

Appendix F. Regulatory Impact Review

Introduction

The NOAA Fisheries Service requires a Regulatory Impact Review (RIR) for all regulatory actions that are of public interest. The RIR does three things: (1) it provides a comprehensive review of the level and incidence of impacts associated with a proposed or final regulatory action; (2) it provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives that could be used to solve the problem; and, (3) it ensures that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost-effective way. The RIR also serves as the basis for determining whether the proposed regulations are a “significant regulatory action” under the criteria provided in Executive Order (E.O.) 12866. This RIR analyzes the expected effects that this action would be expected to have on the commercial and recreational sectors of the snapper grouper fishery, with emphasis on the red snapper segment. Additional details on the expected economic effects of this action are included in **Section 4** and are incorporated herein by reference.

Problems and Objectives

The purpose, need, issues, problems, and objectives of the proposed rule are presented in **Section 1.4**. The purpose of this proposed action is to establish regulations to allow harvest of red snapper in the South Atlantic in 2012. The need for the proposed action is to reduce existing socio-economic adverse impacts to fishermen and fishing communities that utilize the red snapper portion of the snapper grouper fishery. Regulations should minimize (1) safety at sea concerns, (2) probability of overages of the annual catch limit, and (3) discard mortality of red snapper, while maximizing data collection efforts.

Methodology and Framework for Analysis

This RIR assesses management measures from the standpoint of determining the resulting changes in costs and benefits to society. Ideally, the net effects of the proposed measures should be expressed in terms of producer and consumer surplus. Absent the necessary information, the analysis considers mainly the revenue effects on the commercial sector and consumer surplus on the recreational sector of the various measures. It is worth noting, though, that for commercial vessels that would not take additional trips but still catch red snapper in their usual trips, sales from otherwise discarded red snapper would directly add to their net operating revenue. In addition, the public and private costs associated with the process of developing and enforcing regulations on fishing for red snapper in waters of the U.S. South Atlantic are provided.

Description of the Fishery

A description of the South Atlantic snapper grouper fishery, with particular reference to red snapper, is contained in **Chapter 3**.

Effects of Management Measures

Details on the economic effects of all alternatives are found in **Chapter 4**. The following discussion focuses mainly on the expected effects of the preferred alternatives.

The preferred alternative (**Sub-alternative 2c**) for a red snapper allowable catch limit (ACL) may be expected to result in approximately \$86,000 (2011 dollars) revenue increase for the commercial sector and CS increases to the recreational sector of approximately \$232,000 (2011 dollars) to \$724,000 (2011 dollars). In the absence of overages in both sectors, these would be the maximum economic benefits that the two sectors would derive from the re-opening of the red snapper fishing season in 2012. Among the sub-alternatives, this would provide the biggest revenue increase to the commercial sector and CS increase to the recreational sector.

Alternative 3 (Preferred) would establish a 7-day open season for the commercial sector in 2012, with NMFS evaluating the data if any additional days can be open in 2012. While this would increase the likelihood of a derby occurring in the fishery and dampen ex-vessel price and revenues, it would assist in ensuring the commercial ACL is not exceeded. ACL overages would have long-term negative effects on commercial revenues as they would prompt more stringent measures affecting red snapper and other snapper grouper fishermen.

Alternative 4 (Preferred) would establish a two weekend-only (Friday, Saturday, Sunday) opening for the recreational sector, with NMFS evaluating the data to determine if additional days may be open in 2012. To the extent that the recreational ACL would still be fully taken, this measure would mainly affect the distribution of economic benefits among anglers. Anglers and for-hire vessels normally taking trips on weekends would be favored, although some redirection of effort to the weekend could also be done by other anglers and for-hire vessels. This measure could assist in ensuring the recreational ACL is not exceeded. In this sense, the long-term economic implications of this measure would be positive.

Alternative 5 (Preferred) would suspend the commercial and recreational size limit for red snapper during the temporary open season. This measure could lead to the commercial ACL being landed in a short period, resulting in depressed ex-vessel price and revenue. On the other hand, it could also reduce fishing cost if vessels do not have to spend more time to catch legal-sized fish or cull the catch to retain legal-sized fish. Since recreational anglers would be allowed to keep whatever size fish they catch, they would receive higher consumer surplus per trip because consumer surplus is higher for kept fish than for discarded fish. Similar to the commercial sector, the recreational sector may reach its ACL early, resulting in the early end of

the recreational fishing season. However, this would not necessarily result in lower recreational benefits anglers can derive from the recreational ACL.

Alternative 6 (Preferred) would establish a commercial trip limit of 50 pounds gutted weight. This measure would limit a commercial vessel’s revenue from red snapper to \$218 per trip. At this level, most commercial vessels would unlikely increase their effort to target red snapper. Some vessels, however, could specifically target red snapper but would have to take many trips or redirect their effort to the open season. This alternative would assist in ensuring the commercial sector does not exceed its ACL, thus its long-term economic effects may be considered positive.

Alternative 7 (Preferred) would establish a recreational bag limit of 1 fish per person per day for 2012. While this measure would limit the benefits an angler receives from keeping red snapper to \$76.98 per day, it may not be too constraining as to decrease the overall benefits that can be derived from the recreational ACL. This measure would assist in keeping the recreational sector from exceeding its ACL, and this is important because of the difficulty of monitoring recreational harvest on a real time basis. Thus, the long-term economic implications of this alternative would be positive.

Public and Private Costs of Regulations

The preparation, implementation, enforcement, and monitoring of this or any Federal action involves the expenditure of public and private resources which can be expressed as costs associated with the regulations. Costs associated with this amendment include:

Council costs of document preparation, meetings, public hearings, and information dissemination.....	\$10,000
NOAA Fisheries administrative costs of document preparation, meetings and review	\$35,000
Annual law enforcement costs	unknown
TOTAL	\$45,000

Law enforcement currently monitors regulatory compliance in these fisheries under routine operations and does not allocate specific budgetary outlays to these fisheries, nor are increased enforcement budgets expected to be requested to address components of this action. In practice, some enhanced enforcement activity might initially occur while the fishery becomes familiar with the new regulations. However, the costs of such enhancements cannot be forecast. Thus, no specific law enforcement costs can be identified.

Determination of Significant Regulatory Action

Pursuant to E.O. 12866, a regulation is considered a “significant regulatory action” if it is expected to result in: (1) an annual effect of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights or obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this executive order. Based on the information provided above, this regulatory action would not meet the first criterion. Therefore, this regulatory action is determined to not be economically significant for the purposes of E.O. 12866.