GENERAL ASSEMBLY OF NORTH CAROLINA **SESSION 2017**

H.B. 1063 May 31, 2018 HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40739-MHfa-159

Short Title: Commercial Fishing License Reforms. (Public) Representatives Yarborough, Dixon, Davis, and W. Richardson (Primary Sponsors: Sponsors). Referred to:

A BILL TO BE ENTITLED 1 2 AN ACT TO AMEND THE COASTAL FISHING LICENSE STATUTES TO EASE 3 REGULATORY BURDENS AND ENHANCE ACCESS TO FISHERIES FOR BONA 4 FIDE COMMERCIAL FISHERMEN. 5 The General Assembly of North Carolina enacts: 6 7

SCFL REFORMS

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SECTION 1.1.(a) Article 14A of Chapter 113 of the General Statutes reads as rewritten:

"Article 14A.

"Coastal and Estuarine Commercial Fishing Licenses.

"§ 113-168. Definitions.

As used in this Article:

- "CFCL" means Commercial Fishing Crew License. (1)
- "Commercial fishing operation" means any activity preparatory to, during, or (1a) subsequent to the taking of any fish, the taking of which is subject to regulation by the Commission, either with the use of commercial fishing equipment or gear, or by any means if the purpose of the taking is to obtain fish for sale. Commercial fishing operation does not include (i) the taking of fish as part of a recreational fishing tournament, unless commercial fishing equipment or gear is used, (ii) the taking of fish under a RCGL, or (iii) the taking of fish as provided in G.S. 113-261.
- "Commission" means the Marine Fisheries Commission. (2)
- (2a) "Controlling interest," with respect to a corporation, partnership, association, or other legal entity, means the power to make decisions about the entity and the exercise of its legal powers without the agreement of any other person or legal entity.
- "Division" means the Division of Marine Fisheries in the Department of (3) Environmental Quality.
- "HSCFL" means Heritage Standard Commercial Fishing License. (3a)
- "Immediate family" means the mother, father, brothers, sisters, spouse, (3b) children, stepparents, stepbrothers, stepsisters, and stepchildren of a person.
- (4) "License year" means the period beginning 1 July of a year and ending on 30 June of the following year.



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- 1 (5) "North Carolina resident" means a person who is a resident within the meaning of G.S. 113-130(4).
 - (6a) "Person" means an individual.
 - (6) "RCGL" means Recreational Commercial Gear License.
 - (7) "RSCFL" means Retired Standard Commercial Fishing License.
 - (8) "SCFL" means Standard Commercial Fishing License.

"§ 113-168.1. General provisions governing licenses and endorsements.

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- (d) No Dual Residency. It is unlawful for any person to hold any currently valid license issued under this Article to the person as a North Carolina resident if that person holds any currently valid commercial or recreational fishing license issued by another state to the person as a resident of that state.
- (d1) It is unlawful for any person to hold more than one of each type of license issued under this Article. For purposes of this subdivision, any corporation or other legal entity in which a person holds a controlling interest shall count towards the limit imposed by this subsection.
- (e) License Format. Licenses issued under this Article shall be issued in the name of the applicant. Each license shall show the type of license and any endorsements; the name, mailing address, physical or residence address, and date of birth of the licensee; the date on which the license is issued; the date on which the license expires; and any other information that the Commission or the Division determines to be necessary to accomplish the purposes of this Subchapter.

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"§ 113-168.2. Standard Commercial Fishing License.

