

# **SB830 - Natural Resources – Oysters – Spat, Shells**

Uploaded by: Dakota Matthews

Position: FAV



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*Charlotte Davis, Executive Director*

*John Hartline, Chair*

Testimony in Support of  
Senate Bill 830 - Natural Resources – Oysters – Spat, Shells, and Substrate  
Senate Education, Health, and Environmental Affairs Committee  
March 01, 2022

**The Rural Maryland Council supports Senate Bill 830 - Natural Resources – Oysters – Spat, Shells, and Substrate.** The bill intends to grow the oyster market in Maryland by creating new incentives such as grants for recycled oyster shells, and grants to seafood dealers. The bill also provides programs to grow the oyster population, such as researching specified issues relating to oyster substrate, creating a 10 year plan for oyster substrate needs for restoration, and setting an oyster production goal.

SB-830 includes authorization for grants to establish or expand the business of seafood dealers that support increasing oyster shells retained in the state and returned to the Chesapeake Bay. MARBIDCO will receive a \$1 million appropriation in FY204 for MARBIDCO to administer the program. MARBIDCO is a partner of the Rural Maryland Council and created by the Council.

The bill also establishes an oyster production goal. The goal is for hatcheries in the State to be capable of producing 5 billion spat-on-shell per year. To accomplish this, there will be a \$20.0 million appropriation in the FY2024 budget for the University of Maryland Center for Environmental Science to build a second oyster hatchery, and an appropriation of \$2.5 million for the Patuxent Environmental and Aquatic Research Laboratory, Morgan State University (MSU), to be used for infrastructure upgrades to support increased oyster production for research and restoration. Maryland’s overall oyster population is down from 600 million market-size oysters in 1999 to about only 400 million in 2020, according to a June 2020 Maryland Oyster Stock Assessment.

The growth of the oyster population and market will benefit local rural economies. The Rural Maryland Council respectfully requests your favorable support of Senate Bill 830.

*The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.*

# **SB830\_Severn\_River\_Association\_FAV.pdf**

Uploaded by: jesse iliff

Position: FAV

Committee: Senate Education, Health and Environmental Affairs  
Legislation: SB 830  
Position: SUPPORT  
Date: March 1, 2022

Dear Chairman Pinsky and Members of the Committee:

The Severn River Association (SRA) requests a favorable report for SB 830, which would accelerate oyster restoration in the Severn River.

### **Introduction**

Senate Bill 830 will accelerate oyster restoration throughout Maryland's portion of the Chesapeake Bay and will facilitate ongoing oyster restoration work by Severn River Association to restore oysters in the Severn--Maryland's capital river.

### **Background on Severn River Oyster Restoration**

The entire Severn River (7,804 acres) was officially designated as an Oyster Sanctuary in 2010. The Severn River contains 1,383 acres of historic oyster bottom consisting of twenty seven historic oyster bars, twenty five fully within the sanctuary and two extending over the boundary (in addition to several reef areas that have been constructed that are not on historic oyster bars.) The DNR has defined 1,020 acres as currently restorable oyster habitat in the Severn River Oyster Sanctuary (not including reefs created from alternative substrate).<sup>1</sup>

Communities along the Severn River are among the strongest supporters of oyster restoration in Maryland. They have shown continued support for sustained oyster restoration. In 2018 advocates with SRA lobbied the Oyster Advisory Commission to be selected as the 5<sup>th</sup> targeted tributary for large-scale oyster restoration pursuant to the Bay Agreement, because we know that with the level of investment those tributaries receive for oyster restoration, the Severn could once again be made into the thriving river it once was. When the effort to have the Severn named a designated tributary under the Bay Agreement did not succeed, SRA partnered with the Oyster Recovery Partnership to launch Operation Build-a-Reef, an enthusiastic, home grown oyster restoration program that has planted over 85 Million spat-on-shell planted since inception. Severn River residents are passionate about restoring oysters to the Severn River. The Severn River has over 300 volunteers supporting over 1500 cages of oysters through the Marylanders Grow Oysters (MGO) program. We believe this is the largest single-tributary MGO program in the Chesapeake Bay. Moreover,

Oysters planted in the Severn do very well. Despite the record rainfall of 2018 and the subsequent low salinity levels in 2018-2019, the survivability of the plantings of 2018 is high,

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<sup>1</sup> [https://dnr.maryland.gov/fisheries/Documents/AnneArundel\\_ComplexPlan.pdf](https://dnr.maryland.gov/fisheries/Documents/AnneArundel_ComplexPlan.pdf)

based on data from SRA-sponsored reef monitoring dives in 2020 and 2021. These data are collected by deeply motivated volunteers and outside partners. The SRA has a reef monitoring protocol in place and plans to monitor oyster reefs for the long term, working with organizations such as Black Girls Dive Foundation. The SRA also monitors water quality at each oyster planting site which shows acceptable levels of dissolved oxygen and salinity for oysters to survive in those areas.

### **Policy Considerations**

Historically the Severn had 27 significant oyster bars. Based on the excellent survival rate and even some limited natural reproduction resulting from restoration efforts to date, we expect that with enough brood stock and dense enough plantings that the Severn will experience sustainable natural spat set. However getting a dense enough population to become self-sustaining has encountered occasional challenges, such as extreme precipitation in 2018 causing depleted spat on shell availability from Horn Point Laboratory, currently the only provider of this critical resource in the State. Senate Bill 830 would overcome this limitation by establishing an additional hatchery to increase overall spat availability for all stakeholders in the State, including SRA.

The Department of Natural Resources has developed the "Anne Arundel Complex-Magothy, Severn and South Rivers Oyster Restoration Plan"<sup>2</sup> which can be used as a framework for siting specific plantings for large-scale oyster restoration in the Severn. This detailed plan "evaluates areas within the Magothy, Severn and South River sanctuaries that are suitable for restoration efforts. The plan includes specific areas targeted for restoration work, an analysis of the seed required, and an estimated cost." Thus, much groundwork has already been accomplished to facilitate direction resources for oyster restoration into the Severn River.

