



NOAA
FISHERIES

Gulf IFQ Programs

Essential program overview

Background

Overcapacity led to:

- Season Restrictions
 - Red Snapper mini-seasons: open only for the 1st 10-15 days each month
 - Grouper and Tilefish experienced frequent early season closures
- Trip limits
 - Red Snapper: Class 1 (2,000 lb) and Class 2 licenses (200 lb; for bycatch)
 - 6,000 lb combined grouper limit

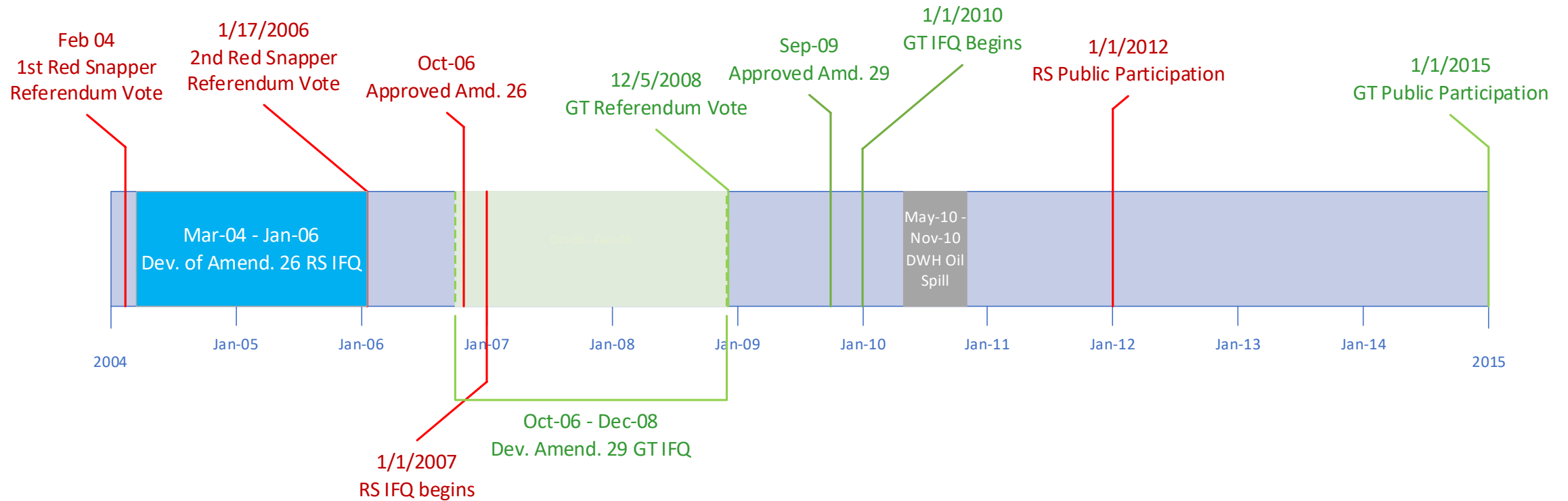
These regulations led to:

- Derby fishing and unsafe fishing conditions
- High bycatch and discard mortality
- Market gluts and low ex-vessel prices

Program basics

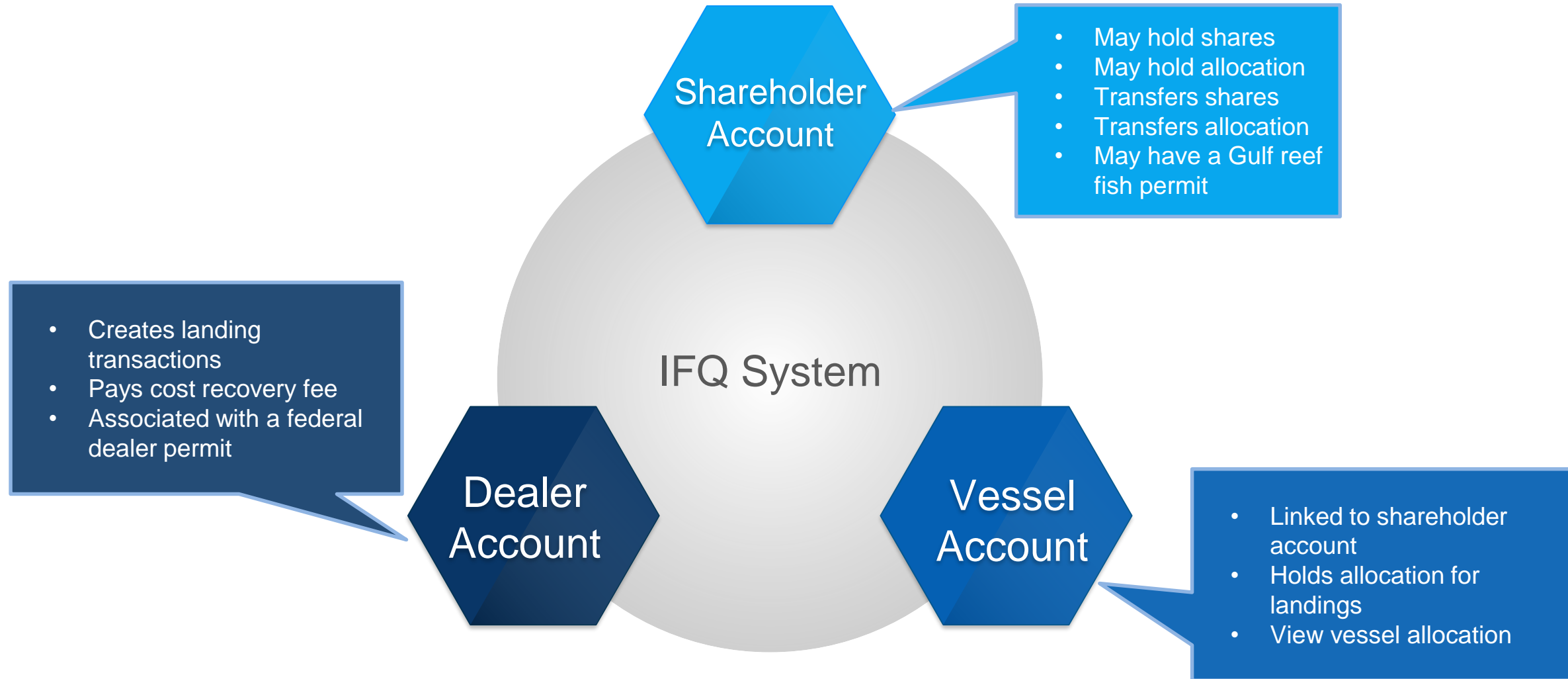
- Red Snapper IFQ (2007) and Grouper-Tilefish IFQ (2010) are housed in the same online system
 - Same account used for transactions in both programs
 - High degree of overlap between participants in both programs
- First 5 years of each program
 - Permit required to open a shareholder account
 - Permit required to obtain (increase) shares and allocation
 - No permit required to maintain shares
- After first 5 years
 - Any US Citizen or perm. resident alien could open an account
 - Any account could obtain shares and allocation

Timeline



- Original red snapper system did not track allocation transfers
- Entire system rebuilt in 2010, to better track allocation transfers and simplify vessel management

IFQ System Structure



There are also 3 administrative account types: manager, law enforcement, and fisheries finance program

