

**Tab B, No.4**

# Reef Fish Amendment 60 IFQ Distribution



**June 2024**

# OUTLINE

April 2024 Council Motion

Purpose and Need Statement

Proposed Actions

- Inactive Accounts

- Shares held by NMFS (RF 36 A)

- Future Quota Increases

- Appeals Process



# April 2024 Council Motion

To approve the following purpose and need and list of actions for inclusion in Amendment 60:

**Purpose:** The purpose of this action is to increase access and opportunities to Gulf of Mexico IFQ programs by equitably distributing IFQ shares and allocation held by NMFS and reclaimed from inactive accounts or accounts not meeting certain eligibility requirements.

**Need:** The need for this action is to address access barriers creating inequities in the Gulf of Mexico IFQ fisheries.

## Actions

1. What shares to redistribute (reclaimed, inactive, other)
2. What allocation to redistribute (quota increases, other)
3. Redistribution methods
4. Eligibility criteria (shares, allocation)
5. Appeals process



## Purpose and Need

**Purpose:** The purpose of this action is to increase access and opportunities to Gulf of Mexico IFQ programs by equitably distributing IFQ shares and allocation held by NMFS, reclaimed from inactive accounts or accounts not meeting ~~certain~~ eligibility requirements, and set aside from future quota increases.

**Need:** The need for this action is to address access barriers ~~creating~~ inequities in the Gulf of Mexico IFQ fisheries.



# Share Information

Shares (percentage) are restricted to a maximum length of 6 decimals (**0.000001%**)

Analyses in this presentation did not consider **individuals' share caps**

- For future implementation: Anyone at a share cap would not receive shares that would exceed the cap, but could receive up to the share limit  
Because share caps are at the account, business, and person level shareholder accounts that have one entity at a share cap and another not at the cap, would not receive shares

Analyses in this presentation did not consider **suspended account status, permit status, or account activity**

Accounts are suspended when they do not provide updated citizenship and address information each year

# Inactive Accounts

Inactive accounts are defined as having no allocation transfers or landings within a year. From one year to the next, accounts may move between an active and inactive status.

To determine the number of accounts with shares that were inactive for a period of 2, 3, and 4 consecutive years, always ending the year range in 2023; e.g., inactive for 2 years would be inactive in 2022 and 2023

Analyses were done by share category

A single year of inactivity was not considered as there could be a variety of reasons an account was inactive during a year (e.g., health issues, mechanical issues with vessel)



## Action 1.1. Reclaiming Shares from Inactive Accounts

**Alternative 1 (No Action):** Do not reclaim shares from inactive IFQ shareholders accounts

**Alternative 2:** Following the implementation of this amendment, IFQ shares held in a shareholder account will be reclaimed by NMFS if the account is inactive during **two consecutive years**

**Alternative 3:** Following the implementation of this amendment, IFQ shares held in a shareholder account will be reclaimed by NMFS if the account is inactive during **three consecutive years**

**Alternative 4:** Following the implementation of this amendment, IFQ shares held in a shareholder account will be reclaimed by NMFS if the account is inactive during **four consecutive years**



## Action 1.1. Inactive Accounts

	2 Years	3 Years	4 Years
DWG	83	73	68
RG	166	142	129
GG	149	140	129
SWG	159	145	135
TF	49	36	32
RS	23	22	20

	2 Years	3 Years	4 Years
DWG	0.751074%	0.508594%	0.499805%
RG	1.191649%	1.026452%	0.896487%
GG	2.824623%	2.518593%	2.012060%
SWG	6.356952%	4.273905%	2.445333%
TF	0.773540%	0.390722%	0.365808%
RS	0.085419%	0.082663%	0.074410%

	2 Years	3 Years	4 Years	NMFS held lb
DWG	7,691	5,208	5,188	291
RG	33,247	28,638	25,012	2,985
GG	5,621	5,012	4,004	363
SWG	33,374	22,438	12,838	2,372
TF	4,502	2,274	2,129	321
RS	6,044	5,849	5,265	5,576

## Action 1.2. Distributing Shares Reclaimed from Inactive Accounts

**Alternative 1:** Do not distribute IFQ shares reclaimed from inactive shareholders accounts

**Alternative 2:** Proportionally distribute shares reclaimed from inactive accounts (as defined in Action 1.1) to existing shareholders (excluding inactive accounts) based on their **share percentage**

