

coastal Dungeness crab, and pink shrimp during 1998, 1999, 2000, or 2001.

NMFS will accept the responsive bid with the lowest bid score and then successively accept each additional responsive bid with the next lowest bid score until either there are no more bids to accept or acceptance of the bid with the next lowest bid score would cause the reduction cost to exceed the maximum reduction cost. If any two or more bid scores are exactly the same and there is not sufficient reduction funding to accept both, NMFS will accept the bid that removes the greatest amount of capacity, or in the event more than one such bid removes the same amount of capacity, the bid it received first.

NMFS will accept or reject each bid but will notify bidders accordingly only after a successful referendum occurs. NMFS' acceptance of a bid offer will form a fully binding reduction contract between the bidder (and any co-bidders) and the United States. Each party's obligation to perform in accordance with the terms and conditions of any reduction contract will, however, be subject to a successful fee referendum.

After bids are formally accepted, NMFS will establish up to seven reduction loan sub-amounts, one for the reduction fishery and one for each of the fee share fisheries. A reduction sub-amount is a fishery's share of the reduction loan and is in proportion to the fishery's share of the total ex-vessel dollar value of the groundfish, coastal Dungeness crab, and pink shrimp which all reduction vessels landed during the four-year period from 1998 through 2001. Post-reduction fees from each of these fisheries will repay its respective reduction loan sub-amount.

Specifically, NMFS will calculate each reduction loan sub-amount as follows. NMFS will separately add the total ex-vessel values of the accepted bidders landings, for the four-year period from 1998 through 2001, for the reduction fishery (*i.e.*, groundfish trawl fishery) and the fee-share fisheries (the three coastal Dungeness crab fisheries and the three pink shrimp fisheries). Then NMFS will divide each of the seven totals by the aggregate value of all of the landings from all seven fisheries to derive seven quotients. NMFS will then multiply the reduction loan amount by each of the quotients to determine the loan sub-amount that each of these fisheries must repay.

NMFS will conduct the referendum as soon as practicable. The referendum's

sole purpose will be to determine whether the voters who cast referendum ballots authorize the fee required to repay the reduction loan.

NMFS will mail referendum information, voting instructions, and a referendum ballot(s) to the permit owner of each groundfish permit in the reduction fishery and to the person who is the holder of record of each state-issued pink shrimp or coastal Dungeness crab permit (collectively, eligible voters). NMFS will include information about the following bid acceptance results:

- (a) The program's reduction cost,
- (b) The seven reduction loan sub-amounts,
- (c) The number of permits that will be relinquished,
- (e) The number of reduction vessels, and
- (f) The total ex-vessel dollar values of reduction vessel landings in the reduction fishery and in each of the six fee-share fisheries, during each year from 1998 through 2001.

NMFS will mail eligible voters a separate referendum ballot for each groundfish permit they own and every pink shrimp or coastal Dungeness crab permit they hold. In other words, eligible voters will have one ballot for every such permit they hold.

Immediately after the deadline for NMFS' receipt of ballots, NMFS will tally votes, fishery by fishery, and multiply each tally by the quotients used in calculating the reduction loan sub-amounts. The products of this multiplication will be the vote tallies for the respective fisheries weighted in proportion to each fishery's reduction loan sub-amount.

If the weighted total of approving votes is greater than the weighted total of disapproving votes, the referendum is successful. The referendum is unsuccessful if the weighted total of disapproving votes is the same as or exceeds the weighted total of approving votes. NMFS will mail each eligible voter a notice about the referendum's outcome. If the referendum is successful, NMFS will mail to each bidder a bid acceptance or rejection notice.

If the referendum is unsuccessful, the fee will not be approved; and NMFS will mail a notice to each bidder that neither the bidder nor the United States has any further obligation under any reduction contract.

If the referendum is successful, NMFS will request, from each accepted bidder, specific and written payment

instructions for disbursing the reduction payment. Within thirty days after the publication in the **Federal Register** of the reduction payment tender notice (which notifies the bidder that NMFS intends to pay the bidder and needs payment instructions), the bidder must have stopped fishing and must retrieve all fishing gear previously deployed from the reduction vessel. The bidder must also certify that they have complied with the requirements of the reduction contract.

NMFS will:

(a) Revoke all groundfish permits and all other federal reduction permits,

(b) Notify California, Oregon, and Washington that accepted bidders have relinquished their fee-share reduction permits,

(c) Request the Secretary under whom the U.S. Coast Guard operates to revoke the fisheries endorsements of all Federally-documented reduction vessels, and

(d) Request the Secretary under whom the U.S. Maritime Administration operates to make all Federally-documented reduction vessels permanently ineligible for any present or future U.S. Government approval under section (9)(c)(2) of the Shipping Act, 1916 (46 U.S.C. App. 808(c)(2)) for placement of a reduction vessel under foreign registry or operation under the authority of a foreign country.

These reduction vessel revocations and restrictions run with the vessels' titles and apply to all subsequent owners.

The bidder must immediately scrap any state-registered reduction vessel and allow NMFS to observe and certify the scrapping.

After receiving a bidder's payment instructions and certification of compliance, NMFS will disburse the reduction payment unless NMFS has reason to believe that the bidder has not performed in accordance with his or her reduction contract duties and obligations. NMFS will disburse reduction payments only to accepted bidders, unless they explicitly instruct NMFS to do otherwise. If a reduction vessel needs to be scrapped, NMFS will withhold funds sufficient to cover the cost of such scrapping until its completion.

## VI. Program Process

The following table outlines, in chronological order, the program's process: