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Historical Captain Permits Conversion into Standard Federal Charter/Headboat Permits

Final
Abbreviated Framework Action
under the Fishery Management Plans for
the Reef Fish and Coastal Migratory Pelagic
Resources of the Gulf of Mexico and South Atlantic
with Regulatory Impact Review and Regulatory Flexibility Act Analysis

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FRAMEWORK ACTION: REPLACEMENT OF HISTORICAL CAPTAIN PERMITS WITH STANDARD FEDERAL CHARTER/HEADBOAT PERMITS

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Type of Action

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ABBREVIATIONS USED IN THIS DOCUMENT

APAIS	Access Point Angler Intercept Survey
CHTS	Coastal Household Telephone Survey
CMP	Coastal migratory pelagic
Council	Gulf of Mexico Fishery Management Council
CS	Consumer surplus
EEZ	Exclusive economic zone
E.O.	Executive Order
FES	Fishing effort survey
FMP	Fishery management plan
GDP	Gross Domestic Product
Gulf	Gulf of Mexico
LDWF	Louisiana Department of Wildlife and Fisheries
MRIP	Marine Recreational Information Program
NMFS	National Marine Fisheries Service
NOR	Net operating revenue
PS	Producer surplus
RFA	Regulatory Flexibility Act
RIR	Regulatory Impact Review
SBA	Small Business Administration
SEFSC	Southeast Fisheries Science Center
SERO	Southeast Regional Office
SRHS	Southeast Region Headboat Survey
TPWD	Texas Parks and Wildlife
USCG	United States Coast Guard

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CHAPTER 1. INTRODUCTION

1.1 Purpose and Need

The purpose of this action is to provide an opportunity to replace reef fish and coastal migratory pelagic (CMP) historical captain endorsements[1] held by for-hire operators in the Gulf of Mexico (Gulf) with standard Gulf charter/headboat (for-hire) permits. The need is to reduce the regulatory and potential economic burden on historical captain permit holders.

1.2 Background

Reef Fish Amendment 20/CMP Amendment 14 (GMFMC 2003) established a fully transferable permit to eligible operators, hereafter referred to as a standard permit. To determine initial eligibility, the following requirements were established to receive a standard permit:

- Any person who held a valid permit on March 29, 2001, or held a valid permit during the preceding year, or had applied for such a permit received in the National Marine Fisheries Service (NMFS) office by March 29, 2001, or

- Any person who could demonstrate to NMFS they had a for-hire vessel under construction prior to March 29, 2001, with a copy of the contract and/or receipts for expenditures of at least $5,000.

Reef Fish Amendment 20/CMP Amendment 14 (GMFMC 2003) also established a permit for historical captains. Persons who met the eligibility requirements to qualify as a historical captain (listed below), and submitted evidence of eligibility within 90 days of the final rule implementing the amendment, were issued a letter of eligibility, which could be used to obtain a historical captain permit, valid only on the vessel that was operated by the historical captain. The eligibility criteria for the historical captain endorsement included any U.S. Coast Guard (USCG) licensed captain, who:

- demonstrated to NMFS they were licensed by the USCG and operated, (as a captain), a for-hire permitted vessel prior to March 29, 2001, but did not have a for-hire permit issued in their name,

- qualified for the permit within 90 days of implementation of the final rule, and

- demonstrated at least 25% of their earned income came from recreational for-hire fishing in 1 of the years 1997, 1998, 1999, or 2000.

[1] Historical captain endorsements function as stand-alone permits. Therefore, the terms endorsement and permit are used interchangeably in this document.

Captains who were issued a historical captain endorsement were able to continue participating in for-hire fishing. The historical captain endorsements were issued as stand-alone permits rather than as true endorsements (which would require issuance of both the standard permit and an endorsement to the permit) to reduce paperwork. However, unlike the standard for-hire permit, the historical captain endorsement cannot be transferred to another entity and requires the endorsement holder to be present on the vessel while it is operating as a for-hire vessel (Table 1.2.1).

Table 1.2.1. A comparison of characteristics of reef fish and CMP for-hire standard permits and the historical captain endorsements that were established in Reef Fish Amendment 20/CMP Amendment 14 (GMFMC 2003) and extended indefinitely in Reef Fish Amendment 25/CMP Amendment 17 (GMFMC 2005)[2].

	For-Hire Permit	Historical Captain Endorsement
Transferrable to another entity	Yes	No
Resale value	Yes	No
Permit holder required to be aboard vessel on for-hire trips	No	Yes

1.3 Modifications to Historical Captain Permits

In 2018, several stakeholders expressed concerns about the limitations of historical captain permits. They noted that the inability to transfer the permit and the requirement that the captain must be present on the vessel are impediments to the continued operation of the historical captain's business and are not necessary to meet conservation and management objectives of the reef fish and CMP fisheries. In response, the Gulf of Mexico Fishery Management Council (Council) took action to provide eligible historical captains with an opportunity to convert historical captain permits into standard for-hire permits. The Council stated that it intended this action to apply only to fishermen who have relied on the historical captain's permit for their livelihood.

To allow for an orderly conversion of historical captain permits into standard for-hire permits, eligible permit owners had two years from the effective date of the final rule implementing this action to replace eligible historical captain permits with standard for-hire permits and associate

[2] The CMP and reef fish for-hire permit moratorium established in Reef Fish Amendment 20/CMP Amendment 14 (GMFMC 2003) was set to expire on June 16, 2006. In 2005, the Council developed Reef Fish Amendment 25/CMP Amendment 17 (GMFMC 2005) that established a limited access program that extended the CMP and reef fish for-hire permit moratorium indefinitely.

the newly issued standard for-hire permits with a vessel. The final rule for the abbreviated framework action addressing the conversion of historical captain permits into standard for-hire permits was effective on May 21, 2020. A total of 61 historical captain permits (31 coastal migratory permits and 30 reef fish permits) were eligible for the conversion.[3] As of March 8, 2022, all eligible historical captain permits have been converted into standard for-hire permits (Kevin McIntosh, NMFS-SERO, personal communication 3/08/2022).

The Council also decided that any outstanding letters of eligibility for historical captain permits had to be used to obtain the permit prior to the date the final rule for the abbreviated framework became effective (May 21, 2020). Therefore, any eligibility letters for historical captains are invalid as of May 21, 2020. Furthermore, the Council indicated that historical captain permits obtained following the redemption of outstanding letters of eligibility would not be eligible to be converted into a standard for-hire permit. Approximately 65 historical captains were entitled to redeem their outstanding letters of eligibility and receive historical captain permits. However, only three entities took advantage of this opportunity and redeemed their letters of eligibility. As a result, three (3) reef fish and (3) CMP new Gulf historical captain permits were issued. As of March 8, 2022, two (2) historical captain permits (one reef fish and one CMP) have expired but are renewable until July 31, 2022. Therefore, this action could affect three entities with one reef fish and one CMP historical captain permit each; for a total of six (6) historical captain permits in the Gulf.

