



NOAA
FISHERIES

Sustainable Fisheries Division
Greater Atlantic Regional
Fisheries Office

Lobster Trap Transfer Program



Trap Transfer
Application Workshop

July 2016

American Lobster: Statutory Authority and Management Plan

- Lobster resource managed cooperatively by states and NMFS via the Atlantic States Marine Fisheries Commission's Interstate Fishery Management Plan for American Lobster
- Plan updated in response to biological and economic needs
- Strong reliance on industry input (LCMTs and comments)
- NMFS enacts regulations under the Atlantic Coastal Act to support the Commission's actions

Trap Fishery Limited Access Programs

- Permit-based allocations for Areas 2, 3, 4, 5 and Outer Cape
- Area 1: 800-trap cap for all qualified Federal permit holders
- Area 2 and Area 3 trap reductions for additional effort control
 - To scale SNE fishery to the size of the resource
- Trap transferability for Area 2, 3, and Outer Cape allocations
 - Business flexibility and trap cut mitigation

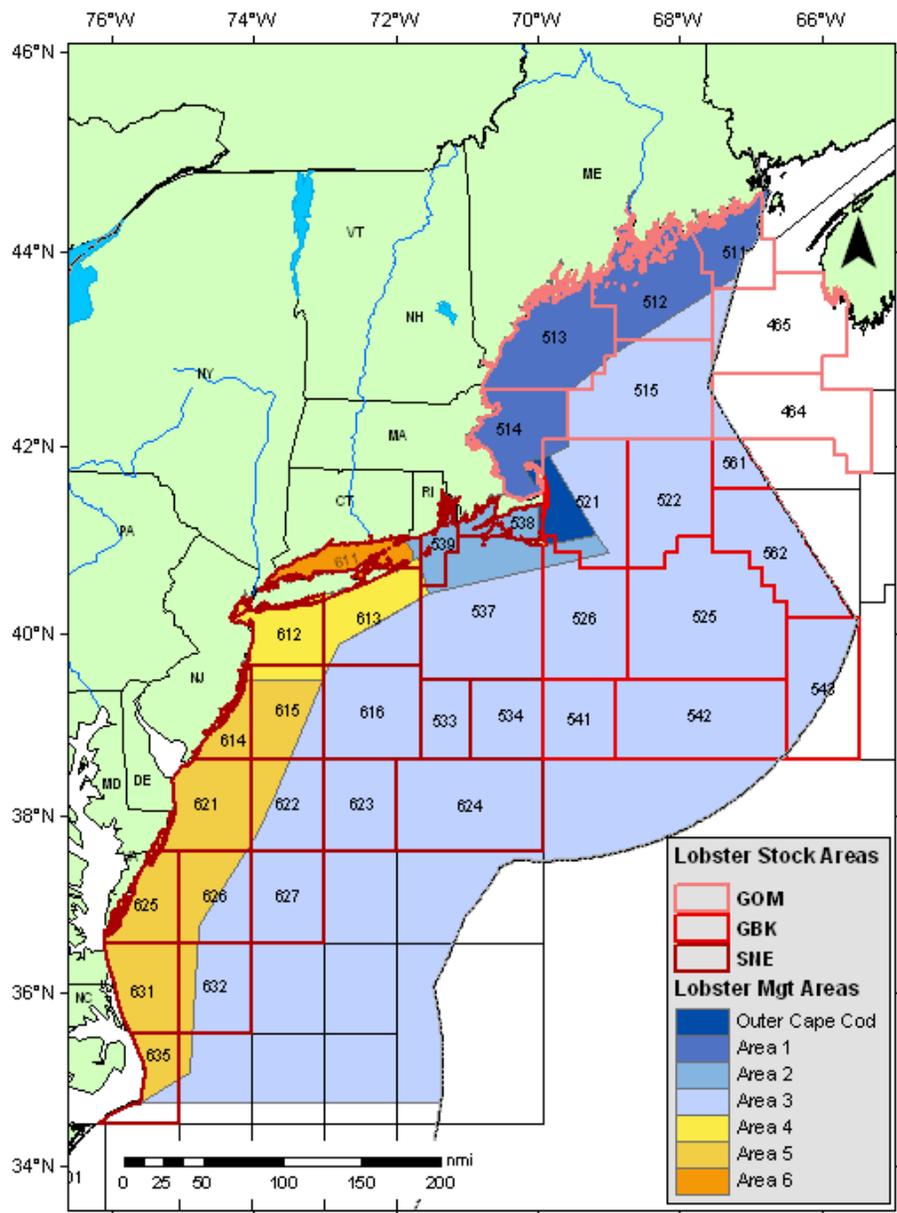


Figure 32.1. Statistical Areas used to define American Lobster Gulf of Maine, Georges Bank and Southern New England Stocks and Regions defining 7 ASMFC Management Areas.

Available Trap Allocations

Total number of qualified permits and aggregate trap allocation, Areas 2, 3 and Outer Cape*

Area	Number of Federal Permits	Current Trap Allocation (combined permits)	Trap Allocation After Reduction Schedule
Area 2	190	87,959	83,562 (5% reduction)
Area 3	132	136,868	130,025 (5% reduction)
Area Outer Cape	19	9,684	N/A

*Data reported as of June 2016

Trap Reduction Schedules

Trap transfer program is timed so that you can make transfers to cover reduced trap numbers.

