

# Federal For-Hire Reef Fish Permit Transfers

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## 1. Introduction

In 2005, the Gulf of Mexico Fishery Management Council (Council) replaced a temporary moratorium on the issuance of new federal for-hire coastal migratory pelagic (CMP) and reef fish permits with an indefinite limited access program (Amendment 25/17; GMFMC 2005). In 2017, the Council completed an initial 10-year review of the for-hire permit limited access program. Based on the changes in the number, distribution, and transfers of federal for-hire permits and on for-hire effort and landings, the review concluded that the limited access program appears to have met its objectives.

Reef Fish Amendment 30B (GMFMC 2008) required that federally permitted reef fish vessels comply with the more restrictive of federal or state reef fish regulations when fishing in state waters. Prior to implementation of this amendment, federally permitted for-hire reef fish vessels could fish in either state or federal waters given the appropriate permits for each; while this is still true they must now abide by whichever management measures are stricter (e.g. when federal waters are closed, federally permitted vessels cannot fish in state waters).

Reef Fish Amendment 40 (GMFMC 2014) divided the recreational red snapper quota into a federal for-hire component quota (42.3%) and a private angling component quota (57.7%) for the recreational harvest of red snapper. Amendment 40 also included a 3-year sunset provision on the separation of the recreational sector into distinct components. Reef fish Amendment 45 (GMFMC 2016) extended the separate management of the federal for-hire and private angling components for an additional 5 years through the 2022 red snapper fishing season.

The length of the federal recreational red snapper fishing season has steadily declined in recent years. Gulf states establish separate recreational red snapper seasons each year. Table 1.1 provides federal and state recreational fishing seasons for the recreational sector and for the private angling and federal for-hire components of the recreational sector.

**Table 1.1.** Federal and state recreational red snapper fishing seasons

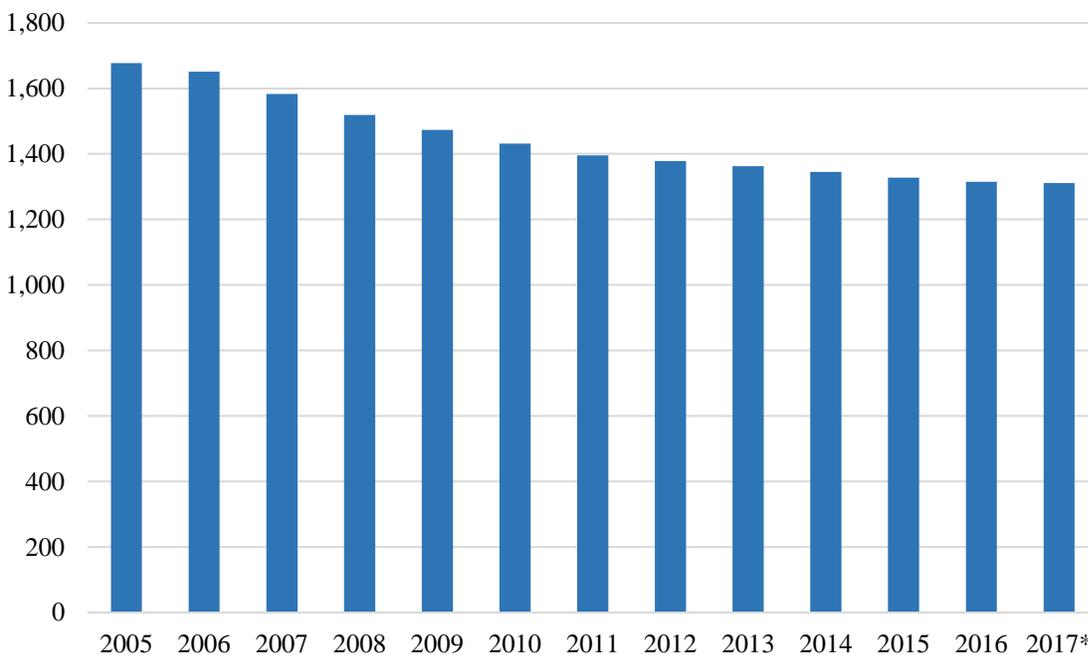
Year	State Season (days)					Federal Season (days)		
	FL	AL	MS	LA	TX	Federal	Private Angling	Federal For-Hire
2008	194	66	66	66	365	66		
2009	76	76	76	76	365	76		
2010	78	78	78	78	365	78		
2011	48	48	48	48	365	48		
2012	46	46	46	46	365	46		
2013	58	42	42	113	365	42		
2014	52	21	36	286	365	9		
2015	70	41	118	215	365		10	44
2016	85	66	102	279	365		11	46

Sources: State fishery management websites and SERO Fishery Bulletin Archives ([http://sero.nmfs.noaa.gov/fishery\\_bulletins/bulletin\\_archives/index.html](http://sero.nmfs.noaa.gov/fishery_bulletins/bulletin_archives/index.html)).

