



*Larry Hogan, Governor*  
*Boyd K. Rutherford, Lt. Governor*  
*Jeannie Haddaway-Riccio, Secretary*  
*Allan Fisher, Deputy Secretary*

**Bill Number:** HB 1228

**Short Title:** Natural Resources – Oysters – Spat, Shells, and Substrate

**Department's Position:** Letter of Information

**Explanation of Department's Position**

The Maryland Department of Natural Resources (Department or DNR) provides the following information on HB 1228.

*Oyster Shell Recycling*

The bill eliminates the current oyster shell tax credit program and replaces it with a grant program. DNR supports efforts to encourage the recycling of oyster shell and agrees that providing better incentives will improve participation; however, **the bill as drafted does not reflect the current relationship between DNR and important partners such as the Oyster Recovery Partnership.** We also caution that providing grants at the rates listed in the bill would create a significant administrative burden and will likely increase the market price of shell thereby impacting the Department's ability to purchase shell for restoration activities. DNR also recommends that a funding source for the grant program be identified.

*Bay Bottom Survey*

DNR agrees that an updated Chesapeake Bay bottom survey is warranted. To adequately survey the Bay's bottom, the Department and its partners would need at least three years and additional funding DNR also recommends clarifying whether the survey is focused only on Yates bars or on the bay bottom as a whole. As currently written, the legislation states the funding will be used to survey for buried shell deposits. While this information is important to oyster management, a Baywide bottom survey to identify different bottom types (i.e., shell, mud, sand, etc..) and redelimitate oysters bars based on the current oyster population is crucial to oyster management, the oyster stock assessment, restoration and replenishment projects, and aquaculture lease siting. A survey could be designed to accomplish both goals using many of the same methodologies if the funding and timeline allowed.

### *Eastern Bay*

The Oyster Advisory Committee (OAC) recommended that a combination of replenishment, restoration and aquaculture activities be collectively planned in Eastern Bay, with an equal amount of funding for spat planting in sanctuaries (\$1 million annually adjusted for inflation) and for spat and shell planting on fishery bars (\$1 million annually adjusted for inflation). DNR concurs with the OAC's recommendation. The legislation, as drafted, would support initial survey work needed to begin the project. DNR also notes that the Governor's FY23 budget includes \$1 million in funding for the sanctuary restoration portion of the project. Funding will need to be identified for the fishery bar plantings.

### *Oyster Shucking Houses in Maryland*

The OAC recommended the Department evaluate new sources of shell, methods to retain shell in Maryland, and improve processor capabilities. One method to achieve this would be to increase the number of oyster shucking houses in Maryland. The legislation, as drafted, provides loans and grants to finance seafood processors toward supporting the goal of increasing oyster shell retained in Maryland and returned to the Bay. Each bushel of shell returned to the bay would equate to forgiving \$35 of the loan. Current statute [insert number] dictates the state can purchase in-state oyster shell at \$2 per bushel, far lower than \$35 per bushel. The legislation also requires that businesses have a minimum of 15 employees within five years. If the number of employees criteria was eliminated or lowered, this could allow for more shucking houses baywide while still retaining shell in the state.

For any additional information, please feel free to contact our Legislative and Constituent Services Director, Bunky Luffman.