For these reasons, we ask for a favorable report on SB830.

Respectfully submitted,



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Jesse L. Iliff  
Executive Director  
Severn River Association  
jesse@severnriver.org

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<sup>2</sup> [https://dnr.maryland.gov/fisheries/Documents/AnneArundel\\_ComplexPlan.pdf](https://dnr.maryland.gov/fisheries/Documents/AnneArundel_ComplexPlan.pdf)

# **SB830\_ShoreRivers\_Favorable.pdf**

Uploaded by: Matt Pluta

Position: FAV



## Testimony in SUPPORT of SB830 – Natural Resources – Oysters – Spat, Shells, and Substrate

March 1, 2022

Dear Chairman Pinsky and Members of the Committee,

Thank you for this opportunity to submit testimony in **SUPPORT** of **SB830** on behalf of ShoreRivers. ShoreRivers is a river protection group on Maryland's Eastern Shore with 3,500 members. Our mission is to protect and restore our Eastern Shore waterways through science-based advocacy, restoration, and education.

We support this bill because it authorizes a number of activities that will make measurable progress towards increasing Maryland's production of oysters. Specifically, this bill includes the use of a creative and sustainable model to incentivize the incorporation of new shucking houses in the state of Maryland, creates an oyster shell recycling grant, increases the states investment in spat production, and will conduct a much-needed bay bottom survey.

The bay bottom survey is critical as it will update the 50 year-old survey that scientists and fishery managers currently use to make oyster management decision. This bill places emphasis on the need to conduct that survey in Eastern Bay which is a recommendation made by the Oyster Advisory Committee. ShoreRivers feels that investing in Eastern Bay is critical considering the amount of restoration opportunity the vast and open areas of Eastern Bay has to offer. Investment in Eastern Bay is an investment in the entire mid-shore region in terms of oyster growth, oyster reproduction and the many ecosystem benefits a healthy oyster reef provides. By understanding where the restoration potential exists in Eastern Bay the state can more efficiently invest in what should be the next big oyster restoration project in Maryland.

For these reasons stated above, ShoreRivers urges the Committee to adopt a **FAVORABLE** report on **SB830**

Sincerely,

**Matt Pluta**

Choptank Riverkeeper, on behalf of:

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***ShoreRivers***

Isabel Hardesty, Executive Director

Annie Richards, Chester Riverkeeper | Matt Pluta, Choptank Riverkeeper

Elle Bassett, Miles-Wye Riverkeeper | Zack Kelleher, Sassafras Riverkeeper

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# **SB 830 Natural Resources – Oysters – Spat, Shells,**

Uploaded by: Michelle Dietz

Position: FAV



**Tuesday, March 1, 2022**

**TO:** Paul Pinsky, Chair of Education, Health, and Environmental Affairs Committee; Guy Guzzone, Chair of Budget and Taxation Committee and Committee Members

**FROM:** Mark Bryer, The Nature Conservancy, Chesapeake Bay Program Director; and Michelle Dietz, The Nature Conservancy, Director of Government Relations

**POSITION:** Support SB 830 - Oysters – Spat, Shells, and Substrate

The Nature Conservancy (TNC) supports SB 830 offered by Senator Elfreth, and commends Senators Bailey, Eckardt, Guzzone, and Hershey for cosponsoring this legislation. For the past two decades, the world has looked to the Chesapeake Bay to learn what's possible in oyster restoration. No effort in the world matches the scale of what has been accomplished here, and TNC has been proud to support and invest in oyster restoration along with many others during this time. But it has become clear that lacking substrate is significantly limiting additional oyster expansion across the Chesapeake Bay. Without more substrate – be it shell, rock, concrete or other hard surface where oysters can grow – we collectively cannot increase the number of oysters in the Bay and realize the associated, and much needed, benefits for the Bay's health, our state and local economies and Maryland's culture.

SB 830 makes a number of important advancements to increase substrate for oysters. Critically, it invests in science that will both better define substrate's current state in Maryland's portion of the Chesapeake Bay and better study how different types of substrate perform ecologically and economically. SB 830 further requires that the Department of Natural Resources develop a long-term plan for substrate needs and acquisition based on this updated science. SB 830 also makes other important investments, including establishing a new grant program to encourage shell recycling and expanding oyster hatcheries as well as seafood processing facilities.

Oysters are a critical form of natural infrastructure in Maryland, and substrate is the literal foundation for their restoration. Rebuilding lost infrastructure requires solid information, a plan, and significant capital investments. SB 830 makes important advances in each of these areas, and reflects a positive step forward in the long road to restoring oysters to the Chesapeake.

**Therefore, we urge a favorable report on SB 830.**

**SB830\_Elfreth\_FAV.pdf**

Uploaded by: Sarah Elfreth

Position: FAV

SENATOR SARAH ELFRETH  
*Legislative District 30*  
Anne Arundel County

Budget and Taxation Committee

*Subcommittees*

Education, Business and Administration

Chair, Pensions

*Senate Chair*

Joint Committee on Administrative,  
Executive, and Legislative Review

Joint Committee on the Chesapeake and  
Atlantic Coastal Bays Critical Area



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## THE SENATE OF MARYLAND

ANNAPOLIS, MARYLAND 21401

March 1, 2022

### Testimony in Favor of SB830 Natural Resources - Oysters - Spat, Shells, and Substrate

Chairman Pinsky, Vice-Chair Kagan, and members of the Education, Health, & Environmental Affairs Committee,

I respectfully request a favorable report of Senate Bill 830 - a bill to make critical investments in sustaining one of Maryland's keystone species: the Eastern oyster. SB830 is entirely about supply: how we can increase spat production, expand shell retention, better understand our own Bay's bottom, and coordinate substrate research to chart a path forward to increase oyster abundance across the Chesapeake Bay. SB830 provides essential investments that will grow oyster abundance, improve water quality, and benefit Maryland's economy.