- (a) Requirement. Except as otherwise provided in this Article, it is unlawful for any person to engage in a commercial fishing operation in the coastal fishing waters without holding a SCFL issued by the Division. A person who works as a member of the crew of a vessel engaged in a commercial fishing operation under the direction of a person who holds a valid SCFL is not required to hold a SCFL. A person who holds a SCFL is not authorized to take shellfish unless the SCFL is endorsed as provided in G.S. 113-168.5.
- (a1) Use of Vessels. The holder of a SCFL is authorized to use only one vessel in a commercial fishing operation at any given time. The Commission may adopt a rule to exempt from this requirement a person in command of a vessel that is auxiliary to a vessel engaged in a pound net operation, long-haul operation, or beach seine operation. A person who works as a member of the crew of a vessel engaged in a mechanical shellfish operation under the direction of a person who holds a valid SCFL with a shellfish endorsement is not required to hold a shellfish license.
 - (b) through (d) Repealed by Session Laws 1998-225, s. 4.11, effective July 1, 1999.
- (e) Fees. The annual SCFL fee for a resident of this State shall be <u>four eight</u> hundred dollars (\$400.00).(\$800.00). The annual SCFL fee for a person who is not a resident of this State shall be the amount charged to a resident of this State in the nonresident's state. In no event, however, may the fee be less than <u>four eight</u> hundred dollars (\$400.00).(\$800.00). For purposes of this subsection, a "resident of this State" is a person who is a resident within the meaning of:
 - (1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State income tax return as a resident of North Carolina for the previous calendar or tax year, or
 - (2) G.S. 113-130(4)e.
- (f) Assignment. The holder of a SCFL may assign the SCFL to any individual who is eligible to hold a SCFL under this Article.only to a member of the SCFL holder's immediate family or to a corporation or other legal entity in which the SCFL holder, together with members of the SCFL holder's immediate family, holds a controlling interest. It is unlawful for the holder of an SCFL to assign a shellfish endorsement of an SCFL to any individual who is not a resident

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of this State. The assignment shall be in writing on a form provided by the Division and shall include the name of the licensee, the license number, any endorsements, the assignee's name, mailing address, physical or residence address, and the duration of the assignment. If a notarized copy of an assignment is not filed with the Morehead City office of the Division within five days of the date of the assignment, the assignment shall expire. It is unlawful for the assignee of a SCFL to assign the SCFL. The assignment shall terminate:

- (1) Upon written notification by the assignor to the assignee and the Division that the assignment has been terminated.
- (2) Upon written notification by the estate of the assignor to the assignee and the Division that the assignment has been terminated.
- (3) If the Division determines that the assignee is operating in violation of the terms and conditions applicable to the assignment.
- (4) If the assignee becomes ineligible to hold a license under this Article.
- (5) Upon the death of the assignee.
- (6) If the Division suspends or revokes the assigned SCFL.
- (7) At the end of the license year.
- (g) Transfer. A SCFL may be transferred only by the Division. A SCFL may be transferred pursuant to rules adopted by the Commission or upon the request of:
 - (1) A licensee, from the licensee to a member of the licensee's immediate family who is eligible to hold a SCFL under this Article. Article or to a corporation in which the SCFL holder, together with members of the SCFL holder's immediate family, holds a majority interest.
 - (2) The administrator or executor of the estate of a deceased licensee, to the administrator or executor of the estate if a surviving member of the deceased licensee's immediate family is eligible to hold a SCFL under this Article. The administrator or executor must request a transfer under this subdivision within six months after the administrator or executor qualifies under Chapter 28A of the General Statutes. An administrator or executor who holds a SCFL under this subdivision may, for the benefit of the estate of the deceased licensee:
 - a. Engage in a commercial fishing operation under the SCFL if the administrator or executor is eligible to hold a SCFL under this Article.
 - b. Assign the SCFL as provided in subsection (f) of this section.
 - c. Renew the SCFL as provided in G.S. 113-168.1.
 - (3) An administrator or executor to whom a SCFL was transferred pursuant to subdivision (2) of this subsection, to a surviving member of the deceased licensee's immediate family who is eligible to hold a SCFL under this Article.
 - (4) The surviving member of the deceased licensee's immediate family to whom a SCFL was transferred pursuant to subdivision (3) of this subsection, to a third-party purchaser of the deceased licensee's fishing vessel.
 - (5) A licensee who is retiring from commercial fishing, to a third-party purchaser of the licensee's fishing vessel.
- (h) Identification as Commercial Fisherman. The receipt of a current and valid SCFL or shellfish license issued by the Division shall serve as proper identification of the licensee as a commercial fisherman.
- (i) Record-Keeping Requirements. The fish dealer shall record each transaction at the time and place of landing on a form provided by the Division. The transaction form shall include the information on the SCFL or shellfish license, the quantity of the fish, the identity of the fish dealer, and other information as the Division deems necessary to accomplish the purposes of this Subchapter. The person who records the transaction shall provide a completed copy of the transaction form to the Division and to the other party of the transaction. The Division's copy of

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each transaction form shall be transmitted to the Division by the fish dealer on or before the tenth day of the month following the transaction.

