



MARBIDCO
growing rural ventures™

MARYLAND AGRICULTURAL AND RESOURCE-BASED
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Mary Shank Creek, *Chair* / Stephen R. McHenry, *Executive Director*

TESTIMONY STATEMENT

BILL: Senate Bill 32 (Economic Development – Maryland Agricultural and Resource-Based Industry Development Corporation – Loans)

COMMITTEE: House Environment and Transportation

DATE: March 27, 2024

POSITION: Support

The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) supports Senate Bill 32, which expands the eligibility for the **Maryland Watermen’s Microloan Program** administered by MARBIDCO to include Maryland watermen that hold a commercial license issued by the Potomac River Fisheries Commission (PRFC) as well as providing additional flexibility with the amount of the financing that can be provided to eligible watermen. (These microloan program-related provisions are identical to those in HB 120 in its current third reader posture.)

Additionally, SB 32, as amended, also expands MARBIDCO’s ability to make loans under the new **Oyster Shucking House Loan Fund** based upon certain expanded employment criteria (that is explained on the next page).

MARBIDCO supports the proposed statutory changes to both these MARBIDCO administered programs (i.e., the Watermen’s Microloan Program established in Section 10-526 of the Economic Development Article, and the Oyster Shucking House Loan Fund program in Section 10-519.1 of the same Article), and as such, **respectfully requests a Favorable Report for Senate Bill 32.**

Brief Update Since the First Reader Introductions of SB 32 and HB 120

MARBIDCO originally supported SB 32 and its cross-file HB 120 which, as introduced, pertained only to the Maryland Watermen’s Microloan Program. MARBIDCO suggested three amendments to this legislation which were subsequently adopted by both hearing committees in identical form. (These amendments were fully described in MARBIDCO’s first reader bill testimony.) We thank both the bill sponsors and the House and Senate Committees for the favorable consideration of our position to help make this program function more effectively to better serve Maryland watermen.

At approximately the same time that bill hearings on SB 32 and HB 120 were being held, MARBIDCO staff began having a discussion with Senator Sarah Elfreth about how the recently launched Oyster Shucking House Loan Fund program was progressing. This program is of particular interest to Senator Elfreth as she was the lead sponsor of **Senate Bill 830/2022, *Natural Resources – Oysters – Spat, Shells, and Substrate***, which among other provisions established MARBIDCO’s Oyster Shucking House Loan Fund program and provided one-time funding to help launch it in FY 2024.

Overview of the 2022 Oyster-Related Legislation (Senate Bill 830 / Chapter 574)

Senate Bill 830/2022 established various programs, goals, survey/evaluation requirements, planning requirements, and funding requirements related to oyster spat, oyster shells, and oyster substrate. The fiscal note for SB 830/2022 can be found here which provides a good overview of this comprehensive legislation: [2022 Regular Session - Fiscal and Policy Note for Senate Bill 830 \(maryland.gov\)](#)

Of particular relevance to SB 32, SB 830/2022 established MARBIDCO's Oyster Shucking House Loan Fund to help finance the cost of eligible seafood processing projects, including historic oyster shucking facilities, and to facilitate an increase in the amount of oyster shells retained in the State and returned to the Chesapeake Bay. As a result of this legislation \$1 million was included in MARBIDCO's FY 2024 budget for the new Oyster Shucking House Loan Fund program. This legislation enables MARBIDCO to offer loans to finance the eligible costs of qualifying oyster processing business projects under certain terms and conditions as explained below.

Loan amounts can range from a minimum of \$25,000, up to a maximum of \$250,000, which under current law is dependent upon the number of full-time jobs projected to be created or retained. More specifically, for each \$25,000 in financing that is provided at least one full-time job must be projected to be created or retained.

Loan proceeds can be used to renovate or construct a new oyster processing facility or expand an existing one, as well as purchase oyster processing equipment. Eligible applicants must have been a licensed Maryland Seafood Dealer for at least five years OR be a TFL-holder for at least five years and agree to obtain a Seafood Dealer License if approved for financing. Applicants must also have paid all applicable taxes and fees for the last five years. Submission of a business plan, including financial projections, is required. If a loan is made using this program, MARBIDCO will forgive a portion of the debt that is owed under the following conditions, as certified by the Maryland Department of Natural Resources:

- 1) The market value for each bushel of oyster shell that is returned to DNR (the value of which will be determined by DNR using a legally prescribed methodology); OR
- 2) If oyster shell is directly returned to public fishery oyster bars, \$25 for each bushel of spat-on-shell that is planted.

Status of the Utilization of the Oyster Shucking House Loan Fund and a Comment on the Additional Senate Amendment

While the MARBIDCO staff have taken several calls from prospective borrowers (all located in Southern Maryland or on the Eastern Shore), MARBIDCO has only received one loan program application thus far. **The principal concern raised as being a barrier to applying for a loan has been the need to employ several permanent full-time employees in order to qualify for the sufficient loan amount that would be needed to undertake a project.** Many shucking houses often employ need temporary full-time workers during the winter oyster harvest season.

We very much appreciate that Senator Elfreth, with the support of the bill sponsor, offered an amendment to SB 32 on the Senate floor to address this concern **by permitting MARBIDCO to make an oyster shucking house loan of up to \$10,000 for each "seasonal full-time job" that is projected to be created or retained.** This amendment also defines what a seasonal full-time job is and clarifies the future reporting requirements.

Conclusion

For the reasons cited above, **MARBIDCO respectfully requests a Favorable Report for SB 32.**