



GULF OF MEXICO FISHERY MANAGEMENT COUNCIL

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August 18, 2008

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Dr. Roy Crabtree
Regional Administrator
National Marine Fisheries Service
263 13th Avenue South
St. Petersburg, Florida 33701

Dear Dr. Crabtree:

The Gulf of Mexico Fishery Management Council (Council) has elected to propose implementing an individual fishing quota (IFQ) program in the commercial grouper and tilefish fisheries. Provisions of the multi-species IFQ program are included in Amendment 29 to the Reef Fish Fishery Management Plan. Section 303A(c)(6)(D) of the Magnuson-Stevens Fishery Conservation and Management Act (Act) stipulates that the Gulf of Mexico Fishery Management Council may not submit, and the Secretary of Commerce may not approve, an IFQ program that has not been first approved by a majority of those voting in a referendum among eligible permit holders. The Act further stipulates that for multi species permits in the Gulf, only those participants who have substantially fished the species proposed to be included in the IFQ are eligible to vote in the referendum. This letter requests that you initiate a referendum seeking approval for the proposed IFQ program.

The Council proposes that only commercial reef fish permit holders, with valid or renewable permits (within one year of the grace period immediately following expiration), who have combined average annual grouper and tilefish landings from logbooks during the qualifying years of at least 8,000 pounds (per permit) be considered as having substantially fished. Qualifying years selected by the Council cover the 1999 to 2004 period, with an allowance for dropping one year. In addition, the Council has proposed assigning one vote per permit, regardless of catch history. Under the Council's preferred eligibility criterion, individuals eligible to participate in the referendum account for 31 percent of the reef fish permits that are currently valid or renewable and approximately 90 percent of grouper and tilefish landings during the qualifying time period.

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The Council's rationale in selecting preferred eligibility requirements, the range of alternatives considered, and the expected number of individuals eligible to participate in the referendum are discussed in the enclosed document. The Council feels that its proposed referendum eligibility criteria constitute a fair and equitable means of implementing the requirements of Section 303A of the Act. If you have any questions, please do not hesitate to call.

Sincerely,



Tom McIlwain
Council Chairman

TM:AD:plk

Enclosure: Reef Fish Amendment 29: Eligibility for Referendum Participation

C: Michael McLemore, w/enclosure
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Reef Fish Amendment 29: Eligibility for Referendum Participation

Section 303A(c)(6)(D) of the Magnuson-Stevens Fishery Conservation and Management Act (Act) stipulates that, the Gulf of Mexico Fishery Management Council (Council) may not submit, and the Secretary may not approve an Individual Fishing Quota (IFQ) program that has not been first approved by a majority of those voting in a referendum among eligible permit holders. The Act further stipulates that for multi-species permits in the Gulf, only those participants who have substantially fished the species proposed to be included in the IFQ are eligible to vote in the referendum. This document specifies eligibility criteria for participation in the referendum that needs to be conducted prior to the Council's decision to submit the IFQ program for Secretarial review. Eligibility criteria under consideration, which identify individuals that have substantially fished in the commercial grouper and tilefish fisheries, are expressed in terms of average annual grouper and tilefish landings thresholds.

The decision to identify participants who have substantially fished in terms of average annual harvest does not consider dependency on the fishery as a criterion. A fishery participant may not meet the average annual grouper and tilefish landings threshold, but still be dependent on the fishery as a source of income. However, the Council interprets Section 303A(c)(6)(D)(i) to indicate "substantially fished" to represent substantial contribution to the overall fishery production in total harvest, which contrasts with requirements in Section 303A(c)(6)(D)(v) for a New England referendum to consider participant eligibility based on those who derive a significant percentage of their total income from the fishery. Further, the Council proposes using annual harvest as the metric for assessing participation, rather than some other means such as days fished or hook hours. This decision is based on the fact that Council feels that annual harvest, in combination with the persistence demonstrated by maintaining a high level of harvest over the period 1999-2004, is the most straight forward, readily identifiable, and accurate means of identifying whether a participant has substantially fished for grouper or tilefish species.

