

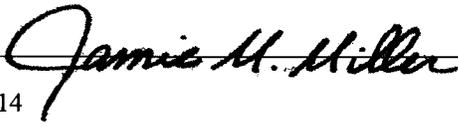


DELBERT HOSEMANN
Secretary of State

ECONOMIC IMPACT STATEMENT

An Economic Impact Statement is required for this proposed rule by Section 25-43-3.105 of the Administrative Procedures Act. An Economic Impact Statement must be attached to this Form and address the factors below. A PDF document containing this executed Form and the Economic Impact Statement must be filed with any proposed rule, if required by the aforementioned statute.

AGENCY NAME MISSISSIPPI DEPARTMENT OF MARINE RESOURCES	CONTACT PERSON JOE JEWELL		TELEPHONE NUMBER 228 523-4072
ADDRESS 1141 BAYVIE AVENUE	CITY BILOXI	STATE MS	ZIP 39532
EMAIL Joe.jewell@dmr.ms.gov	DESCRIPTIVE TITLE OF PROPOSED RULE TITLE 22-MISSISSIPPI DEPARTMENT OF MARINE RESOURCES, PART 7 REGULATIONS TO PROVIDESIZE LIMITS AND BAG LIMITS ON CERTAIN FISH SPECIES AND TO PREVENT SALE OF SEAFOOD BY RECREATIONAL FISHERMEN		
Specific Legal Authority Authorizing the promulgation of Rule: Mississippi Code Ann. § 49-15-15, APA, § 25-43- 1.101 <i>et seq.</i>		Reference to Rules repealed, amended or suspended by the Proposed Rule: Title 22, Part 7: (see above descriptive title)	

SIGNATURE 	TITLE EXECUTIVE DIRECTOR
DATE January 14, 2014	PROPOSED EFFECTIVE DATE OF RULE MAY 1, 2014

ANSWERS TO QUESTIONS LISTED BELOW ARE ADDRESSED IN ATTACHED EIS.

1. Describe the need for the proposed action:
2. Describe the benefits which will likely accrue as the result of the proposed action:
3. Describe the effect the proposed action will have on the public health, safety, and welfare:
4. Estimate the cost to the agency and to any other state or local government entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state or local revenues:
5. Estimate the cost or economic benefit to all persons directly affected by the proposed action:
6. Provide an analysis of the impact of the proposed rule on small business:
 - a. Identify and estimate the number of small businesses subject to the proposed regulation:

- b. Provide the projected reporting, recordkeeping, and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record:
- c. State the probable effect on impacted small businesses:
- d. Describe any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation including the following regulatory flexibility analysis:
 - i. The establishment of less stringent compliance or reporting requirements for small businesses;
 - ii. The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
 - iii. The consolidation or simplification of compliance or reporting requirements for small businesses;
 - iv. The establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and
 - v. The exemption of some or all small businesses from all or any part of the requirements contained in the proposed regulations:
7. Compare the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the proposed rule or significantly amending an existing rule:
8. Determine whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law:
9. Describe reasonable alternative methods, where applicable, for achieving the purpose of the proposed action which were considered by the agency:
10. State reasons for rejecting alternative methods that were described in #9 above:
11. Provide a detailed statement of the data and methodology used in making estimates required by this subsection:

**ECONOMIC IMPACT STATEMENT OF THE SPOTTED SEATROUT
ENDORSEMENT IN THE STATE OF MISSISSIPPI**



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Ruth A. Posadas, Bureau Director, Seafood Technology Bureau
Office of Marine Fisheries, Mississippi Department of Marine Resources, Biloxi, Mississippi

and

Matt Hill, Bureau Director, Finfish Bureau
Office of Marine Fisheries, Mississippi Department of Marine Resources, Biloxi, Mississippi

November 19, 2013

This economic impact statement (**EIS**) for the spotted sea trout endorsement in the state of Mississippi was prepared upon request of the Mississippi Department of Marine Resources.

Proposed Endorsement

The Mississippi Code states that “prior to giving the notice required in Section 25-43-3.103, each agency proposing the adoption of a rule or amendment of an existing rule imposing a duty, responsibility or requirement on any person shall consider the economic impact the rule will have on the citizens of our state and the benefits the rule will cause to accrue to those citizens. Each agency shall prepare a written report providing an economic impact statement for the adoption of a rule or amendment to an existing rule imposing a duty, responsibility or requirement on any person.”

The objective of this report is to develop an economic impact statement (EIS) for the spotted sea trout endorsement passed by the Mississippi Commission on Marine Resources in 2012. The EIS is developed based on the format specified by the Mississippi Secretary of State (MS-SOS, 2013). This EIS provides detailed answers to 11 questions primarily dealing with the costs and benefits associated with the proposed regulation.