Effective Fishing Year (May 1 – April 30)	Area 2 reduction	Area 2 example (traps)	Area 3 reduction (%)	Area 3 example (traps)
2016	25%	600	5%	760
2017	5%	570	5%	722
2018	5%	542	5%	686
2019	5%	515	5%	652
2020	5%	490	5%	620
2021	5%	466	N/A	620

PLEASE KEEP IN MIND

- In response to the poor condition of Southern New England Stock, the Atlantic States Marine Fisheries Commission is considering new management measures that have the potential to significantly restrict lobster fishing in Areas 2, 3, 4 and 5; regardless of trap transfer purchases.
- Approval of the trap transfers now does not guarantee eventual use of the transferred allocation if these potential regulations are implemented. **We advise applicants to stay informed of developments and to proceed at their own risk**

Management updates, meeting summaries, and stock assessment reports can all be found on the Commission website at:
<http://www.asafc.org/species/american-lobster>.

Lobster Trap Transfer Program

- Based on lobster industry recommendations
- Allows fishermen to buy and sell trap allocation to optimize their fishing businesses and mitigate trap cuts
- Cooperative state and Federal development and implementation
- Utilizes a joint database; necessary for tracking transfers by dual (state/Federal) permit holders
- Transferable allocation is the number of traps after annual trap cut is deducted
- Trap cuts and any transfers will be effective May 1, 2017

Basic Federal Trap Transfer Rules

- Only Area 2, 3, and Outer Cape allocations are transferable
- Any Federal lobster permit holder may “buy-in” to a transferable Area
- Areas 4 and 5 cannot be bought or sold, but will be deducted from seller’s permit if tied to a sale of Area 2, 3, or Outer Cape allocation
- Buyer is taxed a 10% conservation tax trap reduction upon transfer
- No tax on full business transfers. **A full business transfer is when you transfer the entire vessel and permit.**
- Allocations capped at area-specific trap limits
 - Area 2 trap limit = 800 traps
 - Area Outer Cape trap limit = 800 traps
 - Area 3 trap limit = 1,945 traps

Basic Federal Trap Transfer Rules (cont.)

- For dual permit holders, state and Federal allocations for the same Area must be equal before buying or selling traps in the trap transfer program
- If the state and Federal allocations are not equal, the allocations must be adjusted to the lower of either the state or Federal allocation for each Area in order to transfer
- If an Area 1 permit has also qualified for Area 2, 3 and/or Outer Cape and sells trap allocation, permit is no longer eligible for Area 1 trap fishery
- Area 1 permit holders may buy into a transferable area and fish both areas, subject to the most restrictive rule

Federal, State, and Dual Transferability

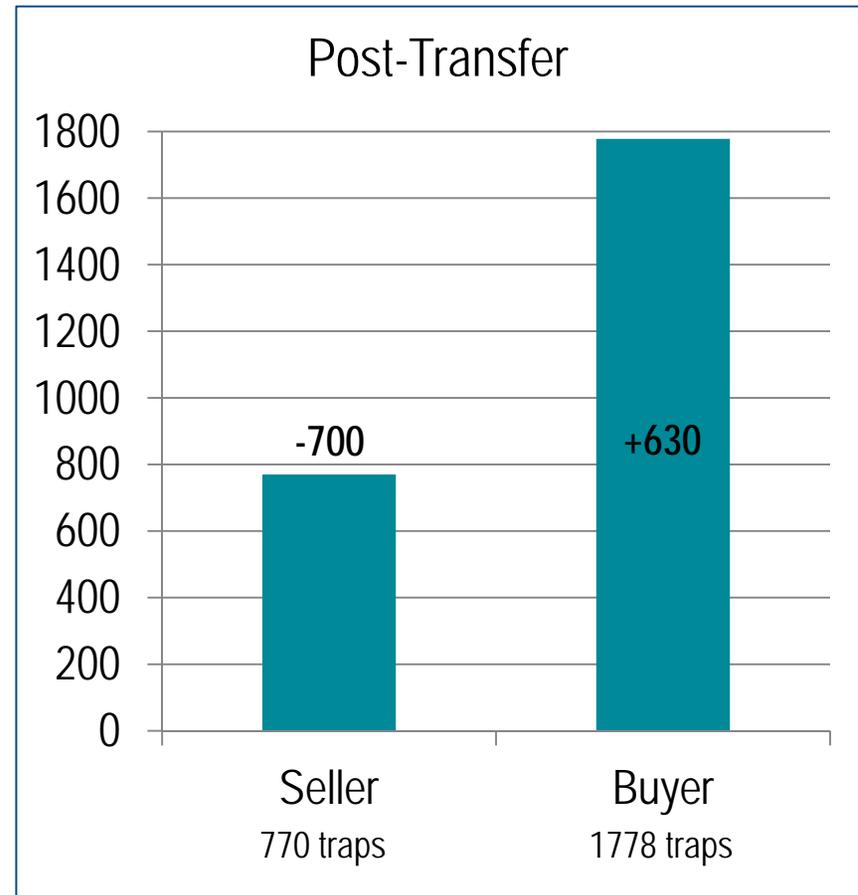
- State-only licensees:
 - May transfer Area 2, 3, and Outer Cape allocation with others from same state (state-only or dual)
- State and Federal allocations (dual permit holder):
 - Both allocations transfer if both parties are dual permit holders from same state
 - If dual permit holders from different states, buyer gets Federal allocation and must match with state allocation from another permit holder of the same state
- Federal permit and no state allocation:
 - Can transfer with any other Federal permit holder (dual or Fed only)
 - If buyer is a dual permit holder, must match Federal allocation with a similar state allocation from a licensee of the same state.

