

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 937 (Senator Manno, *et al.*)
 Education, Health, and Environmental Affairs

Sustainable Oyster Harvest Act of 2016

This bill requires the University of Maryland Center for Environmental Science (UMCES) to (1) conduct a specified study regarding the sustainability of harvesting of the public oyster fishery in the State and (2) report to the Governor, the Department of Natural Resources (DNR), the Oyster Advisory Commission, and the General Assembly on the results of the study, by October 1, 2017. DNR may not take any action to increase oyster harvest rates, lift restrictions on oyster harvesting, or expand the area open to oyster harvesting until after UMCES has made its report.

The bill takes effect June 1, 2016.

Fiscal Summary

State Effect: General fund expenditures increase by approximately \$300,000 in FY 2017 and approximately \$40,000 in FY 2018 for UMCES to conduct the required study. Potential minimal decrease in special fund revenues from oyster taxes in FY 2017 and 2018 to the extent the bill prevents DNR from taking actions that increase the oyster harvest until after UMCES has made its report.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SF Revenue	(-)	(-)	\$0	\$0	\$0
GF Expenditure	\$300,000	\$40,000	\$0	\$0	\$0
Net Effect	(\$300,000)	(\$40,000)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The required study must:

- determine sustainable harvest rates for the public oyster fishery;
- define appropriate indicators for the public oyster fishery based on the results of stock assessments and other relevant data;
- determine whether the public oyster fishery is experiencing overfishing; and
- if the study determines that the public oyster fishery is experiencing overfishing, identify management strategies in collaboration with DNR, industry representatives, and concerned stakeholders to address overfishing consistent with State law.

Current Law/Background: DNR manages the public oyster fishery in various ways, including regulation of the season and times for harvesting, daily catch limits, and zoning of public shellfish fishery areas to allow for specific oyster harvest gear to be used in specific areas based on the ability of areas to withstand harvest pressure.

In response to the oyster population in the Chesapeake Bay languishing at 1% of historic levels, decreased suitable oyster habitat, and a dwindling number of harvesters, DNR unveiled a new management and restoration plan for oysters and the State's oyster industry in December 2009. The plan increased the State's network of oyster sanctuaries from 9% to 24% of the bay's remaining quality oyster bars, established oyster aquaculture leasing opportunities and related financial assistance programs, and maintained 76% of the bay's remaining quality oyster habitat for a public oyster fishery.

The Oyster Advisory Commission was established in 2007 and contributed to the development of the 2009 plan. The commission continues to provide advice to DNR regarding rebuilding and managing the oyster population and fishery.

DNR is evaluating the current status of the oyster sanctuaries, public fishery areas, and aquaculture, using and reviewing current data and information. The department plans to release a final report for public comment in July 2016. The report is intended to offer science-based options to guide continued oyster management. The options may include maintaining the status quo, modifying management strategies, shifting areas, or requiring more information before offering options.

State Expenditures: General fund expenditures increase by approximately \$300,000 in fiscal 2017 and by approximately \$40,000 in fiscal 2018 for UMCES to conduct the study required by the bill. This estimate reflects compensation of a permanent faculty member to work part-time on the project as the principal investigator and compensation of two graduate assistants. The estimate also includes costs for contractual services for peer review of the study and a professional facilitator to assist in collaboratively identifying

management strategies if the study determines that the public oyster fishery is experiencing overfishing. The estimate assumes that the study relies on existing DNR data and the development and running of computer models.

For the purposes of this fiscal and policy note, without certainty of grant money or other funding being available, it is assumed that the costs incurred as a result of the bill are covered with general funds.

State Revenues: Special fund revenues from oyster severance and export inspection taxes may decrease in fiscal 2017 and 2018 to the extent the bill prevents DNR from taking actions to increase oyster harvest rates, lift restrictions on oyster harvesting, or expand the area open to oyster harvesting that it would otherwise take in the absence of the bill. The severance tax is \$1 per bushel of oysters and the export inspection tax is 30 cents per bushel shipped outside the State, with revenues credited to DNR's Fisheries Research and Development Fund.

Although the extent to which DNR would take any such actions in the absence of the bill is unknown, it is unlikely that DNR would make any changes during that time period that significantly impact the level of harvest. Thus, it is assumed that any impact on oyster tax revenues is relatively minimal. In fiscal 2015, the department collected \$407,763 in severance tax revenues and \$69,969 in export inspection tax revenues.

Small Business Effect: Commercial licensees are negatively affected to the extent the bill prevents DNR from taking actions that increase harvest prior to October 1, 2017, as discussed above. During the 2014-2015 season, 394,767 bushels of oysters were harvested. For that season, the average dockside value was approximately \$44 per bushel, which DNR indicates was unusually high. The dockside value per bushel has more typically been in the range of \$27 to \$35 per bushel in recent years.

Additional Information

Prior Introductions: None.

Cross File: HB 1603 (Delegate Frush, *et al.*) - Rules and Executive Nominations.

Information Source(s): University System of Maryland, Department of Natural Resources, Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2016
me/lgc

Analysis by: Scott D. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510