With the implementation of Reef Fish 30B, federally permitted charter vessels can no longer fish in state waters when the federal season is closed. The current regulatory landscape may provide federally permitted for-hire operators incentives to strategically transfer federal reef fish for-hire permits to take advantage of both federal and state red snapper fishing seasons. These potential incentives have prompted the Council to request further analyses of federal reef fish permit transfers to discern patterns that could suggest a strategic timing of transfers to allow operators to benefit from both seasons. Following sections provide a brief overview of the number of federal for-hire reef fish permits and evaluate permit transfer patterns.

## 2. Number of Permits

Between 2005 and 2017, the number of valid or renewable federal reef fish charter/headboat (for-hire) vessel permits decreased from 1,677 to 1,311 (as of May 26, 2017). The majority of the decrease in permits is due to termination. After a permit has expired, the permit holder has one year to renew the expired permit. At the end of that time period, the permit will terminate. Figure 2.1 provides the numbers of reef fish permits per year.



**Figure 2.1.** Number of valid or renewable federal reef fish permits in the Gulf of Mexico, 2005-2017(as of 5/26/2017). Source: NMFS-SERO

## 3. Permit Transfers

A permit transfer must occur anytime there is a change in the vessel and permit holder relationship. Examples are change in ownership of a vessel, change in permit holders, or change in vessel associated with the permit. Since 2013, there are no vessel size limits/ passenger

capacity limits on transfers for the for-hire permits. In order to transfer a permit, a permit application must be completed and mailed to NMFS. Permits are processed on a first-come/first-serve basis, and therefore a permit transfer may take multiple weeks before being finalized. Although there are no limits on transfer frequency, NMFS-SERO's Permit Office advises applicants to submit all applicable paperwork at least 30 days before the permit is needed. Table 3.1 provides the numbers of federal for-hire reef fish permits and the annual permit transfers between 2008 and 2016. Between 2008 and 2016, an annual average of 256 federal reef for-hire permits were transferred every year. On average, about 18.3% of the reef fish permits were transferred annually.

**Table 3.1.** Number of federal for-hire reef fish permits and transfers (2008-2016)

Year	Reef Fish permits		
	Total	Transferred	% Transferred
2008	1,519	228	15.0%
2009	1,473	227	15.4%
2010	1,432	245	17.1%
2011	1,396	254	18.2%
2012	1,378	221	16.0%
2013	1,363	267	19.6%
2014	1,345	291	21.6%
2015	1,328	295	22.2%
2016	1,311	272	20.7%

Source: NMFS-SERO.

A decomposition of the monthly transfers into a time trend and a seasonal component indicates that reef fish for-hire permit transfers have generally increased overtime and display a strong seasonality. The time trend and seasonality of the time series are illustrated in Figure 3.1. The frequency of permit transfers increases in May and gradually decreases afterwards. The seasonal pattern is consistent with the fact that an operator acquiring a permit would likely prefer to have the permit transfer completed before the start of the recreational red snapper fishing season which begins June 1. However, the decomposition of the time series does not suggest any particular impact of the implementation of Amendment 30B.

A further examination of transfers based on the effective dates of individual federal for-hire permit transfers does not reveal any discernible pattern that would suggest that operators strategically transfer permits to fish during federal and state recreational red snapper seasons. For permits that have been transferred more than three times, effective dates of transfers are illustrated in Figure 3.2.