The spotted sea trout endorsement as approved by the Mississippi Commission on Marine Resources (MS-CMR, 2012) on Sep. 18, 2012 is as follows:

“Individuals harvesting spotted sea trout (*Cynoscion nebulosus*) for sale must possess a spotted sea trout endorsement (\$10.00) in addition to a current applicable harvester’s license. To qualify for this endorsement an application must be completed. The fisher must present proof that five thousand dollars (\$5,000.00) of seafood product was sold in any twelve (12) consecutive months. Proof would be copies of sales records and a copy of the applicable harvester’s license for the appropriate time period, or the fisher must present proof that (10) percent of their net income came from commercial fishing activities in a previous tax year. Proof would be a form provided by the DMR completed by a licensed tax preparer possessing a PTIN (Preparer Tax Identification Number), notarized, and submitted to the department. This endorsement will be valid for a three year period at which time a new application with qualifying documents must be submitted for a new endorsement. The income requirement and seafood sale provision of this section shall cease to be in effect April 30, 2020 unless further Commission action is taken to extend the requirement.”

Economic Sector

The economic sector directly affected by the spotted sea trout endorsement is the commercial finfish fishing sector in the North American Industrial Classification System (NAICS, 2012). Finfish fishing comprises establishments primarily engaged in the commercial catching or taking of finfish (e.g., bluefish, salmon, trout, tuna) from their natural habitat. The long-term annual Mississippi commercial landings of spotted sea trout (in pounds) from 1950 to 2011 published by the National Oceanic and Atmospheric Administration Fisheries Service (NOAA Fisheries, 2013) are shown in Figure 1.

Another sector that might be affected by the spotted sea trout endorsement is the “fish and seafood markets” sector in NAICS (2013). The fish and seafood markets comprise of

establishments primarily engaged in retailing fresh, frozen, or cured fish and seafood products. There were 106 fish and seafood markets licensed by the Mississippi Department of Health in 2012. Thirty six fish and seafood markets were operating in the three coastal counties of Hancock, Harrison and Jackson in the same year.

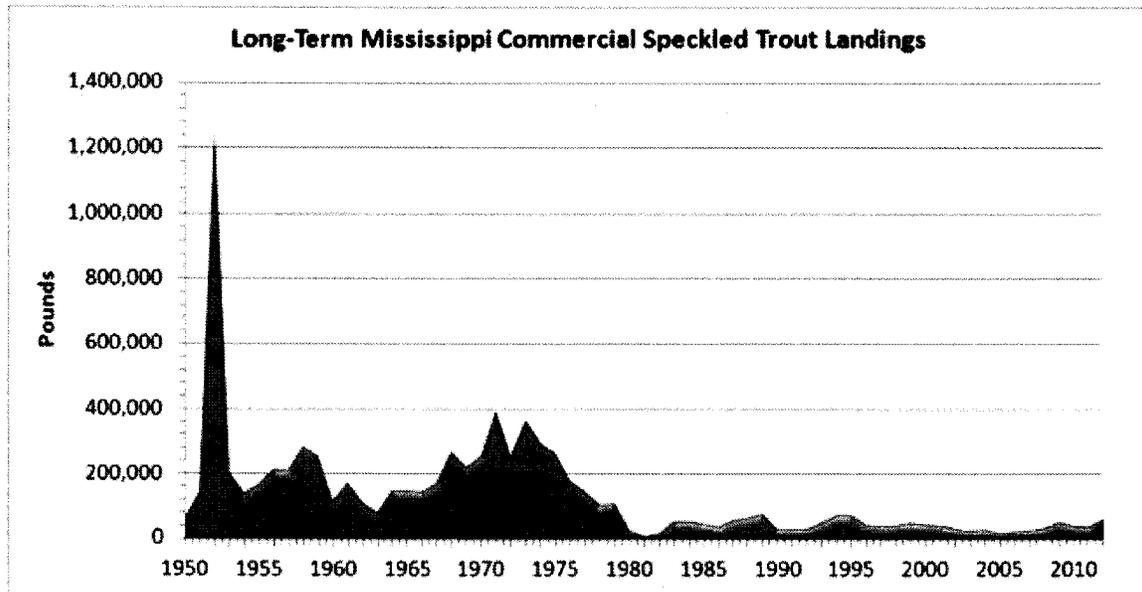


Figure 1

Source of raw data: NOAA Fisheries (2013).

Economic Impact Statement

1. *Describe the need for the proposed action:*

The number of commercial fishing vessels and commercial fishermen engaged in hook and line fishing in the state of Mississippi has increased significantly since the year 2000. These significant increases in fishing licenses sold had exerted increasing fishing pressure on the spotted sea trout fishery during those years.

Figure 2 shows the number of commercial hook and line fisherman licenses sold by the Mississippi Department of Marine Resources (MS-DMR) had increased more than seven-fold from 62 licenses in 2001 to 455 licenses in 2013. The number of commercial hook and line fishing vessel licenses sold by the MS-DMR had increased almost five-fold from 52 licenses in 2000 to 251 licenses in 2013.