Important Terms

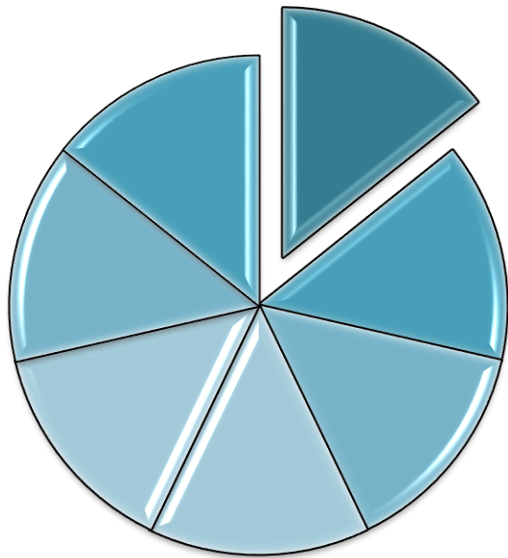
Share

- *Percentage of the commercial quota*
- *Expressed in decimals (e.g., 0.142901%)*
- *The sum of shares equals 100% per share category*
- *Is transferable*
- *Can be expressed in equivalent pounds (the amount of pounds the shares are equal to at a particular time)*

Allocation

- ***Allocation (lb) = share (%) * Quota (lb)***
- *Expressed in pounds gutted weight*
- *Distributed annually based on shares held*
 - *Allocation expires on Dec 31*
- *Is transferable*

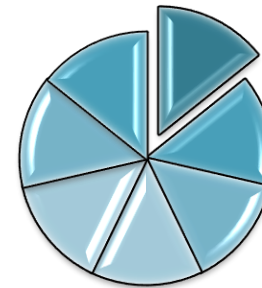
Share pounds are dependent on the quota



Share: 0.0015%

Quota: 1.41 mp

Equivalent lb: 2,115 lb



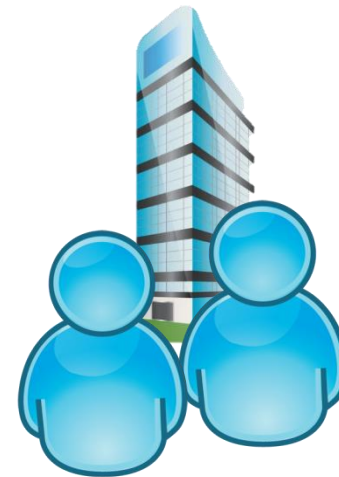
Share: 0.0015%

Quota 0.430 mp

Equivalent lb: 645 lb

Entities and Accounts

- Entities include individuals, businesses, trusts, non-profits, etc.
 - All entities (IFQ and Permits) are traced to the individual level
 - Ownership in businesses may change over time
- Each shareholder account is composed of a unique set of entities
 - Can be any individual, business or combination of those
 - Any change to the unique set of entities requires a new account creation