The Council's Preferred Alternative (**Alternative 4**) for referendum eligibility restricts participation in the referendum to permit holders who have combined average annual grouper and tilefish landings from logbooks during the qualifying years of at least 8,000 pounds per permit. The Council also elected to assign one vote per permit, regardless of catch history. Qualifying years selected by the Council cover the 1999 to 2004 period, with an allowance for dropping one year. A description of the commercial reef fish fishery including a description of the grouper and tilefish fisheries, the Council's rationale for selecting its preferred referendum eligibility criteria and qualifying period, and alternative referendum criteria considered are provided in subsequent sections.

The Commercial Reef Fish Fishery in the Gulf of Mexico

This section, which is an abbreviated version of the fishery description included in Reef Fish Amendment 29, describes the commercial reef fish fishery in the Gulf of Mexico. The description particularly focuses on the grouper and tilefish fisheries. The summary description

discusses effort levels and species composition in the reef fish fishery and highlights the economic value of the grouper and tilefish fisheries.

Species Composition

As a multi-species fishery, a fishing trip in the reef fish fishery in general and grouper and tilefish fisheries in particular catches a variety of species. Per trip species composition is presented by major species grouping. An exception to this is the explicit consideration of red grouper and gag, because they comprise the majority of species under consideration in Reef Fish Amendment 29.

Table 1 presents the percent distribution of species caught in trips landing at least one pound of selected species. The set of percents under the sub-heading "Red Grouper" pertains to the percent composition of species caught in trips landing at least one pound of red grouper. Similar description applies to the other sub-headings. All numbers are calculated as percent to the total reef and non-reef fish species caught in a trip. Given this method, the sum of reef fish and non-reef fish number should add to 100 percent. Also, the sum of shallow-water grouper (SWG), deep-water grouper (DWG), tilefish, snappers, other reef fish (ORF) should equal the number for reef fish. In addition, the sum of red grouper, gag, and other shallow-water grouper(OSWG) should equal the number for SWG. Take for example the first row of numbers under the red grouper sub-heading. Reef fish (93.7%) plus non-reef fish (6.3%) equals 100 percent. Also, the sum of SWG (69.6%), DWG (2.9%), tilefish (0.9%), snappers (9.5%), ORF (10.7%) is equal to the number for reef fish (93.7%). And the sum of red grouper, gag, and OSWG is equal to SWG ($52.0 + 7.8 + 9.9 = 69.6$ approximately). It is not surprising that for trips landing at least one pound of red grouper, or gag, or SWG, the dominant species group caught was SWG. However, for trips landing at least one pound of DWG, the dominant species group was not DWG but snappers. For trips landing at least one pound of tilefish, this species was the dominant species group caught for the entire 1993-2006 period and all three sub-periods. Within the SWG group, red grouper was clearly the dominant species caught in trips landing at least one pound of any of the selected species.

Landings, Effort and Economic Value

A license limitation program has been in place in the reef fish fishery, and to harvest commercial amounts of reef fish a vessel is required to have an active permit on board. Commercial reef fish permits are renewable every year, although an owner is granted a grace period of one year to renew his permit. Non-renewal of a permit within this grace period results in permanent loss of that particular permit. Currently, there are 878 active permits and 202 which may be renewed within a year, or a total of 1,080 permits.

For the entire 1993-2006 period, Gulf permitted commercial reef fish vessels landed a total of 257 million pounds (MP) of reef fish valued (ex-vessel) at \$562 million in nominal prices or \$642 million in 2005 (real) prices. In addition, these vessels landed another 17 MP of non-reef fish species valued at \$18 million in current prices or \$21 million in real prices. The grouper and tilefish fisheries accounted for 52 percent of all reef fish landings and 56 percent of reef fish ex-vessel values.