Trap Transfer Timeline

- August 1, 2016: Transfer program officially begins and actively accepts applications
- September 30, 2016: Transfer application submission deadline
- October – December 2016: NMFS and states finalize transfer transactions
 - Both the Buyer and Seller will be informed whether a trap transfer transaction is approved or denied
 - Permit holders - **Don't exchange money until transaction is approved by NMFS and states**
- May 1, 2017: Revised allocations become effective

Single Area Transfer (Federal to Federal)

Transfer of Area 3 allocation

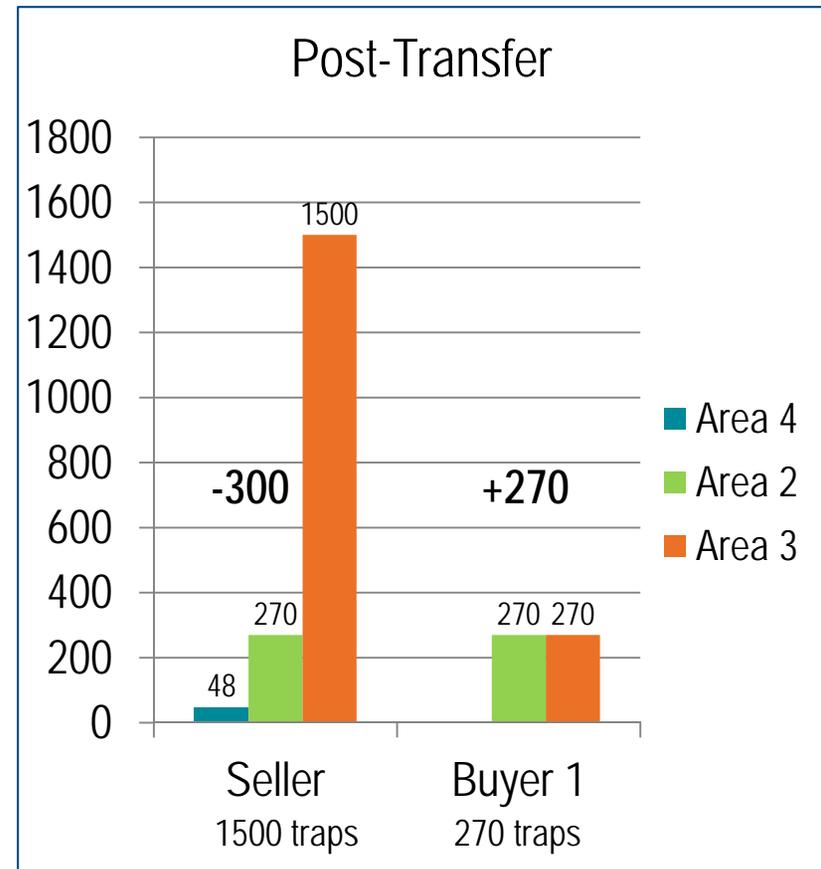
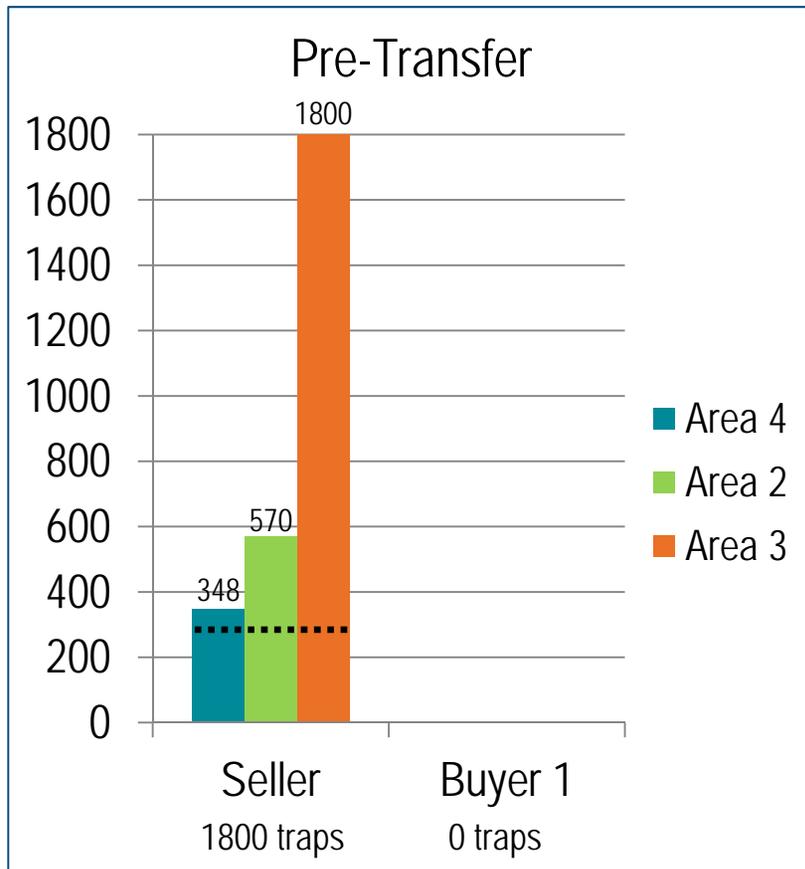


Multi-Area Trap Transfers

- All areas with an allocation will be debited from the Seller's permit, including areas which are not transferable (Areas 4, 5, etc.), and if present, Area 1 will be forfeited completely
- If a Seller has allocation in multiple areas, the multi-area traps will be debited first
 - For example, if traps were numbered 1-800 and 200 traps were sold, traps 1-200 would be sold first. This is known as "bottom-up transferring"
- Buyer of a multi-area transferable allocation may choose not to fish an area on the permit, but that area's history is maintained for future use
- If a buyer purchases traps that include history from a non-transferable area (A4, A5, etc) the allocations for those areas cannot be fished

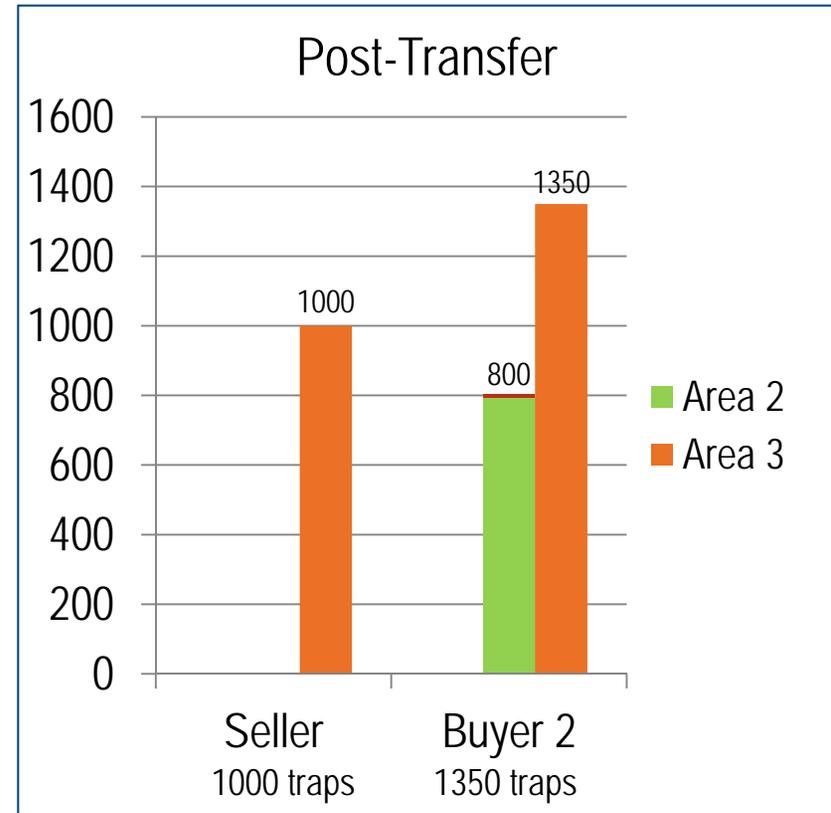
Multi-Area Transfers (Federal to Federal)

Transfer of 300 trap multi-area allocation



Multi-Area Transfers (Federal to Federal)

Transfer of 270 trap multi-area allocation and 230 trap single area allocation

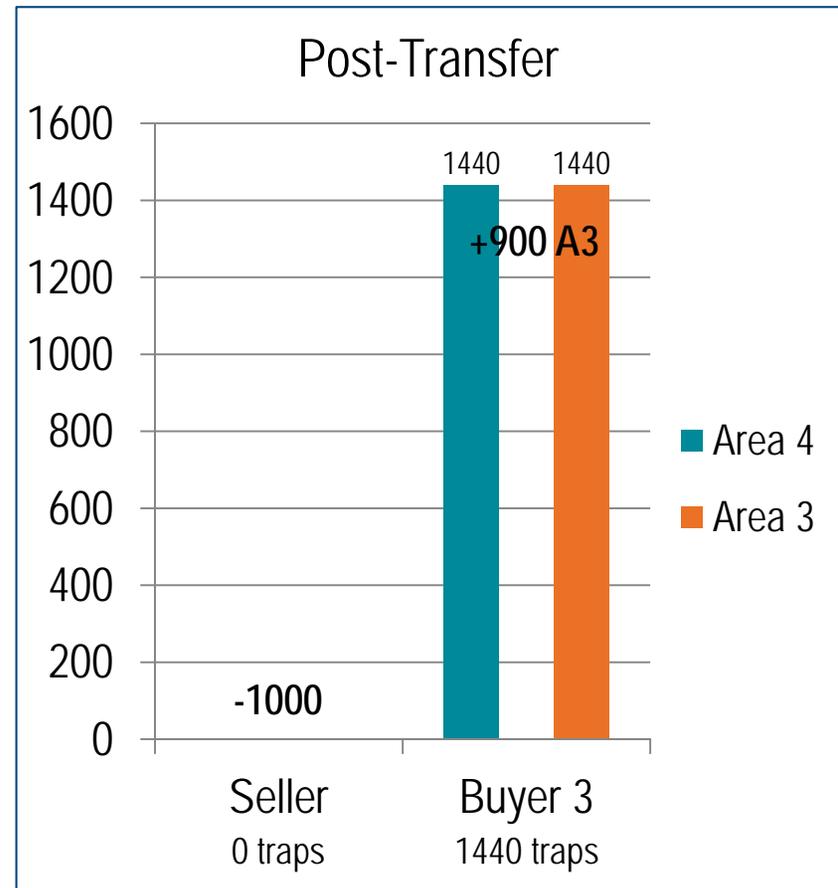


-48 A4, -270 A2, -500 A3

+243 A2 (but capped at 800/ +230),
+450 A3

Multi-Area Transfers (Federal to Federal)

