

7 Sablefish: Changes in QS Holdings by Type of Person

Under the sablefish IFQ program, individuals, partnerships, skippers, corporations, and other types of entities are defined as “persons” who may hold QS. This chapter examines the distribution of QS by type of person holding the QS.

Table 7-1 summarizes information on the distribution of QS by management area and type of person. Table 7-2 provides similar information on the number of persons holding QS, by type of person. Tables 7-3 and 7-4 provide similar information, but use aggregated person-type categories.

This chapter only looks at data from 2000 to 2011 due to the change in computer data base and an increase in number of fields an accurate comparison could not be made from the 1995-1999 data.

These tables provide information on the following types of QS:

<i>Corporate:</i>	QS held by corporations
<i>CQE:</i>	QS held by non-profit Community Quota Entities for use by residents of eligible communities. (No CQE for Sablefish at this time)
<i>Estates:</i>	QS held by estates of QS recipients or other owners.
<i>Individual</i>	QS held by natural persons who are initial QS recipients.
<i>Non Profit</i>	Groups use the proceeds from the CDQ allocations to start or support commercial fishery activities that will result in ongoing, regionally based, commercial fishery or related businesses.
<i>Partnership:</i>	QS held by partnerships.
<i>Skipper:</i>	QS held by individuals who are “IFQ crewmembers” rather than initial issues.
<i>Sole Proprieter:</i>	QS held by business is owned by one individual.

The sablefish IFQ program contains restrictions on the ability of corporations and partnerships to hold and use sablefish catcher vessel QS and IFQ. The intent of these restrictions appears to be to assign QS to corporations and partnerships that qualified as initial issues, but to impose restrictions on the ability of corporations and partnerships to expand their positions in the fishery. These restrictions are somewhat more strict in the Southeast area than elsewhere.

Corporations and partnerships that are initial catcher vessel QS recipients can use the QS and IFQ that they were initially issued and (except in the Southeast area) can buy and use additional QS. In the Southeast area, corporations and partnerships can only use the catcher vessel QS that they received as an initial allocation. In all areas, corporations or partnerships must have at least a 20% ownership interest in the vessel on which the QS is used and the vessel must be operated by a “Hired Master” employed by the corporation.⁴⁸

Corporations and partnerships *that are not* initial catcher vessel QS recipients cannot acquire catcher vessel QS by transfer. If a corporation or partnership that is not an initial QS recipients comes into possession of catcher vessel QS, perhaps following a default on a loan, it will not be able to fish with the QS.⁴⁹

A corporation or partnership, except for a publicly held corporation, loses the rights to fish its initial catcher vessel allocation and to buy additional QS if a new shareholder or partner is added (except for court appointed trustees acting on behalf of shareholders or partners who become incapacitated). In these cases, QS must be transferred to an individual before it can be fished again.⁵⁰

Corporations and partnerships that are not initial issuees may purchase freezer vessel QS.⁵¹

An IFQ crew member is defined in the IFQ program as an individual approved by NMFS as having at least 150 days experience working as part of a harvesting crew in any United States commercial fishery or any individual who receives an initial allocation of QS. An individual must meet these requirements to buy QS.⁵²

Table 7-1 compares from 2000 and year end 2011 distribution of QS by IFQ area and type of person. Data are supplied on the 2000 QS issued to each type of owner in each management area, the QS held at year-end 2011 by each type of owner, the change in QS held, the percent change, and the percentage of area QS held by each type of owner at 2000 and at year-end 2011.

The table shows that:

The proportion of QS in 2011 allocated to corporate holders varied considerably among the IFQ areas. 2000 allocations of QS to corporations ranged from 10.1% of the total QS in the Southeast area to 46.5% of the total QS in the Aleutian Islands. Corporations held the highest proportions of QS at 2011 allocation in the Western Gulf, Central Gulf and Aleutian Islands areas.