Table 1: Species Composition (in percent) on Trips Landing at Least One Pound of Selected Species, 1993-2006.

Period	Red G	Gag	OSWG	SWG	DWG	Tilefish	Snappers	ORF	Reef	Non-Reef	All Species
Red Grouper											
1993-98	55.4	10.6	12.7	78.7	3.5	0.6	9.7	4.8	97.3	2.7	100.0
1999-04	52.1	19.2	10.7	82.0	3.5	0.4	9.6	2.5	98.1	1.9	100.0
2004-06	52.4	18.0	8.1	78.5	2.4	0.4	14.6	2.3	98.3	1.7	100.0
1993-06	53.3	15.9	10.9	80.2	3.3	0.5	10.6	3.3	97.8	2.2	100.0
Gag											
1993-98	43.7	20.1	3.9	67.8	5.2	0.7	18.2	5.8	97.7	2.3	100.0
1999-04	41.4	26.7	3.7	71.8	5.5	0.5	17.6	3.3	98.7	1.3	100.0
2004-06	46.7	23.6	3.8	74.1	4.6	0.4	16.9	2.6	98.7	1.3	100.0
1993-06	43.2	23.8	3.8	70.8	5.2	0.5	17.7	4.1	98.4	1.6	100.0
SWG											
1993-98	36.9	8.3	11.1	56.3	6.1	1.1	27.4	6.2	97.2	2.8	100.0
1999-04	36.7	15.3	9.6	61.6	5.8	0.7	26.3	3.6	98.0	2.0	100.0
2004-06	39.3	14.5	7.4	61.2	5.8	0.6	27.9	2.7	98.2	1.8	100.0
1993-06	37.3	12.7	9.7	59.6	5.9	0.8	27.0	4.3	97.7	2.3	100.0
DWG											
1993-98	15.4	2.9	7.2	25.5	23.4	5.3	37.1	5.5	96.8	3.2	100.0
1999-04	15.0	8.1	7.4	30.5	23.8	4.3	36.1	3.7	98.4	1.6	100.0
2004-06	16.2	8.3	6.4	30.9	29.2	4.3	32.1	2.4	99.0	1.0	100.0
1993-06	15.3	6.3	7.2	28.7	24.7	4.7	35.7	4.1	97.9	2.1	100.0
Tilefish											
1993-98	11.3	2.2	7.5	21.1	34.8	13.0	23.7	5.1	97.6	2.4	100.0
1999-04	9.2	5.9	6.7	21.8	43.3	13.3	17.0	3.1	98.5	1.5	100.0
2004-06	9.5	5.5	5.1	20.1	40.4	15.5	19.7	2.9	98.5	1.5	100.0
1993-06	10.1	4.5	6.7	21.2	39.6	13.6	19.9	3.8	98.2	1.8	100.0

Gulf permitted commercial reef fish vessels landed annually an average of 7.82 MP of shallow-water grouper, 1.17 MP of deepwater grouper, and 0.52 MP of tilefish. The respective ex-vessel values are \$18.91 million, \$3.06 million, and \$0.77 million in nominal prices, or \$21.51 million, \$3.49 million, and \$0.88 million in real prices. Within the shallow-water grouper complex, red grouper and gag dominated the fishery—red grouper accounted for 67 percent of landings and 62 percent of ex-vessel values; gag accounted for 18 percent of landings and 21 percent of ex-vessel values.

Table 2 provides fleet-wide average landings and revenues. In the table, SWG stands for shallow-water grouper and includes gag, red, and other shallow-water grouper and DWG stands for deep-water grouper. The column “Reef Fish” includes all reef fish species. Average landings for all subject species rose from the first period (1993-1998) to the next but fell in the third period (2005-2006), thus landings for all subject species were highest in the 1999-2004 period.