- (j) Conversion to Heritage Standard Commercial Fishing License. A person holding a SCFL, or an administrator or executor to whom a SCFL was transferred pursuant to subsection (g) of this section may, upon filing notice and such other information as the Division may require, request that a SCFL be converted to a HSCFL. The Division shall classify a HSCFL as a separate class of inactive SCFL that Division shall maintain and account for separately from the pool of inactive licenses managed by the Division. The annual fee for a HSCFL is one hundred dollars (\$100.00). The Division will terminate the HSCFL and the right to reconvert the HSCFL to a SCFL if the HSCFL is not timely renewed or 10 years after the original issuance of the HSCFL was originally converted from a SCFL if it has not been reconverted under subsection (k) of this section.
- (k) Reconversion of HSCFL to SCFL. The HSCFL may be reconverted as an SCFL by a member of the immediate family of the person holding the SCFL at the time it was converted to a HSCFL. The reconverted SCFL issued under this subsection shall not be subject to procedures adopted by the Commission and the Division for issuance of SCFLs from the pool of inactive licenses. The reconverted SCFL shall not be subject to any eligibility requirements for renewal of a SCFL other than payment of the renewal fee for a period of five years following reconversion.

"§ 113-168.3. Retired Standard Commercial Fishing License.

- (a) SCFL Provisions Applicable. Except as provided in this section, the provisions set forth in this Article concerning the SCFL shall apply to the RSCFL.
- (b) Eligibility; Fees. Any individual who is 65 years of age or older and who is eligible for a SCFL under G.S. 113-168.2 may apply for either a SCFL or RSCFL. An applicant for a RSCFL shall provide proof of age at the time the application is made. The annual fee for a RSCFL for a resident of this State shall be two hundred dollars (\$200.00). four hundred dollars (\$400.00). The annual fee for a RSCFL for a person who is not a resident of this State shall be two hundred sixty dollars (\$260.00). five hundred twenty dollars (\$520.00). For purposes of this subsection, a "resident of this State" is a person who is a resident within the meaning of:
 - (1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State income tax return as a resident of North Carolina for the previous calendar or tax year, or
 - (2) G.S. 113-130(4)e.
- (c) Transfer. The holder of a RSCFL may transfer the RSCFL as provided in $G.S.\,113-168.2$.
 - (1) If the transferee is less than 65 years of age, the transferee holds a SCFL. When the transferee renews the SCFL, the transferee shall pay the fee set out in G.S. 113-168.2.
 - (2) If the transferee is 65 years of age or older, the transferee may elect to hold either a SCFL or RSCFL. If the transferee elects to hold a SCFL, the transferee shall pay the fee set out in G.S. 113-168.2. If the transferee elects to hold a RSCFL, the transferee shall pay the fee set out in this section.
 - (d) Assignment. The RSCFL shall not be assignable.

"§ 113-168.3B. Commercial Fishing Crew License.

- (a) Eligibility. A person serving on the crew of a vessel engaged in a commercial fishing operation under the direction of a person who holds a valid SCFL may apply for a CFCL.
- (b) Fee. The annual fee for a CFCL for a resident of this State shall be one hundred dollars (\$100.00). The annual fee for a CFCL for a person who is not a resident of this State shall be one hundred thirty dollars (\$130.00).

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(c) Eligibility for CRFL. – A person holding a CFCL shall be eligible to apply for a SCFL without meeting any other eligibility requirements set by the Commission for a new SCFL license after maintaining a CFCL for three consecutive years.

SECTION 1.1.(b) G.S. 113-168.2 is amended by adding a new subsection to read:

- "(a2) Eligibility. In order to be eligible to renew an SCFL, the holder must demonstrate a minimum level of participation in fisheries of the State through demonstration in a form and manner satisfactory to the Division of any of the following in two out of the five continuous fiscal years preceding the expiration date of the SCFL:
 - (1) <u>Landings of at least 1,000 pounds of seafood products during the year from coastal fishing waters.</u>
 - (2) Fifteen trips for which a trip ticket was completed during the year."

SECTION 1.1.(c) The Division shall adopt temporary and permanent rules to implement the requirements of this section.

SECTION 1.1.(d) Subsections (b) and (c) of this section become effective June 30, 2021, and applies to all SCFLs expiring on or after that date. The rest of this section becomes effective October 1, 2018.

SECTION 1.2. The Marine Fisheries Commission and the Division of Marine Fisheries shall develop a plan to expand opportunities for commercial fishermen for access to and harvest of commercial fisheries. In creating the plan, the Commission and the Division shall consider extension of fishing seasons, higher trip limits, authorization of hook and line as an allowable gear for all species, and other measures that the Commission and Division find would meet the purposes for the plan set forth in this section.

