

with some aspects of the proposed notice.

*Comment 1:* Three comments suggested that NMFS offer flat permit-relinquishment payments to groundfish reduction permit owners who own no reduction vessel.

*Response:* This was not specifically contemplated in the statute and therefore NMFS does not have the authority to implement such a payment scheme.

*Comment 2:* Three comments suggested that NMFS allow entities that own reduction vessels to be co-bidders with other entities that own groundfish reduction permits but not reduction vessels.

*Response:* NMFS agrees and has expanded the definition of bidder to allow co-bidder participation. A bid can include multiple parties owning or holding the different reduction components required for a bid.

*Comment 3:* One comment requested that NMFS change "Dungeness crab" to "ocean Dungeness crab" to ensure that Dungeness crab inside Puget Sound is excluded from this program.

*Response:* NMFS agrees that Puget Sound Dungeness crab should be excluded as a fee-share fishery and has added the term "coastal" to clarify the Dungeness crab eligible for this program. This term is intended to encompass California, Oregon, and Washington state's description of Dungeness crab fisheries and permit systems outside of Puget Sound.

*Comment 4:* Two comments requested that NMFS remove the provisions requiring relinquishment of fee-share reduction permits not registered to reduction vessels.

*Response:* NMFS agrees and has clarified the language to require that only fee-share permits registered to a reduction vessel be relinquished.

*Comment 5:* Two comments state that NMFS' request for information regarding catch history as a requirement of the bid is unnecessary because such information on how fishermen got their permits is irrelevant.

*Response:* NMFS agrees and has made the appropriate revisions.

*Comment 6:* One comment suggested clarifying that relinquishing Federal permits other than the groundfish reduction permit is restricted to Federal permits registered to the reduction vessel.

*Response:* NMFS agrees and has made the appropriate revision.

*Comment 7:* One comment suggests that bid scoring should include the average landings values of only those fee-share fisheries that match the bidder's fee-share reduction permits.

*Response:* NMFS agrees and has clarified that such values should correspond to the bidder's fee-share reduction permits.

*Comment 8:* Two comments requested that NMFS allow bidders to document alternative landings values higher than those in the official fish-ticket databases.

*Response:* In order to provide a fair opportunity for all bidders to document their landings, NMFS determined the best evidence of landings is the official fish-ticket databases.

*Comment 9:* One comment suggested that in situations involving bids with identical scores, where accepting both would exceed funding levels, NMFS should accept the bid with the lowest value first rather than the bid first received.

*Response:* NMFS agrees that the process for accepting bids with identical scores should be revised. However, to be consistent with the purposes of the Program, where there is not sufficient reduction funding to accept all bids, NMFS will accept the bid that removes the greatest amount of capacity without exceeding funding limits. If both bids remove the same amount of capacity, the bid received first will be accepted.

*Comment 10:* One comment suggested that NMFS delay notifying bidders that bids have been accepted until after a successful referendum.

*Response:* NMFS agrees and will notify accepted bidders after the referendum.

*Comment 11:* One comment suggested that NMFS clarify that the loan sub-amount calculation's dividend is derived from the bid-scoring period landing values of the accepted bidders.

*Response:* NMFS agrees and has changed the notice accordingly.

*Comment 12:* One comment suggests that NMFS establish a specific time for every accepted bidder to stop fishing, as opposed to the proposed notice and addenda provisions that each accepted bidder must stop fishing upon receipt of NMFS' request for payment instructions. The suggestion is that fishing cease 30 days after the certification of referendum results.

*Response:* NMFS agrees that this provision should be modified so that all accepted bidders will cease fishing at the same time. The provision has been revised so that the bidder must have stopped fishing and must have retrieved all fishing gear previously deployed from the reduction vessel 30 days after the publication of the reduction payment tender notice.

*Comment 13:* Two comments suggest that NMFS revise the notice and addenda language which holds accepted

bidders accountable for the actions of new owners to whom accepted bidders may, after buyback, transfer reduction vessels.

*Response:* NMFS agrees that accepted bidders cannot be held responsible for the future actions of unrelated third parties to whom they transfer these vessels. Any violations by the new owners will be addressed under existing statutory authority.

*Comment 14:* One comment questioned if "inside waters" fishing count for bid scoring purposes.

*Response:* All landings, including in inside waters, associated with the management of federal groundfish and with state coastal fisheries for pink shrimp and Dungeness crab will be used for bid scoring purposes.

*Comment 15:* One commenter questioned if accepted bidders may fish a reduction vessel in "inside waters" or sell the vessel to Mexico or Alaska.

*Response:* A reduction vessel may not be fished anywhere. It may not be sold into any foreign registry or operation but can be sold to an Alaska resident, although it cannot fish there or anywhere else.

*Comment 16:* One comment asked NMFS to establish the "basic trawl permit price without a past harvest".

*Response:* Congress established a bidding formula, which requires past harvest revenues.

*Comment 17:* One comment asked if NMFS buys back only his permit, if he could fish his reduction vessel in inside waters.

*Response:* This capacity reduction program compensates fishermen for relinquishing not only the reduction permits but the fishery endorsement of the reduction vessel. Therefore, the reduction vessel cannot fish anywhere. If the reduction vessel is a state registered vessel, it must be scrapped.

*Comment 18:* One comment asked what to do with a reduction vessel.

*Response:* The owner of a reduction vessel may do whatever he chooses with a reduction vessel as long as he does not fish with the reduction vessel or move it into a foreign registry or operation, except for non-Federally registered vessels which must be scrapped.

*Comment 19:* One comment suggested that a reduction vessel be saleable into a foreign fishery because this is most beneficial to the buyback.

*Response:* The authorizing statute prohibits such a sale.

*Comment 20:* One comment asked if a reduction vessel can be used for tendering and for the definition of "fishing".

*Response:* The definition of "fishing" is contained in the Magnuson-Stevens