⁴⁸See 50 CFR 679.42(j). This is a new regulation implemented in 1998. Certain “grandfather” provisions were added to allow the use of hired skippers on vessels where there was less than a 20% ownership interest, provided the owners were initial issuees and they had used a hired skipper prior to April 17, 1997.

⁴⁹See 50 CFR 679.41(g).

⁵⁰See 50 CFR 679.42(j)(1), (2), (3), and (4).

⁵¹The IFQ regulations do not prohibit freezer QS purchases by corporations and partnerships that were not initial issuees.

⁵²NMFS_RAM classifies persons according to their status when they first enter the system. A person whose first contact is the purchase of the QS is classified as “crew”. If a person classified as crew consequently receives an initial allocation of QS, they would not be reclassified. Thus crew occasionally appear as “initial QS holders”.

The percentage of an area's QS held by corporations decreased slightly in all areas. 2011 allocations to individuals also varied widely between areas, ranging from a low of 10.1% in the Southeast Area to a high of 46.6% in the Aleutian Islands area. Individuals held the highest percentages of QS in 2011 for Southeast, and West Yakutat areas.

The proportion of the QS held by individuals fell in Western Gulf. The biggest relative decrease came in the Southeast area where individual holdings of QS fell from 378 holders in the 2000 to 322 holders at the end of 2011.

The percentages of total area QS held by Skippers at the end of 2011 ranged from a low of 10.2% in Central Gulf area to a high of 23.8% in the Bering Sea.

Table 7-2 provides similar information on the number of *individuals* holding QS by area and type of entity. The types of data provided are similar to those provided in Table 7-1. Typically, the number of QS holders declined in each person type entity except for Skippers, individuals and non profits. The declines in QS holders occurred as QS holdings were consolidated.

The description of holders by category in Tables 7-1 and 7-2 can obscure changes in the relative QS holdings of corporations and natural persons. This topic is likely to be one of particular interest.

In Tables 7-3 and 7-4 these tables show the management areas and vessel classes in which corporate, estates, individual, non- profit, partnership, skippers, sole proprietor QS holdings are most common.

Table 7-3 looks at the amount of QS held and Table 7-4 looks at the numbers of persons holding QS. These tables are sorted by type of QS holder, vessel category, and management area.

Table 7-3 provides the total 2000 QS, the total year-end 2011 QS, and the change and the percentage change in 2000 and 2011 for each person type, management area, and vessel category combination. It also shows the percentage of total QS for the vessel category and area that was held by each person type in 2000 and at year-end 2011.

Corporate holders held a majority of the freezer vessel sablefish QS in the Central Gulf, Western Gulf, Aleutian Islands, and Bering Sea areas in 2000 and at year-end 2011 and a majority of the "greater than 60 feet" catcher vessel QS in the West Yakutat, Central Gulf areas in 2011. Corporate holders tended to increase the size of their holdings of freezer QS in areas West Yakutat, and Aleutians where they held majorities of the QS to start with, but to reduce the size of their holdings of "greater than 60 feet" QS in all areas. Corporate holdings of "LE 60 feet" catcher vessel QS decreased in all areas as well.

At the end of 2011 "Individuals" tended to hold substantial amounts of QS. "Individuals" held over 20% of the QS in 6 of the 18 possible combinations of

management areas and vessel categories. They held over 30% in four of them, and over 45% in one. The proportions of QS held by “skippers” were high for freezer vessel QS in the SE, WY, CG and WG.

Partnerships in the freezer category reduced all their QS holdings except for AI. Non profit increased their QS holdings in BS, AI, WG.CG and all other regions remained the same.

Table 7-4 provides similar data for QS holders. Data are supplied on the numbers of QS holders of each person-type that were in 2000, the number of QS holders of each person-type who held QS at year-end 2011, and the change and the percent change in the number of QS holders. The table also shows the percentage of QS holders that fall into each person-type category for each vessel category and year. The table provides both year 2000 and year-end 2011 percentages.

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