ELIGIBILITY POOL REFORMS

SECTION 2.1.(a) Section 5.2 of S.L. 1997-400, as amended by Section 4.24 of S.L. 1998-225, reads as rewritten:

"SECTION 5.2.(a) Definitions; Citations. The definitions set out in G.S. 113-168 apply to this section. A citation to a provision of the General Statutes in this section means that provision of the General Statutes as enacted by this act.

- (b) Transitional Provisions. In order to effect an orderly implementation of this Part and the transition from the moratorium imposed by subsection (a) of Section 3 of Chapter 576 of the 1993 Session Laws, Regular Session 1994, as amended by Section 3 of Chapter 675 of the 1993 Session Laws, Regular Session 1994; subsection (a) of Section 26.5 of Chapter 507 of the 1995 Session Laws; Section 7 of S.L. 1997-256; Section 3 of S.L. 1997-347; and Section 6.1 of this act, to the licensing provision of Article 14A of Chapter 113 of the General Statutes, the provisions of this section shall apply to the issuance of licenses under Article 14A of Chapter 113 of the General Statutes until all Fishery Management Plans have been adopted as required by G.S. 113-182.1 and G.S. 143B-289.22.
- (c) Temporary Cap. There is hereby imposed a temporary cap on the total number of SCFLs that the Division may issue. The temporary cap equals the total number of endorsements to sell fish that establish eligibility for a SCFL under subsection (g) of this section number of SCFLs active on June 30, 2018, plus 500-100 additional SCFLs, authorized by subsection (d) of this section. SCFLs.
- (d) 1999-2000 License Year. For the 1999-2000 license year, the Commission is authorized to issue SCFLs as provided in subsection (g) of this section plus an additional 500 SCFLs using the procedure set out in subsection (h) of this section.
- (e) Subsequent License Years. For license years beginning with the 2000-01-2018-2019 license year, the Commission is authorized to issue SCFLs from the pool of available SCFLs as provided in subsection (f) of this section using the procedure set out in subsection (h) of this section.

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- Adjustment of Number of SCFLs. The number of SCFLs in the pool of available (f) SCFLs in license years beginning with the 2000-01-2018-2019 license year is the temporary-cap set under subsection (c) of this section less the number of SCFLs that were issued and renewed during the previous license year. Licenses that are not renewed will go into a pool of inactive SCFLs (the Inactive Pool). Licenses that are suspended or revoked, as well as the additional 100 SCFLs authorized under subsection (c) of this section, will go into the pool of available SCFLs (the Availability Pool). SCFLs in the Inactive Pool may be reactivated by the person holding the SCFL prior to it becoming inactive for a period of two years. If the SCFL has not been reactivated within two years, the Division will transfer it into the Availability Pool. The Commission may increase or decrease determine the number of SCFLs that are issued from the pool of available SCFLs. Availability Pool. The Commission may increase the number of SCFLs that are issued from the pool of available SCFLs-Availability Pool up to the temporary cap.cap set under subsection (c) of this section. The Commission may decrease the number of SCFLs that are issued from the pool of available SCFLs but may not refuse to renew a SCFL that is issued during the previous license year and that has not been suspended or revoked. The Commission shall increase or decrease the number of SCFLs that are issued to reflect its determination as to the effort that the fishery can support, based on the best available scientific evidence.
- (g) Eligibility for SCFL. Any person who holds a valid endorsement to sell fish of a vessel license on 30 June 1999 is eligible to receive a SCFL. Any person who holds a valid nonvessel endorsement to sell fish, other than a nonvessel endorsement to sell fish issued for an aquaculture operation or a fishing tournament, on 30 June 1999 is eligible to receive a SCFL. The Division shall issue a SCFL to any person who is eligible under this subsection upon receipt of an application and required fees. If the person held more than one endorsement to sell fish, the person is eligible to receive a SCFL for each endorsement to sell previously held. Eligibility to receive a SCFL under this subsection shall expire 30 June 2000.
- (h) Procedure for Issuing Additional SCFLs. The Commission shall determine a procedure for issuing the 500 additional SCFLs authorized by subsection (d) of this section for the 1999 2000 license year and for issuing SCFLs from the pool of available SCFLs authorized by subsection (e) of this section. Availability Pool. The procedure shall set a date on which the Division will begin receiving applications and a date on which the determination by lot of which applicants will receive a SCFL will be made. The Commission shall set aside 100 licenses from the Availability Pool for an apprenticeship program. This program will allow persons completing a commercial fishing program offered by a community college in the North Carolina Community College System or a program in another state that the Division determines to be equivalent to the programs offered in this State to obtain a SCFL and be temporarily exempt from other criteria imposed under this subsection for a time period determined by the Commission.