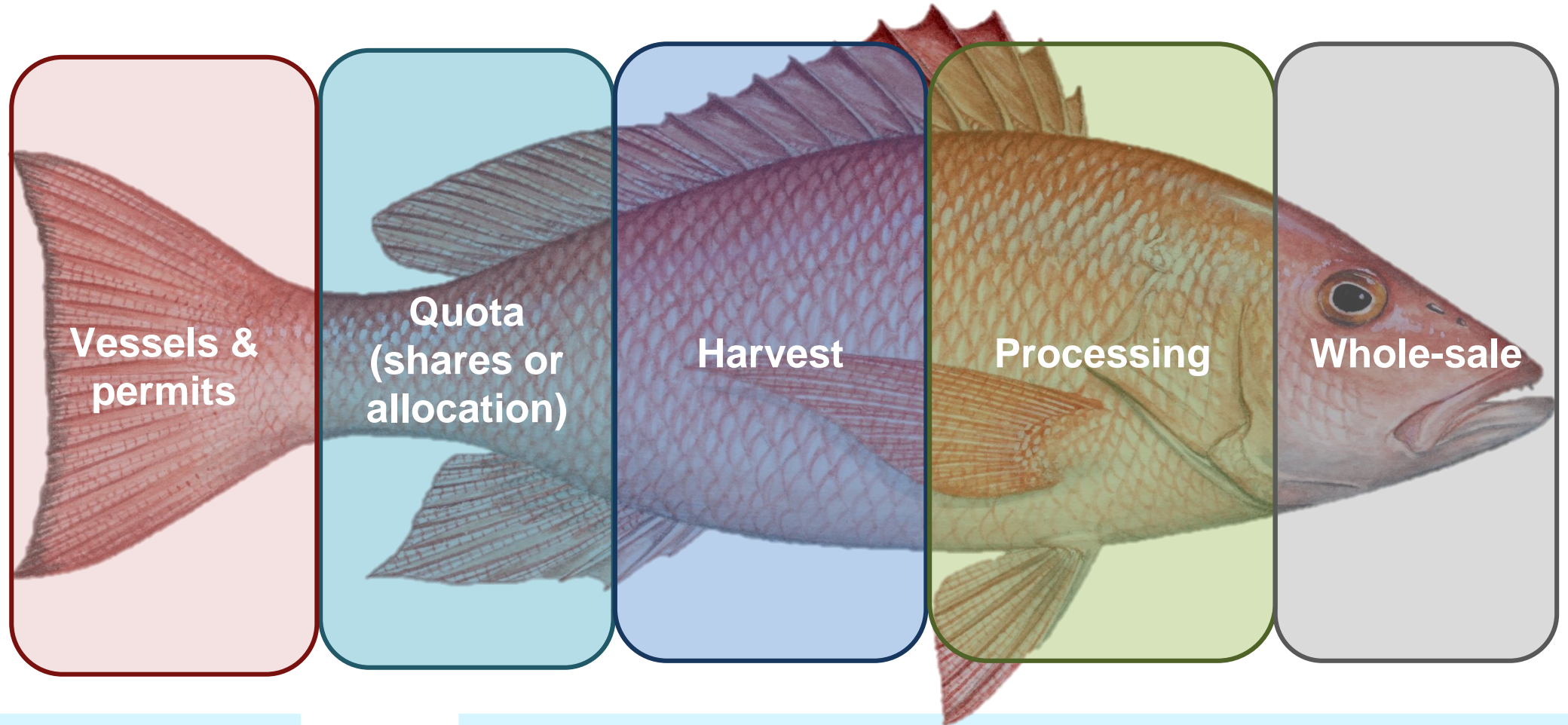


Entities and IFQ Accounts

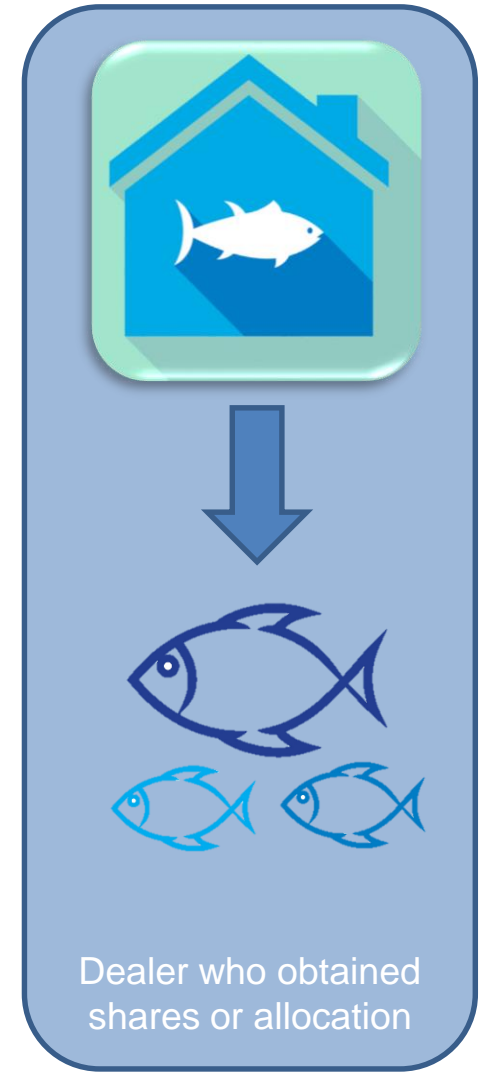
- A shareholder account may have several vessel accounts
 - Vessel accounts must have the permit in the exact same name as the shareholder account
- Some entities create unique businesses for each of their vessels
 - These have different shareholder accounts although the business ownership might be exactly the same
- While Dealer accounts can not hold shares, dealers can open a shareholder account under public participation
 - These accounts do not always use the same business name
 - Detailed dealer ownership has only been tracked to the entity in recent years
- Accounts that do not hold shares are administratively closed after 18 months of inactivity.

Vertical Integration

- An entity that is involved in more than one stage of the supply chain
- Vertical integration can exist in any fishery



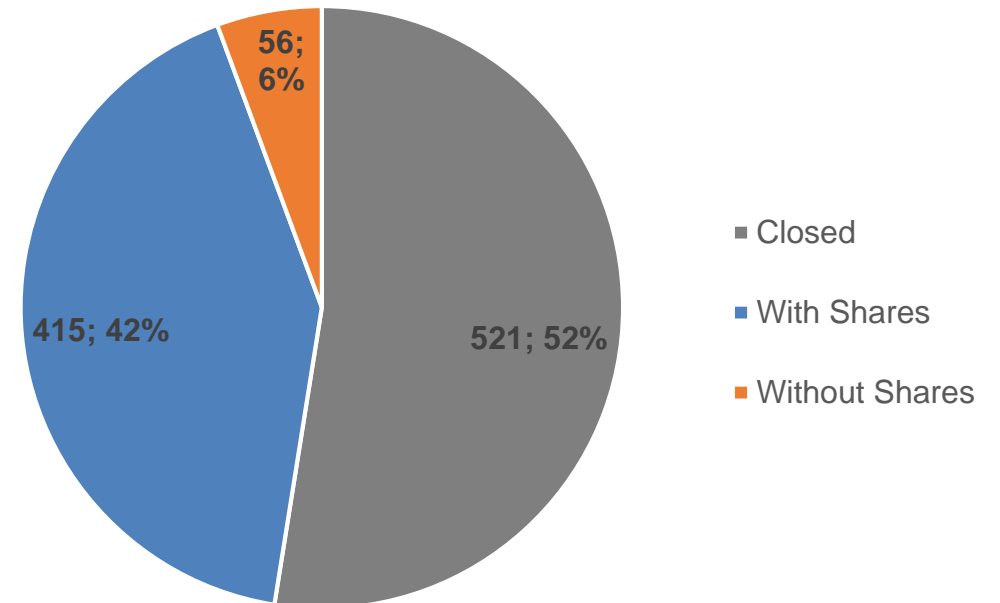
Common Vertical Integration in Gulf IFQ



Generations – Original Accounts (2023)

- Less than half of the original shareholder accounts remain in the program
- Of the original accounts, only 6% are in the program without shares
- This may under-represent original individuals if they created new accounts with new partners (e.g., adding a spouse to a permit results in a permit transfer and a new IFQ account)

Original Shareholders



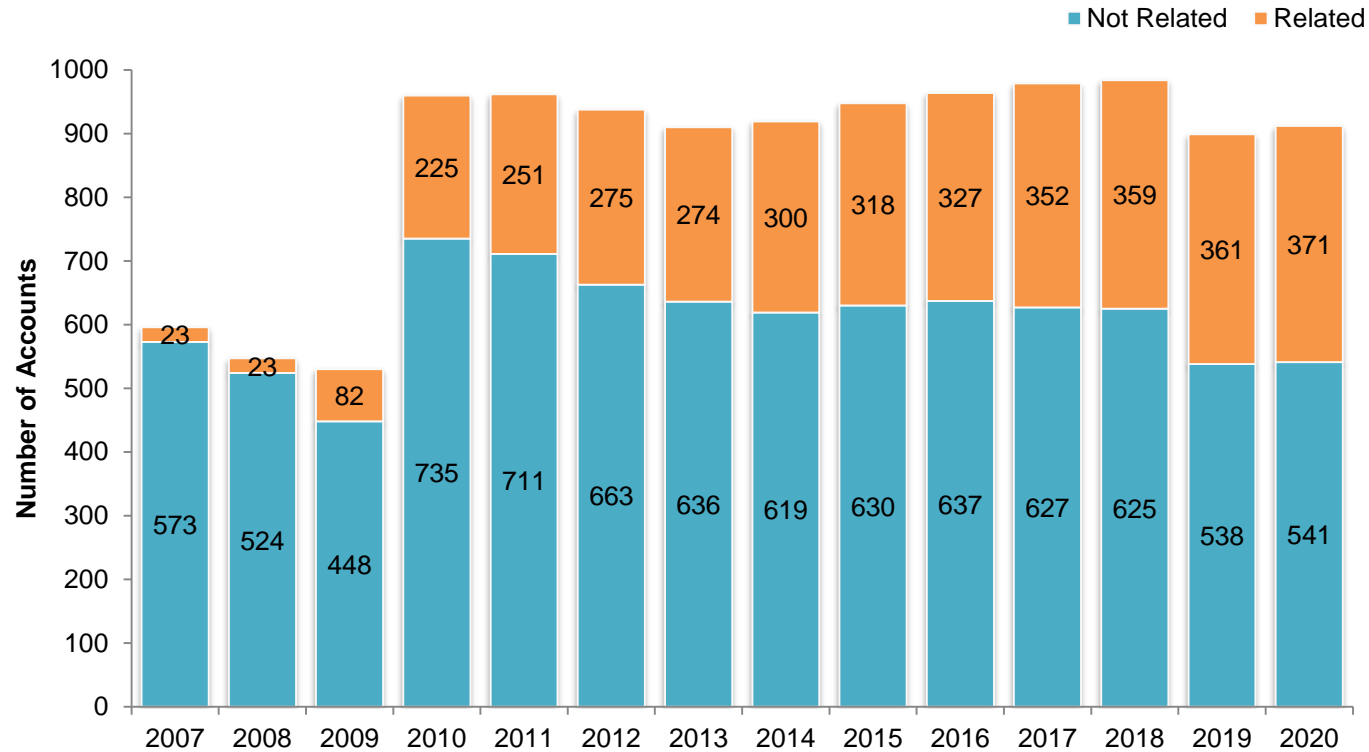


Related and Public Participant Accounts

- Related accounts
 - An individual or business may be associated with more than one account
 - Any account containing the same entity as another account is considered 'related'
 - Related accounts are created for a variety of purposes: separation of assets, partnerships with different entities, bypass share cap limit, etc.
- Public Participant accounts
 - Shareholder accounts without an associated Gulf reef fish permit
 - Low occurrences in the first five years is from accounts that no longer held permits but retained shares
- Accounts can be both public and related



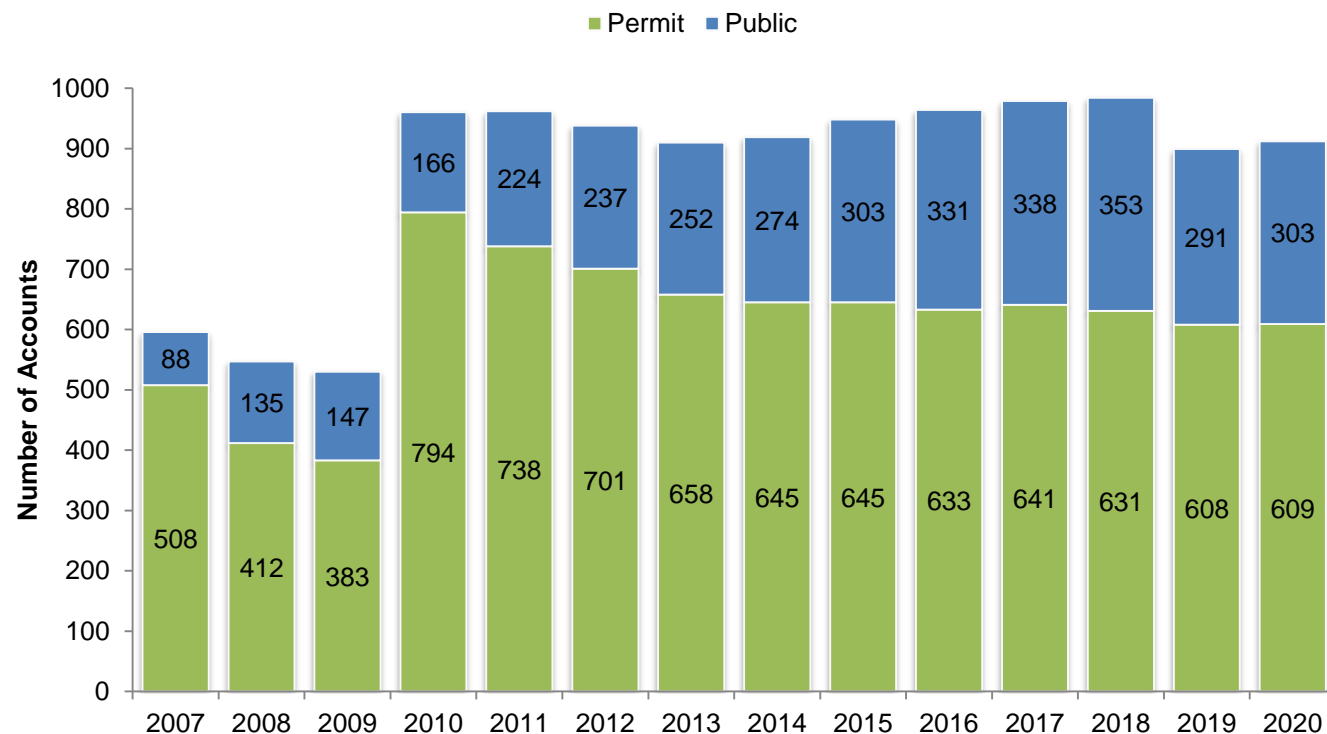
Shareholder Role Accounts



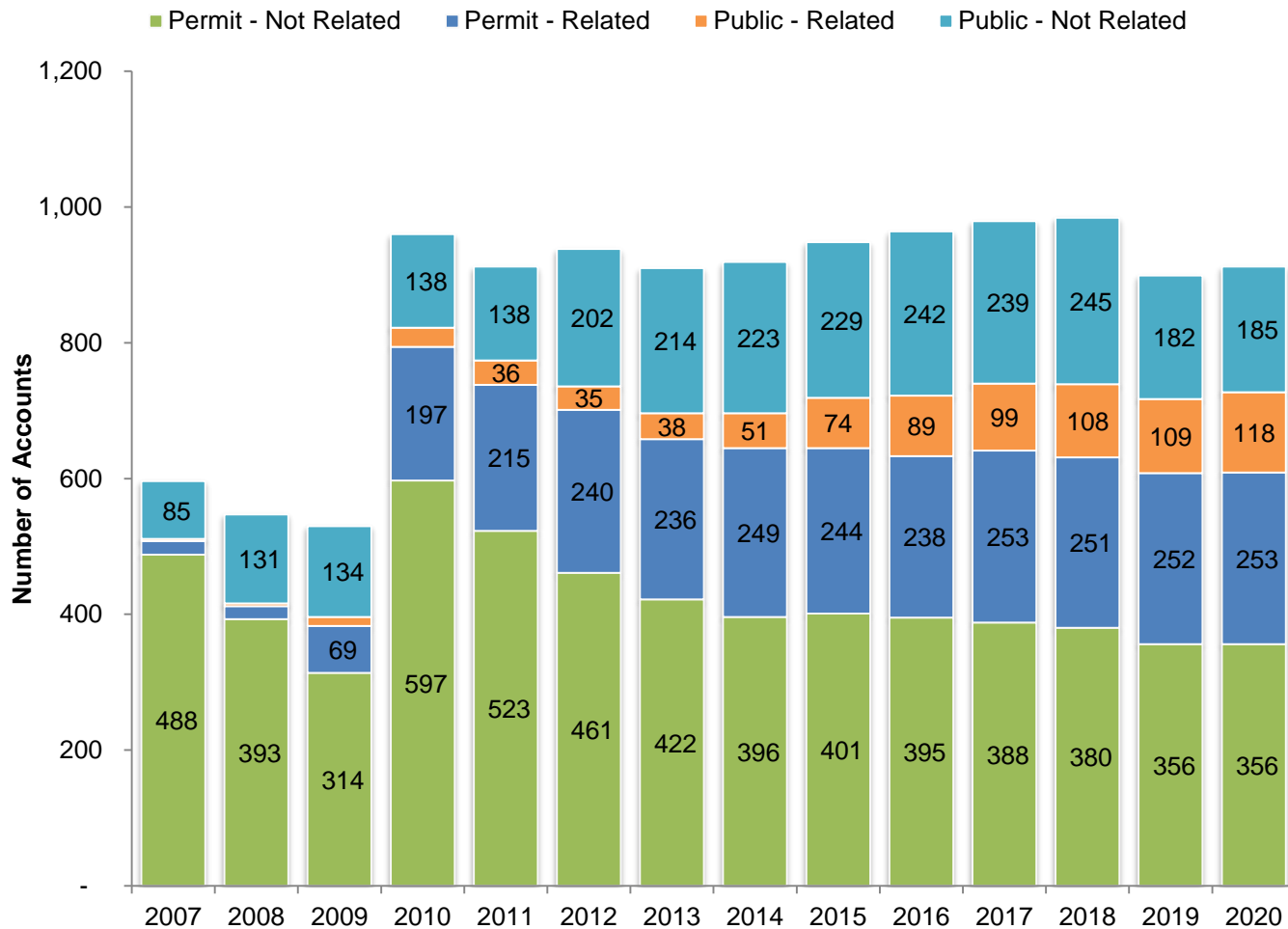
- Related accounts existed since the beginning
- The number of related accounts has increased over time