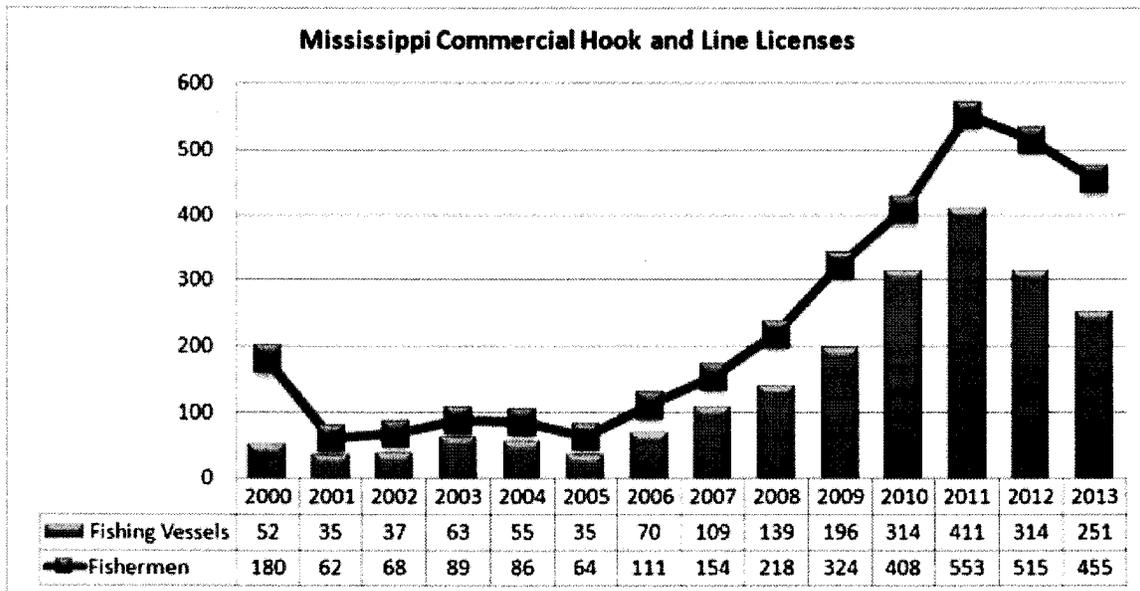


Figure 2

Source of raw data: MS-DMR (2000-2011).

2. *Describe the benefits which will likely accrue as the result of the proposed action:*

During the past 12 years, the commercial landings of spotted sea trout fluctuated from 18,850 pounds in 2005 to 61,099 pounds in 2012, averaging about 36,565 pounds per year, as Figure 3 shows.

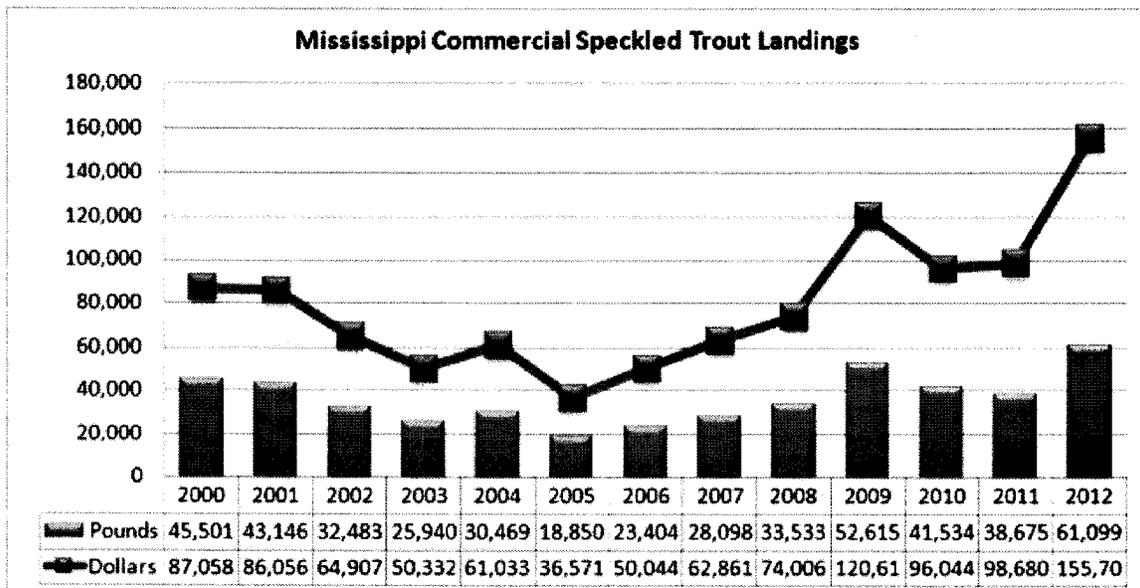


Figure 3

Source of raw data: NOAA Fisheries (2013).

When viewed on per fishing vessel and per fisherman basis, the commercial landings from the spotted sea trout fishery had consistently declined since the year 2002. The catch per unit effort (CPUE) per fishing vessel fell more than twelve-fold from 1,233 pounds in 2001 to 94 pounds in 2011, as shown in Figure 4. On per fisherman basis, the CPUE decreased almost ten-fold from 696 pounds in 2000 to 70 pounds in 2011.