Transfer of 1000 trap single area allocation to multi-area permit



Trap Transfer Calculation Steps

- Start with determining allocation available for transfer program
 - This is number **after** scheduled reduction (available online or in letter)
- Calculate how many additional traps you need to buy (or want to sell) to get to desired allocation for upcoming fishing year
 - **If buying, account for 10% loss to conservation tax**
 - Round to a multiple of 10
- Calculate number **actually** received after conservation tax
 - Add to your existing allocation to determine final total allocation



LOBSTER TRANSFER TRAP ALLOCATION APPLICATION FOR THE 2017 FISHING YEAR

SEND TO:
TRAP TRANSFER PROGRAM
GREATER ATLANTIC REGION PERMIT OFFICE
NATIONAL MARINE FISHERIES SERVICE
55 GREAT REPUBLIC DRIVE, GLOUCESTER, MA 01930
Fax: 978-281-9161
Email: nmfs.gar.permits@noaa.gov

Use this form to request a permanent transfer of American lobster traps. We will accept completed transfer applications beginning August 1st through those postmarked no later than September 30, 2016. We will provide written approval or disapproval of this request by December 31, 2016. Transferred allocation will be effective at the beginning of the following fishing year on May 1, 2017. **Please note that you must meet the regulatory requirements at 50 CFR 607.27 (listed on back) to buy or sell traps.** We will not process incomplete forms or forms found with errors.

If you are a dual permit holder (state and Federal), the trap allocation on both state and Federal permits must be the same before you can transfer traps. If your state and Federal allocations are not the same, then you can align them by permanently electing the lower allocation for both permits. By signing below, both the buyer and seller are declaring into the Trap Transfer Program, and, if necessary, agree that their state and Federal allocations will be aligned at the lower of the two values at the beginning and end of each trap transfer period. Refer to the Lobster Trap Transfer Program Guide for more information. Please contact our Analysis and Program Support Division at 978-282-8483 with any questions.

Seller's Permit Information	Transaction # <input style="width: 20px;" type="text"/>
Name: _____	
Business Name: _____	
F/V: _____	
Permit Number: _____	
MRI: _____	
State/State Permit Number: _____	
Phone: _____	

Buyer's Permit Information	Transaction # <input style="width: 20px;" type="text"/>
Name: _____	
Business Name: _____	
F/V: _____	
Permit Number: _____	
MRI: _____	
State/State Permit Number: _____	
Phone: _____	

_____ → (Less 10% Conservation Tax) = _____
Number of traps debited from Seller (ends in "0") **Number of traps received by Buyer**

*Traps must be sold in multiples of 10.

Signed: _____
(Seller)

Signed: _____
(Buyer)

Dated: _____

Dated: _____

Transfers are not final until approved by NMFS. Buyers and sellers are cautioned not to finalize payments until NMFS approves a transfer. Due to the poor condition of Southern New England lobster stock, lobster managers are considering new regulations that have the potential to significantly restrict lobster fishing in Areas 2, 3, 4 and 5. Permit holders are advised to transfer traps at their own risk. Please contact the Permit Office at 978-282-8483 with any questions.

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other suggestions for reducing this burden to John K. Bullard, Regional Administrator, Greater Atlantic Region, NMFS, 55 Great Republic Drive, Gloucester, MA 01930-2298.

All data will be kept confidential as required by NOAA Administrative Order 216-100, Confidentiality of Fisheries Statistics; however, final eligibility determinations and trap allocations may be made available to the public, consistent with current practices relative to NMFS permit data. Notwithstanding any other provisions of the law, no person is required to respond to, nor shall any person be subjected to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number.

OMB Approval No. 0648-0673
Expires 04/30/2017



Trap Transfer Scenario #1

- Two Federal-only permit holders
- Buyer wants to **increase Area 3 allocation to 1,945 trap limit** and typically does not elect the Area 2 on their permit
- Seller doesn't fish as much as they used to and is eager to make some money even though they have multi-area allocations