Shareholder Accounts by Permit status

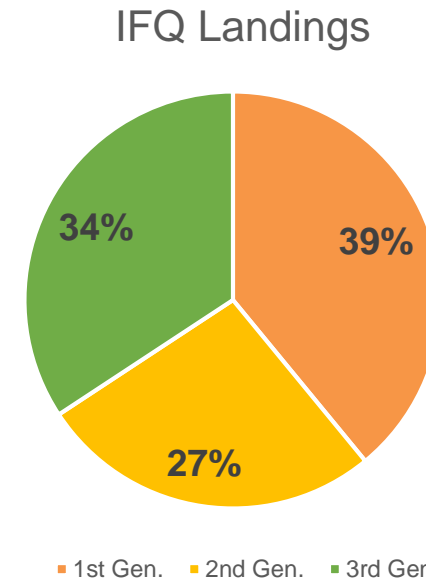
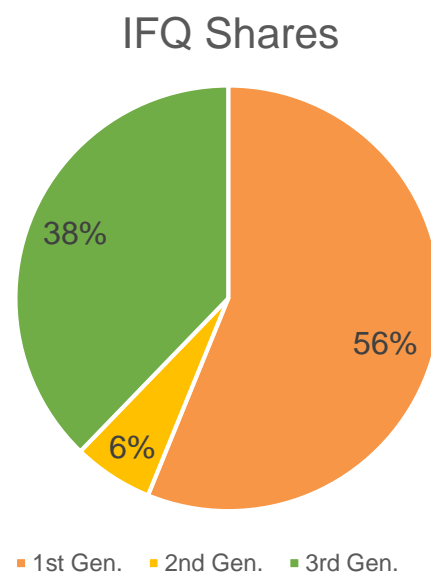


- Public participant accounts existed since the beginning
 - Loss of permit after obtaining shares
- The number of public participant accounts has increased over time
 - Mainly due to ability for anyone to obtain an account
 - Dealers have obtained these accounts to supplement vessels landing with them



- Majority (600-660) of accounts have permits (green & blue)
 - Majority of permitted accounts are not related to another account
- Increased participation in the program is largely due to public accounts (orange & teal)
 - Since 2013, public accounts have risen from 252 to 303 (maximum in 2018 at 353)
 - In recent years, only 20-25% of all accounts are public and not related to another account

Generations – Shares held and amount of landings



- The majority of shares are still held by 1st Generation (original) participants
- The amount of landings are more evenly split among generations
- While 2nd Generation (prior to public participation) fishermen only hold 6% of all shares, they land 27% of all landings

Share Categories



Species crossed out were removed in 2012.