Table 2 Fleet-wide Average Annual Landings and Revenues for Selected Species (1993-2006)

Period	Red Grouper	Gag	SWG	DWG	Tilefish	Reef Fish
Landings (1,000 lbs)						
1993-98	4,790	850	6,840	1,047	507	17,584
1999-04	5,831	1,885	8,946	1,331	534	19,756
2005-06	5,074	1,525	7,389	1,053	510	16,598
1993-06	5,276	1,390	7,821	1,170	519	18,374
Nominal Value (\$1,000)						
1993-98	9,854	2,243	15,057	2,488	697	34,097
1999-04	13,223	5,453	22,136	3,604	814	44,895
2005-06	13,360	4,915	20,779	3,150	841	44,252
1993-06	11,799	4,000	18,908	3,061	768	40,176
Real Value (\$1,000)						
1993-98	12,494	2,814	19,045	3,145	880	43,173
1999-04	14,541	5,959	24,301	3,956	893	49,265
2005-06	13,155	4,868	20,499	3,123	830	43,595
1993-06	13,466	4,455	21,505	3,489	879	45,844

Nominal (current) and real (adjusted for inflation) ex-vessel revenues rose and fell from one period to the next in the same manner as landings, with two exceptions regarding changes in the nominal ex-vessels which showed very slight increases in the third period for red grouper and tilefish. In general, this implies that the second period (1999-2004) registered the highest ex-vessel values for all subject species. Nominal ex-vessel values rose in the second period by 34 percent, 143 percent, 47 percent, 45 percent, and 17 percent for red grouper, gag, SWG, DWG, and tilefish, respectively. A substantial portion of these increases were due to inflation as can be inferred from the corresponding increases in real revenues of 16 percent, 112 percent, 28 percent, 26 percent, and 1 percent for the respective species. Decreases in the third period ranges from 7 percent for tilefish to 21 percent for deep-water grouper.

The number of boats actively participating in the fishery and fleet-wide trips and days away from port are provided in Table 3. For the entire 1993-2006 period, the number of boats harvesting at least one pound of selected species averaged at 765 for red grouper, 591 for gag, 977 for SWG, 376 for DWG, 212 for tilefish, and 1,123 for reef fish. Trips landing at least one pound of selected species averaged annually at 6,627 with a range 5,824 to 7,074 for red grouper, 4,825 with a range of 3,884 to 5,820 for gag, 9,860 with a range of 7,764 to 10,405 for SWG, 2,144 with a range of 1,397 to 2,437 for DWG, 834 with range of 904 to 665 for tilefish, and 14,698 with range of 11,630 to 15,359 for reef fish. Days away from port of boats landing at least one pound of selected species averaged annually at 32,531 with a range 28,165 to 33,363 for red grouper, 21,133 with a range of 17,432 for gag, 42,333 with a range of 34,433 to 44,079 for SWG, 12,634 with a range of 8,089 to 13,875 for DWG, 6,332 with range of 4,598 to 6,862 for tilefish, and 52,498 with range of 43,035 to 55,204 for reef fish.

Table 3: Average Annual Number of Boats, Trips, and Days Away from Port for trips landing at least one pound of selected species, 1993-2006.

Period	Red	Gag	SWG	DWG	Tilefish	Reef Fish
Boats						
1993-98	797	530	1,059	399	231	1,246
1999-04	767	655	958	368	193	1,075
2005-06	666	579	791	330	215	895
1993-06	765	591	977	376	212	1,123
Trips						
1993-98	6,449	3,884	10,013	2,101	904	15,359
1999-04	7,074	5,820	10,405	2,437	820	15,059
2005-06	5,824	4,664	7,764	1,397	665	11,630
1993-06	6,627	4,825	9,860	2,144	834	14,698
Days Away from Port						
1993-98	33,154	17,432	44,079	12,909	6,862	55,204
1999-04	33,363	24,698	43,219	13,875	6,380	52,946
2005-06	28,165	21,543	34,433	8,089	4,598	43,035
1993-06	32,531	21,133	42,333	12,634	6,332	52,498

Table 3 indicates that effort declined for all selected species, with peaks generally occurring in the second period (1999-2004). Potential reasons for observed declines in effort levels could include the increase in fishing cost (in particular fuel cost in recent years), increase in harvesting efficiency, more restrictive regulations particularly for the grouper fishery, and even improvements in the stock status of certain species may contribute to the decline in fishing effort. However, more research is needed to determine which factors did contribute, or contribute significantly, to such decline in fishing effort.

Average annual landings and revenues per boat are presented in Table 4. Between 1999 and 2004, average annual SWG, DWG and tilefish landings per boats are estimated at 9,338 lbs, 3,617 lbs, and 2,767 lbs, respectively. Corresponding nominal revenues per boat equaled \$23,106, \$9,793, and \$4,218, respectively.

Fish Dealers

There are currently 178 Gulf reef fish dealers with active permits, but since the reef fish dealer permitting system in the Gulf is an open access program, the number of dealers can vary from year to year. For the period 2004-2007, these dealers handled an average of 10.8 million pounds of grouper and tilefish valued at \$25.4 million. These dealer transactions were distributed as follows: Florida, with 10 million pounds worth \$23.5 million; Alabama and Mississippi, with 102 thousand pounds worth \$222 thousand; Louisiana, with 270 thousand pounds worth \$592 thousand; and, Texas, with 434 thousand pounds worth \$1.03 million. The rest of transactions were handled by dealers outside of the Gulf.

Table 4: Average Annual Landings and Revenues per Boat

Period	Red	Gag	SWG	DWG	Tilefish	Reef
Landings (lbs)						
1993-98	6,010	1,604	6,459	2,624	2,195	14,112
1999-04	7,602	2,878	9,338	3,617	2,767	18,378
2005-06	7,619	2,634	9,341	3,191	2,372	18,545
1993-06	6,897	2,352	8,005	3,112	2,448	16,362
Nominal Value (\$)						
1993-98	12,364	4,232	14,218	6,236	3,017	27,365
1999-04	17,240	8,325	23,106	9,793	4,218	41,763
2005-06	20,060	8,489	26,269	9,545	3,912	49,444
1993-06	15,424	6,768	19,353	8,141	3,623	35,776
Real Value (\$)						
1993-98	15,676	5,309	17,984	7,882	3,810	34,649
1999-04	18,958	9,098	25,366	10,750	4,627	45,828
2005-06	19,752	8,408	25,915	9,464	3,860	48,709
1993-06	17,603	7,538	22,011	9,279	4,146	40,823

It is important to note that the fishery description provided does not discuss employment practices in the fishery because the Council determined that employment practices did not constitute a relevant factor in the selection of referendum eligibility criteria in the Gulf of Mexico. That determination follows from provisions of the Act requiring that the referendum be approved by a majority of eligible participants that have substantially fished and from the Council's decision to base referendum eligibility on recorded average annual landings thresholds; catch histories, which are attached to the reef fish permit, are not impacted by prevailing employment practices.

Qualifying Years

The qualifying period selected for referendum eligibility coincides with years selected for initial IFQ share apportionment, i.e., the years between 1999 and 2004 with an allowance for dropping one year. The Council elected to use the same qualifying period to set a consistent basis for the distribution of initial IFQ shares and for the establishment of referendum eligibility criteria. The Council elected to allow fishermen to drop one year to account for the fact that commercial fishermen may be forced to temporarily suspend their operation due to mechanical difficulties, health-related problems or other personal reasons. Alternative qualifying periods considered included the same time period without the allowance for dropping a year and a longer time series covering the 1995 to 2004 period (with or without an allowance for dropping a year).