It is expected that this endorsement will enhance the average share of each fishing vessel and fishermen to the total annual landings in the coming years. The expected benefits from the regulation will be achieved by limiting the rapid increase in the number of fishing licenses sold in the years to come.

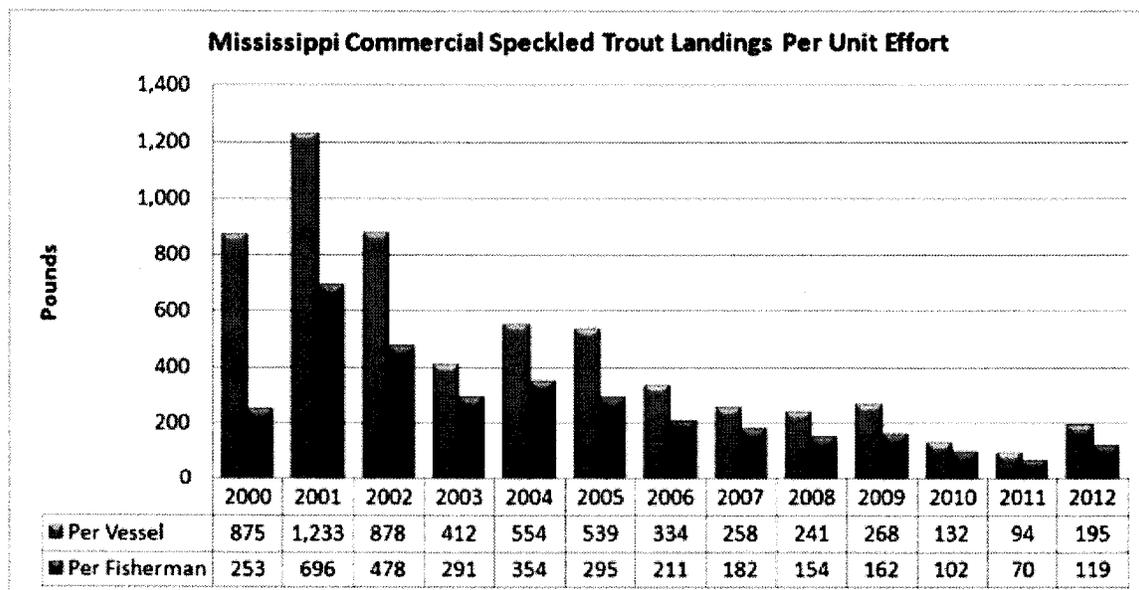


Figure 4

Sources of raw data: NOAA Fisheries (2013) and MS-DMR (2000-2011).

3. Describe the effect the proposed action will have on the public health, safety, and welfare:

The establishment of this endorsement will not have any significant impact on public health, safety, or welfare.

This endorsement, however, will limit the number of users of the sea trout fishery resulting to possibly higher individual shares and longer fishing season. The gross impacts of the regulation to the total economic welfare of the commercial H&L fishermen are measured by the changes in the total annual gross sales associated with the harvesting and sale of the spotted sea trout during the coming years. The landing values of the spotted sea trout fishery varied a whole lot from \$36,571 in 2005 to \$155,702 in 2012, averaging about \$80,301 per year, as Figure 3 shows.

The changes in the average economic welfare of the commercial H&L fishermen and fishing vessels owners can be estimated from the average landings values per fisherman and per

fishing vessel as shown in Figures 3-4. With an annual quota of 50,000 pounds, it is expected that the total annual dockside value of these commercial landings will be shared by fewer commercial H&L fishermen.

The changes in the actual distribution of the commercial landings among the participating commercial fishermen will be monitored by the trip tickets data collected during the subsequent seasons when this endorsement is implemented. During the past two seasons, the sharing of the spotted sea trout commercial landings is shown by Figures 5-6.