The Commission shall develop criteria to be used by the SCFL Eligibility Board in determining eligibility for a SCFL under this subsection: the remaining SCFLs in the Availability Pool. Criteria shall include the past involvement of the applicant and the applicant's family in commercial fishing; the extent to which the applicant has relied on commercial fishing for the applicant's livelihood; the extent to which the applicant has complied with federal and State laws, regulations, and rules relating to coastal fishing and protection of the environment; and any other factors the Commission determines to be relevant. The SCFL Eligibility Board shall review each application for a SCFL that the Division receives during the application period to determine whether the applicant is eligible for a SCFL under the eligibility criteria established by the Commission. The Division shall issue SCFLs under this subsection by lot. All applicants who are determined to be eligible shall have an equal chance of being issued a SCFL.

(i) SCFL Eligibility Board. There is established a SCFL Eligibility Board. The Board shall apply the eligibility criteria adopted by the Commission to determine whether an applicant for a SCFL is eligible for a SCFL under subsection (h) of this section. The Board shall consist of the Secretary of Environment and Natural Resources Environmental Quality or the Secretary's

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designee, the Fisheries Director or the Director's designee, and the Chair of the Commission or the Chair's designee. The Secretary shall designate one member of the Board to serve as Chair of the Board. The Commission shall adopt rules to govern the operation of the Board. The Board is exempt from the provisions of Article 3 of Chapter 150B of the General Statutes. Decisions of the Board shall be subject to judicial review under the provisions of Article 4 of Chapter 150B of the General Statutes."

SECTION 2.1.(b) This section becomes effective June 30, 2018.

REPEAL RCGL AND ADJUST CRFL ALLOWABLE GEAR

SECTION 3.1.(a) G.S. 113-173, 113-168(6), 113-173.1(a)(6) and 113-174(4)c. are repealed.

SECTION 3.1.(b) G.S. 113-168.1(a) reads as rewritten:

"(a) Duration, Fees. – Except as provided in G.S. 113-173(f), all All licenses and endorsements issued under this Article expire on the last day of the license year. An applicant for any license or endorsement shall pay the full annual fee at the time the applicant applies for the license or endorsement regardless of when application is made."

SECTION 3.1.(c) This section becomes effective June 30, 2019.

SECTION 3.2.(a) G.S. 113-174.2 is amended by adding a new subsection to read:

"(e) Authorized Gear. – The Commission shall adopt rules allowing persons holding a CRFL to use bait seines and up to five crab pots to take fish for recreational purposes."

SECTION 3.2.(b) The Marine Fisheries Commission may adopt temporary rules to implement the requirements of this section.

ALIGN CRFL AND WRC INLAND FISHING LICENSE FEES

SECTION 4.1.(a) G.S. 113-174.2(c) reads as rewritten:

"(c) Types of CRFLs; Fees; Duration. – The Wildlife Resources Commission shall issue the following CRFLs:

(1) Annual Resident CRFL. – \$15.00. \$20.00. This license is valid from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State.

 (1a) Annual Nonresident CRFL. – \$30.00.\$36.00. This license is valid from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is not a resident of the State.

(4) Ten-Day Resident CRFL. – \$5.00.\$7.00. This license is valid for a period of 10 consecutive days, as indicated on the license. This license shall be issued only to an individual who is a resident of the State.

(4a) Ten-Day Nonresident CRFL. – \$10.00.\$18.00. This license is valid for a period of 10 consecutive days, as indicated on the license. This license shall be issued only to an individual who is not a resident of the State.

SECTION 4.2.(b) This section becomes effective October 1, 2018.

FUNDING

 SECTION 5. There is appropriated from the General Fund to the Department of Environmental Quality the sum of fifty thousand dollars (\$50,000) in nonrecurring funds for the 2018-2019 fiscal year for support of the Division of Marine Fisheries in carrying out the requirements of this act.

SEVERABILITY CLAUSE AND EFFECTIVE DATE

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law.

SECTION 6.(a) If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part declared to be unconstitutional or invalid.

SECTION 6.(b) Except as otherwise provided, this act is effective when it becomes

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