This abbreviated framework action will allow the conversion of remaining valid or renewable Gulf historical captain permits into standard for-hire permits. Permit numbers for Gulf reef fish and CMP historical captain permits eligible for conversion into standard for-hire permits are listed in Table 1.3.1.

Table 1.3.1. Gulf of Mexico reef fish and CMP historical captain permits eligible for conversion into standard for-hire permits.

CMP Permit Number	Reef Fish Permit Number
HCHG 1792	HRCG 1793
HCHG 1790	HRCG 1791
HCHG 1793 *	HRCG 1794 *

*: Expired permit; renewable until July 31, 2022

The conversion of a historical captain permit into a standard permit is voluntary; the historical captain permit owner may elect to keep their historical captain permit. If an eligible historical captain wishes to maintain their historical captain permit, the historical captain would renew the permit as done in previous years. This includes filling out all sections of the application

[3] In October 2018, when the Council considered the initial historical captain permit replacement framework action, 63 historical permits (32 CMP and 31 reef fish valid (non-expired) or renewable permits) were eligible for replacement with standard permits. However, when the final rule published, 61 historical captain permits remained (31 CMP and 30 reef fish).

specifically related to the historical captain permit renewal process and providing the appropriate supporting documents and fees.

If an eligible historical captain wishes to convert their CMP or Reef Fish historical captain permit to a standard CMP or Reef Fish Charter/Headboat Permit they would submit an application along with their current historical captain permit (original document, not a copy) and supporting documents and fees. NMFS Permit Office staff would verify that the vessel the new for-hire permit would be issued to is either:

(a) owned by the historical captain applicant and does not have an existing CMP and/or Reef Fish Charter/Headboat Permit associated with it, or
(b) would be leased to the historical captain applicant to attach their permit(s) to and does not have any other federal permit(s) associated with it in another permit holder's name.

If the vessel is to be leased, a fully executed lease agreement, of at least seven months, between the vessel owner and permit holder would need to be included with the application. Once the application has been approved, the historical captain permit would be converted to a standard CMP or Reef Fish Charter/Headboat Permit. Consistent with the Council's expressed intent during the approval of the historical captains replacement action implemented on May 21, 2020, each newly issued standard for-hire permit would have the same permit capacity as the historical captain permit it would replace. In addition, historical captains would have two years from the implementation date of this action to replace eligible historical captain permits with standard for-hire permits and associate the newly issued standard for-hire permits with a vessel. Due to the uniqueness of the historical captain permit number, the new for-hire permit would keep the existing permit number, e.g., HRCG-9999 would convert to RCG-9999. All permit history associated with a historical captain permit would stay with the new standard permit.

CHAPTER 2. REGULATORY IMPACT REVIEW

2.1 Introduction

The National Marine Fisheries Service (NMFS) 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 regulations are a "significant regulatory action" under the criteria provided in Executive Order (E.O.) 12866. This RIR analyzes the impacts this action would be expected to have on the for-hire component of the Gulf of Mexico (Gulf) reef fish and coastal migratory pelagic (CMP) fisheries.

2.2 Problems and Objectives

The problems and objectives addressed by this action are discussed in Chapter 1.

2.3 Description of Fisheries

Descriptions of the affected components in the Gulf are provided, by fishery, in Sections 2.3.1 (reef fish) and 2.3.2 (CMP).

2.3.1 Reef Fish For-Hire Component

Permits

For persons aboard for-hire vessels to fish for or possess reef fish species in the Gulf exclusive economic zone (EEZ) the for-hire vessels are required to have a Gulf charter/headboat permit for reef fish (for-hire permit). These are limited access permits. On February 1, 2022, there were 1,289 valid (non-expired) or renewable[4] Gulf reef fish for-hire permits and 3 valid or renewable Gulf reef fish historical captain for-hire permits (J. Dudley, NMFS SERO, pers. comm. 2022). Although the for-hire permit application collects information on the primary method of operation, the permit itself does not identify the permitted vessel as either a headboat or a charter vessel, and vessels may operate in both capacities. If selected to participate, federally permitted headboats are required to submit harvest and effort information to the NMFS Southeast Region

[4] A renewable permit is an expired permit that may not be actively fished, but is renewable for up to one year after expiration.

Headboat Survey (SRHS).[5] Whereas, charter vessels are required to submit harvest and effort information to the South East For-Hire Integrated Electronic Reporting program. Participation in the SRHS is based on determination by the Southeast Fisheries Sciences Center (SEFSC) that the vessel primarily operates as a headboat. As of March 9, 2021, 69 Gulf headboats were registered in the SRHS (K. Fitzpatrick, NMFS SEFSC, pers. comm. 2021). The majority of these headboats were located in Florida (39), followed by Texas (16), Alabama (9), and Mississippi/Louisiana (5).

Information on Gulf charter vessel and headboat operating characteristics is included in Savolainen et al. (2012) and is incorporated herein by reference.

There are no specific federal permitting requirements for recreational anglers to fish for or harvest reef fish species. Instead, anglers are required to possess either a state recreational fishing permit that authorizes saltwater fishing in general, or be registered in the federal National Saltwater Angler Registry system, subject to appropriate exemptions. As a result, it is not possible to identify with available data how many individual anglers would be expected to be affected by this action.

Angler Effort

Recreational effort derived from the Marine Recreational Information Program (MRIP) database can be characterized in terms of the number of trips as follows:

- Target effort - The number of individual angler trips, regardless of duration, where the intercepted angler indicated that the species or a species in the species group was targeted as either the first or the second primary target for the trip. The species did not have to be caught.
- Catch effort - The number of individual angler trips, regardless of duration and target intent, where the individual species or a species in the species group was caught. The fish did not have to be kept.
- Total recreational trips - The total estimated number of recreational trips in the Gulf, regardless of target intent or catch success.

A target trip may be considered an angler's revealed preference for a certain species, and thus may carry more relevant information when assessing the economic effects of regulations on the subject species than the other two measures of recreational effort. The following discussion focuses on Gulf charter vessel reef fish target trips. Data from MRIP, the Louisiana Department of Wildlife and Fisheries (LDWF) Recreational Creel Survey, and the Texas Parks and Wildlife

[5] All owners or operators of vessels issued Gulf federal charter/headboat permits are required to comply with the new Southeast For-Hire Electronic Reporting Program as of January 5, 2021. Under this program, these owners or operators must declare trips prior to departure and submit electronic fishing reports prior to offloading fish, or within 30 minutes after the end of a trip, if no fish are landed. Those vessels selected to report to the SRHS (i.e., federally permitted headboats) will continue to submit their reports under the new requirements directly to the SRHS program. For more information, see: https://www.fisheries.noaa.gov/southeast/recreational-fishing-data/southeast-hire-electronic-reporting-program?utm_medium=email&utm_source=govdelivery.

Department (TPWD) Marine Sport-Harvest Monitoring Program were used to estimate these trips. It is important to note that in 2018, MRIP transitioned from the old Coastal Household Telephone Survey (CHTS) to a new mail-based Fishing Effort Survey (FES). The MRIP-based estimates presented for Florida, Alabama, and Mississippi in Table 2.3.1.1 are calibrated to the FES and may be greater than estimates that are non-calibrated.[6]

The number of charter vessel trips that targeted reef fish increased overall from 2015 through 2019, with some fluctuation, in all Gulf states except Louisiana (Table 2.3.1.1). In Louisiana, there was a steady decline in such trips during this period.

Table 2.3.1.1. Gulf charter vessel reef fish target trips, by state.

	Alabama	Florida	Louisiana*	Mississippi	Texas**
2015	23,232	142,241	N/A	338	2,321
2016	41,098	160,120	14,220	1,427	3,552
2017	35,034	148,271	13,352	2,414	4,464
2018	33,891	172,933	13,132	326	4,547
2019	45,793	186,830	12,586	2,866	4,713
Average	35,810	162,079	13,323	1,474	3,919

Source: MRIP database, SERO, NMFS (February 2022) for AL, FL and MS. LDWF Recreational Creel Survey for LA. TPWD Marine Sport-Harvest Monitoring Program for TX.
*LA began collecting target effort beginning in 2016.
**Texas estimates are for red snapper and grouper (generic, not by species) target trips only.
Note 1: The estimates for AL, FL, and MS are based on MRIP FES.
Note 2: Headboat information is unavailable.

Similar analysis of recreational effort is not possible for the headboat mode because headboat data are not collected at the angler level. Estimates of effort by the headboat mode are provided in terms of angler days, or the total number of standardized full-day angler trips.[7] Headboat angler days were fairly stable across the Gulf states from 2015 through 2019 (Table 2.3.1.2). There was, however, a downward trend in reported angler days in Florida from 2016 on. On average (2015 through 2019), Florida accounted for the majority of headboat angler days reported, followed by Texas and Alabama; whereas, Mississippi and Louisiana combined accounted for only a small percentage (Table 2.3.1.2). Headboat effort in terms of angler days for the entire Gulf tended to be concentrated most heavily during the summer months of June through August (Table 2.3.1.3).

[6] As of August 2018, all directed trip estimate information provided by MRIP (public use survey data and directed trip query results) for the entire time series were updated to account for both the Access Point Angler Intercept Survey (APAIS) design change in 2013, as well as the transition from the CHTS to the FES in 2018. Back-calibrated estimates of directed effort are not available. For more information, see: https://www.fisheries.noaa.gov/recreational-fishing-data/recreational-fishing-estimate-updates

[7] Headboat trip categories include half-, three-quarter-, full-, and 2-day trips. A full-day trip equals one angler day, a half-day trip equals .5 angler days, etc. Angler days are not standardized to an hourly measure of effort and actual trip durations may vary within each category.

Table 2.3.1.2. Gulf headboat angler days and percent distribution by state (2015 - 2019).

	Angler Days				Percent Distribution			
	FL	AL	MS-LA*	TX	FL	AL	MS-LA	TX
2015	176,375	18,008	3,587	55,135	69.7%	7.1%	1.4%	21.8%
2016	183,147	16,831	2,955	54,083	71.3%	6.5%	1.1%	21.0%
2017	178,816	17,841	3,189	51,575	71.1%	7.1%	1.3%	20.5%
2018	171,996	19,851	3,235	52,160	69.6%	8.0%	1.3%	21.1%
2019	161,564	18,607	2,632	52,456	68.7%	7.9%	1.1%	22.3%
Average	174,380	18,228	3,120	53,082	70.1%	7.3%	1.3%	21.3%

Source: NMFS SRHS (February 2020).
*Headboat data from Mississippi and Louisiana are combined for confidentiality purposes.

Table 2.3.1.3. Gulf headboat angler days and percent distribution by month (2015 - 2019).

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	Headboat Angler Days											
2015	9,444	10,594	22,827	20,684	20,973	44,731	45,192	26,637	15,114	17,246	9,757	9,906
2016	7,954	13,233	21,829	18,691	21,693	50,333	49,881	21,775	13,596	15,827	11,823	10,381
2017	8,998	14,007	21,032	19,383	19,186	47,673	54,028	22,984	10,289	11,054	11,299	11,488
2018	5,524	13,694	20,762	17,584	16,876	54,251	53,304	24,819	13,235	10,633	8,183	8,377
2019	2,330	12,819	21,796	16,299	18,271	46,046	47,594	24,212	11,369	13,687	10,389	10,447
Avg	6,850	12,869	21,649	18,528	19,400	48,607	50,000	24,085	12,721	13,689	10,290	10,120
	Percent Distribution											
2015	3.7%	4.2%	9.0%	8.2%	8.3%	17.7%	17.9%	10.5%	6.0%	6.8%	3.9%	3.9%
2016	3.1%	5.1%	8.5%	7.3%	8.4%	19.6%	19.4%	8.5%	5.3%	6.2%	4.6%	4.0%
2017	3.6%	5.6%	8.4%	7.7%	7.6%	19.0%	21.5%	9.1%	4.1%	4.4%	4.5%	4.6%
2018	2.2%	5.5%	8.4%	7.1%	6.8%	21.9%	21.6%	10.0%	5.4%	4.3%	3.3%	3.4%
2019	1.0%	5.4%	9.3%	6.9%	7.8%	19.6%	20.2%	10.3%	4.8%	5.8%	4.4%	4.4%
Avg	2.7%	5.2%	8.7%	7.4%	7.8%	19.5%	20.1%	9.7%	5.1%	5.5%	4.1%	4.1%

Source: NMFS SRHS (February 2020).

Economic Value

Participation, effort, and harvest are indicators of the value of saltwater recreational fishing. However, a more specific indicator of value is the satisfaction that anglers experience over and above their costs of fishing. The economic value of this satisfaction is referred to as consumer surplus (CS). The value or benefit derived from the recreational experience is dependent on several quality determinants, which include fish size, catch success rate, and the number of fish kept. These variables help determine the value of a fishing trip and influence total demand for recreational fishing trips. For example, the estimated value of the CS for catching and keeping a second red snapper[8] on an angler trip is approximately $90 (values updated to 2021 dollars), and

[8] The study only considered trips with at least one fish caught and kept in its experimental design; thus, an estimated value for the first caught and kept fish is not available.

decreases thereafter (approximately $60 for a third red snapper, $44 for a fourth red snapper, and $35 for a fifth red snapper) (Carter and Liese 2012). In comparison, the estimated value of the CS for catching and keeping a grouper is approximately $115 for the second fish, $77 for the third fish, $57 for the fourth fish, and $45 for the fifth fish (Carter and Liese 2012).

The foregoing estimates of economic value should not be confused with economic impacts associated with recreational fishing expenditures. Although expenditures for a specific good or service may represent a proxy or lower bound of value (a person would not logically pay more for something than it was worth to them), they do not represent the net value (benefits minus cost), nor the change in value associated with a change in the fishing experience.

Estimates of average annual gross revenue for charter vessels in 2009 are provided in Savolainen, et al. (2012). In 2021 dollars, the average annual gross revenue for a Gulf headboat is approximately $286,000 while the average annual gross revenue for a Gulf charter vessel is approximately $94,000. More recent estimates of average annual gross revenue for Gulf headboats are provided in Abbott and Willard (2017) and SEFSC (pers. comm., 2018). Abbott and Willard (2017) suggest that Savolainen, et al.'s estimate of average annual gross revenue for headboats may be an underestimate as data in the former suggest that average gross revenue in 2009 for the vessels in their sample was approximately $506,000 (2021 dollars). Further, their data suggests average annual gross revenue per vessel had increased to approximately $611,000 (2021 dollars) by 2014. However, Abbott and Willard's estimates are based on a sample of 17 headboats that chose to participate in the Headboat Collaborative Program in 2014, while Savolainen, et al.'s are based on a random sample of 20 headboats. The headboats that participated in the Collaborative may be economic highliners, in which case Abbott and Willard's estimates would overestimate average annual gross revenue for Gulf headboats. D. Carter (2018) recently estimated that average annual gross revenue for Gulf headboats were approximately $451,000 (2021 dollars) in 2017. This estimate is likely the best current estimate of annual gross revenue for Gulf headboats as it is based on a relatively large sample of 63 boats, or more than 90% of the active fleet, and is more recent.

However, gross revenues overstate the annual economic value and profits generated by for-hire vessels. Economic value for for-hire vessels can be measured by annual producer surplus (PS). In general, PS is the amount of money a vessel owner earns in excess of variable (trip) costs. Economic profit is the amount of money a vessel owner earns in excess of variable and fixed costs, inclusive of all implicit costs, such as the value of a vessel owner's time as captain and as entrepreneur, and the cost of using physical capital (i.e., depreciation of the vessel and gear). In 2021 dollars, Savolainen, et al. (2012) estimated the annual PS for Gulf headboats and charter vessels was approximately $200,000 and $62,000 respectively. Their best estimates of economic profit were $84,000 and $28,000 (2021 dollars), respectively.[9] Estimates of PS and economic profit for headboats are not available from Abbott and Willard (2017) or D. Carter (2018), as they did not collect comprehensive cost data at the vessel level.[10]

[9] Although Savolainen, et al. (2012) account for all explicit variable and fixed costs, they do not account for implicit costs, and thus they over-estimate actual economic profits for these vessels.

[10] Abbott and Willard (2017) do report revenue net of fuel costs, but this ignores important costs such as processing fees, commissions, ice, bait, tackle, and labor.

With regard to for-hire trips, economic value can be measured by PS per angler trip, which represents the amount of money that a vessel owner earns in excess of the cost of providing the trip. Estimates of revenue, costs, and trip net revenue for trips taken by charter vessels and headboats in 2017 are available from Souza and Liese (2019). They also provide estimates of trip net cash flow per angler trip, which are an approximation of PS per angler trip. According to Table 2.3.1.4, after accounting for transactions fees, supply costs, and labor costs, net revenue per trip was 42% of revenue for Gulf charter vessels and 55% of revenue for Gulf headboats, or $823 and $1,991 (2021 dollars), respectively. Given the respective average number of anglers per trip for each fleet, PS per trip is estimated to be $150 for charter vessels and $75 for headboats.

Table 2.3.1.4. Trip-level Economics for Offshore Trips by Gulf Charter Vessels and Headboats in 2017 (2021 dollars).

	Gulf Charter Vessels	**Gulf Headboats**
Revenue	100%	100%
Transaction Fees (% of revenue)	3%	5%
Supply Costs (% of revenue)	27%	19%
Labor Costs (% of revenue)	27%	21%
Net Revenue per trip including Labor costs (% of revenue)	42%	55%
Net Revenue per Trip	$823	$1,991
Average # of Anglers per Trip	5.5	26.6
Trip Net Cash Flow per Angler Trip	$150	$75

Source: Compiled from data provided in Souza and Liese (2019).

Business Activity

The desire for recreational fishing generates economic activity as consumers spend their income on various goods and services needed for recreational fishing. This spurs economic activity in the region where recreational fishing occurs. It should be clearly noted that, in the absence of the opportunity to fish, the income would presumably be spent on other goods and services, and these expenditures would similarly generate economic activity in the region where the expenditures occur. As such, the analysis below represents a distributional analysis only.

Estimates of the business activity (economic impacts) associated with recreational angling for reef fish on charter vessels in the Gulf were calculated using average trip-level impact coefficients derived from the 2017 Fisheries Economics of the U.S. report (NMFS 2021) and underlying data provided by the NOAA Office of Science and Technology. Economic impact estimates in 2017 dollars were adjusted to 2021 dollars using the annual, not seasonally adjusted gross domestic product (GDP) implicit price deflator provided by the U.S. Bureau of Economic Analysis.

Business activity (economic impacts) for the recreational sector is characterized in the form of jobs (full- and part-time), income impacts (wages, salaries, and self-employed income), output impacts (gross business sales), and value-added impacts (contribution to the GDP in a state or region). Estimates of the average annual economic impacts (2015-2019) resulting from Gulf charter vessel reef fish target trips are provided in Table 2.3.1.5. The average impact coefficients, or multipliers, used in the model are invariant to the "type" of effort (e.g., target or catch) and can therefore be directly used to measure the impact of other effort measures, such as reef fish catch trips. To calculate the multipliers from Table 2.3.1.5, simply divide the desired impact measure (sales impact, value-added impact, income impact, or employment) associated with a given state and mode by the number of target trips for that state and mode.

The estimates provided in Table 2.3.1.5 only apply at the state-level. Addition of the state-level estimates to produce a regional (or national) total may underestimate the actual amount of total business activity, because state-level impact multipliers do not account for interstate and interregional trading. It is also important to note that these economic impacts estimates are based on trip expenditures only and do not account for durable expenditures. Durable expenditures cannot be reasonably apportioned to individual species or species groups. As such, the estimates provided in Table 2.3.1.5 may be considered a lower bound on the economic activity associated with those charter vessel trips that targeted reef fish.

