear-switching history. These exemptions would be attached to the limited entry permit, not separable from the permit, and expire over time with changes in permit ownership. The level of gear switching allowed by those with exemptions would be tied to the amount of QS owned by the vessel owner but would not be less than some base amount, likely 0.6 percent. Provisions are included for

---

subsequent trips even if it was targeting non-sablefish species and the chance of sablefish bycatch is extremely low. It would be able to continue to fish with trawl gear and retain sablefish caught, up to the annual vessel limit.

<sup>13</sup> Expire means the endorsement will be removed from the permit.

<sup>14</sup> A change in the name or organizational structure (e.g. from partnership to LLC) of the permit will not be considered a change in ownership for the purposes of these provision unless the change also involves the addition of a new entity or individual to the underlying permit ownership.

<sup>15</sup> For purpose of this provision, a change in ownership will be considered to occur when a new entity is added to the permit ownership but not when an entity leaves the permit ownership, e.g. partners may leave but new partners may not be added (using rules similar to those which apply to expiration of the owner-on-board exemption for the fixed gear permit system).

adjustments to the level of gear switching allowed for active trawlers and exempt vessels, in order to keep the fleet within a particular cap (“back-stop”).

### **Full Description**

**Active-Trawler Designation.** A vessel must have a current year “active-trawler” designation to use fixed gear to land northern sablefish (unless it has an exemption).

**Active Trawler Gear-Switching Limit.** Each active-trawler vessel will be limited to catching<sup>16</sup> 1.0 percent<sup>17</sup> of the northern sablefish allocation with fixed gear.

**Active Trawler Qualification.** A vessel is designated as an “active trawler” if in the current or prior year it uses trawl gear to make at least six IFQ landings that each meet at least one of the following two criteria (based on area of catch):

- a. in the area north of 40° 10’ N. lat, 18,000 pounds of any IFQ species
- b. in the area between 36° N. lat. and 40° 10’ N. lat., 9,000 lbs of any IFQ species

**Exempted Permits.** Vessels may qualify for an exemption to the “active trawler” requirement. The exempted vessel status will be assigned to a trawl permit designated by the vessel owner at time of implementation.

**Exemption Qualification.** To qualify a permit for an exemption, a vessel must have used fixed gear in the trawl catch share program to land a minimum of:

**Exempted Vessel Qualification Option 1:** 30,000 lbs of northern sablefish trawl lbs per year in at least three years between January 1, 2011 and September 15, 2017.

**Exempted Vessel Qualification Option 2:** 30,000 lbs of northern sablefish trawl lbs per year in at least three years between January 1, 2011 and September 15, 2017 or 90,000 lbs cumulatively across three years from 2014 to 2018, with at least one gear-switched landing in each of the three years.

---

<sup>16</sup> Sablefish gear-switching limits are evaluated after applying credits for discard survival. Therefore, they are actually limits on total QP used (sablefish discard mortality and landings) rather than of catch.

<sup>17</sup> Using the 2020 trawl allocation (2,637 mt), 1.0 percent is equivalent to 58,100 pounds.

**Exempted Permit Gear-Switching Limit.** Vessels with exempted permits will be allowed to use fixed gear to catch<sup>16</sup> the greater of

0.6 percent<sup>18, 19</sup> of the northern sablefish allocation OR  
an amount proportional to the percent of northern sablefish QS in a QS account<sup>20</sup> for which there is a 50 percent common ownership between the vessel and the QS account.<sup>21</sup>

In order to qualify for the larger limit, the ownership that meets the common ownership<sup>22</sup> requirement must have owned the northern sablefish QS as of continuously since the control date and must have owned the vessel as of and continuously since the control date, with the following exception. Further, after the program is implemented, divestment of sablefish QS will reduce the amount allowed for the larger limit.

**QS Account Expiration Exception.** If before or after program implementation a QS account<sup>4</sup> expires<sup>5</sup> and the common ownership that meets the 50 percent requirement acquires another QS account, transfers the sablefish QS to the new account, and maintains ownership in the vessel, then the common ownership linkage between the new QS account and the previous vessel will qualify the vessel for the larger limit (provided the exempted permit continues to be registered to the vessel).

**Vessel Replacement Exception.** If after implementation, the common ownership that meets the 50 percent requirement acquires another vessel, divests itself of the previous vessel, and maintains ownership in the QS Account, then the common ownership linkage between the new QS Account and the previous vessel will qualify the new vessel for the larger limit (provided the exempted permit continues to be registered to the vessel).

---

<sup>18</sup> Using the 2020 trawl allocation (2,637 mt), 0.6 percent is equivalent to 34,900 pounds.

<sup>19</sup> This amount may be reduced prior to final adoption of the alternative, as necessary to ensure that exempted vessels would not be expected to exceed the 10 percent backstop percentage described below.

<sup>20</sup> The amount would be the northern sablefish QS in the account plus a percentage to adjust for the 10 percent of QS allocated for AMP. To derive that amount, multiply the QS amount by  $(1 + 0.1/0.9)$  and the trawl allocation.

<sup>21</sup> A vessel owner will be considered to own a QS account if there is 50 percent or more common ownership between the vessel and the QS account.

<sup>22</sup> The phrase “common ownership” is used here to refer to the common owners between a QS account and a vessel. Through any ownership changes, at least 50 percent common ownership between the two must be maintained in order to qualify for the higher level gear-switching limit.

**Gear-Switching Limits for Transferred Permits.** For exempted permits, the gear-switching limits are associated with the permit. If a permit is transferred midyear to a new vessel, fish caught prior to the transfer still count against the permit's limit for the year.

**Gear-Switching Limits and Sequential Permit Registration.** A vessel gear-switching under an exempted permit may not exceed the exempted permit's gear-switching limit by sequentially registering different exempted permits during the same year. A vessel's current permit determines the vessel's limit. If a vessel registers to a new permit during the year, its total annual gear switching is limited by the amount allowed under the new permit. It may only engage in additional gear switching if the gear-switching limit for the new permit<sup>23</sup> is more than the amount of gear switching in which the vessel has already engaged earlier in the year.<sup>24</sup>

**Gear-Switching Limits for Active Trawlers with Exempted Permits.** If a vessel is both an active trawler and has an exempted permit, the higher of the gear-switching limits associated with the status/permit will apply for that vessel.

**Exemption Expiration.** Exemptions will expire<sup>25</sup> upon transfer of the limited entry permit to a new owner...<sup>14,15</sup>

**Exemption Expiration Suboption:** ... or 12 years after any fishing under the regulations start, whichever comes earlier.

### **Gear-Switching Limit Overages.**

When a vessel reaches the gear-switching limit (as determined by the permit registered to the vessel), it may retain and sell any sablefish caught in excess of the limit but may not deploy non-trawl gear on any trawl IFQ sector trips taken during the remainder of the year. The gear-switching limits are specified as limits on the maximum amount of sablefish QP that can be used to cover fish caught under the

---

<sup>23</sup> After subtracting any gear switching previously carried out by other vessels on that permit.

<sup>24</sup> If a vessel starts the year fishing under a permit with a 0.6 percent limit but transfers to a different exempted permit with a 0.6 percent limit, its total gear-switching limit for the year is still 0.6 percent and any gear switching conducted prior to the transfer counts against the limit for the vessel under its new permit. If a vessel starts the year fishing under a permit with a 0.6 percent limit but transfers to a new exempted permit with a higher limit, its total gear-switching limit for the year is that associated with the higher limit and any gear switching the vessel conducted prior to the transfer counts against the higher limit of the current permit. If a vessel starts the year fishing under a permit with a limit higher than 0.6 percent limit and transfers to a permit with a lower limit it may not conduct additional gear switching unless it has not yet reached the 0.6 percent limit.

<sup>25</sup> Expire means the exemption will be removed from the permit.

IFQ Program with non-trawl gear.<sup>26</sup> All gear-switching overages must be covered by QP.<sup>27</sup> Any QP a vessel uses for gear switching in excess of its gear-switching limit will reduce, by the amount of the excess QP used, the following year gear-switching limit for the vessel (if it is gear switching as an active trawler) or for its permit (if it is fishing under an exempted permit). The latter applies to the permit being used by the vessel at the time of the overage.