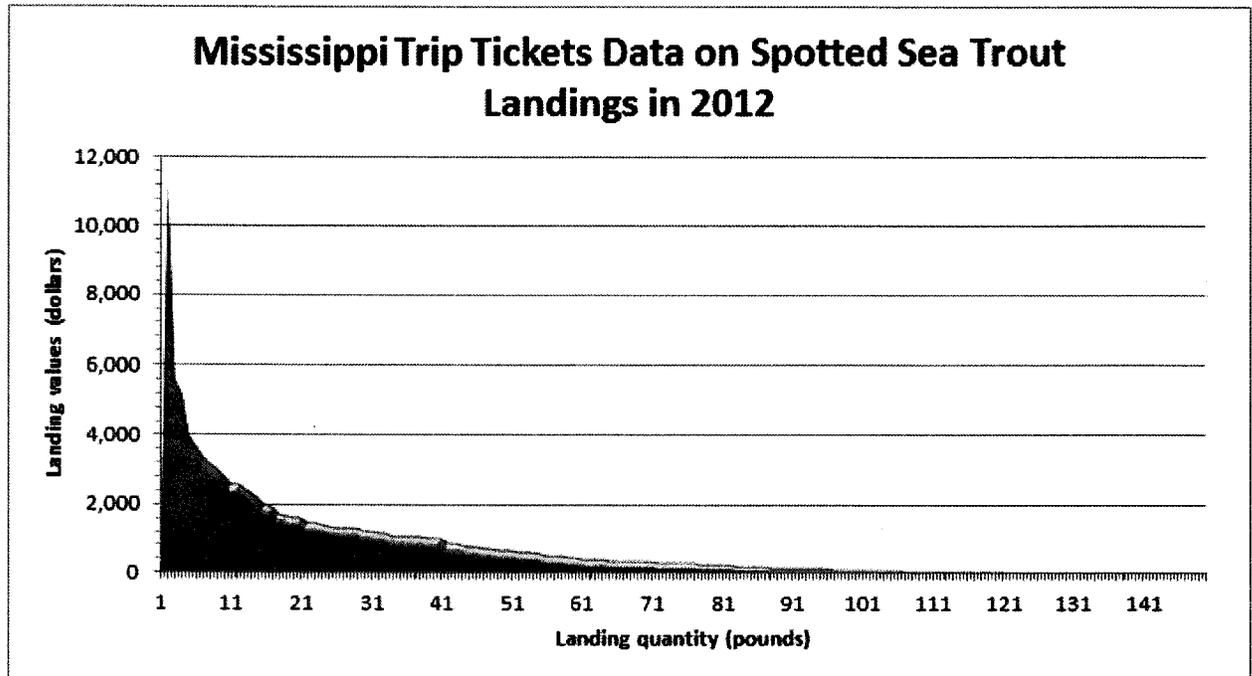


Figure 5.
Source of raw data: MS-DMR (2013).

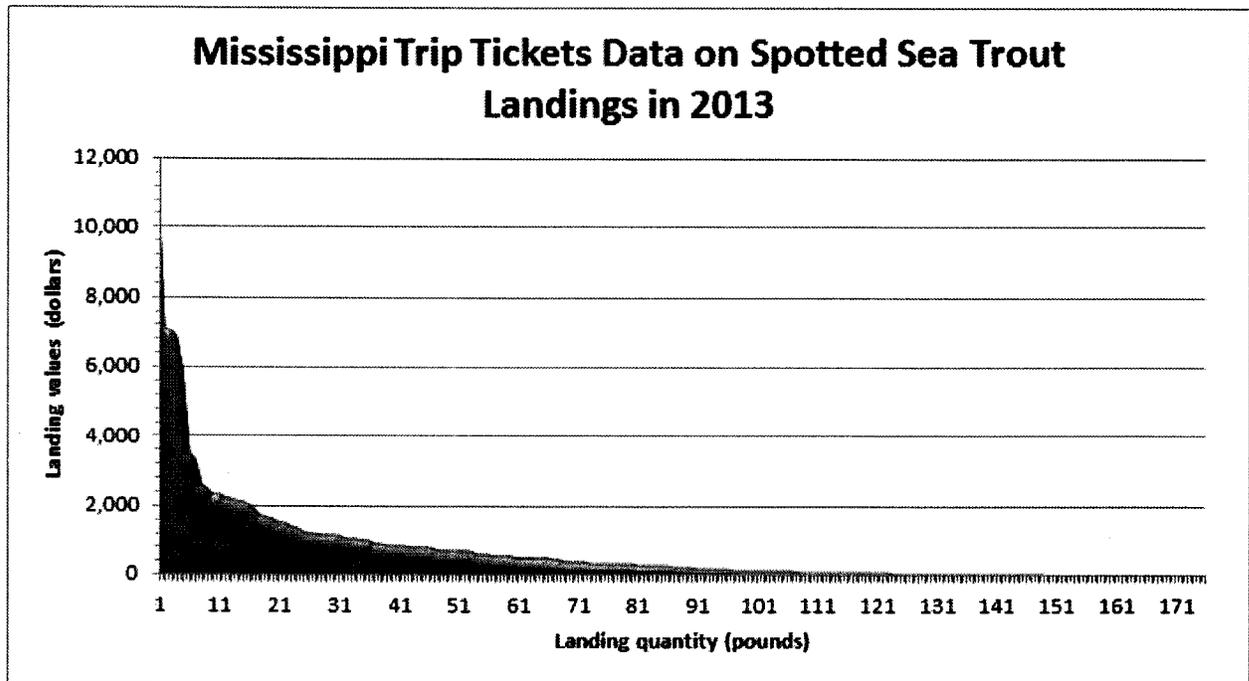


Figure 6.
Source of raw data: MS-DMR (2013).

4. Estimate the cost to the agency and to any other state or local government entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state or local revenues:

The expected costs of the endorsement to the Mississippi Department of Marine Resources are described below:

- Cost of printing 400 copies of application form - \$400
- Cost of printing 400 copies of proof of seafood income form - \$400
- Cost of printing 400 copies of the license - \$1,200

The MDMR will design and print at least 400 copies of the application form, proof of seafood income form, and license. The total costs of printing the application form, proof of seafood income and licenses are estimated to be \$2,000 per year for the next 3 years (Table 1).