Estimates of the business activity associated with headboat effort are not available. Headboat vessels are not covered in MRIP in the Southeast, so, in addition to the absence of estimates of target effort, estimation of the appropriate business activity coefficients for headboat effort has not been conducted.

Table 2.3.1.5. Estimated annual average economic impacts (2015-2019) from Gulf charter vessel reef fish target trips, by state, using state-level multipliers. All monetary estimates are in 2021 dollars in thousands.

	FL	AL	MS	LA*	TX**
	Charter Mode				
Target Trips	162,079	35,810	1,474	13,323	3,919
Value Added Impacts	$59,062	$15,535	$688	$6,582	$1,652
Sales Impacts	$99,182	$28,251	$1,299	$12,364	$2,744
Income Impacts	$34,514	$8,861	$396	$3,880	$926
Employment (Jobs)	876	296	15	138	22

Source: Effort data from MRIP, LDWF LA Creel, and TPWD; economic impact results calculated by NMFS SERO using NMFS (2021) and underlying data provided by the NOAA Office of Science and Technology.
*LA estimates exclude 2015.
**Texas estimates are for red snapper and grouper (generic, not by species) target trips only.
Note: Headboat information is unavailable.

2.3.2 Coastal Migratory Pelagic For-Hire Component

Permits

For persons aboard for-hire vessels to fish for or possess CMP species in the Gulf EEZ, the for-hire vessels are required to have a limited access Gulf Charter/Headboat permit for CMP. On February 1, 2022, there were 1,299 valid (non-expired) or renewable[11] Gulf CMP for-hire permits and 3 valid or renewable Gulf CMP historical captain for-hire permits (J. Dudley, NMFS SERO, pers. comm. 2022). Although the for-hire permit application collects information on the primary method of operation, the permit itself does not identify the permitted vessel as either a headboat or a charter vessel, and vessels may operate in both capacities. However, only federally permitted headboats are required to submit harvest and effort information to the SRHS.[12] Participation in the SRHS is based on determination by the SEFSC that the vessel primarily operates as a headboat. As of March 9, 2021, 69 Gulf headboats were registered in the SRHS (K. Fitzpatrick, NMFS SEFSC, pers. comm. 2021). The majority of these headboats were located in Florida (39), followed by Texas (16), Alabama (9), and Mississippi/Louisiana (5).

There are no specific federal permitting requirements for recreational anglers to fish for or harvest CMP species. Instead, anglers are required to possess either a state recreational fishing permit that authorizes saltwater fishing in general, or be registered in the federal National Saltwater Angler Registry system, subject to appropriate exemptions. As a result, it is not possible to identify with available data how many individual anglers would be expected to be affected by this proposed amendment.

Angler Effort

Recreational effort derived from the MRIP database can be characterized in terms of the number of trips as follows:

- Target trips - The number of individual angler trips, regardless of duration, where the intercepted angler indicated that the species, or a species in the species group, was targeted as either the first or the second primary target for the trip. The species did not have to be caught.
- Catch trips - The number of individual angler trips, regardless of duration and target intent, where the individual species or a species in the species group was caught. The fish did not have to be kept.
- Total recreational trips - The total estimated number of recreational trips in the Gulf, regardless of target intent or catch success.

[11] A renewable permit is an expired permit that may not be actively fished, but is renewable for up to one year after expiration.

[12] All owners or operators of vessels issued Gulf federal charter/headboat permits are required to comply with the new Southeast For-Hire Electronic Reporting Program as of January 5, 2021. Under this program, owners or operators must declare trips prior to departure and submit electronic fishing reports prior to offloading fish, or within 30 minutes after the end of a trip, if no fish are landed. Those vessels selected to report to the SRHS (i.e., federally permitted headboats) will continue to submit their reports under the new requirements directly to the SRHS program. For more information, see: https://www.fisheries.noaa.gov/southeast/recreational-fishing-data/southeast-hire-electronic-reporting-program?utm_medium=email&utm_source=govdelivery.

A target trip may be considered an angler's revealed preference for a certain species, and thus may carry more relevant information when assessing the economic effects of regulations on the subject species than the other two measures of recreational effort. The following discussion focuses on Gulf charter vessel trips that targeted CMP species (Spanish mackerel, king mackerel, and cobia).

The number of charter vessel trips that targeted CMP species fluctuated in most Gulf states from 2015 through 2019 (Table 2.3.2.1). Florida and Alabama recorded the greatest number of these trips during this period (Table 2.3.2.1).

Table 2.3.2.1. Gulf charter vessel CMP target trips, by state.

	Alabama	Florida	Louisiana*	Mississippi	Texas
2015	8,497	56,151	N/A	1,709	870
2016	7,460	39,952	2,468	483	1,255
2017	6,504	72,937	1,405	243	902
2018	3,224	80,460	1,785	895	2,896
2019	4,950	61,483	517	783	1,952
Average	6,127	62,197	1,544	823	1,575

Source: MRIP database, SERO, NMFS (February 2022) for AL, FL and MS. LDWF Recreational Creel Survey for LA. TPWD Marine Sport-Harvest Monitoring Program for TX.
*LA began collecting target effort beginning in 2016.
Note 1: The estimates for AL, FL, and MS are based on MRIP FES.
Note 2: Headboat information is unavailable

Similar analysis of recreational effort is not possible for the headboat mode because headboat data are not collected at the angler level. Estimates of effort by the headboat mode, in terms of angler days, are provided in Section 2.3.1.

Economic Value

Economic value received by anglers can be measured in the form of CS per additional fish kept on a trip (the amount of money that an angler would be willing to pay for a fish in excess of the cost to harvest the fish). The estimated values of the CS per fish for a second[13], third, fourth, and fifth king mackerel kept on a trip are approximately $111, $74, $55, and $43, respectively (Carter and Liese 2012; values updated to 2021 dollars). [14] There is no available estimate of CS for cobia, but dolphin CS estimates may be a close proxy. For dolphin, the values for the second, third, fourth, and fifth kept fish are approximately $17, $11, $8, and $7, respectively (Carter and Liese 2012; values updated to 2021 dollars).

Another study estimated the CS for catching and keeping one additional Spanish mackerel in the Southeastern U.S. using four separate econometric modeling techniques (Haab et al. 2012). Of

[13] The study only considered trips with at least one fish caught and kept in its experimental design; thus, an estimated value for the first caught and kept fish is not available.
[14]Converted to 2021 dollars using the annual, not seasonally adjusted GDP implicit price deflator provided by the U.S. Bureau of Economic Analysis.

the four models, only the finite mixture model, which takes into account variation in the preferences of anglers, produced a positive value for Spanish mackerel. The CS estimate for Spanish mackerel from the finite mixture model was $20 (2021 dollars). The other logit-based models from the study produced CS estimates that ranged from negative $15 to negative $9, a result of anglers avoiding fishing locations with a high ratio of Spanish mackerel to king mackerel.