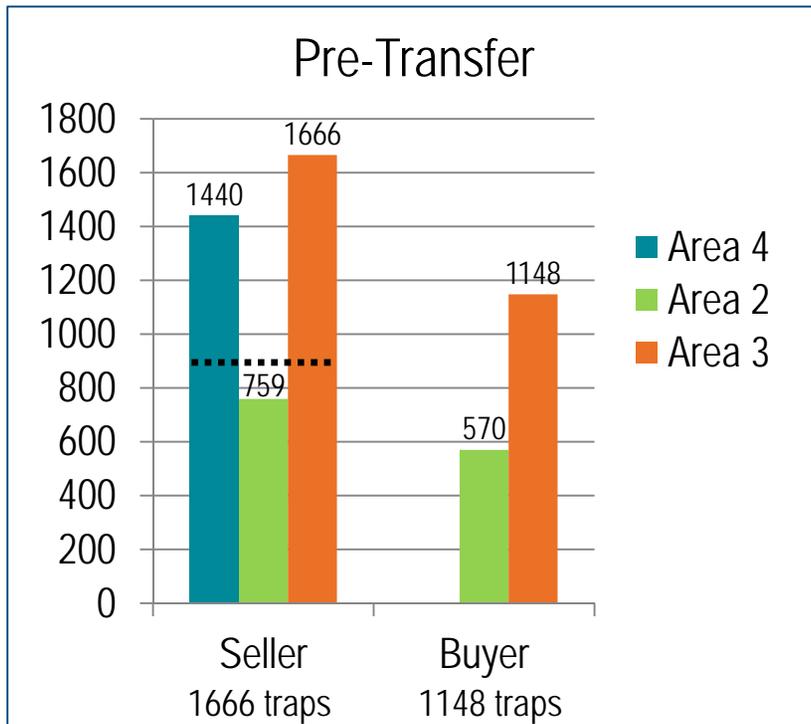
Seller

Area	2016 Allocation	Transferable Allocation	Post-Transfer Allocation
A2	798	759	0
A3	1753	1666	776
A4	1440	1440	550

Buyer

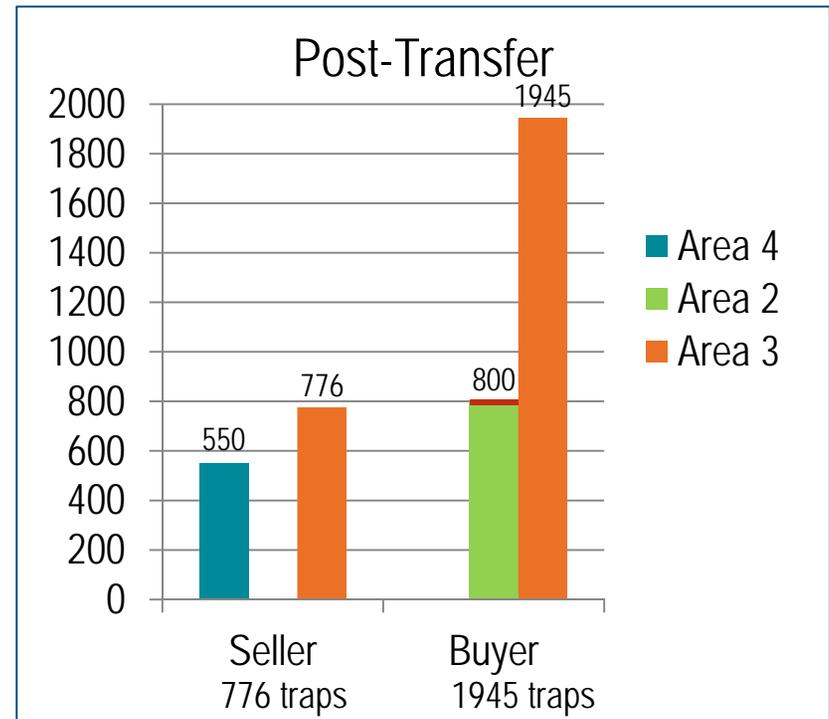
Area	2016 Allocation	Transferable Allocation	Post-Transfer Allocation
A2	600	570	800
A3	1208	1148	1945

Trap Transfer Scenario #1



-890
A3
A4
-759
A2

+801/797
A3
+684/230
A2



- Buyer is limited by allocation caps (Area 2 = 800, Area 3 = 1945) and is unable to get the full 801 or 684 traps that would have transferred from the seller (Instead 797 and 230)
- Due to “bottom up transferability” the seller was debited from Area 4 allocation as well, but because A4 is non-transferable these traps were not received by the buyer, and are permanently retired from the fishery

Trap Transfer Scenario #2

- One Federal permit holder with two permits (one active, one CPH)
- Wants a permit with **full Area 3 allocation after reduction**
- Trying to decide **which permit should be “buyer” and which should be “seller”**
- Only actively fishes Area 3, but thinks of returning to Area 1 in the future

