

contain the following information for the preceding fishing season:

- (1) Identification of the eligible community, or communities, represented by the CQE ;
  - (2) Total amount of halibut QS and sablefish QS held by the CQE at the start of the calendar year and at the end of the calendar year;
  - (3) Total amount of halibut and sablefish IFQ leased from the CQE;
  - (4) Names, business addresses, and amount of halibut and sablefish IFQ received by each individual to whom the CQE leased IFQ;
  - (5) The name, ADF&G vessel registration number, USCG documentation number, length overall, and home port of each vessel from which the IFQ leased from community owned QS was fished;
  - (6) The names, and business addresses of those individuals employed as crew members when fishing the IFQ derived from the QS held by the CQE.
  - (7) A detailed description of the criteria used by the CQE to distribute IFQ leases among eligible community residents;
  - (8) A description of efforts made to employ crew members who are eligible community residents of the eligible community aboard vessels on which IFQ derived from QS held by a CQE is being fished;
  - (9) A description of the process used to solicit lease applications from eligible community residents of the eligible community on whose behalf the CQE is holding QS;
  - (10) The names and business addresses and amount of IFQ requested by each individual applying to receive IFQ from the CQE;
  - (11) Any changes in the bylaws of the CQE, board of directors, or other key management personnel;
  - (12) Copies of minutes and other relevant decision making documents from CQE board meetings; and
  - (13) The number of vessels that fished for IFQ derived from QS held by a CQE.
- The purpose of the annual report is to assist NMFS and the Council to assess the performance of the CQEs in meeting the objectives of providing for community-held QS. The Council expressed its intent that the use of community QS would be reviewed 5 years after the effective date of implementing the regulations. The Council may use the annual reports in this review. In particular, the Council wished to evaluate the distribution of IFQ leases within a community, the use of IFQ by local crew members, and the percentage of IFQ resulting from community-held QS that is fished on an

annual basis. This annual report would also be provided to the governing body of each community represented by the CQE. This would assist the governing body and residents of that community in reviewing the activities of the CQE relative to that community.

Submitting the annual report by January 31 would provide NMFS adequate time to review the annual report before issuing annual IFQ to the CQE at the beginning of the IFQ fishing season and would provide an opportunity for NMFS to indicate to the CQE any deficiencies that may exist in the annual report and allow that CQE time to make corrections.

The Council also requested that the communities provide information on the location of landings and other biological data to assess the distribution of landings that occur. These data are routinely reported on the State Fish Ticket and IFQ landing reports and can be summarized by NMFS. CQEs would not be expected to have access to these records. NMFS routinely collects specific information on the transfer of QS as part of transfer applications. Therefore, NMFS can collect several components of the annual report and provide them to the Council and the communities as requested. Specifically, NMFS can provide directly to the Council or any of the CQEs items 1 through 4 and item 13, as described above. The CQEs may wish to incorporate this information in the annual report provided to the Council and the community governing body. This proposed rule does not require that the CQEs collect this information separately.

If a CQE fails to submit a timely and complete annual report, or if other information indicates that the CQE is not adhering to the procedures for distributing or managing QS and IFQ on behalf of a community as established under its application and these regulations, then NMFS would initiate an administrative action to suspend the ability of that CQE to transfer QS and IFQ, and to receive additional QS by transfer. This action would be implemented consistent with the administrative review procedures provided at 50 CFR 679.43. Also, a CQE would be subject to enforcement actions for violating regulations. Because of the significant impacts these restrictions can impose on a community for which the CQE holds QS, communities are encouraged to carefully monitor the actions of a CQE and to provide a mechanism to ensure that the CQE acts in the best interest of that community and fulfills all the requirements established in its application for

eligibility and the regulations for this program.

#### Effect of this Action

Assuming that CQEs are formed and enter the QS market, this action could affect the distribution of halibut and sablefish QS and the associated IFQ throughout the GOA. Specifically, by enabling non-profit entities to hold QS, some QS may shift from existing QS holders to these new eligible non-profit entities. No data exist to predict the source of the QS that would be purchased by CQEs, the amount that would be purchased by CQEs, or the specific fishing activities of those individuals that lease IFQ from the CQEs. Because the potential effects of this proposed rule are unknown, the Council proposed limits on the amount of QS that each community may hold individually and in the aggregate.

This action would not increase the overall harvests of either the halibut or sablefish resource. The amount of halibut and sablefish available for harvest would not be affected by this proposed rule and would remain limited by the annual catch limit established for halibut by the IPHC and the annual TAC for sablefish established by the Council.

Although this action may affect the distribution of harvests within the sablefish and halibut management areas, the potential effect of this redistribution of effort is unknown.

Some effect on the price of QS could be expected. Authorizing new entities to enter the QS market could increase the competition for QS and could result in elevated prices. However, the effect of this potential competition on the market value of QS is unknown.

Nothing in this proposed rule is expected to undermine existing management measures designed to prevent overfishing or increase the bycatch of non-target species. The intent of this proposal is to expand the opportunity for fishermen in remote fishing communities to harvest commercial halibut and sablefish. Any possible effect on local stock abundance would depend on the amount of QS purchased and the actual fishing locations of the IFQ lessees, as compared to the current distribution of fishing effort. No effect on the overall stock abundance would be expected.

#### Classification

This proposed rule has been determined to be not significant for the purposes of Executive Order 12866.

The Council and NMFS prepared an Initial Regulatory Flexibility Analysis (IRFA) that describes the impact this