The foregoing estimates of economic value should not be confused with economic impacts associated with recreational fishing expenditures. Although expenditures for a specific good or service may represent a proxy or lower bound of value (a person would not logically pay more for something than it was worth to them), they do not represent the net value (benefits minus cost), nor the change in value associated with a change in the fishing experience. For a discussion of the economic value generated by for-hire businesses, see Section 2.3.1.

Business Activity

Estimates of the business activity (economic impacts) associated with recreational angling for CMP species on charter vessels in the Gulf were calculated using average trip-level impact coefficients derived from the 2017 Fisheries Economics of the U.S. report (NMFS 2021) and underlying data provided by the NOAA Office of Science and Technology. Economic impact estimates in 2017 dollars were adjusted to 2021 dollars using the annual, not seasonally adjusted GDP implicit price deflator provided by the U.S. Bureau of Economic Analysis.

Business activity (economic impacts) for the recreational sector is characterized in the form of jobs (full- and part-time), income impacts (wages, salaries, and self-employed income), output impacts (gross business sales), and value-added impacts (contribution to the GDP in a state or region). Estimates of the average annual economic impacts (2015-2019) resulting from Gulf charter vessel CMP target trips are provided in Table 2.3.2.2. The average impact coefficients, or multipliers, used in the model are invariant to the "type" of effort (e.g., target or catch) and can therefore be directly used to measure the impact of other effort measures such as CMP catch trips. To calculate the multipliers from Table 2.3.2.2, simply divide the desired impact measure (sales impact, value-added impact, income impact, or employment) associated with a given state and mode by the number of target trips for that state and mode.

The estimates provided in Table 2.3.2.2 only apply at the state-level. Addition of the state-level estimates to produce a regional (or national) total may underestimate the actual amount of total business activity, because state-level impact multipliers do not account for interstate and interregional trading. It is also important to note that these economic impacts estimates are based on trip expenditures only and do not account for durable expenditures. Durable expenditures cannot be reasonably apportioned to individual species or species groups. As such, the estimates provided in Table 2.3.2.2 may be considered a lower bound on the economic activity associated with those trips that targeted CMP species.

Estimates of the business activity associated with headboat effort are not available. Headboat vessels are not covered in MRIP in the Southeast, so, in addition to the absence of estimates of target effort, estimation of the appropriate business activity coefficients for headboat effort has not been conducted.

Table 2.3.2.2. Estimated average annual economic impacts (2015-2019) from Gulf charter vessel CMP target trips, by state, using state-level multipliers. All monetary estimates are in 2021 dollars in thousands.

	FL	AL	MS	LA*	TX
	Charter Mode				
Target Trips	62,197	6,127	823	1,544	1,575
Value Added Impacts	$22,665	$2,658	$384	$763	$664
Sales Impacts	$38,060	$4,834	$725	$1,433	$1,102
Income Impacts	$13,244	$1,516	$221	$450	$372
Employment (Jobs)	336	51	8	16	9

Source: Effort data from MRIP, LDWF LA Creel, and TPWD; economic impact results calculated by NMFS SERO using NMFS (2021) and underlying data provided by the NOAA Office of Science and Technology.
*LA estimates exclude 2015.
Note: Headboat information is unavailable.

2.4 Impacts of Management Measures

The proposed action provides individuals with eligible historical captain permits the opportunity to replace those permits with standard permits. The economic analysis of the net benefits from this proposed action includes both the resulting costs and benefits. While some of the benefits and costs may not be quantifiable, they may still be categorized as having positive or negative economic impacts. As of March 8, 2022, there were 1,294 valid or renewable CMP standard for-hire permits and 1,284 valid or renewable reef fish standard for-hire permits (NMFS-SERO, pers. Comm. 2022). At most, this action would allow three (3) CMP historical captains permits and three (3) reef fish historical captain permits to be converted into standard for-hire permits. Therefore, the numbers of CMP and reef fish historical captain permits that could potentially be converted into standard for-hire permits are minute relative to the numbers of valid or renewable CMP and reef fish standard for-hire permits. If the eligible CMP and reef fish historical captain permits were converted into standard CMP and reef fish for-hire permits, the numbers of CMP and reef fish for-hire standard permits would each increase by 0.23%. Because of the small number of permits that would be impacted by this action, economic effects discussed herein are expected to be negligible at the fleet level. However, benefits and costs would accrue to the three individual entities afforded the opportunity to convert their historical captains permits into standard for-hire permits.

This proposed action would be expected to have small positive or neutral economic effects on for-hire recreational anglers. Permit transferability would allow for business succession or the sale of the permits to other for-hire businesses. Because these permits would remain active, they would provide continued access to the fishery resource for for-hire recreational anglers. Therefore, for-hire anglers would face no reduction in consumer surplus.

The permit transferability could result in a small increase in participation and fishing effort for the for-hire fleet. This would be a result of any latent historical captain permit holders selling their permits to individuals who then become active in the fishery. Historical captain permits

that are replaced with standard permits would be transferrable and would have potential resale value, a positive economic impact to permit holders. Previous permit transfer values from 2010-2018 for a single permit for Gulf Charter Vessel/Headboat for Coastal Migratory Pelagic Fish and for Gulf Charter Vessel/Headboat for Reef Fish ranged from approximately $0.01 to $147,000 (2021 dollars).[15] However, an accurate average permit resale value cannot be provided for several reasons: 1) providing a value is not required with permit transfers, which translates to some entries of zero value; 2) transfer information can apply to one permit, one permit and the vessel, multiple permits, or multiple permits and the vessel, which makes it impossible to disaggregate individual permit values when more than one permit is included; and 3) some transfer values may be undervalued or not listed when they pertain to permit transfers between a business's vessels or affiliates. Another positive impact of this proposed action is that historical captains that have replaced their historical captain permits would no longer need to be present on the vessel while the permit is in use. This would provide greater operational flexibility and potentially increase profits for historical captains.

A potential negative economic impact of replacing historical captain permits with standard permits would stem from any historical captain permit holders that do not own or lease a vessel on which they could place the standard federal charter/headboat permit. Since individuals who do not replace their historical captain permits with standard permits would maintain their historical captain permits, this potential negative economic impact could be minimized, as replacement is not mandatory. However, some individuals that may want to replace their historical captain permits may not own or lease a vessel on which they could place the standard federal charter/headboat permit. In such a case, those permit holders would need to purchase or lease a vessel and would thereby incur related costs. The average purchase price for a headboat operating in the Gulf is estimated to be $426,826 (2021 dollars[16]); the average purchase price for a charter vessel operating in the Gulf is $114,494 (2021 dollars) (Savolainen et al. 2012). If historical captains intend to sell their permits rather than use them for operating purposes, they could buy a much cheaper vessel to hold the permit prior to the sale. While estimates of for-hire vessel lease prices are not readily available, this may be a more affordable option than purchasing a vessel. In addition to the cost of the vessel itself, these historical captains would face applicable inspection and registration fees. An initial U.S. Coast Guard (USCG) certificate of documentation is $133, and a renewal is $26 (46 CFR 67.550). If a USCG certificate of inspection is required, the annual inspection fee is $300 for vessels less than 65 feet and $600 for vessels 65 feet and greater (46 CFR 2.10-101(a)). State boat registration and inspection fees in Gulf states are estimated to range from approximately $10 up to $458, depending on the length of the vessel and state of registration.