Suboption: Any QP a vessel uses for gear switching in excess of its gear-switching limit will not reduce the following year gear-switching limit (i.e. eliminate the last two sentences of the above paragraph)

**Other Species Gear-Switching Limit.** For all trawl permitted vessels there will not be any gear-switching limits for other IFQ species. Sablefish caught on gear-switching trips by vessels without either active trawler status or an exempted permit must be discarded.

**Back Stop Percentages.** Set back-stop percentages of the active trawler group and exempt group to 10 percent and 10 percent, respectively, of northern sablefish trawl allocation. Vessel gear-switching limits for active trawlers would be adjusted from year-to-year to keep the active trawler group below the 10 percent back stop amount. Prior to final adoption, the 0.6 percent limit for vessels with exemptions may be reduced if it appears necessary to ensure that exempted vessels do not take more than 10 percent of the northern sablefish with fixed gear.

---

<sup>26</sup> Sablefish gear-switching limits are evaluated after applying credits for discard survival. Therefore, they are actually limits on total QP used (sablefish discard mortality and landings) rather than of catch.

<sup>27</sup> A vessel that reaches the sablefish gear-switching limit would not be able to gear switch on subsequent trips even if it was targeting non-sablefish species and the chance of sablefish bycatch is extremely low. It would be able to continue to fish with trawl gear and retain sablefish caught, up to the annual vessel limit.

## Appendix B – Rationale for Design of the Action Alternatives

The rationale provided in this appendix applies to the design of the action alternatives (why the alternatives are constructed the way they are) and is not intended to provide a rationale for selecting one action alternative over another or over no action.

B.1	Rationale for Design of the Alternatives .....	B-1
B.1.1	Overview: General Rationale and Design .....	B-1
B.1.2	Rationale for Action Alternative 1 (Gear-Specific QP) .....	B-3
B.1.3	Rationale for Action Alternative 2 (Gear-Switching Endorsement) .....	B-7
B.1.4	Rationale for Action Alternative 3 (Active Trawlers).....	B-11
B.2	Options Considered but Rejected.....	B-17
B.2.1	Alternative 1 Options Considered but Rejected .....	B-17
B.2.2	Alternative 2 Options Considered but Rejected .....	B-18
B.2.3	Alternative 3 Options Considered but Rejected .....	B-20

### B.1 Rationale for Design of the Alternatives

#### ***B.1.1 Overview: General Rationale and Design***

The current shoreside trawl catch share (or individual fishing quota [IFQ]) program is a type of limited access privilege program (LAPP). In general, LAPPs are a form of output control (in this case individual quota), which increases fishermen flexibility by reducing restrictions on how the fish is caught (such as the time of harvest or gear used) and replacing those restrictions by limits on output—the amounts that individual entities may catch. When quota issued under a LAPP is tradeable (as with the trawl catch share program), it further reduces restrictions on fishing operations by allowing each operation to scale its activity to a size that is optimal within the context of its overall strategy. Output controls are generally viewed as providing more flexibility and a greater opportunity to increase efficiency as compared to input controls (such as limits on the number of participating vessels, fishing days, or gears). In designing the catch share program, reducing restrictions on how fish are caught was subject to constraints intended to address other conservation and socio-economic objectives (e.g. quota share [QS] control limits and annual vessel quota pounds [QP] limits). One of the input controls that remains for the trawl catch share program is the limited entry trawl permit required for a vessel to participate in the program. This input control helps achieve other objectives, including: limiting expansion of trawl targeting on groundfish species not covered by IFQ, identification of participants for enforcement and monitoring purposes, and preservation of the traditional trawl fleet by limiting the dispersion of quota across fleets using other gears, benefiting processors, markets, and communities reliant on trawl vessels.

The action alternatives would modify the IFQ program by imposing restrictions on vessels' ability to use gears other than trawl (gear switch) to catch northern sablefish using trawl quota. Gear switching requires acquisition of a trawl permit and vessel capable of effectively handling fixed gear, along with an investment in fixed gear and the knowledge needed to use the gear. In designing these alternatives, consideration was given to both recognizing the investment and dependence of fixed gear participants as well as trawl gear participants. Additional considerations include taking into account the dependence of communities, processors, and fish markets on these groups.

Alternative 1 would achieve a limitation on gear switching by issuing some portion of the annually issued QP as trawl only (an output control) and the remainder as unrestricted with respect to gear usage. By restricting gear switching for a portion of the quota, Alternative 1 would decrease the flexibility allowed under the current program (reducing the achievement of the Amendment 20 net economic benefit goal and flexibility objective) with the intent of better achieving other management objectives (increasing achievement of Amendment 20 full utilization goal).<sup>1</sup> At the same time, because the restriction would be associated with transferable quota, there would still be some opportunity for an operation to acquire unrestricted quota and scale its gear-switching activity to a size that is optimal within the context of its overall strategy. Depending on options the Council selects under this alternative, gear restrictions might be lifted in the latter part of the year or an option might be provided such that some QS accounts could opt-out and all QP issued to them would be unrestricted. The opportunity to opt-out would be provided to limited entry permit owners with some history of gear switching (providing those entities with some grandfather status). QS account opt-out status would expire over time.

Alternatives 2 and 3 would restrict gear switching by a combination of gear-switching limits (annual limits on the total amount of QP that a vessel or related permit could catch with gears other than trawl, an output control) and a limit on the number of vessels or permits able to have higher gear-switching limits (an input control). Under Alternative 2, all vessels would be restricted to a gear-switching limit (an output control) but those vessels associated with a gear-switching endorsed permit (an input control) would have a higher gear-switching limit than those without endorsements. Gear-switching endorsements would provide grandfather considerations in recognition of a permit's past gear-switching activity. The higher limits would be based either on an average of the permit's past gear-switching activity or be set equivalent to the northern sablefish annual vessel QP limit, currently 4.5 percent.<sup>2</sup> Depending on the options the Council selects, the gear-switching endorsements might expire with permit ownership changes, in which case the higher gear-switching limits would phase out over time. Under Alternative 3, there would be a prohibition on gear switching except for active trawlers<sup>3</sup> (input control) and vessels grandfathered

---

<sup>1</sup> The balance of outcomes with respect to the concerns of other program objectives (impacts on fishing communities, employment throughout the production chain, and quality product for the consumers) will be impacted in different directions by these alternatives and the net effect will be described in the analysis.

<sup>2</sup> Using the 2020 trawl allocation (2,637 mt), 4.5 percent is equivalent to 261,600 pounds.

<sup>3</sup> A vessel's active trawler status would be evaluated on an ongoing basis.

in with an active trawler exemption granted based on a history of gear-switching history (the exemption would go on a vessel's limited entry permit, an input control). Active trawlers would still be limited in the amount of gear switching they could do (one percent of the trawl allocation) as would vessels with an exemption (0.6 percent<sup>4</sup> or an amount related to the northern sablefish QS owned by the vessel owner)—both output controls. The exemptions would expire over time with permit ownership changes or, under a suboption, after no more than 12 years.

Because the gear-switching limits under Alternatives 2 and 3 would not be divisible or stackable,<sup>5</sup> vessels would have less flexibility to scale the size of their gear-switching operations than under Alternative 1. At the same time, certain options under Alternatives 2 and 3 may have an advantage in that they provide standardized vessel or permit restrictions<sup>6</sup> that would be simpler to administer than the gear specific QP of Alternative 1. Some general concerns that have been voiced about providing a special endorsement or exemption for some vessels (Alternatives 2 and 3) include: creating a new permit “class” (i.e., a special permit that would have a higher value), the challenges of selecting a gear-switching limit for endorsed and unendorsed permits, potentially reducing or otherwise limiting the value of the IFQ fishery as a whole because of the lower degree of flexibility relative to Alternative 1, and the potential for differential impacts on communities. These effects would depend on the alternatives and option selected and will be evaluated along with other effects in an assessment of the alternatives.

