

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Original Updated Corrected

2. Administrative Rule Chapter, Title and Number

NR 25 Commercial Fishing - Outlying Waters FH-12-16(E)

3. Subject

Cisco (lake herring) harvest in Lake Superior

4. Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

5. Chapter 20, Stats. Appropriations Affected

6. Fiscal Effect of Implementing the Rule

No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

7. The Rule Will Impact the Following (Check All That Apply)

State's Economy Specific Businesses/Sectors
 Local Government Units Public Utility Rate Payers
 Small Businesses **(if checked, complete Attachment A)**

8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

9. Policy Problem Addressed by the Rule

In order to preserve the welfare of state-licensed commercial fishers, Chippewa tribal commercial fishers, recreational fishers, and associated businesses, as well as the welfare and sustainability of the cisco (lake herring) population in Lake Superior, the department finds that an emergency rule is necessary to implement rule changes for cisco harvest. In addition, cisco harvest limits are discussed among the Department of Natural Resources and the Red Cliff and Bad River Bands of Lake Superior Chippewa that are all parties to the Lake Superior Fishing Agreement. This emergency rule is needed to preserve the public welfare and commit to the Agreement process.

10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

The department met with the Lake Superior Commercial Fishing Board on three occasions in spring and summer 2016 to discuss the potential rule. Productive dialogue led to the proposed rule strategy. This strategy was also shared with the general public at two meetings in June 2016. Consensus at these meetings was the need for precautionary management that sustains cisco populations and commercial profits for the long-term benefit of Lake Superior.

A public hearing for the emergency rule will be held within 45 days of rule promulgation.

11. Identify the local governmental units that participated in the development of this EIA.

N/A

12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The rules imposing cisco harvest restrictions are necessary in order to ensure a sustainable cisco fishery over the long-term that provides an economic and natural resource benefit for all affected. If a permanent rule is pursued, the department will conduct an economic impact analysis to gather comments from any individuals, businesses, local governments, or other entities that expect to be affected economically by the rule change.

Main elements of the rule:

--Establishes the total allowable annual harvest of cisco by state fishers in Wisconsin waters of Lake Superior

--Allows the state to further divide its allocation among various user groups

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- Splits the allotted total allowable annual cisco commercial harvest quota equally among each of the 10 state commercial fishing licenses in Lake Superior as individual licensee catch quotas
- Applies daily phone reporting requirements for commercial harvest of cisco from October 1 through December 31 for licensees who have harvested 70 percent or more of their individual licensee catch quotas

Who is affected?

- State-licensed commercial fishers and state-licensed recreational fishers

What actions are they likely to take?

- The rule's harvest limits are expected to allow fishers to harvest at or near the current average annual catch amount. Therefore, the rule may have little to no economic impact on commercial fishing businesses. However, this rule and an upcoming permanent rule are important to have in place because they will allow the department to reduce or increase the harvest limit based on assessment data and recommended harvest parameters.
- Additional reporting will be required of state-licensed commercial fishers from October to December, but no expenditures are expected as a result of these phone-in reports.

Will these actions result in expenditures?

- It is not expected that the emergency rule will result in expenditures for state fishers.

13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

The rule could potentially impact the harvest of cisco by state-licensed commercial fishers, but while the emergency rule is in place it is likely that there will be no reduction in overall harvest. The rules imposing harvest restrictions are necessary in order to ensure a sustainable cisco fishery over the long-term that provides an economic and natural resource benefit for all affected.

14. Long Range Implications of Implementing the Rule

Average state-licensed commercial fishers' annual catch between 2010 and 2015 was 960,991 pounds of cisco. In 2015, the cisco price per pound was \$0.40-0.65, but has been as high as \$1.20 per pound since 2012. While the price per pound has varied over time, estimated total value of the commercial cisco roe fishery is between \$500,000 and \$1,000,000 per year. The rule's harvest limits are expected to allow commercial fishers to harvest at or near the current average annual catch amount. Therefore, the rule may have minimal economic impact on commercial fishing businesses. Market demand, fuel, and other variable expenditures would have a greater economic impact than this rule. However, this rule and an upcoming permanent rule are important to have in place because they will allow the department to reduce or increase the harvest limit based on assessment data and recommended harvest parameters.

15. Compare With Approaches Being Used by Federal Government

The department is not aware of any existing or proposed federal regulation that would govern fishing in Wisconsin's waters of Lake Superior.

16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

This rule will be less restrictive than Michigan, Minnesota, and Ontario and continue to allow harvest at current levels. Minnesota and Ontario establish a cisco harvest quota similar to this proposed rule. Michigan waters, under the Chippewa Ottawa Resource Authority, have a closed season and other Michigan waters have a limitation on the effort allowed, or the length of net and gear used to catch cisco.

17. Contact Name

Todd Kalish, Fisheries Mngt Deputy Bureau Director

18. Contact Phone Number

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

Commercial fishing businesses: Little to no economic impact is expected.

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

The department met with the Lake Superior Commercial Fishing Board on three occasions in spring and summer 2016 to discuss the potential rule. Productive dialogue led to the proposed strategy. This strategy was also shared with the general public at two meetings in June 2016. Consensus at these meetings was the need for precautionary management that sustains cisco populations and commercial profits for the long-term benefit of Lake Superior.

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
 - Less Stringent Schedules or Deadlines for Compliance or Reporting
 - Consolidation or Simplification of Reporting Requirements
 - Establishment of performance standards in lieu of Design or Operational Standards
 - Exemption of Small Businesses from some or all requirements
 - Other, describe:
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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

The department discussed daily phone reporting and keeping on board records during October through December with the Lake Superior Commercial Fishing Board. The department agreed to remove the requirement for additional on board records and require only a simple, daily phone report and only after 70 percent or more of a license's individual quota allotment is reached.

This rule's harvest limits are expected to allow commercial fishers to harvest at or near the current average annual catch amount. Therefore, the rule may have little to no economic impact on commercial fishing businesses. Market demand, fuel, and other variable expenditures would have a greater economic impact than this rule.

5. Describe the Rule's Enforcement Provisions

The rule will be enforced by department conservation wardens under the authority of chapter 29, Stats., through routine patrols, record audits of wholesale fish dealers and state-licensed commercial fishers, and follow up investigations of citizen complaints.

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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