Allocation Categories

Red Snapper shares



Red Snapper Ib

Shallow-water grouper (SWG) shares



SWG Ib

Tilefish shares



Tilefish Ib

Deep-water grouper (DWG) shares



DWG Ib

Red Grouper Shares



Red Grouper Ib



Red multi-use Ib

Gag Shares

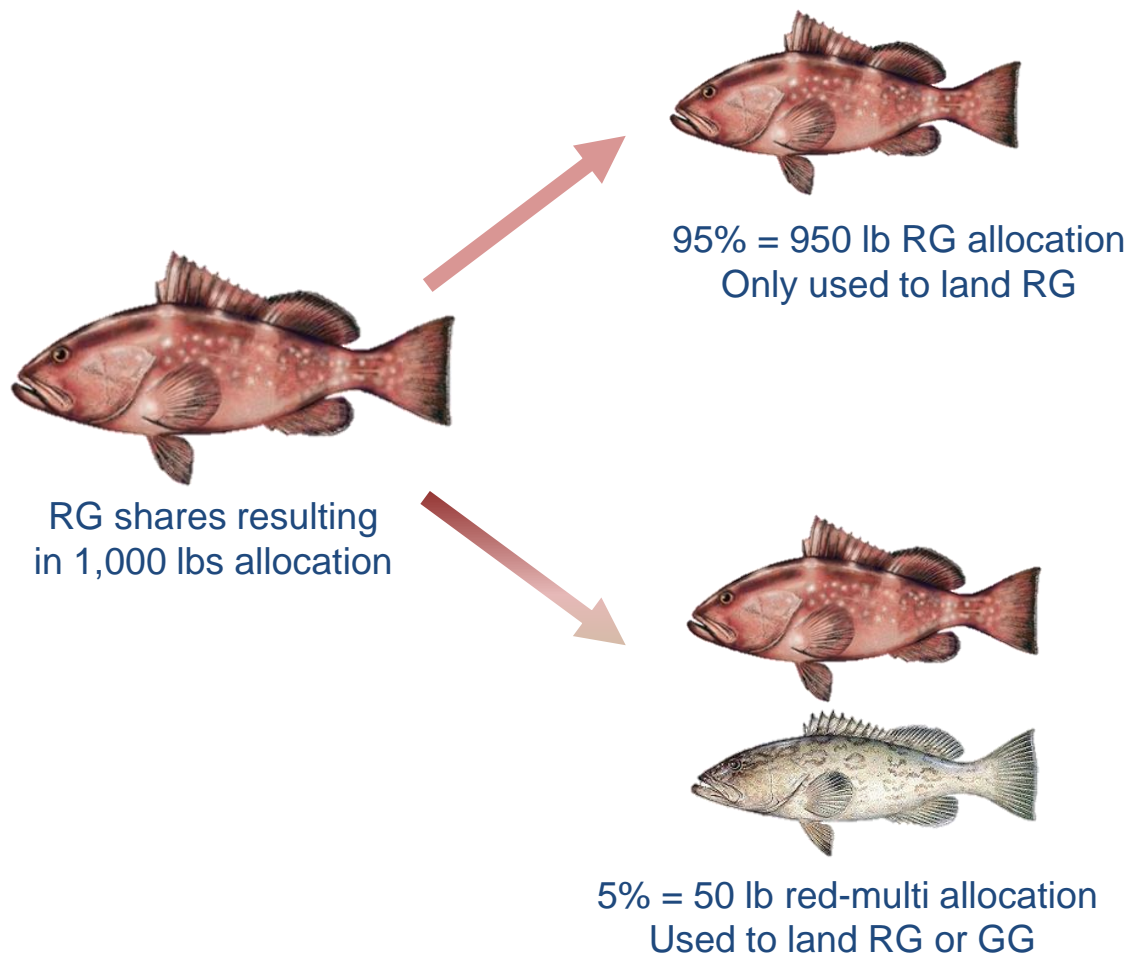


Gag Ib



Gag multi-use Ib

Multi-Use Example



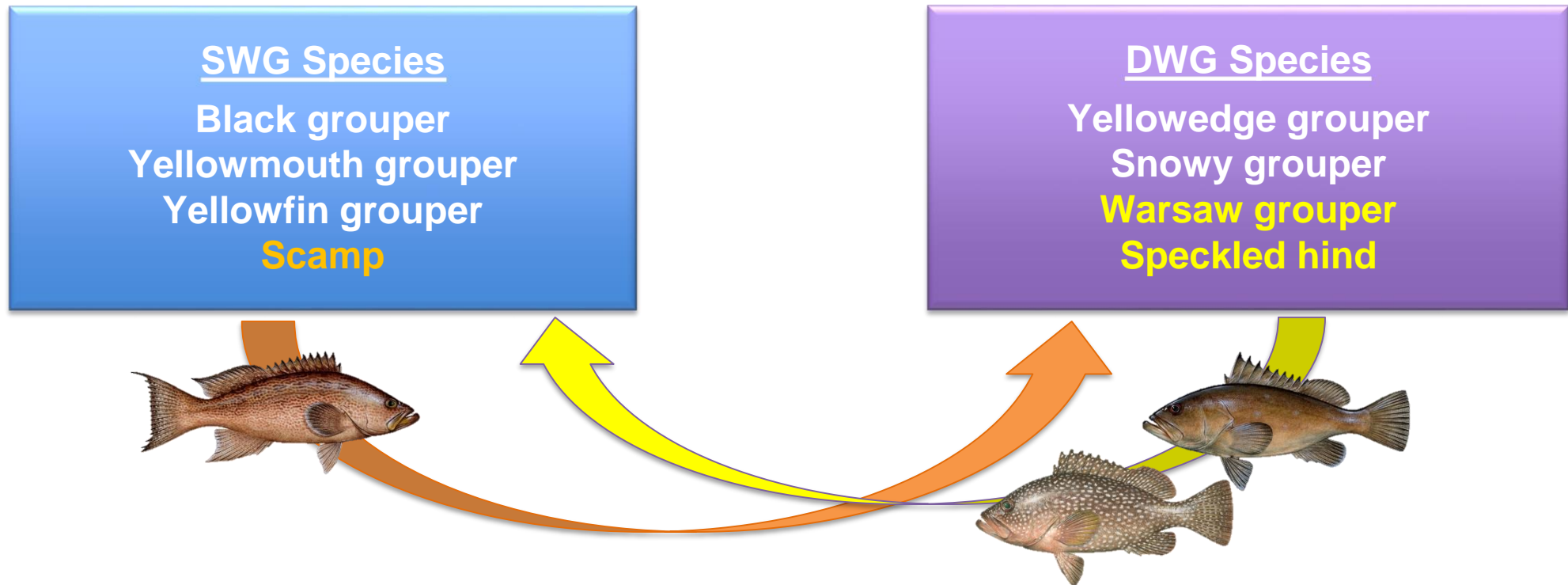
- Formula used to calculate multi-use amounts

$$\text{RG Multi - use \%} = 100 * \frac{(\text{Gag ACL} - \text{Gag quota})}{\text{Red Grouper quota}}$$

- If a stock is under a rebuilding plan, the percentage of multi-use for the opposite species is zero.
 - If Gag is rebuilding, there is no red grouper multi-use allocated
- The system prevents the landing or transferring of multi-use allocation while there is still allocation in the primary category

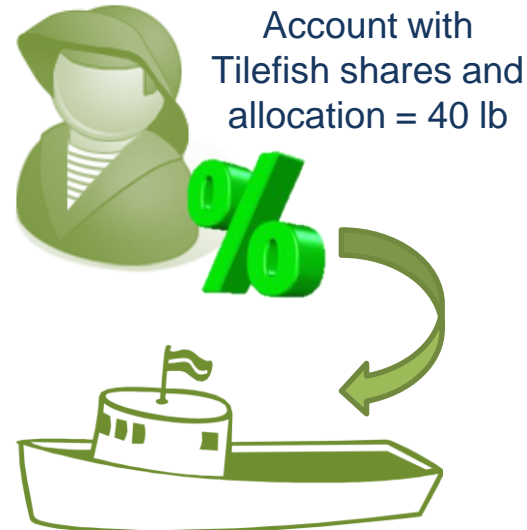
Flexibility Measures

Highlighted species can be landed under their secondary category if the primary category's allocation is zero.



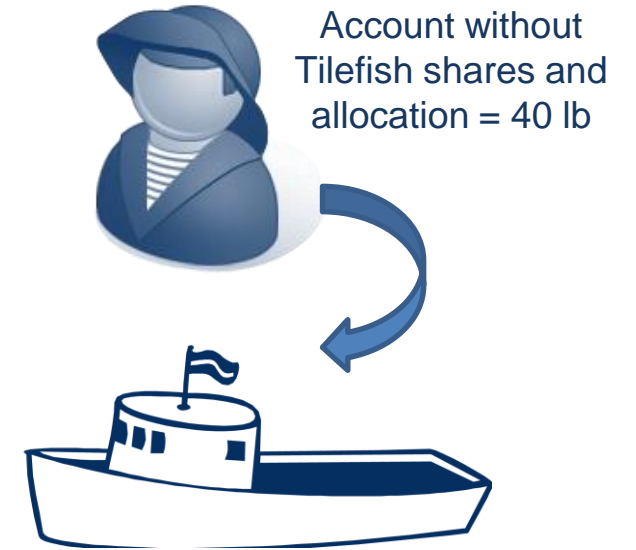
Flexibility Measures - Overages

- Only available to an account holding shares in the overage share category
- Maximum overage is 10% of the remaining allocation in the vessel account
- System automatically processes the overage
- System prevents shareholder from transferring shares equal to the overage
- Overage can be used only once per year – intended for end of year, but some participants then purchase more allocation



Maximum amount able to land: 44 lb

$$(40 * 10\%) + 40$$



Maximum amount able to land: 40 lb TF

Share and Allocation caps

- Share caps required under MSA regulations
 - Caps based on initial maximum shares held
- Share caps in our system are calculated at several levels: account level, business level, and individual level
 - A business and individual's share cap is calculated and summed across all accounts associated with that entity

Share Category	Cap
Red Snapper	6.0203%
Gag	2.349938%
Red grouper	4.331882%

Share Category	Cap
Deep-water grouper	14.704321%
Shallow-water grouper	7.266147%
Tilefish	12.212356%



Share and Allocation caps

- Only GT-IFQ has an allocation cap
- Allocation cap is the sum of the maximum allocations associated with the share caps for each individual share category
- Calculated annually
- Allocation cap is the cumulative amount held at any point in time
 - Does not include landed allocation