Historical data covering the period between the implementation of mandatory logbooks, i.e., 1993, and 1995 were not considered due to incomplete permit transfer records. The use of permit

transfer records prior to 1995 would result in inaccurate landings assignments, and hence biased initial IFQ share allocations. The Council decided against using more recent data to be consistent with the October 15, 2004 control date. The control date was published to prevent catch histories from being distorted or substantially shifted from historical trends by speculative acceleration of fishing effort to develop larger catch histories in the grouper and tilefish fisheries. For 2004, the Council elected to include landings for the whole year; the red grouper and shallow water grouper fisheries closed on November 15, 2004; tilefish were landed throughout the year. The Council indicated that the inclusion of grouper and tilefish landed in 2004 after October 15 was consistent with the intent of the control date. Furthermore, the non-inclusion of landings between October 15 and December 31, 2004 could negate some of the benefits from using the best 5 out of 6 years for initial IFQ share distribution. Fishers who have recently purchased commercial reef fish permits without historical grouper and/or tilefish landings but are now active in the fishery may not be eligible to participate in the referendum. However, if the Council decided to use years after the control date, a precedent might be set that may encourage fishermen to accelerate landings after future control dates are established.

The Council chose to use 1999 as the start year in determining catch histories based in part on guidance from the Ad-Hoc IFQ Advisory Panel (AHGAP). The AHGAP consists of commercial fishermen and dealers who have been active in the grouper and tilefish fisheries, who have investments and dependence on the fisheries, and who are representatives of fishing communities. The AP indicated that using 1999 as the first year for catch histories would constitute a fair, equitable, and accurate representation of who has investments and dependence upon the fisheries (both current and historical) because prior to 1999 a series of management measures were implemented that may have caused fishermen who were not as dependent on the fisheries to exit. It is also important to note that a Chi-Square statistical test¹ comparing the frequency distributions corresponding to the various qualifying periods concluded that, at a 95 percent confidence level, there was no significant statistical difference between the frequency distributions considered. Additionally, landings of gag in previous years were misreported as black grouper. By including years prior to 1999, not only would this not be an accurate representation of current levels of participation but landings from this time period were misreported. Possible implementation of the Grouper IFQ could occur in 2010. By this time, 11 years will have passed since the first eligible year of catch history, 1999.

Frequency distributions corresponding to each qualifying period are presented in Table 5. For the 1999-2004 qualifying periods (with or without the allowance for dropping one year) frequency distributions were based on a census of valid or renewable commercial reef fish permits. For the longer qualifying periods (1995-2004 with or without the allowance for dropping one year), frequency distributions were based on a random sample of 458 permits, representing 42 percent of the valid or renewable permits.

¹ The computed Chi-Square test statistic equaled 5.874; at a 95 percent confidence level, the Chi-Square critical value was equal to 24.995. Hence, the test does not reject the hypothesis assuming the absence of significant difference between the frequency distributions.

Preferred Referendum Eligibility Requirements and Alternatives Considered

Under **Alternative 4**, the Council’s preferred alternative for referendum eligibility, participation in the referendum is restricted to permit holders who have combined average annual grouper and tilefish landings from logbooks during the qualifying years of at least 8,000 pounds per permit. The Council also elected to assign one vote per permit, regardless of catch history.

Additional referendum eligibility criteria considered by the Council included a no action alternative (**Alternative 1**) that would not specify referendum eligibility requirements, and alternatives setting minimum annual average grouper and tilefish landings at 1,000 lbs (**Alternative 2**) and 4,000 lbs (**Alternative 3**). The weighting of votes based on the grouper and tilefish catch history attached to each permit was also considered. Tables 6 and 7 present the number of eligible participants and corresponding grouper and tilefish landings, respectively.