The alternatives are fully described in Appendix A. In the following sections, the rationale for their design and options considered but rejected are discussed.

### ***B.1.2 Rationale for Action Alternative 1 (Gear-Specific QP)***

This alternative is intended to address the purpose and need by limiting the amount of northern sablefish QP eligible for use by gear-switching vessels. It is an output control and does not create an additional cap on gear switching for any particular fishing operation. Each year, through QP allocated to their QS accounts or inseason QP acquisition, any trawl permitted vessel would be able acquire and fish gear-switching eligible sablefish north QP (up to the annual vessel QP limit for northern sablefish that applies to all vessels). However, gear-switching vessels would be limited by the overall supply of unrestricted QP available. Trawlers would continue to be able to use any northern sablefish QP (trawl-only and unrestricted QP). The gear specific QP designations may reduce gear-switching vessel competition with trawlers in the QP market, since gear-switching vessels would not be able to use trawl-only QP. Alternative 1 varies from the other two alternatives in that it adds only an output control and not more input controls.

---

<sup>4</sup> Using the 2020 trawl allocation (2,637 mt), 0.6 percent is equivalent to 34,900 pounds.

<sup>5</sup> A vessel could not access multiple gear-switching limits by registering two trawl permits at the same time.

<sup>6</sup> Under Alternative 2, one of the options would have a common limit for all permits while another would not. Under Alternative 3, initially certain vessels might have vessel specific limits though these would be expected to phase out over time.



The percentages that are issued as trawl-only and unrestricted northern sablefish QP would be fixed in the FMP as an amendment. The barrier to changing a policy instituted in the FMP is viewed as greater than a policy implemented only in regulation. Therefore, putting the percentage in the FMP could provide more certainty for participants planning future investments.

If there is no opt-out provision for permits with a gear-switching history, then 30 percent of the QP would be designated as unrestricted and available for any gear, including fixed gear, and the remainder would be trawl-only QP. Gear-switching operations without QS accounts would continue to rely on inseason acquisition of QP from others but since the total amount of QP usable for gear switching would be less than under no action, they might need to arrange for a greater number of QP trades to meet their needs. Gear-switching operations with QS accounts might receive an annual QP allocation that meets their need, but those for which a 30 percent unrestricted QP allocation would not be sufficient would also have to arrange to acquire unrestricted QP from others.

With an opt-out provision (allowing qualified permits to designate a QS account to which all northern sablefish QP would be issued as unrestricted), a portion of the QP needs for a number of current participants with gear-switching history (and related investments) would likely be met through their opt-out QS accounts. If the QS amounts in those accounts were not sufficient to meet all their needs, there would be two routes for those entities to increase their access to unrestricted QP. First, they could acquire additional northern sablefish QS for the opt-out accounts. The QP issued for that additional QS would also be unrestricted. Second, they could acquire annually unrestricted QP from other accounts.

If an opt-out provision is included, the Council has two options to consider with respect to the amount of QP that would be issued as unrestricted to non-opt-out QS accounts (Gear Specific QP Option 1 would issue 10 percent unrestricted QP and Option 2 would issue 30 percent unrestricted QP). If an objective is to accommodate current gear-switching levels (about 34 percent of the allocation from 2016-2018) and most of that can be accommodated by the opt-out accounts, then the amount of additional QP needed might be relatively small and met through a lower annual allocation of unrestricted QP (Gear Specific QP Option 1).<sup>7</sup> Additionally, the adequacy of the amount of unrestricted QP that would be provided under the options depends on the amount of unrestricted QP the Council wants to have available for trawlers that decide to gear switch in the future or for new entrants acquiring trawl permits for the purpose of gear switching. Other considerations for deciding between the Gear Specific QP options include (but are not limited to) effects on the number of transactions a gear-switching entity would need to arrange to acquire QP (a smaller percentage for each account may require more transactions) and the effect of trawler willingness to part with unrestricted QP on the total available for gear switching. If an accommodation of historic gear-switching levels is desired and expected to be met through gear-switcher acquisition of annually issued QP (rather than gear switchers' own opt-out QS accounts),

---

<sup>7</sup> Even though current gear switchers may not own enough QS to accommodate their needs, the alternative allows opt-out QS account owners to acquire additional QS for which the QP issued would be unrestricted (by virtue of being in an opt-out account).

or if the Council wants to provide more opportunity for trawlers and/or future gear-switching entrants, that might favor a higher annual allocation of unrestricted QP (Gear Specific QP Option 2).

The choice of a Gear Specific QP Option and inclusion of an opt-out might also be influenced by whether or not the Council includes the option for a midyear conversion date, at which time all unused trawl-only QP would be converted to unrestricted QP, and the date on which that conversion occurs (Conversion Option 1, August 1; or Conversion Option 2, September 1). These dates are approximately those at which there is an increase in the fleet's pace of gear switching. For those QS owners that kept or acquired sablefish QS specifically for use in gear switching, even if there is not an opt-out provision or they are not eligible for it, a midyear trawl-only conversion option preserves their ability to use all their QP for gear switching (albeit later in the year for some QP). For trawlers which hold their sablefish QP until later in the year, either for a target fishery or in case they need it to cover unexpectedly high levels of sablefish bycatch (e.g. in the whiting fishery), a mid-year conversion date preserves their opportunity to sell unneeded QP to gear-switching vessels for use between the conversion date and the end of the fishing year. Inclusion of a conversion date might affect the seasonality of fishing and QP markets (with some fishing activity and trades delayed until after the conversion date). If there is a conversion of trawl-only to unrestricted QP at a particular point during the year, after that date, all QP would be unrestricted and could be used to cover gear-switched catch, including catch on which a deficit was incurred before the conversion date. Thus, the amount of gear switching possible prior to the conversion date could be greater than the amount of QP issued as unrestricted and the decision on the amount issued should take this into account.

If a mid-year conversion date is not included, there is also a related option for converting QP to unrestricted after the end of the year (either during post-season trading or when the QP is issued as carryover,<sup>8</sup> Conversion Option 3). A post season conversion of trawl-only QP to unrestricted QP would reduce the consequences of a gear-switching overage and thereby potentially encouraging more gear switching than might occur without such a conversion. First, it would increase the likelihood that unrestricted QP are available to cover gear-switching overages. Second, it would ensure that the intended amount of unrestricted QP are available in the following year (rather than having to use following year unrestricted QP to cover previous year gear-switching overages).

The inclusion of a midyear conversion date and the date selected (along with the Gear Specific QP Option selected) interacts with the relative utility of the opt-out provision. On the one hand, if a conversion date is included, then a large amount of unrestricted QP would be available later in the year and so there might be less need for an opt-out provision to preserve total annual gear-switching opportunity and recovery of investments for those that have a history of gear switching. On the other hand, if the Council includes the opt-out option, thereby preserving much of the year-

---

<sup>8</sup> Over the near-term, since sablefish ACLs will be set at the ABC level, there would be no formal carryover of surplus trawl QP; however, there would still be opportunity for post-season trading to cover previous year's QP deficits.

round opportunity of many of those<sup>9</sup> that acquired QS to use it for gear switching, then the inclusion of a conversion date would have less importance for historic gear switchers. At the same time, Council inclusion of an opt-out option would create a separate class of QS accounts (i.e., those that opted-out would receive 100 percent of their sablefish QP as unrestricted), which raises a different equity consideration.

While the opt-out option would likely reduce the initial degree of restriction on gear-switching activity under this alternative, as opt-out QS accounts expire, the trawl-only QP provisions would become more fully effective, since new QS account owners would not be provided with an opt-out opportunity. Additionally, since QS accounts can continue indefinitely (so long as the name listed on the account does not change), the alternative specifies that opt-out status would also expire when a new owner is added to the underlying ownership of the account even if the account does not expire, further ensuring the eventual phase-out of the opt-out accounts.