Share and Allocation transfers

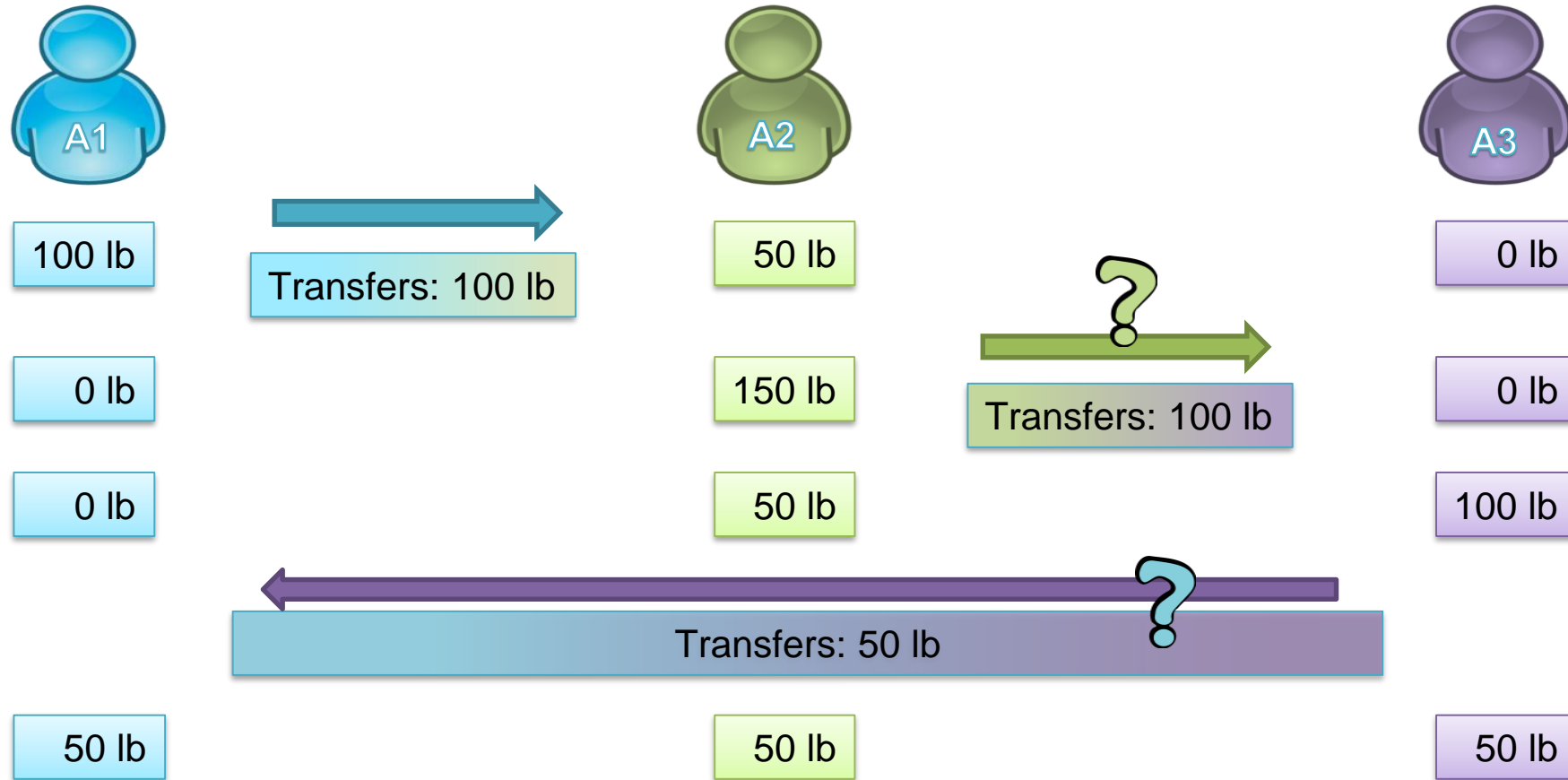
- Share transfers
 - Two step process: transferor initiates and transferee accepts
 - Collects amount of transfer, value, and transfer reason
- Allocation transfers
 - One step process: transferor initiates
 - Transfers can go to their vessel account, another shareholder account, or another shareholder's vessel account
 - Vessel allocation can only be transferred to their own shareholder account – transaction completed via shareholder account
 - Collects pounds transferred, price per pound, and transfer reason



Share and Allocation transfers

- Neither shares nor allocation pounds are tracked individually
 - No unique identifier per pound or share
- Allocation is often transferred multiple times before being landed
- Allocation expires at the end of the year
- Allocation is often called a 'lease' by industry

Allocation transfers



- Cannot track origination of pounds transferred (who first received them from shares)



IFQ Fishing Regulations

Fishing Under the IFQ

1



Declare fishing trip prior to leaving port via VMS/phone

2



Fish

3



3-24 hours advanced landing notification

6



Online landing transaction with dealer within 96 hours after landing

5



Offloading occurs between 6 am - 6 pm

4



Land only at pre-approved locations (390)



Prior to trip departure

- Reef fish vessels must declare prior to leaving for each fishing trip
 - Declarations can be completed through the vessel monitoring system (VMS) or through an automated phone service
- Declaration includes: sector, fishery, and gear
- Only satellite VMS units are approved in reef fish fishery
- VMS unit must be reporting 24 hours a day (1 hour ping rate)
 - Power-down exemptions are allowed for a minimum of 72 hours and maximum of 1 year
 - Power-down exemptions may be resubmitted yearly
 - Under a power-down exemption the vessel may not move on water



Landing Process

- Vessels must land at an approved landing location
- Landing locations are approved by OLE
 - Sites must meet accessibility and safety criteria
 - Landing locations can be submitted at any time, but are only approved each quarter
- Vessels must submit a pre-landing notification
 - Submission 3-24 hours prior to landing; no restriction on time submitted in the notification
 - Must list landing location, time of landing, dealer, and estimate of pounds by share category
 - Vessel cannot land before the time submitted
 - Notifications are sent to OLE and the dealer selected



Landing Process

- If vessel is expected to land 1 hour after time submitted, must submit a new notification
 - Notifications can be modified once before requiring a new 3 hour window
- Notification modification not requiring additional 3 hours
 - Changing landing time to later in the day
 - Changing the dealer or estimated pounds on board
- Notification modifications requiring 3 hour window
 - Changing the landing location or to an earlier time
- When OLE is present, they may authorize a vessel landing earlier than the time submitted



Landing Process

- Landing transaction must be completed before fish transported on land
 - Transport includes fish in a truck or on a vessel being trailered
 - Transported fish require landing transaction code and copy of the IFQ dealer endorsement
- Ex-vessel price in landing transaction must be actual price without deductions for goods or services (e.g., ice, fuel, bait, allocation)
- Landing corrections submitted by dealer
 - Must be signed by both dealer and shareholder
 - Must be submitted no more than 15 days after the transaction



Landing Process

- Offloading fish is restricted between 6 am and 6 pm local time
 - Offloading must be completed or stopped at 6 pm
 - If OLE is present and authorizes, offloading can continue after 6pm
- Landing is not an offload
 - Landing: to arrive at a dock, berth, beach, seawall, or ramp
 - Offload: removal of IFQ managed species from a vessel
- Dealers initiate the landing transaction in the IFQ system
 - Captain authorizes transaction using a Vessel Signature PIN
 - Landing transactions must be completed on day of offload or within 96 hours after notification landing time



Cost Recovery

- Mandated under MSA 304(d)(2)(A) & (B)
 - Fee cannot exceed 3% of the ex-vessel value
 - Agency cost may exceed the 3%
 - Agency determines fee annually
 - Fees collected by NMFS at:
 - Time of landing
 - Filing of a landing report
 - Sale of fish
 - Last quarter of the calendar year in which the fish is harvested
- MSA 303(e) Cost Recovery
 - Fees will cover the costs of management, data collection and analysis, and enforcement activities



Cost Recovery in Gulf IFQ

- Cost recovery is currently at 3% as the cost to run the program still exceeds the funds generated under cost recovery
- Cost recovery is 3% of the actual ex-vessel price
 - Ex-vessel price cannot deduct costs for services or goods (e.g., ice, bait, allocation)
- Cost recovery collected at time of landing by the dealer
- Dealer submits collected fees to the agency quarterly
- Failure to pay results in account suspension
 - Low percentage of non-payment after first 30 days (0-24% late)
 - Even lower percentage after 90 days (0-7%). After 90 days late, delinquent account is sent to Treasury for collection



