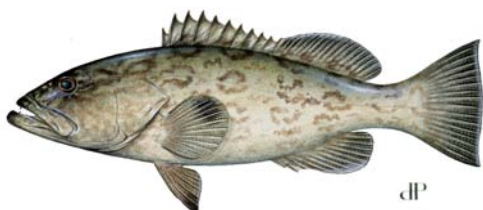


Gulf of Mexico Commercial Grouper and Tilefish Fisheries

Potential Individual Fishing Quota (IFQ) Program

Frequently Asked Questions

March 2009



Please Note: [Gulf of Mexico Reef Fish Amendment 29](#) proposes to implement an IFQ program. NOAA Fisheries Service conducted a referendum to determine whether or not the industry supported the IFQ program. Of the 274 referendum votes cast, 220 votes (81 percent) were in favor of the proposed IFQ program, and 50 (18 percent) were opposed to the proposed IFQ program. Four returned ballots were declared invalid. The Gulf of Mexico Fisheries Management Council has submitted the amendment to NOAA Fisheries Service for Secretarial Review. If the amendment is approved, the IFQ program would be implemented January 1, 2010.

Eligibility and Apportionment of Initial IFQ Shares

Who would be eligible to participate in the IFQ program?

- Everyone who owns a valid (active or renewable) commercial Gulf of Mexico reef fish permit as of October 1, 2009, and who had grouper or tilefish landings reported under their permit during the qualifying time period of 1999 through 2004 would receive initial IFQ shares and allocation.
- Owners of a valid commercial Gulf of Mexico reef fish permit that did not have any landings during the qualifying time period would **not** receive initial IFQ shares or allocation but would be able to purchase shares or allocation from IFQ shareholders after the program is established.
- Everyone who possesses a valid Gulf of Mexico reef fish dealer permit would be eligible to participate in the IFQ program as a dealer.

What is an IFQ share?

- IFQ shares are the **percent** of the quota a fisherman has the right to land. A fisherman's initial shares are determined by the proportion of the total landings his permit was responsible for landing during the qualifying period relative to landings reported on other reef fish permits.
 - For example, if 2.1 percent of the total gag landings during the qualifying period were landed under permit #1, the fisherman currently holding permit #1 would receive 2.1 gag shares.
- The amount of shares a fisherman holds would only change if he buys or sells shares, or if another participant's permit is revoked and those shares are redistributed to other eligible participants.

What is IFQ allocation?

- IFQ allocation is the **pounds** a fisherman is allowed to land each year. A fisherman's allocation is determined each year by multiplying his shares by the current quota.

- Using the example above, the fisherman holding permit #1 would receive the following gag allocation in 2010:
 - 2.1 percent gag shares x 1.41 million pounds 2010 gag quota = 29,610 pounds
- The amount of allocation a fisherman holds could change each year if his shares changed or if the quota changed.
- Allocation is only good until the end of each year; unused allocation does not rollover from one year to the next.

What would determine the amount of IFQ shares each eligible participant would initially receive?

- The initial IFQ shares distributed to each participant would be determined by the average annual landings of grouper and tilefish from logbooks associated with their reef fish permit(s) during the time period 1999 through 2004, with an allowance for dropping 1 year. Dropping a year could potentially boost a participant's allocation by removing the year with the lowest landings.
- All landings associated with a valid commercial reef fish permit for the qualifying period would be attributed to the current owner on October 1, 2009, including those reported by a person who held the permit prior to the current owner.
- IFQ shares would be distributed in direct proportion to landings reported under a participant's reef fish permit during the qualifying time period relative to landings reported on other reef fish permits.

How would adjustments in annual allocations of commercial quota be addressed among IFQ participants?

- Adjustments in quota can occur when the status of a stock changes as a result of new assessments, or when allowable landings are reallocated between the commercial and recreational fishing sectors.
- Adjustments in a quota would be distributed proportionately among eligible IFQ shareholders based on the percentage of the quota each holds.
- If an IFQ shareholder's commercial reef fish vessel permit has been permanently revoked, at the beginning of the next fishing year the Regional Administrator (RA) for NOAA Fisheries Service would redistribute the shares held by that shareholder proportionately among remaining eligible shareholders based upon the amount of shares each held just prior to the redistribution.

Appeals

Would fishers be able to appeal their initial IFQ shares?