Qualification for opt-out status would be based on permit history. The use of permit history to qualify for the opt-out provision is a means of accommodating current participation by providing the opt-out option to the current owner of the permit. The use of permit history rather than vessel history or QS account history is discussed further in Section B.2.1. The qualification options include a time period during which gear switching must have occurred and a level of gear switching required. All of the opt-out qualification suboptions would allow a permit to meet the criteria through activity in a single year. Opt-out Qualification Suboptions A and D provide an opportunity for an individual to qualify based on landings in any year from 2011 through 2018, or, for Suboption D, through the accumulation of landings across a subset of those years. The earlier date (2011) is inclusive of all activity since the start of the IFQ program, providing the maximum consideration of historic gear-switching participation and practices. It also accommodates those that demonstrated an interest in gear switching by testing the technique early in the IFQ program and, while they may not have continued at that time, made plans in anticipation of the opportunity to do so in the future. The inclusion of landings through 2018 (which includes time after the September 15, 2017 control date) accommodates more recent entrants and participants during a time in which the number of gear-switching participants appears to have stabilized. Qualification Suboption A requires some investment specific to gear switching as demonstrated by a history that includes single landing. Qualification Suboption D requires demonstration of investment and dependence through a substantially higher amount of landing history: 30,000 pounds. Qualification Suboption D provides an option for individuals to qualify over an early almost seven-year time period (2011 through September 15, 2017), or a more recent five-year time period (2014 through 2018). For either time period, the same amount of landings would be required; therefore, a more recent entrant, potentially relying on post-control date participation, would be required to have a higher average annual participation rate than someone qualifying based on the earlier period.

Relative to the other suboptions, Opt-out Qualification Suboptions B and C require an intermediate level of history (10,000 pounds) over different periods. In developing the qualification suboptions,

---

<sup>9</sup> Depending on whether these entities met the qualifying criteria for the opt-out option.

a range of qualifying levels was identified for exploration: 10,000 lbs, 20,000 lbs, and 30,000 lbs. The choice of these poundage levels was informed by an analysis conducted for Alternative 2 that showed that for qualification levels up to around 30,000 pounds any participant eliminated had relatively low landings, but that above that level the participants eliminated might have some fairly substantial participation (e.g. Table 28 of the [analysis provided for the October 2019 SaMTAAC meeting](#)). The 20,000 pound level was eliminated from this alternative since it is bracketed by the 10,000 and 30,000 pound levels that remain in the qualification suboptions. The qualification period for Suboption B starts with the inception of the program in 2011 and ends with the September 15, 2017 control date. When contrasted with the other sub-options, this provides an opportunity for the Council to assess the control date and consider the tradeoffs associated with restricting qualifications to activity before that date. The time period for Suboption C starts with 2014, the year in which it appears that initial experimentation with gear switching by many vessels was over and the number of gear-switching vessels began to stabilize. Thus, under Suboption C, permits that engaged in gear switching only in the early years of the program would not qualify. Suboption C then includes more recent years (post control date years) providing more emphasis on more recent entry and current participation.

If this alternative is implemented and a vessel making a trawl landing has both trawl-only and unrestricted sablefish QP in its account, the vessel would direct the buyer as to which type of QP the sablefish should be debited against. The QP tracking system would be set up to allow such specification and would provide the vessel with the most control over its use of QP. Another potential approach considered would be a default rule in which, for trawl gear landings, trawl-only QP would be used first then unrestricted QP. The default rule might simplify the system and be adequate in that no vessel would experience an additional constraint from getting rid of its most restricted QP first. Additionally, it might put less burden on the buyers to track different QP types for a single species.

### ***B.1.3 Rationale for Action Alternative 2 (Gear-Switching Endorsement)***

This alternative is intended to address the purpose and need by preserving some opportunity for those that have made an investment in gear switching to target northern sablefish (as reflected by historic participation), while limiting the degree to which other entities are allowed to engage in substantial new gear switching. The alternative includes both an input control (the endorsement that restricts the number of gear-switching vessels with large gear-switching limits) and an output control (permit limits that restrict the annual amount of gear-switching harvest each associated vessel is allowed). This contrasts with Alternative 1, which limits output by limiting the amount of quota available for gear switching—leaving open the specific vessels that may gear switch, the number of those vessels (within the restrictions of the limited entry program), and amount of gear switching in which they may individually engage (subject to annual vessel QP limits). Alternative 2 is similar to Alternative 3 in that both rely on both new output controls and new input controls, though in general, Alternative 2 would provide more (and perhaps a longer duration) opportunity to those who are grandfathered in based on previous gear-switching activity and less opportunity to trawlers that have not previously engaged in substantial gear switching (including future new entrants).

As discussed in more detail below in a section on options considered but rejected (Section B.2.1), qualification would be based on permit history (rather than vessel or QS account history). The qualification criteria for gear-switching endorsements and associated gear-switching limits would be set to allow fishermen that own permits that are substantially involved in gear switching to continue such activity with those permits while, at the same time, limiting the expansion of gear switching by those without such permits (striking a particular balance between opportunity provided for historic gear-switching participants and future gear switching by trawl vessels and the amount of overall gear switching allowed). For this alternative, the gear-switching endorsement qualifying criteria for Qualification Options 1 and 2 include two elements: a history of landings during the qualifying period that ends with the control date (2011 through September 15, 2017) and a suboption that would require at least one landing in a more recent period (2016 thru 2018), one indicator of more current involvement. As discussed for Alternative 1, starting the qualifying period in 2011 is maximally inclusive since this is the date on which the IFQ program started and includes those who may have done some early testing of gear switching with the intent of possibly returning to gear switching at a later time. The qualifying period element requires a minimum level of landings (an annual amount to be determined) in at least three years in order to demonstrate that the harvester's involvement was more than just a brief experiment, i.e. indicating a greater likelihood that the involvement in the fishery represents an investment in the fishery and potentially a dependence based on that investment. A recent participation suboption would take into account more recent participation by giving some credit for post-control date landings. At the same time, it also might provide an incentive for increased fishing in response to future announcements of control dates for other programs. The recent participation suboptions provide the Council an opportunity to consider these trade-offs and articulate a rationale for its final decision. Qualification Option 3 provides similar elements as Options 1 and 2 but would also allow a vessel with a least three years of gear-switched landings from 2014 through 2018 to qualify based on a cumulative amount rather than an annual amount (90,000 pounds across the three years but with some fishing in each of those years). This option would increase the opportunity for more recent entrants to qualify, largely with post control date landings. In the most extreme, a harvester could qualify for an endorsement with only one pre-control date landing (one landing in 2016, one 2017 landing after the September 15, 2017 control date, and landings in 2018 in amounts that bring the total landings amount to 90,000 pounds).

There are two options for annual gear-switching limits that would apply to vessels that have endorsed permits, one individualized based on the qualifying permit's average historic gear-switched landings and the other would be a permit limit equal to the annual northern sablefish vessel QP limit (currently 4.5 percent<sup>10</sup>). The former, in constraining participants to their average of active gear-switching years, may limit their future participation levels to something below what they would have exercised based on their historic harvests. It would also include some additional administrative burden as the catch history of each qualifier would have to be assessed and individualized limits tracked across time. The latter would not impose any new gear-switching constraints for a vessel using a permit with a gear-switching endorsement, except possibly in a situation in which a gear-switching vessel shared its trawl permit with another gear-switching

---

<sup>10</sup> Using the 2020 trawl allocation (2,637 mt), 4.5 percent is equivalent to 261,600 pounds.

vessel. Since the permit cap would prevent both vessels from gear switching the equivalent of a full annual vessel QP limit, that limit would have to be split between the vessels.

For gear-switching endorsed permits, the gear-switching limits are associated with the permit such that fishing done against the permit's limit continues to count against the permit even if it is transferred to another vessel. This provision ensures that a single permit will not be transferred among vessels to allow the harvest of multiple limits. For vessels with non-endorsed permits, the same rule applies (all catch taken with the permit during the year continues to count against the even if it is transferred to a different vessel mid-year). Similarly, vessels are not allowed to accumulate multiple non-endorsed limits through the sequential registering of non-endorsed permits. This prohibition is in line with the general rationale of limiting gear switching for those not grandfathered in with a permit endorsement. The question of whether or not to allow a single vessel to fish multiple endorsed permits through sequential registration is left for Council deliberation.