Based on 2012 trip tickets filed, there were 149 fishermen who landed 46,630 pounds of speckled trout in 2012 valued at \$117,935. Observe that the 2012 trip ticket total values were lower than the total numbers shown in Figure 3. There were 515 commercial licenses sold to H&L fishermen in 2012, as Figure 2 shows.

The landings data on 2013 trip tickets showed that there were 176 fishermen who landed 51,523 pounds of speckled trout in 2013 valued at \$129,597. There were 455 commercial H&L fishermen who can potentially apply for this endorsement, as Figure 2 shows. It should be noted that 2013 total landings exceeded the annual quota of 50,000 pounds.

In addition, the MDMR will incur additional costs of managing, operating and reporting the trip ticket system for the commercial landings associated with the spotted sea trout endorsement. The total annual costs of managing, operating and reporting the entire trip ticket system is about \$220,000. The annual costs of the trip ticket system associated with the spotted sea trout endorsement can be estimated from the number of spotted sea trout licenses as a percent of the total number of licenses sold by MDMR.

It is expected that there will be no additional costs of this endorsement to other local and state agencies.

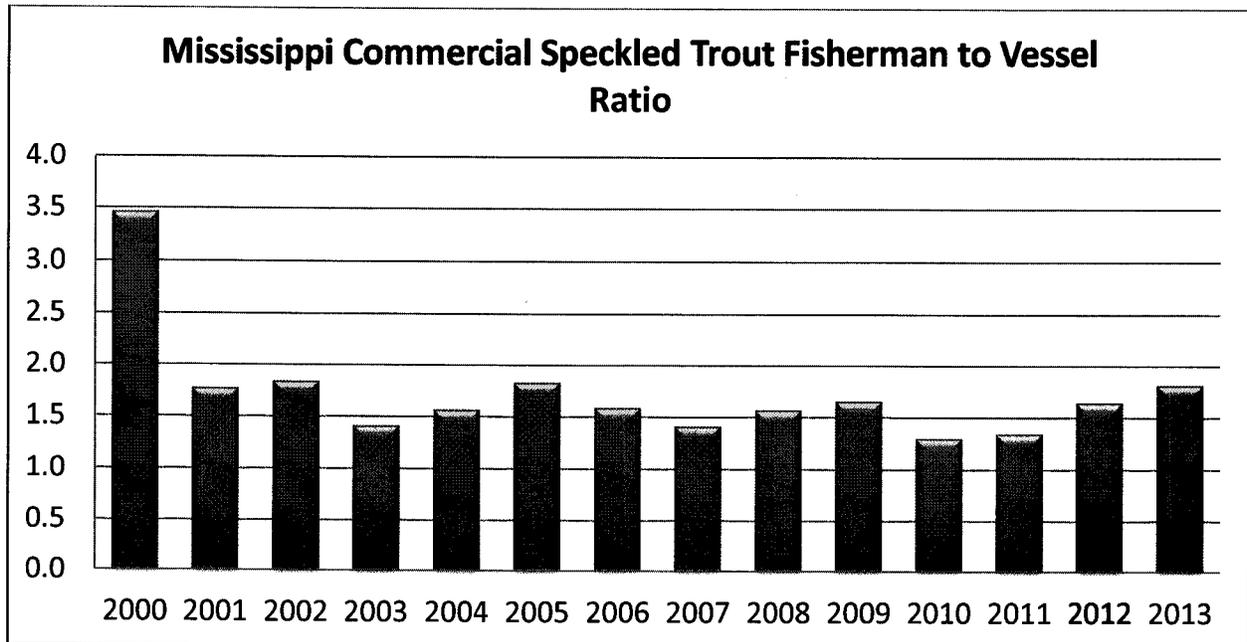


Figure 7.
Source of raw data: MS-DMR (2013).

5. Estimate the cost or economic benefit to all persons directly affected by the proposed action:

The expected costs of the sea trout endorsement to Mississippi commercial fishermen are described below:

- Average cost of annual commercial harvester license - \$100
- Average cost of commercial hook and line boat license - \$100
- Average cost of spotted sea trout endorsement - \$10 for three years
- Average cost of PTIN certification - \$60 to \$100
- Average cost of notary - \$20
- Average travel cost to DMR – round-trip mileage times cost per mile - \$10

Commercial sea trout fishing is conducted in Mississippi state waters with the use of a fishing boat and hook and line gear. Typically, each fishing boat is manned by more than one

commercial fisherman, as Figure 7 shows. Each fisherman must possess a valid spotted sea trout endorsement to commercially harvest spotted sea trout.