SB830 is intentionally devoid of policy beyond these investments and reflects much of the consensus that was achieved in the Oyster advisory Commission. Each piece of the bill builds off another: Maryland needs more shells to help both with natural spat set and increased spat-on-shell production. Increased spat-on-shell production will help bolster oyster abundance across the Bay. The Bay bottom survey, last conducted in the 1970s and 1980s, and the collaborative research on substrate will help us better map, understand, and plan the future of repletion, aquaculture, and restoration of the oyster.

#### **To ensure that Maryland retains and increases our abundance of shell this legislation will:**

1. Revitalize the shell recycling tax credit through the Department of Natural Resources (DNR) and the Oyster Recovery Partnership (ORP).
2. Direct an additional \$1 million dollars to MARBIDCO for the purposes of incentivizing more Maryland-based shucking houses.

#### **To more strategically approach the need for shell, spat, and substrate this legislation will:**

1. Require the Maryland Geological Survey in conjunction with UMCES to undertake the first bay bottom survey since early 1980s
2. Authorize the UMCES to collaborate with other leading research organizations including the Smithsonian Environmental Research Center (SERC), the Virginia Institute of Marine Science (VIMS), as well as other entities including State and Federal agencies

3. Ensure that DNR creates and submits a report on substrate needs and repletion activities over the next 10 years

**To increase the amount of spat-on-shell produced in Maryland this legislation will:**

1. Expand current oyster hatchery efforts in the State by providing \$20 million in capital funding to UMCES to create a second oyster hatchery and \$2.5 million to the Morgan State PEARL laboratory to expand on their oyster hatchery efforts.
2. Add intent language that our State reached 5 billion spat-on-shell produced yearly by 2025.

After input from stakeholders across the Bay, I am currently working with the amendment office to **offer a sponsor amendment that will:**

1. In the section outlining the shucking house investments via MARBIDCO, clarify the definition of “repletion,” remove the term “grants,” include historic oyster shucking facilities, create a nuanced loan forgiveness structure, and allow MARBIDCO to structure grants of varying sizes dependent upon the number of employees.
2. On shell recycling grant, remove the tiered approach to the tax credit for restaurants and seafood processors and instead just make it \$5/bushel or market value, whichever is great, for up to \$2,000; clarify that dealers are eligible; and, ensure that DNR can contract out the program.
3. On the Bay bottom survey, clarify that a goal is to map existing and potential oyster habitat and it will also remove the fish spawning area limitation.
4. Add aquaculture to the report required by DNR.
5. Add language to clarify that the collaborative research on substrate should be conducted in a controlled study within an existing restoration site.
6. Remove language regarding “larger stones” and instead use “stones of various sizes” in the collaborative research section.

**The bipartisan bill sponsors are continuing to work together and with stakeholders to achieve language that provides the critical balance amongst the interests while maintaining the goal of the bill: that greater investment in this natural resource will be a rising tide that lifts all boats. We are again bringing stakeholders together this week to continue that important collaborative work. I expect to bring finalized amendments to this Committee by Friday afternoon for your consideration.**

Thank you and I request a favorable report with amendments for Senate Bill 830.

**SB 830\_CBF SUPPORT WITH AMENDMENTS.pdf**

Uploaded by: Allison Colden

Position: FWA



# CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration  
Environmental Education*

## **Senate Bill 830**

Natural Resources – Oysters – Spat, Shells, and Substrate

Date: March 1, 2022

Position: Support with Amendments

To: Education, Health and Environmental Affairs Committee

From: Allison Colden, Sr. Fisheries Scientist

Chesapeake Bay Foundation (CBF) **SUPPORTS SB830 WITH AMENDMENTS.** This comprehensive bill addresses critical needs for oyster recovery in Maryland – oyster larvae, shell, and substrate. Through investments in hatchery and shuckinghouse capacity, incentives for shell recycling, and improved science, SB 830 seeks to increase retention of oyster shell in Maryland and develop long-term plans for improved substrate management across the restoration, fishery, and aquaculture sectors.

Although recent monitoring studies indicate that alternative substrates like granite perform as well or better than oyster shell when used as a reef substrate, there are some aspects of oyster restoration that necessitate the use of oyster shell. So-called “spat-on-shell” is a restoration technique that involves placing oyster shells in a tank and allowing young oysters to settle on them. Those shells are then planted on sanctuary reefs where they provide habitat to a host of other fish and crab species. Without oyster shells, these programs would not be possible.

SB 830 seeks to increase the volume of oyster shell retained in the state through investments in shuckinghouses and reforms to shell recycling programs. When oysters are harvested, they are sold directly to restaurants in the shell or to processors who shuck the oysters and sell the shucked meats. Once the oysters are distributed for sale, it is very difficult to recover the shell. The oyster shell recycling tax credit was first introduced in 2013 to incentivize the collection and return of shell from restaurants and processors. Each year, restaurants and seafood processors recycle tens of thousands of bushels of shell which are used for restoration, repletion, and aquaculture.

SB 830 would transition the existing tax credit program, which would otherwise sunset in 2023, to a grant program and extend eligibility to community and nonprofit organizations who recycle small volumes of shell each year. This helps capture additional shell that may have otherwise been landfilled by diversifying the types of organizations that can participate in shell recycling programs.

Other critical inputs to oyster recovery programs include oyster larvae, which is used to produce spat-on-shell oysters that are placed on sanctuary reefs. SB 830 includes investments in the University of Maryland Center for Environmental Science’s Horn Point Hatchery and Morgan State University’s PEARL lab with the goal of increasing oyster spat production to 5 billion annually by 2025. This would address a critical bottleneck and provide additional capacity to accelerate oyster restoration activities in the future.