Table 5: Permit Frequency Distribution by Qualifying Period

Group	All 6 years (1999-2004)		Best 5 years of 1999-2004	
	Frequency		Frequency	
	Number	Percent	Number	Percent
0	67	6.20	67	6.20
1 to 499 lbs	239	22.13	220	20.37
500 to 999 lbs	82	7.59	74	6.85
1,000 to 3,999 lbs	248	22.96	241	22.31
4,000 lbs to 7,999	136	12.59	145	13.43
8,000 lbs and above	308	28.52	333	30.83
Total	1080		1080	
Group	All 10 years (1995-2004)		Best 9 years of 1995-2004	
	Frequency		Frequency	
	Number	Percent	Number	Percent
0	18	3.93	18	3.93
1 to 499 lbs	81	17.69	83	18.12
500 to 999 lbs	30	6.55	21	4.59
1,000 to 3,999 lbs	97	21.18	90	19.65
4,000 lbs to 7,999	54	11.79	61	13.32
8,000 lbs and above	178	38.86	185	40.39
Total	458		458	

Table 6: Eligible Referendum Participants Based on Combined Average Annual Grouper and Tilefish Landings (5 Best years -1999 to 2004)

Referendum Eligibility Requirement	Voting Permits		Non-Voting Permits	
	Number	Percent	Number	Percent
At least 1 lb	1,013	93.8	67	6.2
At least 500 lbs	793	73.4	287	26.6
At least 1,000 lbs	719	66.6	361	33.4
At least 4,000 lbs	478	44.3	602	55.7
At least 8,000 lbs	333	30.8	747	69.2

Table 7: Number of Permits and Combined Average Annual Grouper and Tilefish Landings by Group (5 Best years -1999 to 2004)

Referendum Requirement	Permits		Landings	
	Number	Percent	Pounds	Percent
At least 1 lb	1,013	93.8	13,289,644	100
At least 500 lbs	793	73.4	13,248,280	99.7
At least 1,000 lbs	719	66.6	13,193,623	99.3
At least 4,000 lbs	478	44.3	12,669,511	95.3
At least 8,000 lbs	333	30.8	11,823,354	89.0

The no action alternative (**Alternative 1**) would consider all permit holders eligible for participation in the referendum. This alternative would not be consistent with provisions of the Act requiring that referendum participation be restricted to eligible permit holders who substantially fished the species included in the IFQ program.

Under the 1,000 lbs of grouper and tilefish landings threshold required in **Alternative 2**, 719 permits holders² would be eligible to vote. A minimum landings threshold of 4,000 lbs (**Alternative 3**) would decrease the number of eligible permit holders to 478.

Under the 8,000 lb landings threshold selected by the Council, 333 permits or 30.8 percent of eligible permits would qualify for participation in the referendum. A further evaluation of average annual grouper and tilefish landings in the Gulf indicates that the number of permits that

² Though the terms “permits” and “permit holders” are used interchangeably, the number of permit holders participating in the referendum is expected to be smaller than the number of eligible permits due to owners with multiple permits.

would qualify for the referendum accounted for 89 percent of the grouper and tilefish landings during the qualifying period. Descriptive statistics computed for the Council's preferred qualifying period, i.e., the best 5 years between 1994 and 2004, indicate that combined grouper and tilefish annual landings averaged 12,305 lbs per permit. Further, with a 95 percent confidence level, it can be stated that the mean value is expected to fall between 10,983 lbs and 13,627 lbs³. It is worth noting that the referendum eligibility threshold set by the Council is well below the lower bound of the confidence interval for annual average landings.

While it would more than double the number of participants in the referendum, lowering the minimum landings threshold from the Council's preferred alternative (8,000 lbs) to 1,000 lbs has a marginal impact on the amount of landings represented by eligible voters. With a 1,000 lbs annual average grouper and tilefish landings, eligible voters would account for 99.3 percent of landings; corresponding to a 10 percent increase from landings associated with eligible voters under the Council's selected landings threshold. The large increase in number of voters and corresponding minor increase in grouper and tilefish landings further illustrate the fact that the commercial grouper and tilefish fisheries include a significant proportion of fishermen which do not substantially fish, i.e., fishermen that are barely active in the fishery and thus have recorded minimal annual landings. Participants in the commercial grouper and tilefish fisheries include small operations landing a few hundred pounds per year as well as large vessels harvesting in excess of 100,000 pounds annually. Average annual grouper and tilefish landings per permit fluctuate over a wide range. Average annual grouper and tilefish landings vary from a minimum of 0 lb to a maximum of more than 160,000 lbs.