If trawl permits are combined (as is done in order to generate a permit with a larger size endorsement), if one of the permits has a gear-switching endorsement, the resulting permit will have a gear-switching endorsement. This maintains vessel size flexibility for the fleet without penalizing vessels with the loss of a gear-switching endorsement (as would be the case if both permits were required to have a gear-switching endorsement in order for the resulting combined permit to have the endorsement). If two permits are combined and both have a gear-switching endorsement, only the endorsement with the larger of the two limits would survive on the combined permit and the other would disappear. This approach is in line with a general intent to limit gear switching and is relevant only with respect to Endorsement Limit Option 1, which bases the limit on average gear switching by the permit. For Endorsement Limit Option 2, the gear-switching limit is the same as the northern sablefish annual vessel QP limit, so a larger vessel limit would not be possible unless the annual vessel QP limit is also changed or the permit's limit could be split between multiple vessels.

There would be a 0.5 percent gear-switching allowance for vessels without endorsements,<sup>11</sup> which would be intended to allow some economically viable low-level targeting of sablefish with non-trawl gear and/or cover bycatch taken while gear switching but targeting non-sablefish species. Analysis showed that a 0.5 percent limit would accommodate less than a third of the gear-switching activity for vessels that used both trawl and fixed gear in a year but would likely more than accommodate gear switching by vessels targeting non-sablefish species. Part of the balance in determining the allowance for non-endorsed permits is the countervailing objectives of allowing for gear switching for sablefish by vessels that use trawl gear, while limiting the total amount of sablefish taken by fixed gear vessels that gear switch with a trawl permit. After experience is gained with how many vessels will typically participate and their level of participation, the non-endorsed vessel limit could be increased or decreased to better achieve program objectives.

---

<sup>11</sup> Using the 2020 trawl allocation (2,637 mt), 0.5 percent is equivalent to 29,100 pounds.

Given that the aim of this alternative is to provide some accommodation for historic investment (recognized by the gear-switching endorsement and related gear-switching limit), the stacking of trawl permits (registering multiple trawl permits to a single vessel at the same time) will not be allowed, since this would provide an opening for the expansion of gear switching by those that have not demonstrated a qualifying history.

The degree to which vessels are able to take advantage of its gear-switching limits will depend on the degree to which a vessel is able to approach the limit without going over and incurring a violation (compliance flexibility). For example, for some sectors and species, the Council imposes cumulative trip limits that are landing limits. This provides vessels that accidentally catch more than the limit an opportunity to comply by discarding fish at-sea prior to landing. Under the catch share program, a vessel that exceeds an annual vessel QP limit can maintain compliance with the program by covering the overage with QP after the end of the fishing year. Enforcement penalties would be incurred only if the overage was more than 10 percent. These two approaches to applying vessel limits provide the flexibility needed for vessels to be able to take full advantage of the limits provided without risking a violation.

A gear-switching limit may have some flexibility because it is based on QP usage (rather than the amount of sablefish caught with nontrawl gear). While for most species, a vessel must cover all of its catch with QP, recently, provisions were implemented to provide vessels with survival credits for sablefish and lingcod discards. For vessels using fixed gear, 80 percent of their discarded sablefish catch is assumed to survive and vessels are not required to cover the surviving discards with QP. This discard credit would provide a vessel with a gear-switching limit overage the opportunity to come into compliance with the limit by discarding an amount equivalent to the overage plus 25 percent. For example, if a vessel found itself over its gear-switching limit by 100 pounds, by discarding 125 pounds it would bring itself in compliance with the gear-switching limit by reducing the amount of QP used for gear switching by 100 pounds ( $0.8 \times 125 = 100$ ). The overage provisions of the alternative augments this flexibility by allowing vessels to land and sell their catch in excess of the gear-switching limit without being in violation of the program. After the trip on which a vessel reaches its gear-switching limit, no further gear-switching trips would be allowed. Further, any gear-switching overage would be deducted from the gear switching associated with the permit in the following year, as a means of adhering more closely to the gear-switching limit. A suboption is provided which would not require that an overage be deducted from the permit's following year gear-switching limit. Over time, a carryover of gear-switching limit overages would provide closer adherence to the specified gear-switching limits and not have an implication for meeting conservation objectives but would add to the administrative burden of the program.

Once the gear-switching endorsements are issued, they may expire when the permit is transferred to a new owner (Expiration Option 1), or continue indefinitely (transferring with the permit to a new owner or vessel when the permit is transferred; Expiration Option 2). For purposes of Expiration Option 1, the transfer of a permit to a new owner would be considered to occur with any change to the ownership that involved the addition of a new individual or entity. Thus, for example, changes in the name of the business owning a permit or the departure or death of a business partner would not cause the gear-switching endorsement to expire but the addition of a new person as part owner of an LLC would cause the endorsement to expire even if the name of

the LLC did not change. Structuring the provision in this fashion is intended to prevent circumvention of the expiration provision by incremental addition and subtraction of partners, while not creating a situation where a partner in an organization would be given additional leverage by threatening to cause the gear-switching endorsement to expire by leaving.

Expiration Option 1 would provide a phase-down of the amount of gear switching allowed under the program as gear-switching endorsements expire. However, it would also impact gear-switching endorsed entities when they seek to leave the fishery in that it would reduce the value of gear-switching specific assets. For example, since the gear-switching endorsement could not transfer with the permit, the permit's resale value would be comparable to non-endorsed trawl permits. While the gear-switching endorsement would expire on transfer, the gear-switching vessel and gear would still have value in the limited entry fixed gear or other fisheries. In contrast, Expiration Option 2 would enhance the value of the permit in that there would be a limited number of permits with gear-switching endorsements—allowing the permit to be sold with the endorsements and other assets upon exit from the fishery. Expiration Option 2 could essentially leave qualified historic participants entirely whole with respect to their investments in gear switching (in particular when combined with the endorsement limit option that provides a permit the ability to gear switch an entire vessel limit). This would also benefit those relying on gear-switching operations, such as northern sablefish QS owners that rely on selling QP to gear switchers. However, Expiration Option 2 would not provide for a phase-down of the amount of gear switching allowed.

#### ***B.1.4 Rationale for Action Alternative 3 (Active Trawlers)***

Compared to Alternative 2, this alternative is intended to address the purpose and need by providing a more limited gear-switching opportunity for those that have made an investment in gear switching to target northern sablefish (as reflected by historic participation) but allowing greater gear-switching opportunity for vessels that actively use trawl gear. Thus, as compared to Alternative 2, for vessels using trawl gear it preserves more of the sablefish north gear-switching opportunity that was included as part of the catch share program while diminishing the opportunity that was created for fixed gear vessels acquiring trawl permits. Like Alternative 2, it includes both input and output controls. While the output control is the same (annual limits on QPs that can be gear switched), Alternative 3 has two input controls (an active trawler requirement and an exemption from that requirement) rather than the one input control provided in Alternative 2 (the gear-switching endorsement). Alternative 3 is therefore similar to Alternative 2 in its use of input controls, in contrast with Alternative 1 (the gear-specific QP alternative), which has no input controls—using only output controls and leaving open the specific vessels that may gear switch, the number of those vessels (within the restrictions of the limited entry program), and amount of gear switching in which they may individually engage (subject to annual vessel QP limits).

Alternative 3's first input control is the annual active trawler requirement that a vessel must meet through the use of trawl gear in order to be eligible for gear switching. Rather than the 0.5 percent



limit provided for all non-gear-switched endorsed permits under Alternative 2,<sup>12</sup> the active trawler designation would provide a 1.0 percent gear-switching limit for vessels that are not otherwise exempt.<sup>13</sup> For users of trawl gear that also gear switch, this higher limit is expected to accommodate a substantially greater proportion of their historic gear-switching levels as compared to those that do not receive a gear-switching endorsement under Alternative 2 and those with an active trawler exemption under this alternative (except possibly those vessel owners that receive an exemption and have their own QS).<sup>14</sup> The active trawler qualification criteria are based on vessel activity and set at a level that over half of all IFQ trawling vessels from 2011-2018 meet in every year that they trawled and that most trawl gear vessels meet in most years. The intent of the active trawler qualification criteria is to set a level that is historically attained by the vast majority of active trawlers, but yet a level high enough that it would be difficult to make that amount of trawl landings without investing in the trawl gear and developing the fishing knowledge necessary to fully participate in the trawl sector.