- Yes, items subject to appeal under the IFQ system would be initial eligibility for IFQ shares based on ownership of a valid commercial reef fish permit, the accuracy of the amount of landings, correct assignment of landings to the permit owner, and correct assignment of gag versus black grouper landings. Hardship arguments would not be considered.
- The RA would review, evaluate, and render final decisions on appeals.
- Appeals must be filed by April 1, 2010.
- The RA would determine the outcome of appeals based on NOAA Fisheries Service logbooks.
 - Appellants must submit logbooks to support their appeal. Logbooks are available from the [Southeast Fisheries Science Center](#).
 - If logbooks are not available, the RA may use state landings records.

What effect would appeals have on initial apportionment of IFQ Shares?

- Three percent of the current commercial quota would be set aside to resolve appeals.
- Any amount remaining of the 3 percent set-aside after the appeals process has been completed would be proportionately distributed to initial IFQ shareholders.

Species Included in IFQ Shares and Flexibility Measures

What species would be included in each different share category in the IFQ program?

- IFQ shares would be separated into the following share categories:
 - Red Grouper
 - Gag Grouper
 - Other Shallow Water Grouper (Other SWG); including black, scamp, yellowfin grouper, red hind, rock hind, and yellowmouth grouper
 - Deepwater Grouper (DWG); including yellowedge grouper, warsaw grouper, snowy grouper, speckled hind, and misty grouper
 - Tilefishes; including goldface tilefish, blackline tilefish, anchor tilefish, blueline tilefish, and tilefish

Does the program contain a provision to allow flexibility between gag and red grouper allocation?

- Yes, multiuse allocation would allow fishermen to use a small portion of their allocation for one species (either red or gag grouper) to harvest another species (either gag or red grouper) that would otherwise be discarded because the fisherman does not possess allocation for that species.
- Multiuse allocation would be derived at the beginning of each year by converting a portion of the allocation for red grouper and gag to allocation that could be used for either species.
 - 8 percent of gag grouper allocation would be available as multiuse allocation.
 - 4 percent of red grouper allocation would be available as multiuse allocation.
- Multiuse allocation would not be available for use by fishers until the species-specific allocation for the fish they wish to land and sell (either gag or red grouper) is exhausted.

Would landings be adjusted for misidentification of gag and black grouper when initially distributing grouper IFQ shares? How would they be adjusted?

- Yes, the initial distribution of IFQ shares would be based on landings adjusted for misidentification of gag and black grouper.
- Adjustments to landings would only be made to fishing trips that reported landing gag or black grouper, but not both. For trips reporting both gag and black grouper, landings would be assumed to be reported accurately and would not be adjusted.
- First, gag and black grouper landings for each fisher would be determined by trip and statistical area fished. Gag and black grouper landings would then be adjusted for each trip using gag:black grouper landings ratios observed by dockside interviewers for each statistical area fished.
 - Adjusted gag grouper landings would be used in determining gag shares.
 - Adjusted black grouper landings would be used in Other SWG shares.
- Adjustments to gag and black grouper landings could be appealed.

Could some species be landed using more than one share category?

- Yes, to reduce discards, some species found in both deep and shallow water would be placed in either DWG or Other SWG, depending on circumstances.
 - Warsaw grouper and speckled hind would be in the DWG share category. However, when an IFQ fisherman used all his DWG allocation, warsaw grouper and speckled hind could be landed with Other SWG allocation.
 - Scamp would be in the Other SWG share category. However, when an IFQ fisherman

used all his Other SWG allocation, scamp could be landed with DWG allocation.

Electronic System Requirements, Account Setup, and Information

What are the electronic requirements for the IFQ program?

- The administrative functions associated with this IFQ program, such as account setup, landing transactions, and transfers, are designed to be accomplished online; therefore, all participants would need access to a computer and the Internet to participate.

How could a fisher or dealer set up an account?

- On or about October 1, 2009, the RA would mail an information package to eligible IFQ participants. The package would include historical landings, initial shares and allocation, information for accessing the online IFQ system and establishing an online account, and general instructions related to online transaction procedures and requirements.
- Each participant assigned shares would be provided a User ID and personal identification number (PIN) for their IFQ account.
- Assistance with online functions would be available from IFQ Customer Service, 1-866-425-7627, Monday through Friday between 8:00 a.m. and 4:30 p.m. Eastern time.
- If an owner of a valid reef fish permit did not receive shares, the owner must contact IFQ Customer Service to obtain information necessary to access the IFQ web site and establish an online IFQ account.

