Appendix A. Regulatory Impact Review. Regulatory Amendment 12 to the Fishery Management Plan for the Snapper Grouper Fishery of the South Atlantic Region

REGULATORY IMPACT REVIEW

1. 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 and provides information that may be used in conducting an analysis of impacts on small business entities pursuant to the Regulatory Flexibility Act (RFA). This RIR analyzes the expected effects that this action would be expected to have on the commercial and recreational sectors of the South Atlantic snapper grouper fishery, with emphasis on the golden tilefish segment. Additional details on the expected economic effects of the various alternatives in this action are included in **Chapter 4**.

2. Problems and Objectives

The purpose and need, issues, problems, and objectives of this amendment are presented in **Chapter 1**. The purpose of this amendment is to adjust the annual catch limit (ACL) and optimum yield (OY) for golden tilefish. This adjustment is needed to account for the recent stock assessment values based on data through 2010.

3. Methodology and Framework for Analysis

This RIR assesses management measures from the standpoint of determining the resulting changes in costs and benefits to society. The effects of the proposed measures on the recreational sector are stated in terms of consumer surplus changes while those on the commercial sector are measured in terms of revenue changes. Changes in the profits for the commercial sector would have been a better metric, but they could not be adequately quantified based on available information. Moreover, the very low target trips for golden tilefish by anglers in for-hire vessels precludes the estimation of changes in producer surplus, or net operating profits, of the for-hire sector.

Data from 2005-2010 is used to characterize the baseline scenario. This time period captures the more recent commercial and recreational activities in the golden tilefish portion of the snapper grouper fishery. Consumer surplus and revenue figures are expressed in 2010 dollars. Because

the ACL under each alternative is specified over the years 2012-2015, consumer surplus and revenue effects are expressed as net present values.

Public and private costs associated with the process of developing and enforcing regulations on fishing for golden tilefish in waters of the South Atlantic are provided.

4. Description of the Fishery

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

5. Effects of Management Measures

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

The proposed ACL would be a substantial increase from its present level and thus, in principle, may be expected to generate positive economic effects on both the commercial and recreational sectors. The accountability measures (AM) for each sector would condition the sector-specific effects of such an ACL increase.

The proposed AM for the recreational sector would consist of an in-season action that would close the recreational sector when the recreational ACL is projected to be met and a post-season action that would reduce the recreational fishing season if the prior year's ACL were exceeded. For the commercial sector, the current AM would be maintained -- prohibit the harvest, possession, retention, and all purchase and sale of golden tilefish when the commercial quota is projected to be met.

Given the current AM for the commercial sector, the proposed ACL increase would result in a total revenue increase of $1.966 million (2010 dollars) for the entire 2012-2015 period under a 7 percent discount rate. Of this total revenue increase, about $1.8 million would be earned by the longline sector and $176,000 by the hook and line sector. Profits to the commercial vessels may also be expected to increase but the magnitude of such increase cannot be estimated based on available information.

The recreational sector has not been subject to quota closures, although it has been exceeding its ACL. Given the proposed recreational AM, the proposed ACL increase would result in a total consumer surplus reduction of $650,000 (2010 dollars) over the years 2012-2015 under a 7 percent discount rate. This reduction is due in part to the substantially large recreational harvest of golden tilefish in 2005-2010 relative to the proposed ACL increase. It may also be expected that profits to the for-hire sector targeting golden tilefish would decrease, but the magnitude of such reduction cannot be estimated based on available information. It is important to recognize that the expected reductions in consumer surplus and for-hire vessel profits would be much larger without the ACL increases.

6. 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……...…….. $125,000

NOAA Fisheries administrative costs of document preparation, meetings and review $85,000

Annual law enforcement costs .....unknown

TOTAL $210,000

Law enforcement currently monitors regulatory compliance in the various sectors of the snapper grouper fishery under routine operations and does not allocate specific budgetary outlays to these various sectors, 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 cost changes can be identified.

7. Determination of Significant Regulatory Action

Pursuant to E.O. 12866, a regulation is considered a “significant regulatory action” if it is expected to: (1) result in 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.