Lastly, SB 830 directs the Department of Natural Resources (DNR), the University of Maryland Center for Environmental Science, and other state agencies and partners to carry out research, surveying and long-

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range planning to support more comprehensive management of oyster shell and habitat in the Bay in the future. This includes conducting a bay bottom survey to identify areas of existing habitat and areas that would support oyster restoration, addressing key research questions to inform restoration using substrate, and developing a long-term plan for oyster shell and substrate management. These actions will hopefully result in a more holistic, science-driven approach to managing Maryland's oyster habitat and resource.

CBF supports amendments to SB 830 which would clarify the disposition of shell from the MARBIDCO loan program, conform the loan forgiveness rate and shell recycling grants per bushel rate with market rates for shell (\$5 per bushel), simplify the shell recycling grant program for processors and restaurants, and clarify the intent of the bay bottom survey (see *Attachment*). CBF welcomes the opportunity to work with the Committee to further refine and perfect amendments to the bill.

**CBF urges the Committee's FAVORABLE report on SB 830 WITH AMENDMENTS.** For more information, please contact Dr. Allison Colden, Maryland Senior Fisheries Scientist at [acolden@cbf.org](mailto:acolden@cbf.org) and 443.482.2160.

**ATTACHMENT**

Suggested amendments in red:

Suggested amendment #1:

10-519.1.

1 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
2 INDICATED.

3 (2) "ELIGIBLE SEAFOOD PROCESSING PROJECT" MEANS A PROJECT  
4 TO ESTABLISH OR EXPAND THE BUSINESS OF A LICENSED SEAFOOD DEALER THAT:

5 (I) SUPPORTS THE GOAL OF INCREASING THE AMOUNT OF  
6 OYSTER SHELLS RETAINED IN THE STATE AND RETURNED TO THE CHESAPEAKE  
7 BAY; AND

8 (II) MEETS THE CRITERIA ESTABLISHED BY THE CORPORATION  
9 UNDER THIS SECTION.

10 (3) "LICENSED SEAFOOD DEALER" MEANS A PERSON LICENSED  
11 UNDER § 4-701 OF THE NATURAL RESOURCES ARTICLE TO BUY, PROCESS, PACK,  
12 RESELL, MARKET OR OTHERWISE DEAL IN FISH CAUGHT IN THE TIDAL WATERS OF  
13 THE STATE.

14 (B) (1) THE CORPORATION SHALL PROVIDE LOANS ~~AND GRANTS~~ UP TO  
15 \$250,000 TO FINANCE THE COSTS OF ELIGIBLE SEAFOOD PROCESSING PROJECTS IN  
16 ACCORDANCE WITH THIS SECTION,

17 (2) FINANCING PROVIDED UNDER THIS SECTION SHALL BE  
18 ~~CONDITIONED ON THE AGREEMENT BY THE RECIPIENT TO COMPLY WITH THE PROVISIONS~~  
19 ~~OF § 4-1019.2. RETURN, AT NO COST TO~~  
20 ~~THE STATE, ALL OYSTER SHELLS PROCESSED BY THE RECIPIENT;~~

21 ~~(I) TO THE DEPARTMENT OF NATURAL RESOURCES, FOR USE~~  
22 ~~IN REPLETION AND RESTORATION ACTIVITIES; OR~~

23 ~~(II) DIRECTLY TO OYSTER BARS IN THE PUBLIC FISHERY OR~~  
24 ~~RESTORATION AREAS, IN ACCORDANCE WITH REGULATIONS OF THE DEPARTMENT~~  
25 ~~OF NATURAL RESOURCES.~~

26 (3) THE CORPORATION SHALL FORGIVE ~~\$35~~ \$5 OF ANY LOAN PROVIDED  
27 UNDER THIS SECTION FOR EACH BUSHEL OF OYSTER SHELLS THAT THE LOAN  
28 RECIPIENT RETURNS TO THE DEPARTMENT OF NATURAL RESOURCES ~~OR DIRECTLY~~  
29 ~~TO OYSTER BARS IN ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION.~~

30 (C) A PERSON IS ELIGIBLE TO RECEIVE FINANCING UNDER THIS SECTION IF  
31 THE PERSON:

32 (I) HAS BEEN A LICENSED SEAFOOD DEALER FOR AT LEAST 5  
YEARS; OR



1 (II) HAS HELD A TIDAL FISH LICENSE ISSUED UNDER § 4-701 OF  
2 THE NATURAL RESOURCES ARTICLE FOR AT LEAST 5 YEARS AND AGREES TO  
3 OBTAIN A SEAFOOD DEALER LICENSE ON RECEIVING FINANCING UNDER THIS  
4 SECTION;

5 (2) HAS PAID ALL APPLICABLE BUSINESS TAXES AND FEES FOR THE  
6 PAST 5 YEARS;

7 (3) DEMONSTRATES TO THE SATISFACTION OF THE CORPORATION  
8 THAT, WITHIN 5 YEARS AFTER RECEIVING FINANCING UNDER THIS SECTION, THE  
9 PERSON'S SEAFOOD PROCESSING BUSINESS WILL:

10 (I) EMPLOY AT LEAST 15 INDIVIDUALS; AND

11 (II) ACHIEVE VIABILITY AS A BUSINESS; AND

12 (4) MEETS ANY OTHER ELIGIBILITY REQUIREMENTS ESTABLISHED BY  
13 THE CORPORATION.

14 (D) FOR FISCAL YEAR 2024, THE GOVERNOR SHALL INCLUDE IN THE  
15 ANNUAL BUDGET BILL AN APPROPRIATION OF \$1,000,000 TO THE CORPORATION  
16 FOR THE PURPOSE OF PROVIDING GRANTS AND LOANS UNDER THIS SECTION.

Suggested amendment #2:

4-1019.1.

24 (A) THE DEPARTMENT SHALL PROVIDE ANNUAL GRANTS TO NONPROFIT  
25 ORGANIZATIONS, COMMUNITY ASSOCIATIONS, RESTAURANTS, AND SEAFOOD  
26 PROCESSORS THAT RECYCLE OYSTER SHELLS.

27 (B) (1) GRANTS TO NONPROFIT ORGANIZATIONS AND COMMUNITY  
28 ASSOCIATIONS SHALL BE PROVIDED IN THE FOLLOWING AMOUNTS:

29 (I) \$100 FOR THE RECYCLING OF AT LEAST 5 BUT LESS THAN 20  
30 BUSHELS OF OYSTER SHELLS IN A YEAR; AND

1 (II) \$250 FOR THE RECYCLING OF AT LEAST 20 BUSHELS OF  
2 OYSTER SHELLS IN A YEAR.

3 (2) GRANTS TO RESTAURANTS AND SEAFOOD PROCESSORS SHALL BE PROVIDED  
AT A RATE OF \$5 PER BUSHEL UP TO A MAXIMUM OF \$2000 IN A YEAR. ~~IN THE  
FOLLOWING AMOUNTS:~~

~~4 (I) \$100 FOR THE RECYCLING OF AT LEAST 25 BUT LESS THAN  
5 50 BUSHELS OF OYSTER SHELLS IN A YEAR;~~

~~6 (II) \$250 FOR THE RECYCLING OF AT LEAST 50 BUT LESS THAN  
7 100 BUSHELS OF OYSTER SHELLS IN A YEAR;~~

~~8 (III) \$500 FOR THE RECYCLING OF AT LEAST 100 BUT LESS THAN  
9 250 BUSHELS OF OYSTER SHELLS IN A YEAR;~~

~~10 (IV) \$1,000 FOR THE RECYCLING OF AT LEAST 250 BUT LESS  
11 THAN 500 BUSHELS OF OYSTER SHELLS IN A YEAR;~~

~~12 (V) \$1,500 FOR THE RECYCLING OF AT LEAST 500 BUT LESS  
13 THAN 1,000 BUSHELS OF OYSTER SHELLS IN A YEAR; AND~~

~~14 (VI) \$2,000 FOR THE RECYCLING OF AT LEAST 1,000 BUSHELS  
15 OF OYSTER SHELLS IN A YEAR.~~

16 (C) THE DEPARTMENT SHALL PROVIDE, AT NO COST, RECEPTACLES FOR  
17 THE COLLECTION OF OYSTER SHELLS TO RESTAURANTS THAT AGREE TO RECYCLE  
18 AT LEAST 25 BUSHELS OF OYSTER SHELLS PER YEAR.

19 (D) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT  
20 THE PROVISIONS OF THIS SECTION.

21 (2) THE REGULATIONS SHALL ESTABLISH ELIGIBILITY CRITERIA AND  
22 PROVIDE FOR THE CERTIFICATION OF NONPROFIT ORGANIZATIONS, COMMUNITY  
23 ASSOCIATIONS, RESTAURANTS, AND SEAFOOD PROCESSORS TO VERIFY THE AMOUNT OF  
OYSTER SHELLS RECYCLED BY EACH ENTITY.

(3) THE DEPARTMENT MAY ENTER INTO AGREEMENTS WITH NONPROFIT ORGANIZATIONS WITH EXPERTISE IN OYSTER SHELL RECYCLING TO EXECUTE THE PROVISIONS OF THIS SECTION.

Suggested amendment #3:

4-1102

1 (C) (1) BEGINNING IN FISCAL YEAR 2024, THE MARYLAND GEOLOGICAL  
2 SURVEY, IN CONJUNCTION WITH THE UNIVERSITY OF MARYLAND CENTER FOR  
3 ENVIRONMENTAL SCIENCE, SHALL SURVEY SUBMERGED AREAS OF THE STATE **TO MAP**  
4 **EXISTING AND POTENTIAL OYSTER HABITAT** IN  
5 ACCORDANCE WITH THE PROVISIONS OF THIS SUBSECTION.

6 (2) IN SELECTING SITES FOR SURVEYING UNDER THIS SUBSECTION,  
7 THE MARYLAND GEOLOGICAL SURVEY AND THE UNIVERSITY OF MARYLAND  
8 CENTER FOR ENVIRONMENTAL SCIENCE SHALL:

9 ~~(1)~~ **(1)** PRIORITIZE:

10 ~~(I)~~ **(I)** EASTERN BAY AND ITS TRIBUTARIES; AND

11 ~~(II)~~ **(II)** PUBLIC FISHERY AREAS WHERE THERE ARE LIKELY  
12 TO BE SHALLOWLY BURIED SHELL DEPOSITS FROM PREVIOUS REPLETION  
13 ACTIVITIES, IDENTIFIED IN CONSULTATION WITH COMMERCIAL OYSTER  
14 HARVESTERS.; ~~AND~~

15 ~~(II) AVOID IMPORTANT FISH SPAWNING AREAS, ESPECIALLY~~  
16 ~~AREAS WHERE STRIPED BASS OR STURGEON ARE KNOWN TO SPAWN.~~

17 (3) TO THE EXTENT PRACTICABLE, SURVEYS CARRIED OUT UNDER  
18 THIS SUBSECTION SHALL USE SUB-BOTTOM PROFILING COMBINED WITH PHYSICAL  
19 SAMPLING TO QUANTIFY THE TOTAL VOLUME OF SUBSURFACE SHELL MATERIAL.

20 (4) (I) FOR FISCAL YEARS 2024 THROUGH 2026, THE GOVERNOR  
21 SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF \$2,000,000  
22 TO FUND THE SURVEYS REQUIRED UNDER THIS SUBSECTION.

23 (II) THE GOVERNOR SHALL PRIORITIZE THE USE OF FEDERAL  
FUNDS FOR APPROPRIATIONS REQUIRED UNDER THIS PARAGRAPH.