In addition to the cost of the annual commercial harvester license and the annual commercial H&L boat license, the spotted sea trout endorsement will add \$100 to \$140 more for three years to each commercial fisherman. Assuming that the average transport cost is \$10, the total cost to each commercial fisherman due to the spotted sea trout endorsement will range from \$700 to \$740 for three years or an average \$233-247 per fisherman per year for the next three years (Table 2).

Using the data on 2013 trip tickets, the total costs of the endorsement for the next three years to the 176 Mississippi commercial fishermen will be as follows:

Low estimate = 176 fishermen X \$700 per fisherman = \$123,200.

High estimate = 176 fishermen X \$740 per fisherman = \$130,240.

The expected benefits of the sea trout endorsement to Mississippi commercial fishermen are described below:

The limited entry into the commercial sea trout fishery will lead to higher average landings for the licensed fishermen. It is possible that the limited number of fishermen will receive higher share of the dockside of the product because fewer fishermen control it. It is also possible that the length of the fishing season will be extended due to less fishing effort making the fishery open for most of the year.

Each fisherman aboard the licensed commercial H&L vessel needs to have the endorsement to possess spotted sea trout on the vessel.

6. *Provide an analysis of the impact of the proposed rule on small business:*

Identify and estimate the number of small businesses subject to the proposed regulation. The Mississippi small businesses that will be affected by the sea trout endorsement are the following:

The optimum number of commercial fishermen in the spotted sea trout fishery after the endorsement is implemented will depend on the individual fisherman's expected total costs of harvesting and costs of endorsement versus the expected total landing values. Those fishermen whose annual total costs will exceed their annual total landing values will leave the commercial sea trout fishery. The annual total costs of the spotted sea trout endorsement will average \$247 per fisherman. We do not have available information on the annual costs of harvesting sea trout.

Seafood retailers who will lose their regular suppliers of sea trout after they leave the fishery will lose business associated with locally harvested sea trout. For the past four years, Mississippi commercial H&L fishermen landed more than three-fourths of the combined spotted sea trout harvests in the five Gulf of Mexico states.

Provide the projected reporting, recordkeeping, and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record:

Commercial fishermen selling their spotted sea trout directly to individual consumers will maintain a daily record of catch and sales and submit monthly trip tickets to the MDMR main office in Biloxi. They should use the "Trip Ticket – Single Trip Form" for the daily harvest records as shown in Appendix A. They should use the "Trip Ticket – Monthly Submission Form" for the summary monthly trip tickets, as shown in Appendix B.

Commercial fishermen selling their spotted sea trout to seafood dealers will maintain a daily record of catch and sales for their own records. They should use the "Trip Ticket – Single Trip Form" for the daily harvest records.

Commercial seafood dealers who buy spotted sea trout from commercial fishermen will submit summary monthly trip tickets to the MDMR main office in Biloxi. They should use the "Trip Ticket – Monthly Submission Form" for the summary monthly trip tickets, as shown in Appendix B.

State the probable effect on impacted small businesses:

All reporting requirements will remain the same. The only change related to reporting would be that dealers and retailers will have less individuals to purchase spotted sea trout from, meaning there should be less reporting required from the dealers and retailers.

Describe any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation including the following regulatory flexibility analysis:

The establishment of less stringent compliance or reporting requirements for small businesses;

Not applicable.

The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;

Not applicable.

The consolidation or simplification of compliance or reporting requirements for small businesses;

Not applicable.

The establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and

Not applicable.

The exemption of some or all small businesses from all or any part of the requirements contained in the proposed regulations:

Not applicable.

7. Compare the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the proposed rule or significantly amending an existing rule:

The non-adoption of the proposed rule will lead to a continued decline in the average share of each H&L fisherman engaged in the harvesting of spotted sea trout. The number of H&L fisherman engaged in the harvesting of spotted sea trout had persistently increased during the past decade.

The adoption of the proposed rule would lead to a lower number of H&L fisherman engaged in the harvesting of spotted sea trout. With an annual quota of 50,000 pounds, the proposed rule will enable the fishermen to receive higher average shares of the spotted sea trout fishery.

8. Determine whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law:

Not applicable.

9. Describe reasonable alternative methods, where applicable, for achieving the purpose of the proposed action which were considered by the agency:

Not applicable.

10. State reasons for rejecting alternative methods that were described in #9 above:

Not applicable.

11. Provide a detailed statement of the data and methodology used in making estimates required by this subsection:

Table 1. Computation of expected annual costs of printing application forms and licenses to the Mississippi Department of Marine Resources

Item	Unit	Year 1	Year 2	Year 3	Years 1-3
Cost of printing application form	\$/form	1.00	1.00	1.00	3.00
Cost of printing proof of seafood income form	\$/form	1.00	1.00	1.00	3.00
Cost of printing license	\$/license	3.00	3.00	3.00	9.00
Total annual costs of printing per fisherman	\$	5.00	5.00	5.00	15.00
Number of forms or licenses	no.	400	400	400	400
Total annual costs of printing	\$	2,000	2,000	2,000	6,000

The number of forms and licenses needed is expected to decrease below 400 since some of the existing commercial H&L fishermen will find it not sustainable to continue fishing under the proposed fishing regime. After making this determination on the impact of the endorsement to the number of fishermen, modify this table and the text in Section 4. Modify the table by considering that the application and proof of income forms are going to be needed only once every three years. The commercial H&L fishing licenses, however, are issued every year.