What type of account would a participant need?

- Eligible dealers would receive instructions to set up an IFQ dealer account.
- Shareholders would receive instructions to set up an IFQ shareholder account.
- A vessel account must be set up for each permitted vessel used to fish for IFQ species.
 - The purpose of the vessel account is to hold allocation required to land IFQ species. Before a landing notification for the vessel was submitted, the vessel account associated with that vessel would need to have enough allocation in the appropriate share categories for the fish on board.
 - A person who has established an IFQ shareholder account online would establish a vessel account for each vessel through that IFQ shareholder account. Only one vessel account could be established per vessel, but multiple vessel accounts could be established under each IFQ shareholder account.
 - Vessel accounts could only hold allocation for use in landing and selling catch of IFQ species. Vessel accounts could not hold shares. Allocation could be transferred into a vessel account from any IFQ shareholder account; however, allocation could only be transferred out of a vessel account into the IFQ shareholder account under which it was established.

What would be the requirements to be a dealer in the IFQ program?

- For a dealer to receive Gulf grouper and tilefish under the IFQ program, the dealer must:
 - Possess a valid dealer permit for Gulf reef fish;
 - Establish an IFQ online account; and
 - Obtain an IFQ dealer endorsement.
- IFQ dealer endorsements could be downloaded from the dealer's online account on the IFQ web site. No fee would be charged for obtaining the endorsement.

Transferability

Who would be eligible to buy IFQ shares or allocation?

- Everyone who owns an active or renewable commercial Gulf of Mexico reef fish permit and has an active IFQ online account would be eligible to purchase IFQ shares and allocation from current IFQ shareholders for the first five years of the IFQ program.
- After five years, all U.S. citizens and permanent resident aliens would be eligible to purchase IFQ shares and allocation.

Would fishers be able to sell multiuse allocation?

- Fishers would be allowed to sell multiuse allocation only after exhausting their corresponding species-specific allocation.
 - For example, a fisherman could only sell his multiuse red grouper if he has exhausted his red grouper allocation.
- The restrictions on sale of multiuse allocation would ensure a fisherman has allocation to use if either red grouper or gag are landed as bycatch.

How would fishers transfer shares and allocation?

- All transfers would take place online via the IFQ web site.
- For share transfers, approval would be required from both the transferor and transferee.
- Transfer of shares and associated allocation are independent. To transfer both shares and allocation, the transferor must complete both a share transfer and an allocation transfer.

Share and Allocation Caps

How would the IFQ program prevent one or more participant from purchasing all the available IFQ shares and monopolizing the fishery?

- Share caps would be established for each share category (i.e., Red, Gag, Other SWG, DWG, and tilefish).
- Share caps would be defined as the maximum IFQ share issued to a person, corporation, or other entity at the time of initial apportionment of the IFQ shares.
- The IFQ program would also limit the amount of allocation that could be purchased or held by a person or corporation cumulatively during a given calendar year with an allocation cap.
- The allocation cap for the commercial grouper and tilefish fisheries would equal the total amount of pounds that corresponds to the share caps.

Why would NOAA Fisheries Service ask corporations to identify their corporate shareholders?

- This information would assist the agency in ensuring no person, including a corporation or entity, individually or collectively, holds IFQ shares in excess of the share or allocation caps.

Landing Transactions

How would landings be processed?

- The dealer would enter the pounds (gutted) and price of landed fish of each species, along with other information.
- The fisherman would validate the dealer transaction report by entering the unique PIN for the vessel account.
- After the dealer submitted the report and NOAA Fisheries Service verified the information, the online system would send a transaction approval code to the dealer and the allocation holder. This approval code would be necessary to verify the transaction was legal and the vessel account had the correct amount of grouper and tilefish allocation before the fish were transported.

- If a discrepancy regarding the landing transaction was discovered after approval, the dealer or vessel account holder (or his or her authorized agent) could initiate a landing transaction correction form.

How would overages be addressed?