Suggested amendment #4:

24 SECTION 3. AND BE IT FURTHER ENACTED, That:

25 (a) The University of Maryland Center for Environmental Science shall  
26 collaborate with the Smithsonian Environmental Research Center, the Virginia Institute  
1 of Marine Science, appropriate State and federal agencies, and industry and other  
2 stakeholders to research:

3 (1) the types of substrate, including fresh shell, fossilized shell,  
4 combinations of shell, and alternative substrates, that are most appropriate for use in  
5 oyster harvest areas;

6 (2) the benefits, including habitat-related benefits, of using ~~larger stones~~  
7 ~~versus smaller~~ stones of various sizes in oyster restoration areas;

8 (3) alternative substrates used for oyster restoration or repletion in other  
9 regions, including the success of efforts to use alternative substrates; and

10 (4) the potential for retrofitting existing structures, such as riprap  
11 revetments, that are unrelated to oyster restoration but that use materials similar to  
12 artificial reefs, to include oyster plantings.

**SB0830\_HB1228 Favorable Ammendments.pdf**

Uploaded by: Rachel Dean

Position: FWA

SB0830 (HB 1228)

FAVORABLE WITH AMMENDMENTS

It is with hopeful hesitation that I am in support of SB 0830/ HB1228 with amendments. My time served on the Oyster Advisory Commission and in recent conversations with stakeholders and the bill's sponsors have left me hopeful that I will not be dissatisfied with a bill that is still "in concept." I hope my trust is not misplaced.

I will continue to ask that this bill acknowledge the need for shell to be returned as *naked shell* and *spat on shell* onto the public fishing areas from where it came.

Keeping oyster shell in the state of Maryland is the goal of our industry.

The return of Maryland shucking houses is a goal of our industry. We need to incentivize the return of shucking houses in our state.

If the various stakeholders and bill sponsors will agree to continue to work together, I hope the outcome will be a bill that supports a wild oyster fishery, oyster aquaculture, and oyster restoration.

Rachel Dean

Patuxent River Seafood

Calvert County, MD

# **SB 830 Testimony MARBIDCO.pdf**

Uploaded by: Steve McHenry

Position: FWA





**MARBIDCO**  
growing rural ventures™

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Mary Shank Creek, *Chair* / Stephen R. McHenry, *Executive Director*

## TESTIMONY STATEMENT

**BILL:** Senate Bill 830 (Natural Resources – Oysters – Spat, Shells, and Substrate)

**COMMITTEE:** Education, Health and Environmental Affairs (and Budget and Taxation)

**DATE:** March 1, 2022

**POSITION:** Support with Amendments

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The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) supports with amendments, Senate Bill 830, Natural Resources-Oysters-Spat, Shells and Substrate. Senate Bill 830 tries to accomplish several things in relation to supporting oyster production in the Chesapeake Bay. With respect to MARBIDCO, the legislation provides \$1,000,000 in FY 2024 for MARBIDCO to establish loan and grant programs to finance seafood processing projects. MARBIDCO understands that the sponsor is working with the affected stakeholders to develop appropriate amendments in a number of areas in the bill.

### Proposed MARBIDCO Amendments

#### **Amendment #1**

On page 4, strike language on lines 13-14, and substitute the following:

(4) MEETS ANY OTHER ELIGIBILITY REQUIREMENTS ESTABLISHED BY THE CORPORATION; AND

(5) AGREES TO THE FINANCING TERMS AND CONDITIONS ESTABLISHED BY THE CORPORATION THAT ARE OTHERWISE IN CONFORMANCE WITH THIS SECTION.

Rationale: The first amendment clarifies MARBIDCO's ability to determine the terms and conditions of loans that are made that are otherwise in conformance with the conditions established in the legislation. There are other terms and conditions that MARBIDCO must routinely set with any loan that it makes, e.g., the loan's maturity date and amortization schedule, the interest rate, personal guarantees by the principal borrower(s), certain reporting requirements, loan default procedures, etc.,

#### **Amendment #2**

On page 5, strike the language on lines 14-16 and substitute the following:

(D) (1) FOR FISCAL YEAR 2024, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF \$1,000,000 TO THE CORPORATION FOR THE PURPOSE OF PROVIDING LOANS UNDER THIS SECTION.

(2) THE APPROPRIATION IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE DISTRIBUTED TO A SPECIAL ACCOUNT, TO BE USED ONLY TO:

(I) MAKE LOANS UNDER THE PROGRAM; AND

(II) PAY THE COSTS NECESSARY TO ADMINISTER AND OPERATE THE PROGRAM.

Rationale: The second amendment would allow MARBIDCO to recover the costs for administering the new program, especially during the first year or two when it can be expected that there would be quite a lot involved with setting up and running this new programmatic undertaking. The out-year expenses should hopefully be covered by the anticipated loan interest payments.

### **MARBIDCO Background**

MARBIDCO was established by the Maryland General Assembly 15 years ago as a relatively specialized economic development financial intermediary instrumentality of the State to enhance the sustainability of the State's agricultural and resource-based industries to help support locally produced food and fiber products, bolster local economies, and preserve working farm and forest land for future generations. MARBIDCO is governed by a Board of Directors that consists of 17 individuals who bring a wide range of perspective and experience to the Corporation's operations. MARBIDCO employs a small staff consisting of experienced agribusiness credit underwriters and loan/grant servicers.

Since 2007, MARBIDCO has:

- Cumulatively approved **1,058** project financings totaling **\$80 million** for food and fiber business projects located in of all Maryland's counties (including in Baltimore City).
- Invested in **395** agricultural/rural business lending projects (with \$64 million deployed) and leveraged nearly **\$170 million** in private commercial loan capital (approaching a 3-to-1 leverage of MARBIDCO's debt capital).
- Helped **541** young or beginning farmers buy their first farms or expand their business operations (with \$59 million deployed).
- Assisted with funding **277** value added food or fiber processing enterprises (\$7 million deployed).
- Financed **85** specialty shellfish aquaculture (oyster farming) projects (\$5.2 million deployed).
- Funded a total of **234** seafood and aquaculture projects combined (\$6.6 million deployed).
- Assisted **33** "beginner farmers" recently with purchasing their first farms (\$9 million deployed) and at the same time helped put 3,080 acres of good quality farmland on a path to become permanently preserved through the Next Generation Farmland Acquisition Program.