Since they would no longer be able to use their historical captain permit to operate a vessel owned or leased by another individual or business, historical captains who would need to buy or lease a vessel could also incur an opportunity cost in terms of lost earnings, which cannot be quantified with available data, if they choose to replace their historical captain permit with a standard for-hire permit. These historical captains would need to either sell their permit(s) or

[15] Permit transfer information was generated by the Permits Information Management System Database from the Constituency Branch Office of the National Marine Fisheries Service Southeast Regional Office.
[16] Converted to 2021 dollars using the annual, not seasonally adjusted GDP implicit price deflator provided by the U.S. Bureau of Economic Analysis.

attach it to a purchased or leased vessel capable of servicing paying customers, in order to extract value from the standard for-hire permit. It is expected that historical captains will only replace their historical captain permits with standard permits if the benefits of doing so outweigh the costs.

2.5 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 to the private sector are discussed in Section 2.4. Estimated public costs associated with this action include:

Council costs of document preparation, meetings, public hearings, and information dissemination……..……$5,000

NMFS administrative costs of document preparation, meetings and review ….....$7,000

TOTAL ….....$12,000

The estimate provided above does not include any law enforcement costs. Any enforcement duties associated with this action would be expected to be covered under routine enforcement costs rather than an expenditure of new funds. Council and NMFS administrative costs directly attributable to this amendment and the rulemaking process will be incurred prior to the effective date of the final rule implementing this amendment.

2.6 Determination of Significant Regulatory Action

Pursuant to E.O. 12866, a regulation is considered a "significant regulatory action" if it is likely to result in: 1) 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 E.O. Based on the information in Sections 2.4-2.5, the costs and benefits resulting from this regulatory action are not expected to meet or exceed the $100 million threshold, and thus this action has been determined to not be economically significant for the purposes of E.O. 12866.

CHAPTER 3. REGULATORY FLEXIBILITY ACT ANALYSIS

3.1 Introduction

The purpose of the Regulatory Flexibility Act (RFA) is to establish a principle of regulatory issuance that agencies shall endeavor, consistent with the objectives of the rule and of applicable statutes, to fit regulatory and informational requirements to the scale of businesses, organizations, and governmental jurisdictions subject to regulation. To achieve this principle, agencies are required to solicit and consider flexible regulatory proposals and to explain the rationale for their actions to assure such proposals are given serious consideration. The RFA does not contain any decision criteria; instead the purpose of the RFA is to inform the agency, as well as the public, of the expected economic impacts of various alternatives contained in the fishery management plan (FMP) or amendment (including framework management measures and other regulatory actions) and to ensure the agency considers alternatives that minimize the expected impacts while meeting the goals and objectives of the FMP and applicable statutes.

With certain exceptions, the RFA requires agencies to conduct an initial regulatory flexibility analysis (IRFA) for each proposed rule. The IRFA is designed to assess the impacts various regulatory alternatives would have on small entities, including small businesses, and to determine ways to minimize those impacts. An IRFA is primarily conducted to determine whether the proposed action would have a significant economic impact on a substantial number of small entities. The IRFA provides: 1) a description of the reasons why action by the agency is being considered; 2) a succinct statement of the objectives of, and legal basis for, the proposed rule; 3) a description and, where feasible, an estimate of the number of small entities to which the proposed rule will apply; 4) a description of the projected reporting, record-keeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities which will be subject to the requirements of the report or record; 5) an identification, to the extent practicable, of all relevant federal rules, which may duplicate, overlap, or conflict with the proposed rule; 6) a description and estimate of the expected economic impacts on small entities; and 7) a description of the significant alternatives to the proposed rule and discussion of how the alternatives attempt to minimize economic impacts on small entities.

3.2 Statement of the need for, objective of, and legal basis for the proposed action

The need for and objective of this proposed action are provided in Chapter 1. In summary, there is a need to reduce the regulatory and potential economic burden on historical captain permit holders. The objective of this proposed action is to provide an opportunity to replace reef fish and coastal migratory pelagic (CMP) historical captain permits in the Gulf of Mexico (Gulf) with standard Gulf charter/headboat (for-hire) permits. The Magnuson-Stevens Fishery Conservation and Management Act provides the statutory basis for this proposed action.

3.3 Description and estimate of the number of small entities to which the proposed action would apply

This proposed action, if implemented, would apply to charter vessels and headboats (for-hire vessels) that had a reef fish or CMP historical captain permit at the time that the Gulf of Mexico Fishery Management Council considered this action in October 2021. As of March 3, 2022, there were three (3) historical captains that each had a valid (non-expired) or renewable[17] Gulf reef fish and a valid (non-expired) CMP Charter/Headboat historical captain permit (for a total of six historical captains permits). Although the for-hire permit application collects information on the primary method of operation, the permit itself does not identify the permitted vessel as either a headboat or a charter vessel and vessels may operate in both capacities. The average charter vessel is estimated to receive approximately $94,000 (2021 dollars[18]) in annual gross revenue (Savolainen et al. 2012); the average headboat is estimated to receive approximately $451,000 (2021 dollars) in annual revenue (D. Carter, SEFSC pers. comm., 2018).

The Small Business Administration (SBA) has established size standards for all major industry sectors in the U.S., including for-hire businesses (NAICS code 487210). A business primarily involved in the for-hire fishing industry is classified as a small business if it is independently owned and operated, is not dominant in its field of operation (including its affiliates), and has combined annual receipts not in excess of $8 million for all its affiliated operations worldwide. All of the for-hire vessels directly regulated by this action are believed to be small entities based on the SBA size criteria. No other small entities that would be directly affected by this proposed action have been identified.

3.4 Description of the projected reporting, record-keeping and other compliance requirements of the proposed action, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for the preparation of the report or records

This proposed action would not establish any new reporting or record-keeping requirements. It would, however, require historical captain permit holders to comply with the standard permit regulations if their historical captain permits are replaced with standard permits. The regulations stipulate that the standard permit must be issued to a vessel with a valid U.S. Coast Guard certificate of documentation or state registration certificate (50 CFR 622.4(a)). For any historical captain permit holder who elects to have their historical captain permit replaced with a standard permit and who does not currently own or lease a vessel, this would require either the purchase or lease of a vessel and payment of applicable registration and inspection fees.