**Alternative 3:** Proportionally distribute shares reclaimed from inactive accounts (as defined in Action 1.1) to existing shareholders (excluding inactive accounts) based on their **inverse share percentage**

**Alternative 4:** For each share category, **equally** distribute shares reclaimed from inactive accounts (as defined in Action 1.1) to existing shareholders (excluding inactive accounts)



## Action 2: IFQ Shares Held by NMFS (RF 36 A)

**Alternative 1:** Do not distribute IFQ shares held by NMFS following the implementation of Reef Fish Amendment 36A

**Alternative 2:** For each share category, **equally** distribute shares held by NMFS (RF 36A) to existing shareholders (excluding inactive accounts)

**Alternative 3:** Proportionally distribute shares held by NMFS (RF 36A) to existing shareholders (excluding inactive accounts) based on their **share percentage**

**Alternative 4:** Proportionally distribute shares held by NMFS (RF 36A) to existing shareholders with shares (excluding inactive accounts) based on their **inverse share percentage**



## Action 2: IFQ Shares Held by NMFS (RF 36 A)

	Shares	2024 Equivalent lb	2024 Quota	2024 Shares = 1 lb
DWG	0.028405%	291	1,024,000	0.000098%
RG	0.106974%	2,985	2,790,000	0.000036%
GG	0.182621%	268	147,000	0.000680%
SWG	0.451821%	2,372	525,000	0.000190%
TF	0.055081%	321	582,000	0.000172%
RS	0.078800%	5,576	7,075,676	0.000014%

Shares were reclaimed in 2018 from accounts that had never been activated

## IFQ Shares Held by NMFS - Equal Distribution

	Shares held	2024 Equiv. lb	Accts With Shares	Accts Rcv'ing Shares	Accts Rcv'ing pounds	Shares dist. per Account	Approx. Lb Received
DWG	0.028405%	291	318	318	294	0.000089%	0-1
RG	0.106974%	2,985	454	454	454	0.000231%	6-7
GG	0.182621%	268	464	464	280	0.000402%	0-1
SWG	0.451821%	2,372	484	484	484	0.000934%	4-5
TF	0.055081%	321	195	195	195	0.000282%	1-2
RS	0.078800%	5,576	335	335	335	0.000235%	16-17

Shares held are divided equally across all accounts with shares

Shares that resulted in less than 1 pound receive 0 pounds

## IFQ Shares Held by NMFS - Proportional Distribution

$$\text{Distrib. Shares}_A = \text{Shares}_A * \text{Shares}_{NMFS}$$

	Shares held	2024 Equiv. lb	Accounts With Shares	Accounts Receiving Shares	Accounts Receiving Pounds	Max Shares Distributed	Max Pounds Distributed
DWG	0.028405%	291	318	238	77	0.004056%	42
RG	0.106974%	2,985	454	391	240	0.004742%	132
GG	0.182621%	268	464	429	118	0.004291%	6
SWG	0.451821%	2,372	484	462	280	0.020031%	105
TF	0.055081%	321	195	150	45	0.006721%	39
RS	0.078800%	5,576	335	309	219	0.039860%	282

Not all shareholders will receive shares, due to minimum distribution limit of 0.000001% shares and some shares may result in less than one pound

Shareholders not receiving shares are the smallest shareholders

## IFQ Shares Held by NMFS – Inverse Proportional Distribution

$$Inverse_A = \frac{1}{Shares_A} \quad Distrib. Shares_A = \left( \frac{Inverse_A}{\sum Inverse_A} \right) * Shares_{NMFS}$$

	Shares held	2024 Equiv. lb	Accounts With Shares	Accounts Receiving Shares	Accounts Receiving pounds	Max Shares Distributed	Max Pounds Distributed
DWG	0.028405%	291	318	160	28	0.007738%	79
RG	0.106974%	2,985	454	232	120	0.019300%	538
GG	0.182621%	268	464	335	55	0.034805%	51
SWG	0.451821%	2,372	484	377	117	0.122778%	645
TF	0.055081%	321	195	133	45	0.011864%	69
RS	0.078800%	5,576	335	190	122	0.027267%	1,929