Today, MARBIDCO offers more than a dozen agricultural and rural business financial assistance programs. Assisting young and beginning farmers are a special focus for MARBIDCO, as is farm operation diversification (through value added processing activities). Commercial urban farming has also become an increasingly important focus of MARBIDCO's efforts. MARBIDCO also endeavors to support Maryland's watermen and seafood processors where it appropriately can as well.

MARBIDCO's lending and agribusiness development incentive programs are designed to help fill an important economic development void by promoting commercial business start-up and expansion in the agricultural sector. Moreover, the Corporation aims to help agricultural and resource-based businesses to innovate, diversify and exploit emerging market opportunities. MARBIDCO does this, in part, by filling gaps in privately provided capital, and by helping rural businesses to leverage federal, regional, and local government support to sustain or increase operational sustainability and profitability.

MARBIDCO currently receives an annual appropriation to help capitalize its “Core” revolving loan programs, which are used to make secured (collateralized) loans to eligible agribusiness borrowers. This funding is scheduled to cease in FY 2025. MARBIDCO’s basic operating framework for its Core programming balances two key objectives: 1) Help make higher risk capital and credit available to qualifying agricultural, forestry and seafood enterprises at affordable interest rates; and 2) Conduct the organization’s financial affairs in such a manner that it can reach self-sustainability after FY 2025 (with respect to its Core programs). MARBIDCO is on track to meet this self-sustainability requirement.

**MARBIDCO also receives grants from various other public and private sources from time-to-time to offer “Specialty” loan and grant incentive programs.** Today, the Corporation offers four specialty loan programs and three specialty grant programs. All of these programs are designed to eventually be self-liquidating. The **financing program established in SB 830 will fall into this category.**

**In summary, MARBIDCO respectfully requests a Favorable Report with Amendments for Senate Bill 830.**

*MARBIDCO Contact: Steve McHenry, 410.267.6807*

# **SB 830 - DFA Testimony House EHEA Opposition (3-1**

Uploaded by: Chip MacLeod

Position: UNF



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Senate Education, Health, and Environmental Affairs Committee

Testimony in **OPPOSITION** to **Senate Bill 830**

Natural Resources – Oysters – Spat, Shells, and Substrates

March 1, 2022

The Delmarva Fisheries Association (DFA) urges an **unfavorable** report on Senate Bill 830. As introduced, such legislation would make a wide range of changes to various programs, goals, research requirements, planning requirements, and funding requirements related to oyster spat, oyster shells, and oyster substrate.

DFA concerns with SB 830 include:

- no opportunity for input by the Oyster Advisory Commission (OAC) or coordination with the Final Report: *Oyster Advisory Commission Consensus Recommendations on Oyster Management*, dated December 1, 2021 (Section 1 is attached);
- a significant fiscal note and no accountability in terms of the high (+/- 95%) mortality rate of hatchery spat when planted in the wild (out of one million planted “baby oysters” from hatcheries maybe 50,000 survive and mature to market size);
- limited resources dedicated to the commercial fishery being diluted, reallocated or wasted on inefficient and/or unproven or programs (i.e., tapping the Fisheries Research and Development Fund);
- methodology and scope of a program to survey portions of Chesapeake Bay bottom;
- a grant program for restaurants and seafood processors that is likely to drive up the cost of much-needed oyster shells for oyster propagation; and
- uncodified language beginning on line 30, page 2, to line 13, page 9, which sets policies and goals relative substrate and the production of hatchery spat.

For these reasons, DFA urges an unfavorable report on SB 830 and **recommends referral to the Oyster Advisory Commission for stakeholder consideration.**

*DFA represents over 80% of the commercial watermen in Maryland; individuals whose work and unique way of life spanning several generations depend upon sustainable harvests in a healthy Bay.*

CONTACT: Capt. Robert Newberry at 410-708-9851 or [rnewberry56@gmail.com](mailto:rnewberry56@gmail.com)  
Chip MacLeod at 410-810-1381 or [cmacleod@mlg-lawyers.com](mailto:cmacleod@mlg-lawyers.com)

## **Section 1. Report from the Oyster Advisory Commission**

### ***Consensus Process: Package of Recommendations***

The Oyster Advisory Commission (OAC) provided the Maryland Department of Natural Resources with an approved package of recommendations. This package was voted on by the commission on November 8, 2021 and received 80% agreement among the commissioners. All voting members were in attendance on November 8, 2021.

### ***OAC Recommendations***

This document contains the consensus recommendations of the Oyster Advisory Commission. These recommendations are based on options that were rated with an agreement level of 75% or higher and the text has been approved by commissioners at the November 8, 2021 OAC meeting. OAC members have considered more than 100 options in developing this list of consensus recommendations.

Legislation passed by the General Assembly in 2019 tasked the Oyster Advisory Commission with developing a set of consensus management actions for enhancing and implementing the fisheries management plan for oysters and to achieve the targets identified in the oyster stock assessment with the goal of increasing oyster abundance. Despite considerable effort and complications from the pandemic, the OAC has been able to reach consensus on a management action that would have positive impacts on oyster abundance and habitat, as called for in the legislation. While the consensus recommended should result in improvement, OAC commissioners will continue deliberations to develop further actions that will result in benefits at a desirable scale.

*Shell and Substrate Resource Recommendations*. There is an important need for clean shell and substrate that will support enhancement of all sectors of the oyster resource, including the public fishery, aquaculture, and public and private restoration efforts.