Active trawler status would be evaluated on an ongoing basis. As soon as the active trawler criteria are met, the vessel is designated as an active trawler for the remainder of that year and the entirety of the following calendar year. Given that there will be a fairly large group of active trawlers eligible to gear switch, a 10 percent cap (or ‘backstop’) is provided to ensure that the purpose of the action is not substantially eroded by an unexpected move into gear switching by a large number of vessels that use trawl gear. It would be intended that if the active trawler group exceeds the 10 percent backstop, then in the following year the active trawler vessel limit would be reduced from 1.0 percent to 0.8 percent of the northern sablefish trawl allocation. Similar reductions might be made in subsequent years so long as the 10 percent limit continues to be exceeded.

The second input control is the active trawler exemption, which is primarily focused on non-trawl vessels with gear-switching history in the IFQ Program.<sup>15</sup> This exemption would initially reduce and then phase out the gear switching that the catch share program allowed for non-trawl vessels that acquired a trawl permit. The base level of gear switching for vessels that are able to fish under a permit with an exemption from the active trawler requirement would be 0.6 percent of the current year’s allocation<sup>16</sup> (this limit applies both to the vessel fishing under the permit and to the permit itself, if the permit is transferred to a different vessel mid-year). The 0.6 percent level is close to the median amount of QS owned by trawlers that own QS in 2020. The intent of providing a minimum of 0.6 percent allowance for exempted permits is to allow a minimal level of fixed gear

---

<sup>12</sup> Using the 2020 trawl allocation (2,637 mt), 0.5 percent is equivalent to 29,100 pounds.

<sup>13</sup> Using the 2020 trawl allocation (2,637 mt), 1.0 percent is equivalent to 58,100 pounds.

<sup>14</sup> There are fewer than three vessels that would qualify for an exemption and have some trawl history, thereby indicating the possibility that in the future they may be active as both an exempted vessel and an active trawler.

<sup>15</sup> If an active trawler also qualified for an exemption and also owns more than 1 percent northern sablefish QS, it is possible that the limits provided under the exemption would provide the trawler greater gear-switching opportunity than its active trawler status.

<sup>16</sup> Using the 2020 trawl allocation (2,637 mt), 0.6 percent is equivalent to 34,900 pounds.

participation by participants that have invested in gear but own lower amounts of QS. However, for vessel owners that also own northern sablefish QS in larger amounts, the limit would be set at the amount of QS owned as of and since the control date (or 0.6 percent, whichever is greater). The QS based limit is specific to the vessel owner and amount of QS owned and therefore would not transfer with the permit that is given the active trawler exemption. Basing the limit on the northern sablefish QS owned prior to the control date is intended to acknowledge that those with QS may have a greater level of investment in gear switching than those who don't. They would be allowed to fish their own quota with fixed gear for a limited time, and then at some time in the future must become active trawlers to continue to use the QS with fixed gear. At the same time, this limit does not accommodate higher levels of gear switching that may have been achieved by these vessel owners through acquisition of additional QP during the fishing year. Thus, fixed gear vessels that own their own QS could still be constrained relative to their historic practices. While leased QP might relate to investment in gear, acquisition of QP by leasing is a one-time cost for QP that is valid for a particular fishing year. It does not represent the long-term investment entailed with QS purchase. Vessels relying on leased QP have always had some uncertainty about their future access to gear-switching opportunity. The alternative may further constrain the group of exempted vessels in that it includes a 10 percent 'backstop.' The 0.6 percent amount may be adjusted downward prior to implementation to make sure that all exempted vessels together do not take more than 10 percent of the northern sablefish QP (as compared to the average of 31.2 percent of the allocation taken by gear-switching vessels from 2016-2018 that do not also trawl).

While Alternatives 1 and 2 would grandfather in historic gear switchers based on permit history, Alternative 3 would do so by providing exemptions to the active trawler requirement based on vessel history. As discussed in Section B.2.1, for the original license limitation program (Amendment 6), vessel history was used as the basis of allocating access privileges; and since then, for allocations that alter the privileges conveyed by permits (Amendments 9, 14, and 20), new allocations have been based on permit history and gone to permit owners. In part, this is because permits do not have alternative uses and therefore recovery of investment in permits is dependent on maintaining the privileges conveyed by the permit. For these reasons, Alternatives 1 and 2 allocations are based on permit history. However, with implementation of the IFQ program, much of the value of the permit may have been split off into the QS values and there is some question as to the degree to which the gear-switching limitation would adversely affect the values of existing permits. This alternative specifies that allocation would be based on vessel history and, as part of the range of alternatives under consideration, provides the Council an opportunity to reconsider this past choice and determine its appropriateness with respect to current policy objectives. If vessel history is used, the individuals owning the vessels would be provided the opportunity to continue gear switching, albeit, likely at a lower level than under status quo. These individuals may also be more likely to be the ones investing in the gear and running the harvest operation, as compared to a person leasing a permit to the harvest operation. If the exemption were given based on permit history, the permit receiving the exemption might still continue to be leased to the same vessel. But there would also be some possibility that conditions would change and the permit would be leased to a different vessel. Basing the allocation on permit history might reward individuals whose primary role in the fishing operation is as the lessee, as compared to those who are organizing and working the fishing operations. At the same time, for many operations, the permit owner and vessel owner are the same.

While the allocation of exempted status would be based on the vessel, the exemption would be attached to a limited entry permit designated by a vessel, rather than the vessel itself. Attaching the exemption to the permit avoids creating another system to track active trawler exemptions and the accompanying administrative and regulatory burden. For vessels that lease permits, the opportunity to designate the permit that would receive the exemption provides would allow them to either acquire a permit prior to initial implementation of the alternative or enter into a contract or other beneficial arrangement to have the endorsement attached to some other permit.

Alternative 3 includes active trawler exemption qualification criteria like those used for the sablefish endorsement of Alternative 2; however, Alternative 3 criteria apply to vessels and Alternative 2 criteria to permits. Exempted Vessel Qualification Options 1 and 2 are like Endorsement Qualification Options 2 and 3, respectively, except that the endorsement qualification options for endorsements also include a 2016 to 2018 recent participation requirement suboptions and the exempted vessel qualification requirements do not. Exempted Vessel Qualification Option 1, stays more strictly to the control date by not providing credit for any post control date landings but also does not put as much emphasis on recent participation (potentially providing an exemption to vessels that have not participated since 2013). In contrast, while Exempted Vessel Qualification Option 2 does not include a 2016 to 2018 recent participation requirement, it does include an opportunity for qualification largely on post-control date landings (like the Alternative 2 Endorsement Qualification Option 3): 90,000 pounds cumulatively across three years from 2014 to 2018. Apart from these differences, the rationale for the periods and amounts included in the qualification criteria would be similar between the alternatives and is described in Section B.1.3.

As mentioned, the exempted vessel limits for this alternative are intended to recognize a vessel owner's QS investment that may have been intended for gear switching and so provides higher limits in consideration of a vessel owner's ownership of northern sablefish QS. Because QS account ownership may overlap but not be identical to vessel ownership, a standard is needed for determining common ownership, i.e. whether the ownership of a vessel should be considered to be the same as the ownership of a QS account. Rather than 100 percent identical ownership between a vessel and a QS account, at least 50 percent common ownership is required. The 50 percent requirement ensures that the owning entity(ies) in common to both the vessel and QS account have significant influence over the use and disposal of both assets. This 50 percent common ownership is to be evaluated with respect to the individual person, such that if, for example, LLC A owns the vessel and Individual B owns the QS, if individual B also owns 50 percent of LLC A, then the 50 percent common ownership criteria will be met.