- In the event a fisher thinks he or she harvested an amount of grouper or tilefish that exceeds the existing allocation in the vessel account, additional allocation should be transferred into the vessel account before placing a landing notification.
- A person on board a vessel landing the shareholder's only remaining allocation from among all of the share categories could legally exceed, by up to 10 percent, the amount of the allocation remaining on that last fishing trip of the fishing year.
- This overage would be allowed only one time per fishing year for each shareholder.
- Overages would be deducted from the next year's allocation associated with the shareholder's IFQ account.
- Share transfers would not be allowed that would reduce the shareholder's IFQ shares lower than the amount needed to pay back the overage.
- **Please Note:** A person who only possessed allocation and no IFQ shares would not be allowed an overage. That person might not receive allocation in the following year and, therefore, could not pay back the overage.

Who would pay for the IFQ program?

- IFQ fishermen would be charged a cost recovery fee to recover a portion of the costs required to manage and enforce the IFQ program.
- The cost recovery fee would be no more than 3 percent of the ex-vessel value of the landed fish.
- IFQ dealers would be responsible for collecting the cost recovery fee from the fisher at the time of each sales transaction and submitting fees to NOAA Fisheries Service on a quarterly basis through the IFQ program using pay.gov.

Enforcement

When would fishers be required to land and offload?

- Fishers would be able to land their vessels anytime during the day and night, provided that a landing notification was given 3 to 12 hours prior to landing.
- Offloading would be restricted to 6 a.m. to 6 p.m., local time.
- Fishers would not need to give law enforcement a separate notification for offloading grouper or tilefish.
- **Please Note:** For the purposes of these regulations, the term "landing" means to arrive at a dock, berth, beach, seawall, or ramp; "offloading" means removing grouper or tilefish from a vessel.

Why would fishers have to use approved landing locations?

- Approving landing locations in advance would ensure the sites actually exist and law enforcement agents could find these sites.

Why and how would fishers have to report a landing notification?

- The landing notification requirement is intended to provide law enforcement officers the opportunity to be present at the point of landing so they can monitor and enforce grouper and tilefish requirements dockside.
- Fishers can make a landing notification by using the form on their VMS screen, by calling 1-866-

425-7627, or by logging into their online IFQ account.

What information would the fisher provide on the IFQ landing notification?

- IFQ participants would have to report a landing notification at least 3 hours, but no more than 12 hours, prior to any landing. Information required for a landing notification would include (but may not be limited to):
 - Vessel identification
 - Dealer's business name
 - Approved landing location
 - Time of arrival
 - Estimated pounds to be landed in each share category
- **Please Note:** The confirmation code would not automatically give the fisher permission to land the vessel. It simply provides NOAA Fisheries Service a confirmation that a landing notification was made. The fisher would be responsible for ensuring all regulations are being met (i.e., waiting 3 hours before landing, etc).

Would fishers have to make multiple landing notifications if they plan on landing at more than one location?

- Yes, if the fisher intends to land a vessel containing grouper or tilefish at more than one location, the fisher must make a separate landing notification for each landing location.
- Once a second notification is given, the fisher must be sure at least 3 hours have passed before landing at the second location.
- If a fisher knows the time and location of a second landing, he or she can submit a notification in advance of landing at the first location, potentially reducing the wait time before traveling to the next location.

Would fishers have to make a separate landing notification if the dealer changes but not the landing location?

- Yes, a new landing notification must be submitted if the fisher changes dealers. However, the fisher would not have to wait an additional 3 hours.

Would a fisher be able to transport grouper or tilefish on land?

- The fisher would have to complete a landing transaction with a dealer and receive an approval code before the grouper or tilefish could be transported on land by the fisher or dealer.
- A copy of the IFQ dealer endorsement must accompany each vehicle used to transport grouper or tilefish on land.

Miscellaneous Questions

How can I learn more about the potential commercial grouper and tilefish IFQ program and the responsibilities of IFQ shareholders, allocation holders, and dealers?

- Amendment 29 to the Reef Fish Fishery Management Plan is available to download at the [Gulf Council's Web site](#).
- Other Frequently Asked Questions relating to IFQ programs, as well as Amendment 29, are available at the [NOAA Fisheries Service Web site](#).
- For additional information or specific questions about the IFQ program, please call the Southeast Regional Office's Sustainable Fisheries Division at 1-727-824-5305.

**Photos courtesy of Diane Peebles