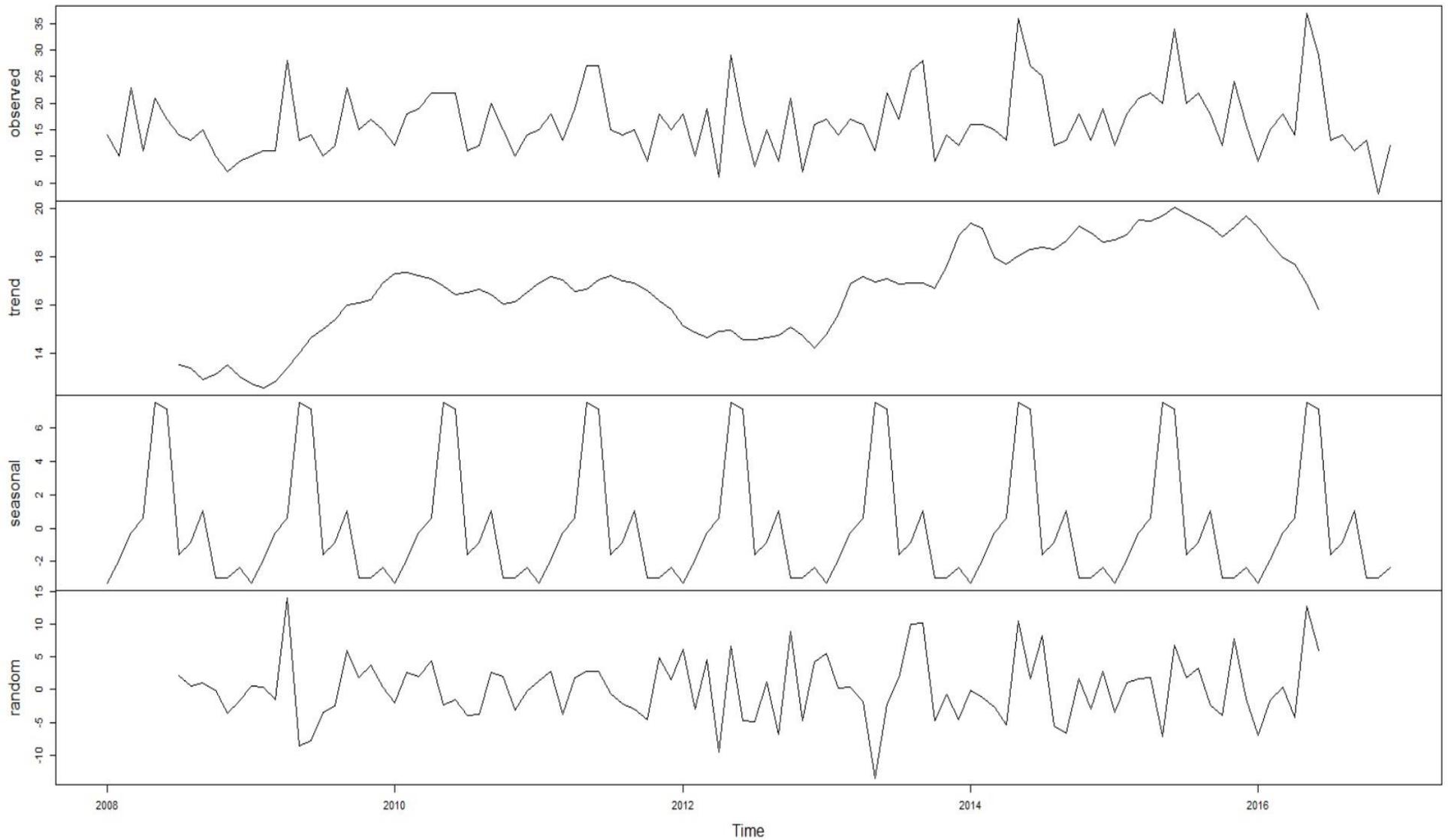


Figure 3.1: Time series decomposition of monthly federal reef fish for-hire permit transfers.