Where a vessel's gear-switching limit is determined based on QS ownership, it would take into account only that northern sablefish QS owned as of and continuously since the control date. This means, for example, that if a QS owner divests themselves of some QS and then reacquires it, the amount reacquired would not be used in determining a vessel limit. Additionally, if the vessel owner divests of some of its northern sablefish QS after implementation of the alternative, its vessel limit would be reduced by that amount. Thus, the gear-switching limit based on QS ownership would be the vessel owner's minimum northern sablefish QS balance over the period from the control date to the present. This approach is based on the idea that anyone making an

investment in QS after the control date and for the purpose of gear switching would have been on notice that their gear-switching opportunity might be limited.

There is an exception to the continuous QS ownership requirement for situations in which a QS account is not renewed but effectively replaced by another account under similar ownership. Under current regulations, a QS account is not transferable to new ownership. Therefore, if the ownership of the QS account changes (even if in name only with the underlying owners remaining constant), the QS account is not renewed with the new name but instead a new QS account is issued under the new owner name or to the new ownership group. With respect to the latter, it may be, for example, that an LLC's name does not change but a new individual is added to the group. For these situations, so long as the 50 percent ownership that meets the common ownership requirement with the initial QS account is maintained for the newly created replacement QS account to which the QS from the initial account is transferred, then there will be an exception to the continuous ownership rule. This provision is intended to provide businesses the flexibility to continue normal business practices such as changing names or adding a new partner, as long as the original intent of the provision is not violated, i.e. as long as there is a continuity in the 50 percent ownership between the vessel and the sablefish QS used to determine the limit for the vessel.

After program implementation, vessel owners with limits based on their sablefish QS ownership are also allowed to replace an existing vessel and maintain their exemption and QS based limit so long as changes in ownership of the exempted permit (selected by the exempted vessel) do not cause the exemption to expire, an exempted permit continues to be registered to the vessel, and the same 50 percent common<sup>17</sup> ownership is maintained between the vessel and QS account. This provision allows an ownership to make vessel upgrades which may be needed for safety or efficiency improvements or make any other vessel changes the ownership feels are beneficial while maintaining access to the QS based vessel limit.

Given that permits with exemptions are transferable, such a permit could be leased to a vessel which has an owner that also owns northern sablefish QS. The language of the alternative is currently open as to whether or not the resulting vessel limit could be based on the QS owned by the vessel owner leasing the exempted permit. However, the intent of the alternative is to provide some grandfathered in gear-switching opportunity for those which had previously made investments in gear switching (particularly QS), rather than someone who newly acquires an exempted permit. On that basis, it might be appropriate to interpret the alternative as providing the larger limit only so long as the permit with the exemption is registered to the vessel which qualified for the exemption. Following that interpretation, if the permit is registered to a different vessel, the opportunity to fish under the larger limit would no longer be available (i.e. would be allowed 0.6 percent only). Permits with exemptions might also be acquired by an active trawler; however, given the objective of limiting gear switching, balanced with providing opportunity to

---

<sup>17</sup> References to 50 percent are references to a minimum standard, more than 50 percent common ownership may be maintained and the standard met.

those with historic participate and investment, a vessel with both active trawler status and an active trawler exemption would not be allowed to fish both an exempted limit and an active trawl limit.

Vessels will be allowed to deliver and sell gear-switched catch in excess of the limit but not allowed to initiate an additional trip after the limit is reached. Further any gear-switching limit overage would be deducted from the vessel's or permit's gear-switching limit in the following year (depending on the entity to which the limit applies). These provisions are similar to those in Alternative 2 and the rationale for the provisions is provide under that alternative.

Exemptions provide a means of grandfathering in those non-trawl-gear vessels currently invested in the fishery without allowing new gear-switching-only entrants, and the ownership change triggered expiration of exemptions facilitates a phase down of gear switching (and phase out of gear switching by vessels that do not also use trawl gear). As with Alternative 2 Endorsement Expiration Option 1, exemptions would expire with the addition of a new owner but not with the removal of an owner from an ownership structure involving more than one individual. Allowing subtractions but not additions of owners prevents an individual from trying to gain leverage within a group by threatening the group with loss of the exemption through the individual's departure. It also eliminates the need to consider a hardship such as death of a member of the ownership group. The intent of the expiration provision is to phase down fixed gear use of northern sable allocation over time, providing some stability for fixed gear users for an initial period but over time reserving more northern sablefish allocation for active trawlers to use in attainment of other trawl sector allocations.

Active trawler exemptions could continue indefinitely (subject only to individual life spans), long postponing full effectiveness of alternative. After close to 20 years, there are still permits maintaining owner-on-board exemptions in the limited entry fixed gear fishery (those exemptions also expire with changes in ownership). For Alternative 3, an Exemption Expiration Suboption is included by which all exemptions would expire after 12 years. Twelve years provides a more stable, longer-term time horizon for fixed gear participants to plan the future of their businesses, in contrast with an immediate phase down, which would be more disruptive to those participants. This amount of time was considered sufficient to allow gear-switching participants that do not use trawl gear to cover their investments and implement plans to adjust to the new policy. Amendment 20 took effect in 2011; thus, under Alternative 3 with a 12-year phase down and depending on the implementation date, dedicated fixed gear operators would have had approximately 25 years in the trawl fishery. After this phase down is completed, only active trawlers would be able gear switch.

The two 10 percent back stops (one for active trawlers and the other for the exempted group) would likely bring gear switching below 20 percent as compared to the recent levels of around 33 percent of the allocation. Over time, with expiration of exemptions, gear switching would phase down to 10 percent or less.

## B.2 Options Considered but Rejected

### ***B.2.1 Alternative 1 Options Considered but Rejected***

At the start of each year, new northern sablefish QP with the trawl-only designation would be issued (along with unrestricted QP) and some QP could be carried over from the previous year. If there is a conversion date, at that point all carryover for the previous year (including what was originally issued as trawl-only) will have been converted to unrestricted QP. For carry-over QP, the possible restoration of the original trawl-only QP designations was considered but rejected as adding unnecessary complexity that would only impact a relatively small amount of QP (usually a few percent).

Consideration was given to qualifying an entity for an opt-out based on vessel history, permit history, and QS account history. All remaining options in Alternatives 1 and 2 are based on permit history, while Alternative 3 is based on vessel history, providing a contrast in the range of alternatives. Under its license limitation program, the Council chose to allocate based on vessel history rather than the history of individual fishermen. This helped both to limit the number of permits initially issued and provided a means for entry and exit while the program was under development (allowing the Council to argue in court that by allocating to the current owner of a vessel with historic participation, rather than someone who owned a vessel in the past, it had taken into account current participation). For its fixed gear sablefish endorsement (Amendment 9), the fixed gear tier system (Amendment 14), and the IFQ program (Amendment 20), the Council allocated based on permit history. It was argued that, as with the vessel, the permit allowed entry and exit during development of the program (taking into account current participation) and that the permit had become the primary asset associated with the fishing privilege (and had no value except to the extent that it conveys such a privilege). Therefore, allocating to the permits also recognized investment in the permit and dependence on the fishery for recover of that investment. At the same time, with implementation of the catch share program, much of the value of the trawl limited entry permits was likely split off into the QS and the QS accounts, which often carries the more valuable element of the fishing privileges (as compared to limited entry permits). Permit values may have declined somewhat since the IFQ program and may be driven more by their value in the trawl fishery than their use for gear switching. To the degree that this is the case, as compared to before the IFQ program, there may be less concern about the effect that constraining a permit related fishing privilege has on permit value.