- DNR should evaluate and develop cost effective strategies for identifying and obtaining sources of shells and substrate.
  
- DNR should review the current state laws and regulations to evaluate and develop potential strategies, including providing economic incentives, to retain shell in the state of Maryland and reuse it.

➤ DNR should support a Maryland-wide substrate action subcommittee of the OAC to evaluate strategies, costs, and benefits for substrate enhancement.

➤ DNR should work collaboratively with the OAC to commission an academic peer-reviewed study to evaluate the ability of bar cleaning in low/underperforming harvest areas to promote improved spat sets.

Monitoring and Marking Recommendations. Enforcement and monitoring play an important role in ensuring the protection of the oyster resource and the timely tracking of its status. The recommendations are:

➤ DNR should work to improve the Fall Dredge Survey (e.g., new locations, fall dredge survey before start of fishery, cooperative survey with industry, etc.).

➤ DNR should develop tools to mark navigation hazards and oyster management boundaries.

Management Action Recommendations. This recommendation is the management recommendation evaluated by the model, as called for in the legislation, that earned the consensus of the group. The OAC recommends that the following actions be taken to rebuild oyster populations, enhance harvest revenue, increase habitat, and reduce nitrogen and phosphorus in Maryland's Chesapeake Bay.

➤ Over the next 25 years, a combination of replenishment, restoration and aquaculture activities should be collectively planned and undertaken in Eastern Bay, with an equal amount of funding for spat planting in sanctuaries (\$1M annually adjusted for inflation) and for spat and shell planting on fishery bars (\$1M annually adjusted for inflation) in addition to current replenishment and restoration activities. The effectiveness of this option should be evaluated every 5 years.

➤ The OAC supports keeping the oyster fishery open.

➤ The OAC supports replenishment plantings on oyster fishery bottom.

Business Practices, Investment Allocation, & Marketing Recommendations. OAC members recommend the following:

➤ Improve organization and cooperation among groups and integrate projects across the 3 sectors (fishery, aquaculture, restoration).

- Improve processor capabilities and techniques (e.g., more shucking houses, develop frozen product).
- Use bars north of the Bay Bridge as “investments” against disease outbreaks in lower Bay.
- Use nutrient credit opportunities to help finance restoration on sanctuaries and replenishment on public fishery bottom in Maryland’s Chesapeake Bay.

*Education and Training Recommendations.* There is an important need to educate and train citizens about stewardship of the oyster fishery and resources to maintain it for current and future generations.

- Special effort should be placed on outreach and education in minority communities to enhance awareness of the oyster resource and associated career opportunities and environmental benefits.

*Improved Science Recommendations.* OAC members identified several knowledge gaps, which if filled, would enhance management of the oyster resource.

- Conduct a comprehensive survey of the Maryland Bay bottom with a focus on describing the current amount, quality, and location of oyster habitat.
- Develop the ability to make stock assessment projections of abundance and harvest.
- Determine ways to reduce sedimentation.
- Conduct studies to estimate the loss rates of shell (both newly planted and existing bottom) and artificial substrate.
- OAC should be a mechanism for reviewing studies and stock assessments, as requested by commissioners.

### ***Membership***

Under the consensus building process defined in statute (§4–204), 60% of the OAC members must be oyster industry orientated (e.g., public fishery and aquaculture) and 40% non-industry orientated (e.g., environmental groups and academia). Member



organizations are codified in statute, and the list of individual commissioners selected by their organization are:

Type	Commissioner	Organization
Voting Members	Keith Bradley (proxy John Edwards)	Wicomico County Oyster Committee
	Robert T Brown	Maryland Watermen's Association
	Mark Bryer	The Nature Conservancy
	Keith Busick	Baltimore County Oyster Committee
	Allison Colden (proxy Doug Myers)	Chesapeake Bay Foundation
	Jack Cover	National Aquarium
	Simon Dean (proxy Rachel Dean)	Calvert County Oyster Committee
	Ron Fithian	Kent County Oyster Committee
	Matt Fowler (proxy Bill Kiliniski)	Charles County Oyster Committee
	Reggie. Harrell	Aquaculture Coordinating Council
	Jeff Harrison	Talbot County Oyster Committee
	Brian Hite (proxy Nick Lane)	St Mary's County Oyster Committee
	Jesse Iliff	Arundel Rivers Federation
	Scott Knoche (proxy Brittany Wolfe-Bryant)	Morgan State University PEARL
	Vincent Leggett (proxy Tyrone Meredith)	Blacks of the Chesapeake
	Tom Miller	University of Md Center for Environmental Science
	Jim Mullin	Maryland Oystermen Association
	Matt Pluta (proxy Elle Bassett)	ShoreRivers
Jason Ruth	Harris Seafood Company (Seafood Dealer)	

	Johnny Shockley	Blue Oyster Environmental
	David Sikorski	Maryland Coastal Conservation Association
	Ann Swanson (proxy Mark Hoffman)	Chesapeake Bay Commission
	Daniel Webster	Somerset County Oyster Committee
	Bob Whaples	Dorchester County Oyster Committee
	Troy Wilkins	Queen Anne's County Oyster Committee
	Rob Witt (proxy Rob Howes)	Anne Arundel County Oyster Committee
	<i>Vacant (Opted Not to Participate)</i>	BaySavers
	<i>Vacant (Recused Themselves)</i>	Oyster Recovery Partnership
Non-Voting Members	Marlon Amprey	Maryland House of Delegates
	Sean Corson	National Oceanic and Atmospheric Administration
	Sarah Elfreth	Maryland Senate
	Steve Hershey	Maryland Senate
	Christopher Judy	Maryland Department of Natural Resources
	Johnny Mautz	Maryland House of Delegates
	Angie Sowers	U.S. Army Corps of Engineers

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Uploaded by: Bunky Luffman

Position: INFO



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

**Bill Number:** Senate Bill 830

**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 SB 830.

*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.