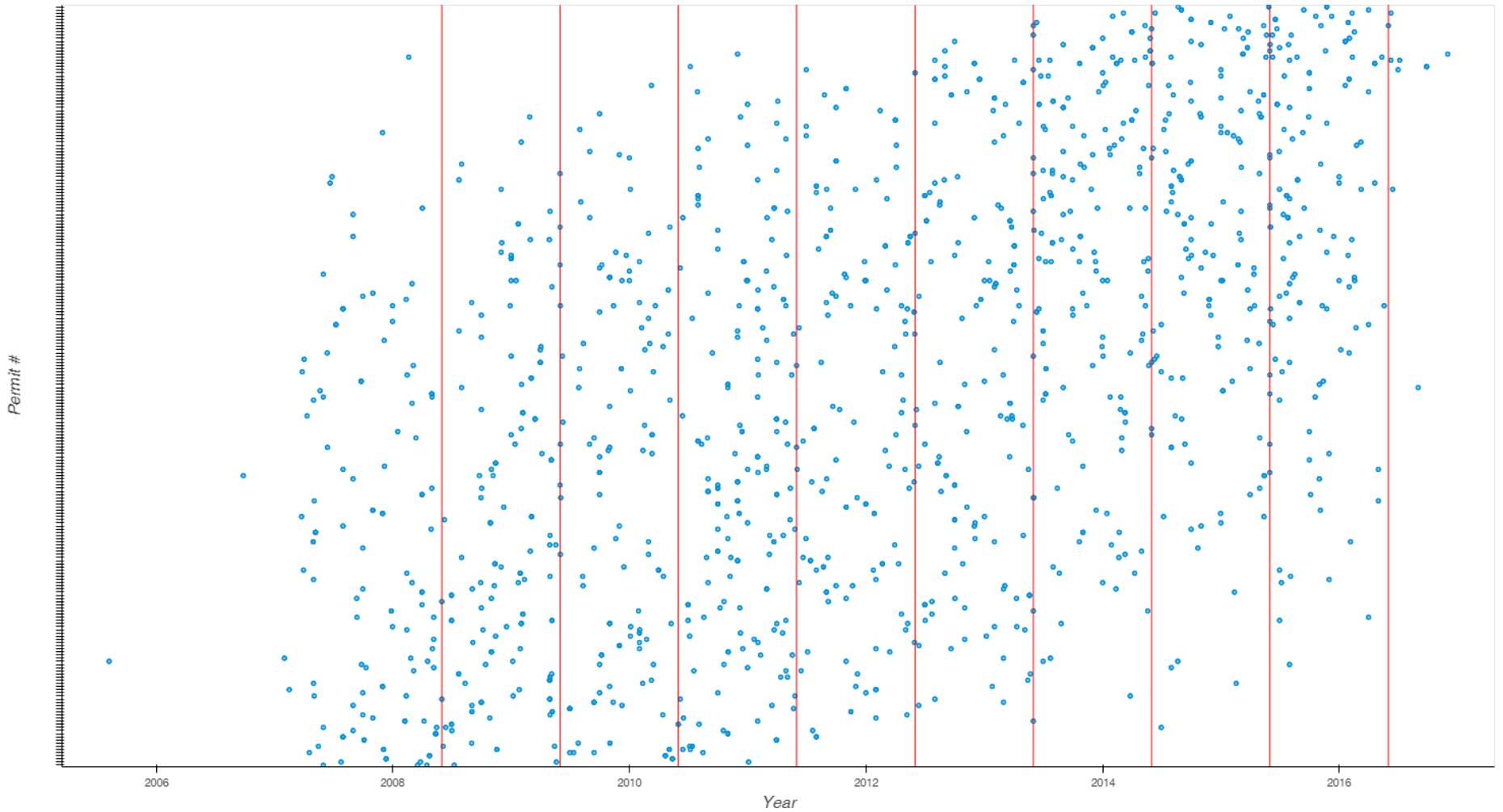


Figure 3.2: Effective for federal for-hire reef fish permit transfers (for permits transferred more than three times). Red lines indicate the start of the federal recreational red snapper season.

## 4. Conclusions

Analyses included in this document were prepared in response to the Council's concerns that regulatory changes relative to the recreational red snapper fishery may have created incentives for for-hire operators to strategically transfer federal permits on and off vessels and fish during federal and state seasons. Monthly federal for-hire permit transfers were evaluated using a time series decomposition into a time trend and a seasonal component. In addition, an evaluation of individual transfers based on each transfer's effective date was conducted. None of the analyses performed have uncovered a discernible transfer pattern that would suggest that operators are transferring permits to take advantage of federal and state recreational red snapper seasons. This does not suggest that none of the for-hire operators are participating in such activity but that, to date, we cannot definitively identify operators who may take advantage of both seasons. At any rate, an operator (or group of operators) with a small fleet could participate in both seasons by dedicating specific vessels to fishing during the state and federal seasons. The alleviation of the Council's concerns would be provided by some of the regulatory actions in development including, allocation-based management programs for the for-hire vessels (Reef Fish Amendments 41 and 42), state recreational management and, the upcoming implementation of mandatory electronic reporting for for-hire vessels. The Council could also elect to further restrict the transferability of for-hire permits.

## 5. References

GMFMC. 2005. Final Amendment to the FMPs for: Reef Fish (Amendment 25) and Coastal Migratory Pelagics (Amendment 17) for Extending the Charter Vessel/Headboat Permit Moratorium. Gulf of Mexico Fishery Management Council. Tampa, Florida.

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GMFMC. 2008. Final Amendment 30B: gag – end overfishing and set management thresholds and targets. Red grouper – set optimum yield, TAC, and management measures, time/area closures, and federal regulatory compliance including environmental impact statement, regulatory impact review, and regulatory flexibility act analysis. Gulf of Mexico Fishery Management Council. Tampa, Florida.

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GMFMC. 2016. Final Amendment 45 to the fishery management plan for the reef fish resources of the Gulf of Mexico: Revision of the red snapper recreational sector separation sunset provision, including environmental assessment, fishery impact statement, regulatory impact review, and regulatory flexibility act analysis. Gulf of Mexico Fishery Management Council, Tampa, Florida. 161 p. <http://gulfcouncil.org/docs/amendments/RF%2045%20Final.pdf>