Consideration also was given to allocating based on linkages of QS accounts to gear-switching activity. Evaluation of QS account history would have involved use of a proportional method to attribute vessel gear-switching activity back to a QS account. For example, if a QS account transferred half of its QP to a vessel which used one quarter of its QP to gear switch, then 12.5 percent ( $0.5 * .25$ ) of its QP would have been counted as gear switching. A sophisticated method was developed that would have used a proportional rule to attribute gear-switching QP through numerous trades and vessel accounts back to an implicitly originating QS account. In order to opt-out, a certain percent of the QS account's history would have to be used for gear switching (percentages considered included up to 100 percent). There were several challenges with application of this method including explaining its complexity and determining the degree to which the QP transferred to a gear-switching vessel demonstrates a reliance by the QS account on that

vessel's gear-switching activity. While these issues may have been addressed, unlike limited entry permits, which can be transferred to new owners, QS accounts expire with a change in the name of the owner (even if the change does not reflect a change in the underlying ownership) and there is no opportunity to transfer a QS account to a new owner. Unlike the limited entry permit, past gear-switching history of a QS account cannot be passed to a new entrant, making them less useful as a means of taking into account current participation in the fishery.

In addition to the qualifying criteria of the current alternatives (number of years and amounts of landings required), a number of other qualifying periods and landing levels were considered. Initially, consideration was given to an open opt-out for all QS accounts, with no qualifying requirement. It was recognized with an open opt-out, the provisions would likely have little near term effect.

In addition to August 1 and September 1, a conversion date of October 1 was considered but eliminated because it might occur too late in the season to be useful for gear-switching operations, make fish available just about the time many are getting ready for crab season, and encourage additional fishing when weather is bad.

The SaMTAAC considered inclusion of an automatic sunset provision for the entire alternative but rejected it. As noted in an [October 2019 NMFS report](#) to the committee: "Sunset provisions create uncertainty for program participants and require Council floor time to either confirm or modify program elements. The Council can revisit program elements at any time should there be concerns that the original purpose and need for action is not being met or if unintended consequences have developed since implementation of such an action." Any gear-switching provisions implemented as part of the program will be reviewed as part of the general program review which is scheduled to occur every six years. Further, gear-switching provisions can be modified or eliminated at any time the Council finds they are not performing adequately.

### ***B.2.2 Alternative 2 Options Considered but Rejected***

Consideration was given to allocating a gear-switching endorsement on the basis of gear-switching activity related to QS accounts or vessels rather than limited entry permits. Allocation based on QS account history was not pursued for reasons similar to those described with respect to its consideration under Alternative 1 opt-out qualification requirements. With respect to allocation based on vessel history, such an approach would have provided gear-switching privileges to the owner of the physical asset engaged in gear switching (including those who lease permits). For about 40 percent of participants, the vessel and permit owner histories are the same and so it would not make a difference whether allocation of endorsements is based on vessel history or permit history. If a vessel can no longer be used in a particular fishery, it might have a value elsewhere while the permit has no value outside the trawl IFQ program. Additionally, gear-switching vessels that do not own permits would have some opportunity to maintain their gear-switching activity by continuing their leases (assuming the permit they have been leasing qualifies). If the gear-switching endorsement goes to the vessel, the permit that had been used for the gear switching would no longer have a particular value to the gear-switching vessel (a value more than any other trawl permit). Therefore, allocation based on permits recognizes the investment in the permit and the unique dependence of the permit on access to the fishery for recovery of that investment.

Additionally, allocation based on permits would be consistent with the allocation methods used in Amendment 9 (fixed gear sablefish endorsements), 14 (fixed gear tier system), and 20 (catch shares, all of which allocated additional limited entry privileges to the permits rather than the fishermen or vessels). At the same time, as identified in the Alternative 1 discussion, it may be that much of the access value previously associated with a limited entry permit is now associated with the QS account. Alternative 3 would allocate based on vessel history, providing a contrast for the permit based allocation basis on which Alternatives 1 and 2 are based.

The gear-switching limit options for Alternative 2 are either the permits average amount of gear switching or the annual vessel QP limit (4.5 percent<sup>18</sup>). Determining a permit's gear-switching limit based on its annual maximum gear switching (as share of total trawl allocation) was rejected because it would have not substantially constrained gear switching over status quo levels. Determining a vessel's gear-switching limit based on QS owned by an associated QS account was considered but eliminated because it seemed overly complex and unnecessary. Establishing ownership linkages between vessels and a QS account is often straight forward but, in many cases, more complicated. For example, there may be partial differences in the ownership of the related QS accounts and vessels. Or, a single QS account under one ownership may have overlapping ownership with two or more vessels where the vessels do not have a common ownership (e.g. partners that own a QS account together but own their vessels separately). Nevertheless, this approach continues to be evaluated for Alternative 3 and could be restored to this alternative if it determined to be viable.

Gear-switching endorsement qualification levels from 5,000 to 100,000 pounds in each of up to five years were considered; however, a review of the resulting analysis showed that such low levels (i.e. 5,000 lbs in one year) might result in no change to the overall amount of gear switching while high levels of landings (i.e. 50,000 or 70,000 lbs) and years of participation would eliminate a number of participants that appeared to have substantial investment in participation in the fishery (e.g. Table 28 of the [analysis provided for the October 2019 SaMTAAC meeting](#)).

An expiration option that would have allowed a gear-switching endorsement to survive one or two limited entry permit transfers without expiring was eliminated from the list of options because of the regulatory burden that would have been involved and it is intermediate within the remaining options (expiration on transfer and no expiration) and therefore captured within the current range.

Specific periods of time for expiration of the gear-switching endorsement and for a sunset of the entire gear-switching limitation policy were considered but rejected. With respect to the gear-switching endorsement, an option with a specific time limit would have ensured a phase down of gear switching by a certain date but would have treated every harvesting company the same, regardless of their particular financial situation and time required to recover their investment in gear switching. Additionally, a time limited endorsement is being considered under Alternative 3 and could be included in this alternative if it is eventually determined that the approach is desirable.

---

<sup>18</sup> Using the 2020 trawl allocation (2,637 mt), 4.5 percent is equivalent to 261,600 pounds.



With respect to sunseting the restrictions on gear switching, shorter periods, such as five years, were eliminated because they were not long enough to justify the cost of implementing the alternative or to evaluate performance of the alternative. Longer specific time periods were initially eliminated in favor of a process driven time frame tied to the MSA required program review schedule. However, as with the sunset provisions originally proposed for Alternative 1, they were ultimately eliminated in their entirety. Any gear-switching provisions implemented as part of the program will be reviewed as part of the general program review which is scheduled to occur every six years. Further, gear-switching provisions can be modified or eliminated at any time the Council finds they are not performing adequately.

### ***B.2.3 Alternative 3 Options Considered but Rejected***

The active trawler qualification criteria are structured to avoid the need for transfer provisions or hardship considerations. Initially, the alternative specified that a vessel's active trawler designation become effective the year after it met the trawl landings criteria. This was changed so that the designation goes into effect as soon as a vessel meets the criteria (six IFQ landings of adequate size using trawl gear during the year) and remains in effect all the way through the following calendar year. Using this approach, there is no need or value in creating a separate transferable permit for the active trawler status, because any trawl permitted vessel can meet the requirements within a relatively short period during the year.<sup>19</sup> The need for a hardship provision is also avoided because if a vessel that was out of commission in one year resumes fishing in the following year, it can also resume gear switching as soon as it meets the active trawler criteria within the year.

The proponents of this measure also proposed that if management changes allow any or all of the southern proportion of sablefish to be harvested north of 36° N. lat., a reduction in the 0.6 percent exempted vessel limit and backstop percentage would be triggered such that the resulting gear-switching limit (in terms of pounds) would remain unchanged compared to what they would have been without any management changes. This would be intended to apply only if a redistribution of ACLs is intended specifically to address under attainment and gear-switching issues (or if there is conversion to a coastwide ACL for sablefish). It would not apply in the case of other changes to the north/south apportionment, such as could occur if the Scientific and Statistical Committee recommends revising the basis for apportionment. At this time, there are no proposals being actively considered to modify the distribution of ACLs for attainment or gear-switching purposes or to establish a coastwide ACL for sablefish. Rather than adding further complexity to this option, the possible adjustment of the exempted vessel limit and backstop percentage is noted as a matter that may be considered if such ACL changes are considered in the future.

---

<sup>19</sup> Additionally, there is no provision that indicates the vessels status would change with a change in the vessel ownership.