The Council's considered weighting votes based on the grouper and tilefish catch history attached to each permit but elected to assign one vote per qualified permit, regardless of the permit's catch history. The Council's decision was prompted by the need to establish fair and equitable referendum participation criteria and to preclude an individual from controlling an excessive share of the votes. Given the wide fluctuations in annual average landings, weighting the votes would allow the top producers in the commercial grouper and tilefish fisheries to control excessive shares of the votes. Assuming that they all voted the same way, 8.6 percent of the permits (or the top 93 producers), which account for 51 percent of the grouper and tilefish landings, would determine the outcome of the referendum even if everybody else voted in the opposite direction. It would be difficult to consider such a referendum as fair and equitable. Furthermore, should the proposed IFQ program be approved, the Council's decision to assign one vote per permit would result in an IFQ program with more legitimacy in the eyes of fishermen.

Expected Impacts

Establishing eligibility for referendum participants is an essentially administrative action, and is not expected to directly or indirectly affect the physical, biological, or ecological environments. The determination of eligibility requirements for referendum participation is not expected to result in direct or indirect economic or social effects. Limited effects on the administrative environment are expected due to costs associated with identifying eligible voters and administering the referendum.

³ The number of permits and standard deviation are 1,080 and 22,142, respectively.

Summary

Referendum participation criteria selected by the Council, i.e., a minimum combined grouper and tilefish average annual landings threshold of 8,000 lbs per permit during the qualifying years; and one vote per permit, regardless of catch history, are consistent with the Act in allowing those who substantially fished to participate in the referendum. The qualifying years selected (1999-2004, with an allowance for dropping one year) are consistent with a previously published control date, mitigate the incidence of species misidentification between gag and black grouper that was prevalent during the earlier years, and, constitute an accurate representation of current and historical participation in the grouper and tilefish fisheries. By selecting a landings threshold well below the recorded average annual combined grouper and tilefish landings and assigning one vote per permit, eligibility criteria set by the Council are fair and equitable and preclude an individual from controlling an excessive share of the votes.

Eligibility for Referendum Participation – List of Alternatives Considered

Alternative 1: No Action – Do not specify eligibility for referendum participation

Alternative 2: Restrict participation in the referendum to persons that have substantially fished in the grouper and tilefish fisheries. Only commercial reef fish permit holders who have combined average annual grouper and tilefish landings from logbooks during the qualifying years of at least 1,000 pounds (per permit) are considered as having substantially fished.

Option a: Votes will be weighted by the permit’s grouper and tilefish catch history

Option b: Each eligible permit will have one vote regardless of the relative size of the permit’s catch history

Alternative 3: Restrict participation in the referendum to persons that have substantially fished in the grouper and tilefish fisheries. Only commercial reef fish permit holders who have combined average annual grouper and tilefish landings from logbooks during the qualifying years of at least 4,000 pounds (per permit) are considered as having substantially fished.

Option a: Votes will be weighted by the permit’s grouper and tilefish catch history

Option b: Each eligible permit will have one vote regardless of the relative size of the permit’s catch history

Preferred Alternative 4: Restrict participation in the referendum to persons that have substantially fished in the grouper and tilefish fisheries. Only commercial reef fish permit holders who have combined average annual grouper and tilefish landings from logbooks during the qualifying years of at least 8,000 pounds (per permit) are considered as having substantially fished.

Option a: Votes will be weighted by the permit’s grouper and tilefish catch history

Preferred Option b: Each eligible permit will have one vote regardless of the relative size of the permit’s catch history