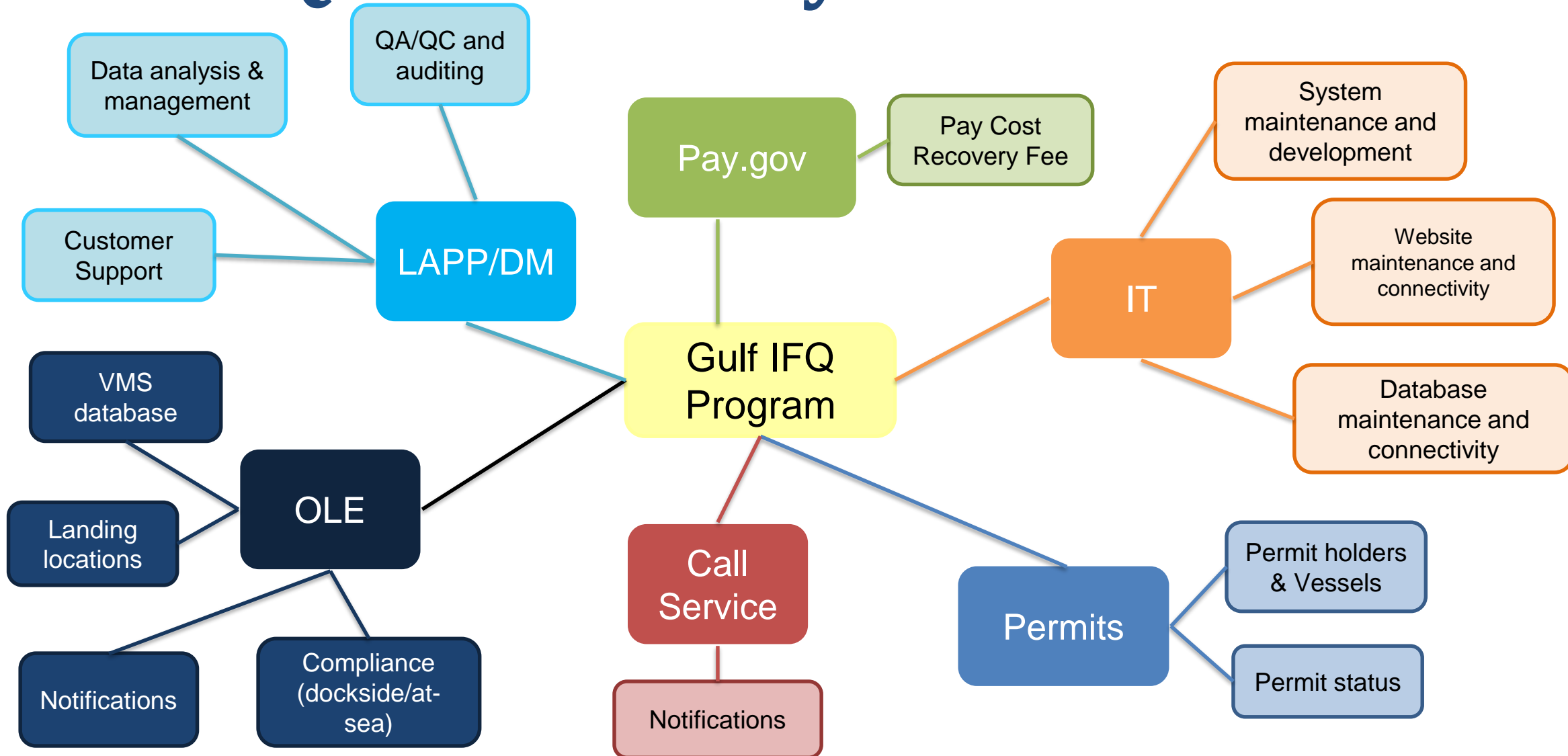
Bonus Material



Catch Shares

- “Catch share” is a general term for several fishery management strategies that allocate a specific portion of the total allowable fishery catch to individuals, cooperatives, communities, or other entities. Each recipient of a catch share is directly accountable to stop fishing when its exclusive allocation is reached.
- <https://www.fisheries.noaa.gov/national/laws-and-policies/catch-shares>
- IFQ = Individual Fishing Quota Program
- LAPP = Limited Access Privilege Program

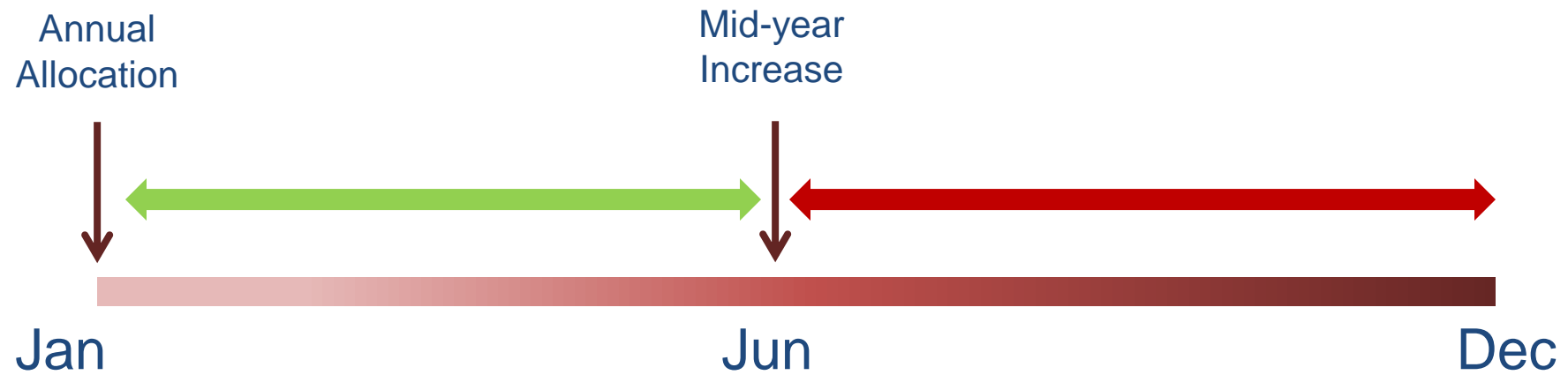
Gulf IFQ Connectivity



Shareholders Actions

Actions	Prior to Public Participation		After Public Participation	
	Reef Fish Permit	No Reef Fish Permit	Reef Fish Permit	No Reef Fish Permit
Obtain Account	Yes	No	Yes	Yes
Obtain shares	Yes	No	Yes	Yes
Hold Shares	Yes	Yes	Yes	Yes
Transfer allocation out	Yes	Yes	Yes	Yes
Receive allocation	Yes	No	Yes	Yes
Harvest IFQ species	Yes	No	Yes	No

When do accounts receive allocation?



Multi-use percentages

Year	Gag Multi-use	Red Grouper Multi-use
2010	8%	4%
2011	8%	0%
2012	8%	0%
2013	70%	0%
2014	47%	0%
2015	33%	4.8%
2016	33%	4.8%

Year	Gag Multi-use	Red Grouper Multi-use
2017	43.6%	3.5%
2018	43.6%	3.5%
2019	17%	9.2%
2020	17%	9.2%
2021	17%	9.2%
2022	13.8%	11.5%
2023	75.30%	2.10%