[17] A renewable permit is an expired permit that may not be actively fished, but is renewable for up to one year after expiration.

[18] Converted to 2021 dollars using the annual, not seasonally adjusted GDP implicit price deflator provided by the U.S. Bureau of Economic Analysis.

3.5 Identification of all relevant federal rules, which may duplicate, overlap or conflict with the proposed action

No duplicative, overlapping, or conflicting federal rules have been identified.

3.6 Significance of economic impacts on a substantial number of small entities

Substantial number criterion

This proposed action, if implemented, would apply to individuals with valid (non-expired) or renewable[19] historical captains permits. As of March 3, 2022, there were three (3) historical captains that each had a valid (non-expired) or renewable Gulf reef fish and a valid (non-expired) CMP Charter/Headboat historical captain permit (for a total of six historical captains permits). Because only three for-hire fishing businesses are affected by this proposed rule, this action would not affect a substantial number of small entities.

Significant economic impacts

The outcome of "significant economic impact" can be ascertained by examining two factors: disproportionality and profitability.

Disproportionality: Do the regulations place a substantial number of small entities at a significant competitive disadvantage to large entities?

All entities likely to be affected by this action are believed to be small entities and thus the issue of disproportionality does not arise.

Profitability: Do the regulations significantly reduce profits for a substantial number of small entities?

A detailed analysis of the economic effects associated with this proposed action can be found in Chapter 2. The following information summarizes the expected effects of this proposed action on small entities.

This proposed action would grant three (3) historical captain permit holders the opportunity to replace their historical captain permits with standard permits. Because standard permits are transferrable and salable and historical captain permits are not, this would have positive economic effects in terms of increased asset value and business succession planning. Transfer values for a single standard permit ranged from approximately $0.01 to $147,000 (2021

[19] A renewable permit is an expired permit that may not be actively fished, but is renewable for up to one year after expiration.

dollars)[20] during 2010 through 2018. It is not possible to estimate a meaningful average market value for these permits with available data; however, it is expected that the value would increase relative to the passenger capacity of the permit. Additionally, once historical captain permits are replaced with standard permits, the historical captains would no longer need to be present on the vessel while the permit is in use. This would provide greater operational flexibility and potentially increase profits for affected small entities.

There are also some potential economic costs to small entities from this proposed action. Because replacement of historical captain permits with standard permits would be optional, only those permit holders who choose to participate in the conversion would be affected. Standard permits must be issued to a vessel that is either owned or leased by the permit holder. Some historical captains may not currently own or lease a vessel. In order to replace their existing permits with standard permits, these historical captains would need to purchase or lease a suitable vessel and pay all applicable inspection and registration fees. An initial U.S. Coast Guard (USCG) certificate of documentation is $133 and a renewal is $26 (46 CFR 67.550). If a USCG certificate of inspection is required, the annual inspection fee is $300 for vessels less than 65 feet and $600 for vessels 65 feet and greater (46 CFR 2.10-101(a)). State boat registration and inspection fees in Gulf states are estimated to range from approximately $10 up to $458, depending on the length of the vessel and state of registration. Due to uncertainty about the business strategies of historical captain permit holders, variation in permit passenger capacities, and the wide range of vessel options, it is not possible to estimate the cost that would be incurred by historical captains to purchase or lease a vessel. The average purchase price for a headboat operating in the Gulf is estimated to be $426,826 (2021 dollars[21]); the average purchase price for a charter vessel operating in the Gulf is $114,494 (2021 dollars) (Savolainen et al. 2012). If historical captains intend to only sell their new standard permits, they could buy a much cheaper vessel to hold the permit prior to the sale. Estimates of for-hire vessel lease prices are not readily available; however, this may be a more affordable option than purchasing a vessel.

In addition to the cost to buy or lease a vessel, there would be an opportunity cost for some historical captains should they choose to replace their historical captain permits with standard permits. This opportunity cost pertains to the potential lost earnings that would result from no longer being able to use their historical captain permit to operate a vessel owned or leased by another individual or business. This opportunity cost cannot be quantified with available data. In order to extract value from the standard permit, historical captains would need to either sell their permit or attach it to a purchased or leased vessel capable of servicing paying customers. Again, replacement of historical captain permits is voluntary and it is expected that historical captains will only replace their historical captain permits with standard permits if the benefits of doing so outweigh the costs.

In summary, this proposed action would not be expected to have a significant economic impact on a substantial number of small entities.

[20] Permit transfer information was generated by the Permits Information Management System Database from the Constituency Branch Office of the National Marine Fisheries Service Southeast Regional Office. An average transfer value is not provided due to data issues described in Chapter 2.

[21] Converted to 2021 dollars using the annual, not seasonally adjusted GDP implicit price deflator provided by the U.S. Bureau of Economic Analysis.

3.7 Description of the significant alternatives to the proposed action and discussion of how the alternatives attempt to minimize economic impacts on small entities

This proposed action, if implemented, would not be expected to have a significant economic impact on a substantial number of small entities. As a result, the issue of significant alternatives is not relevant.

CHAPTER 4. LIST OF PREPARERS

PREPARERS

Name	Expertise	Responsibility	Agency
Assane Diagne	Economist	Co-Team Lead – Amendment development, economic analyses	GMFMC
Rich Malinowski	Fishery Biologist	Co-Team Lead – Amendment development, biological analyses	SERO
David Records	Economist	Economic analyses	SERO

REVIEWERS

Name	Expertise	Responsibility	Agency
Mara Levy	General Counsel	Review	NMFS
Ava Lasseter	Anthropologist	Social analyses	GMFMC
John McGovern	Fishery Biologist	Review	SERO
Peter Hood	Fishery Biologist	Review	SERO
John Froeschke	Fishery Biologist	Review	GMFMC
Carrie Simmons	Fishery Biologist	Review	GMFMC
Joelle Godwin	Regulatory Writer	Review	SERO

GMFMC = Gulf of Mexico Fishery Management Council; NOAA GC = National Oceanic and Atmospheric Administration General Counsel; SEFSC = Southeast Fisheries Science Center; SERO = Southeast Regional Office of the National Marine Fisheries Service

CHAPTER 5. LIST OF AGENCIES, ORGANIZATIONS, AND PERSONS CONSULTED

National Marine Fisheries Service
- Southeast Fisheries Science Center
- Southeast Regional Office
    - Protected Resources
    - Habitat Conservation
    - Sustainable Fisheries

NOAA General Counsel
U.S. Coast Guard
Alabama Department of Conservation and Natural Resources/Marine Resources Division
Florida Fish and Wildlife Conservation Commission
Louisiana Department of Wildlife and Fisheries
Mississippi Department of Marine Resources
Texas Parks and Wildlife Department

CHAPTER 6. REFERENCES

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