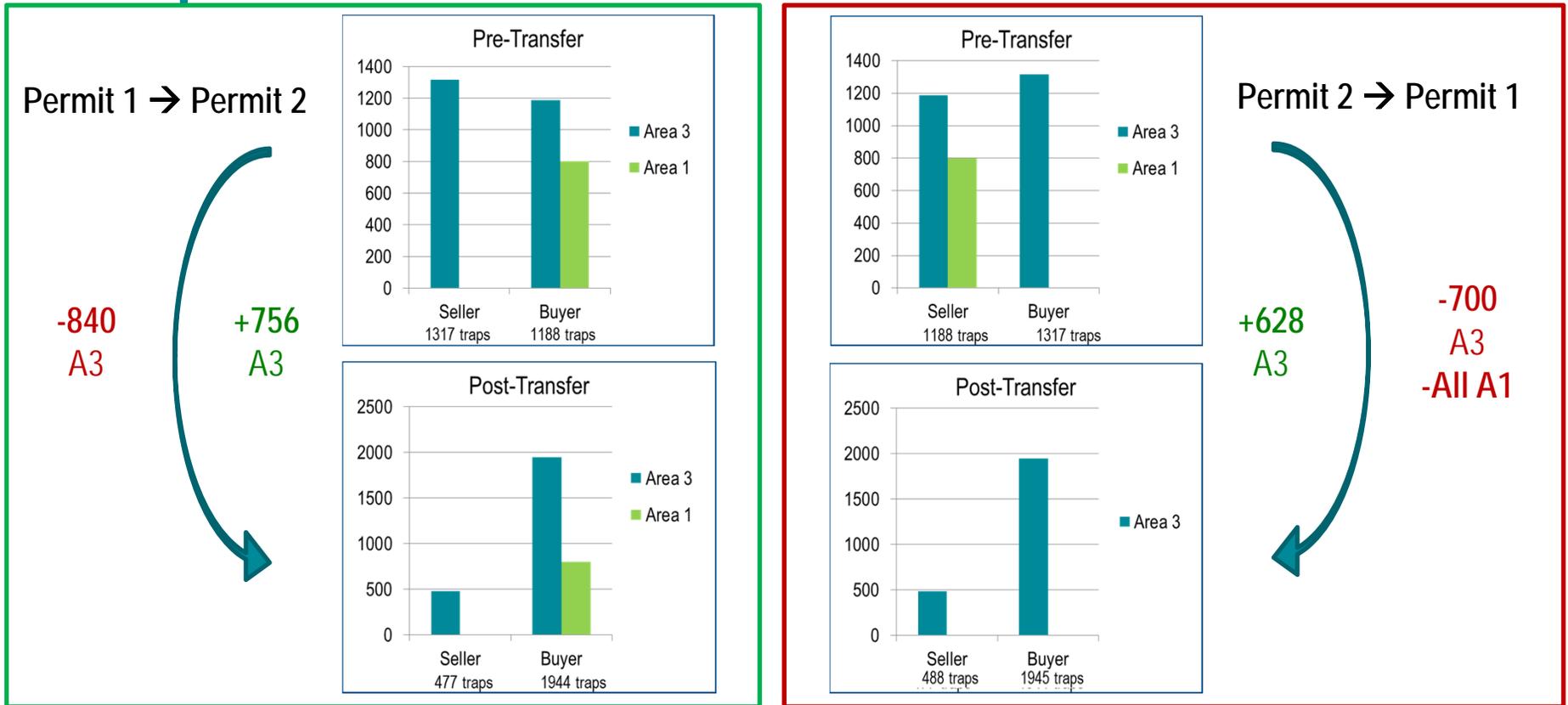
Permit #1 (active)

Area	2016 Allocation	Transferable Allocation
A3	1386	1317

Permit #2 (CPH)

Area	2016 Allocation	Transferable Allocation
A1	800	(800)
A3	1250	1188

Trap Transfer Scenario #2



- If traps were transferred from Permit 2 to Permit 1, fisherman would permanently lose Area 1 allocation
- Transferring more traps from Permit 1 to Permit 2 would maintain Area 1 allocation for future use (May be best choice)

Trap Transfer Scenario #3

- Two dual Federal and state permit holders; seller from MA, buyer from RI
- Both have multiple EEZ Areas on their permits, and have aligned their state and federal allocations to participate in the program
- Buyer wants to bring **Area 2 allocation back to the 800 trap limit**