Table 2. Computation of the expected annual costs of sea trout endorsement to the Mississippi commercial hook and line fishermen harvesting the subject fish species

Item	Unit	Year 1	Year 2	Year 3	Years 1-3	Annual average
Annual commercial harvester's license	\$/fisherman	100	100	100	300	100
Annual commercial H&L boat license	\$/fisherman	100	100	100	300	100
Seatrout endorsement	\$/fisherman	10	0	0	10	3
PTIN certification	\$/fisherman	100	0	0	100	33
Notary	\$/fisherman	20	0	0	20	7
Travel to DMR main office	\$/fisherman	10	0	0	10	3
Total annual costs of licenses per fisherman		340	200	200	740	247
Number of spotted sea trout fishermen	no.	176	176	176	176	59
Total annual costs of licenses to all fishermen	\$	59,840	35,200	35,200	130,240	43,413

The number of commercial fishermen is expected to decrease below 176 fishermen since some of the existing fishermen will find it not sustainable to continue fishing under the new fishing regime. After making this determination on the impact of the endorsement to the number of fishermen, modify this table and the text in Section 5. Modify this table and the text considering that the fishermen will travel to the DMR main office once a year to purchase licenses and once a month to a DMR station to submit trip tickets.

References

Balsinger, J.W. and G. Harrington. 2007. Regulatory Impact Review for a proposed Regulatory Amendment to the Crab Rationalization Program to Implement the Magnuson-Stevens Conservation and Management Reauthorization Act of 2006 and the Coast Guard and Maritime Transportation Act of 2006. National Marine Fisheries Service, Alaska Region, Juneau, Alaska. <http://www.alaskafisheries.noaa.gov/analyses/amd25/ktrirr.pdf>.

Kitts, A.W. and S. R. Steinback. 1999. Data Needs for Economic Analysis of Fishery Management Regulations. NOAA Technical Memorandum NMFS-NE-119. U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Northeast Fisheries Science Center, Woods Hole, Massachusetts.

Miss. Code Ann. § 25-43-3.105. Title 25. Public Officers And Employees; Public Records. Chapter 43. Administrative Procedures. Article 3. Rule-Making Adoption And Effectiveness Of Rules.

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MS-DMR. Title 22 - Mississippi Department of Marine Resources, Part 7 Regulations to Provide Size Limits and Bag Limits on Certain Fish Species and to Prevent Sale of Seafood by Recreational Fishermen. <http://www.sos.ms.gov/ACProposed/00019134b.pdf>. Last accessed: Dec 20, 2012.

MS-SOS. Secretary of State. State of Mississippi. Regulations and Enforcement, Administrative Procedures. http://www.sos.ms.gov/regulation_and_enforcement_admin_procedures4.aspx. Last accessed: Jan. 18, 2013.

NAICS. North American Industrial Classification System. <http://www.census.gov/eos/www/naics/>. Last accessed: Dec 20, 2012.

NOAA Fisheries. 2000. Guidelines for Economic Analysis of Fishery Management Actions. National Marine Fisheries Service, Office of Sustainable Fisheries, Silver Spring, Maryland. http://www.nmfs.noaa.gov/sfa/domes_fish/OperationalGuidelines/OGeconomicanalysis_d.htm.

NOAA Fisheries. Annual Commercial Landing Statistics. National Oceanic and Atmospheric Administration Fisheries Service. <http://www.st.nmfs.noaa.gov/commercial-fisheries/commercial-landings/annual-landings/index>. Last accessed: Feb. 5, 2013.

Appendix B. Trip Ticket - Monthly Submission Form



TRIP TICKET
MONTHLY SUBMISSION FORM
Mississippi Department of Marine Resources
Trip Ticket Coordinator
1141 Bayview Avenue
Biloxi, MS 39530
(228) 374-5000 or (800) 374-3449

This report must be submitted monthly in order to comply with the requirements of MS Title 22 Part 9 and rules and regulations adopted pursuant to those statutes. Completed trip tickets for the time period should accompany this form. DO NOT STAPLE TRIP TICKETS.

USE BLUE OR BLACK INK ONLY

License No.

Current Date: / /

Reporting Period

From: / /

To: / /

No of tickets

By signing this document I hereby certify the following:

The attached trip tickets represent all transactions of fish and shellfish obtained from anyone other than a licensed dealer for the reporting period described above.

All records (receipts) submitted in this report constitute all transactions required to be reported by law.

All the attached information is accurate and accounts for all actual business transactions required to be submitted in this report.

I understand that providing false information may result in criminal consequences.

PRINT
Dealer/Processor or
Fisherman Name: _____

SIGNATURE
Licensed
Dealer/Processor or
Fisherman: _____