Not all shareholders will receive shares, due to minimum distribution limit of 0.000001% shares and some shares may result in less than one pound

Shareholders not receiving shares are the largest shareholders

## Comparison of Accounts Receiving Shares from NMFS Held Shares

	Equal Distribution Accounts	Proportional Distribution Accounts	Inverse Proportional Distribution Accounts
DWG	318	238	160
RG	454	391	232
GG	464	429	335
SWG	484	462	377
TF	195	150	133
RS	335	309	190

The number of accounts receiving shares is greatest with equal distribution, but not all accounts will receive shares that produce 1 lb of allocation

## Comparison of Accounts Receiving Pounds from NMFS Held Shares

	Equal Distribution Accounts	Proportional Distribution Accounts	Inverse Proportional Distribution Accounts
DWG	294	77	28
RG	454	240	120
GG	280	118	55
SWG	484	280	117
TF	195	45	45
RS	335	219	122

## Comparison of Maximum Shares Received from NMFS Held Shares

	Shares held	2024 Equiv. lb	Accounts With Shares	Equal Max Shares	Proportional Max Shares	Inverse Proportional Max Shares
DWG	0.028405%	291	318	0.000089%	0.004056%	0.007738%
RG	0.106974%	2,985	454	0.000231%	0.004742%	0.019300%
GG	0.182621%	268	464	0.000402%	0.004291%	0.034805%
SWG	0.451821%	2,372	484	0.000934%	0.020031%	0.122778%
TF	0.055081%	321	195	0.000282%	0.006721%	0.011864%
RS	0.078800%	5,576	335	0.000235%	0.027267%	0.039860%

The inverse proportional distribution results in the largest share percentages distributed

The equal distribution results in the lowest shares distributed

## Comparison of Maximum Pounds Received from NMFS Held Shares

	Shares held	2024 Equiv. lb	Accts With Shares	Equal Max Lb	Proportional Max Lb	Inverse Proportional Max Lb
DWG	0.028405%	291	318	1	42	79
RG	0.106974%	2,985	454	7	132	538
GG	0.182621%	268	464	1	6	51
SWG	0.451821%	2,372	484	5	15	645
TF	0.055081%	321	195	2	39	69
RS	0.078800%	5,576	335	17	282	1,929

The inverse proportional distribution results in the largest amount of pounds from distribution of the NMFS held shares

The equal distribution results in the lowest maximum amount of pounds received.

# Action 3: Future Quota Increases

## Action 3.1. Setting Aside Future Quota Increases

**Alternative 1:** Do not set aside quota increases for IFQ species.

**Alternative 2:** For each IFQ share category, set-aside a portion of the commercial quota if the commercial quota exceeds its 2024 value. For each IFQ share category, the set aside will be equal to **100%** of the amount above the 2024 quota

**Alternative 3:** For each IFQ share category, set-aside a portion of the commercial quota if the commercial quota exceeds its 2024 value. For each IFQ share category, the set aside will be equal to **75%** of the amount above the 2024 quota

**Alternative 4:** For each IFQ share category, set-aside a portion of the commercial quota if the commercial quota exceeds its 2024 value. For each IFQ share category, the set aside will be equal to **50%** of the amount above the 2024 quota



# Action 3: Future Quota Increases

## Action 3.2. Distribution of Annual Allocation from Quota Set Asides

**Alternative 1:** Do not distribute the annual allocations from quota set asides

**Alternative 2:** For each share category, **equally** distribute annual allocation from quota set asides to shareholder account holders with a valid or renewable commercial reef fish permit **who do not own** IFQ shares in any share category

**Alternative 3:** For each share category, proportionally distribute annual allocation from quota set asides to existing shareholders (excluding inactive accounts) based on their **share percentage**

**Alternative 4:** For each share category, proportionally distribute annual allocation from quota set asides to existing shareholders (excluding inactive accounts) based on their **inverse share percentage**



# Appeals Process

Appeals can be heard outside of the Council's process

Appeals are now handled by NMFS National Appeals Office

<https://www.fisheries.noaa.gov/national/rules-regulations/appeals>

More information will be provided as the amendment is further developed