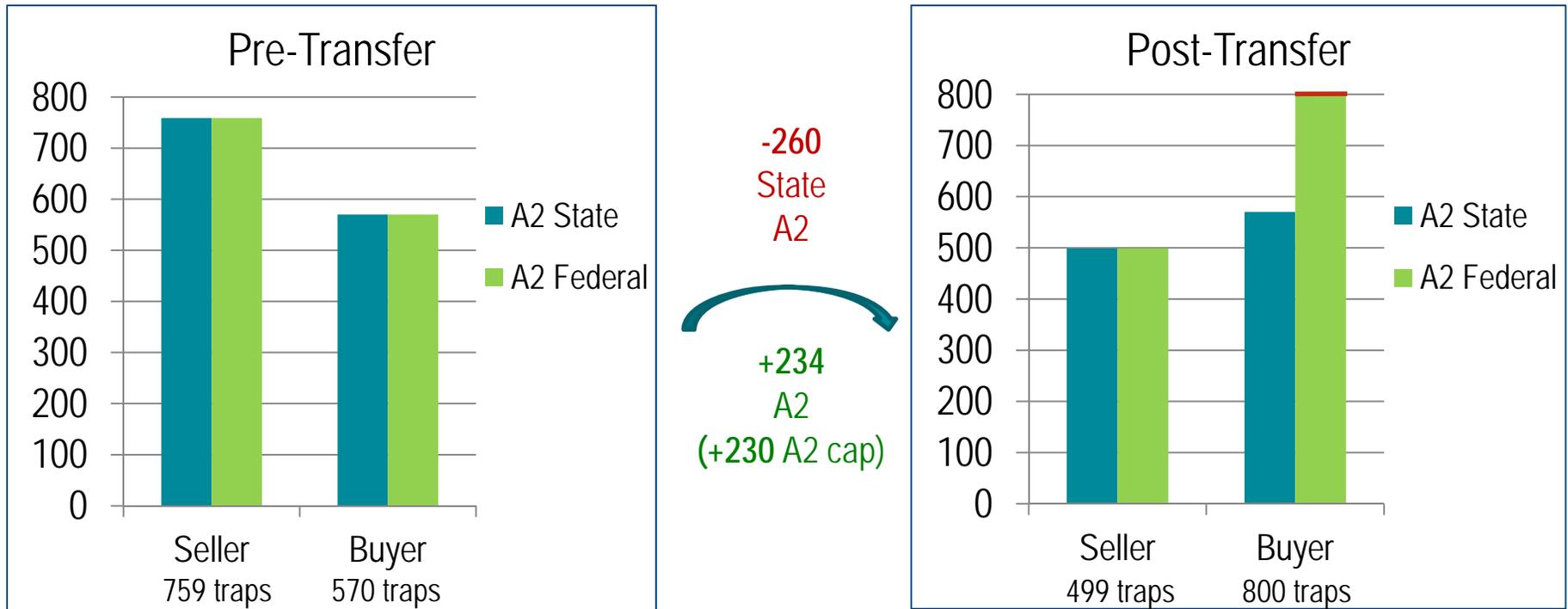
Seller

Buyer

Area 2	2016 Allocation	Transferable Allocation	Post-Transfer Allocation
MA State	798	759	499
Federal	798	759	499

Area 2	2016 Allocation	Transferable Allocation	Post-Transfer Allocation
RI State	600	570	570
Federal	600	570	800

Trap Transfer Scenario #3



- State traps do not transfer to buyer in dual permit transfers when permit holders are from *different states*
- Following the completion of this transaction, **the buyer must purchase equal same-state (RI) allocation by the end of the trap transfer period or all purchased allocation will be forfeited**

Trap Transfer Scenario #3

- Buyer must purchase equal same-state (RI) allocation
- Seller should be state-only permit holder to avoid extra federal allocation transfer
- Buyer wants to **balance state and Federal allocations**

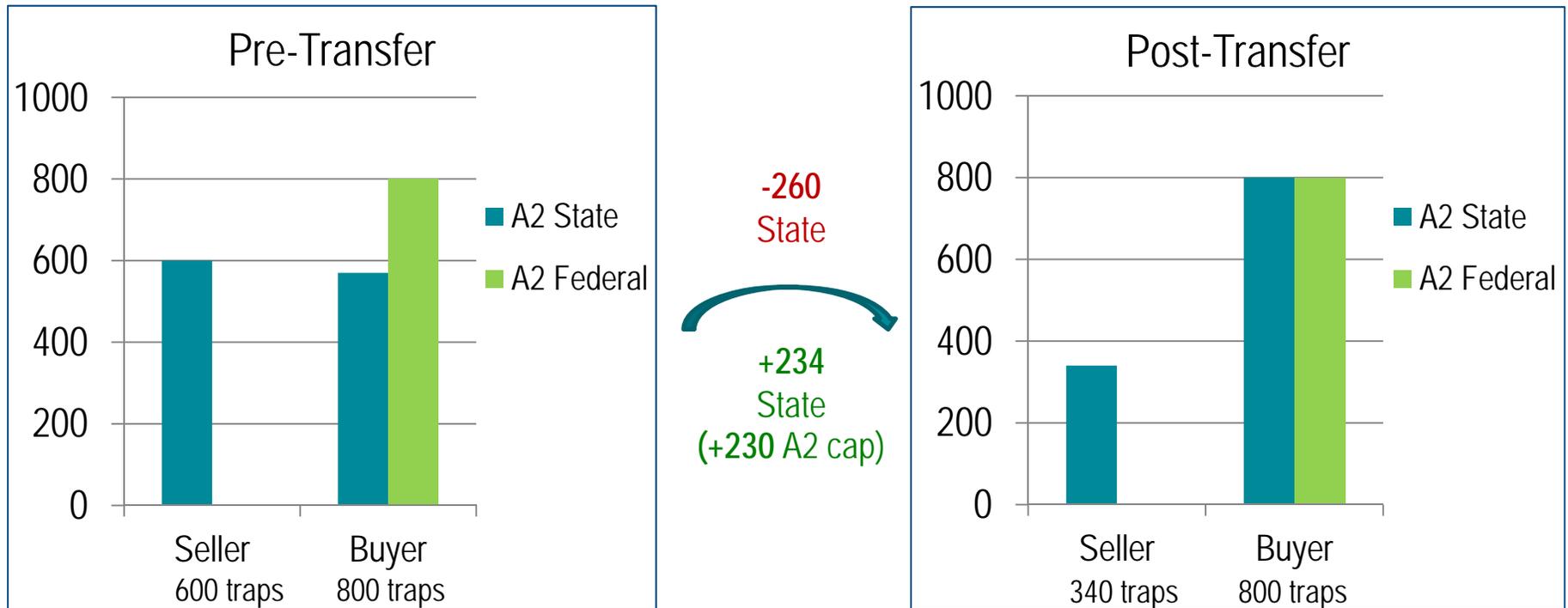
Seller

Buyer

Area 2	Transferable Allocation	Post-Transfer Allocation
RI State	600	340

Area 2	Transferable Allocation	Post-Transfer Allocation
RI State	570	800
Federal	800	800

Trap Transfer Scenario #3



- As long as state and Federal allocations match by the end of the transfer period, transactions will remain valid
 - If uneven, either bought Federal traps or State allocations must be forfeited

Discussion, Comments, Questions

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