

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 1260 (Delegate Wood, *et al.*) (Chesapeake Bay Commission)  
Environmental Matters

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**Fisheries Management - Limited Entry to the Commercial Fishery - Apprenticeship  
- Noncommercial Crabbing License**

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This bill addresses the waiting lists for entry into the commercial fishery. It provides that the individuals on the primary waiting list as of December 31, 1997 will receive tidal fish licenses so that they may enter the commercial fishery. The bill establishes an apprenticeship program for a commercial tidal fish license. The bill also adds provisions relating to the licensing and regulation of noncommercial crabbing.

The bill takes effect on June 1, 1998 (except for Sections 3 and 11, that deal with noncommercial crabbing, which take effect January 1, 1999 and sunset at the end of December 31, 2003). Section 4 dealing with a provision of the apprenticeship program sunsets December 31, 2000.

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**Fiscal Summary**

**State Effect:** Potential special fund revenue increase of \$371,100 annually from fees for noncommercial crabbing licenses. Special fund expenditure increase for overhead costs associated with noncommercial crabbing licensing program. Potential indeterminate increase in general fund revenues due to the bill's penalty provision. No effect on general fund expenditures. Enforcement would continue with DNR's existing resources.

**Local Effect:** Potential indeterminate increase in revenues due to the bill's penalty provision. No effect on expenditures.

**Small Business Effect:** Potential meaningful.

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## **Fiscal Analysis**

**Bill Summary:** The major provisions of the bill concern licensing and noncommercial crabbing, as follows.

### *Licensing Provisions:*

- provides that by August 31, 1998 DNR must issue a license or authorization to the approximately 650 persons on the primary candidate waiting list for a commercial fishing license as of December 31, 1997;
- authorizes DNR to establish a tidal fishing apprenticeship program for individuals on the primary waiting list, after December 31, 1997, or the secondary waiting list. These individuals will be issued an apprenticeship permit without paying an additional fee if the target number is not met. These individuals are guaranteed a tidal fish license upon completion of the program. Participation in the apprenticeship program does not alter the person's position on the waiting list. Also, persons may be credited with requirements of the program that were completed before an apprenticeship permit was issued;
- requires DNR to establish by regulation the requirements for practical experience for an individual who holds a valid tidal fish license and has applied for an additional authorization;
- provides that persons who owned or operated a marina as of April 1, 1997 from which 10 or more fishing vessels are eligible to be issued a master fishing guide license and provides for the number of persons that may operate a fishing vessel from the marina depending on the number of vessels in the marina;
- authorizes DNR to set by regulation the target number of tidal fish license authorizations based on the number of licenses issued between September 1, 1998 and March 31, 1999;
- limits the number of participants in the commercial striped bass fishery to 1,231 and in the charter boat striped bass fishery to 499;
- authorizes DNR to convert a tidal fish license with a minimum of three authorizations, including one crabbing authorization, to an unlimited tidal fish license at the time of renewal for the license year beginning September 1, 1998;
- authorizes DNR to issue a license, except a fishing guide or unlimited tidal fish license, to a person who is 65 years old, has previously held a tidal fish license for at least five years, and submits an affidavit attesting to that information;
- prohibits DNR from issuing a tidal fishing license to an individual under the age of 14; and
- authorizes DNR to assess nonresident license applicants an annual surcharge which cumulatively for the license year shall be the greater of: (1) an amount equal to the difference between the total fees charged to a Maryland resident in like fishing activities in the state of residence of the nonresident applicant and the total of normal license fees for fishing activities in Maryland; or (2) \$350.

### *Noncommercial Crabbing Provisions:*

- requires individuals who catch or attempt to catch crabs for noncommercial purposes to obtain a noncommercial crabbing license;
- establishes daily catch limits for hard and soft crabs;
- establishes daily catch limits and gear restrictions for individuals who catch crabs in the waters of the coastal bays of the Atlantic Ocean and their tributaries;
- establishes fees for noncommercial crabbing licenses for: (1) residents - \$5; (2) residents with a Chesapeake Bay sport fishing license or a consolidated senior sport fishing license - \$2; and (3) nonresidents - \$10;
- authorizes DNR to allow agents to sell noncommercial crabbing licenses on consignment and retain \$.50 for each license sold;
- requires all fees collected from noncommercial crabbing licenses to be deposited in the Fisheries Research and Development Fund and used for research into the noncommercial crab catch. Funds for this research may not exceed \$200,000;
- prohibits an individual from selling crabs that were caught for noncommercial purposes, and prohibits an individual from knowingly buying crabs that were caught for noncommercial purposes; and
- establishes fines of \$500 for a first offense and \$1,000 for a second or subsequent offense for buying noncommercial crabs and fines of \$500 for a first offense and \$2,000 for a second and subsequent offense for selling noncommercial crabs.

*Other Provisions:*

- requires DNR to submit a report to the Senate Economic and Environmental Affairs Committee, the House Environmental Matters Committee, and the Chesapeake Bay Commission before proposing regulations to modify the target number of tidal fish apprenticeship licenses;
- requires DNR to report to the General Assembly by January 15, 1999 on the development of a trip ticket reporting system for ascertaining information regarding commercial landing information;
- requires DNR to prepare a report to the Senate Economic and Environmental Affairs Committee, the House Environmental Matters Committee, and the Chesapeake Bay Commission no later than December 31, 1999 and every following year (for five years) on recreational crabbing and related activities; and
- repeals the April 1, 1999 sunset provision in Section 5 of Chapter 184 of the Acts of 1994. This would result in a continuation after April 1, 1999 of the provisions of current law relating to the use of a single tidal fishing license with authorized activities noted on the license; the determination by DNR of the number of people authorized to participate in each activity; the requirements for license transfers; maintaining waiting lists of primary and secondary eligible license applicants for each activity.

**State Effect:** Providing licenses to individuals on the primary waiting list would not result in additional revenue in fiscal 1999 to the extent that they are Maryland residents. The

approximately 650 individuals that would be affected have already paid the appropriate fee to get on the waiting list. In future years, revenues could increase as these individuals would have to renew their licenses annually. The increase depends on the number of individuals that do not renew their licenses or retire, which cannot be reliably estimated at this time. Fees associated with these licenses can range from \$50 to \$300 per person, depending upon the type of gear and harvest.

DNR could also realize a potential indeterminate revenue increase as a result of establishing a tidal fishing apprenticeship program. Fees associated with these licenses can range from \$50 to \$300 per person, depending upon the type of gear and harvest. Currently there are approximately 700 individuals eligible to participate in the apprenticeship program. To be eligible for the apprenticeship program, an individual must be either on the primary waiting list, after December 1, 1997, or on the secondary waiting list. Participants are guaranteed a commercial tidal fishing license when their apprenticeship is completed. However, based on previous data, there is an annual attrition rate of between 0% and 15%, depending on the type of fishing activity, in the commercial fishery. Therefore, it is estimated that no more than 15% of these individuals would actually be able to participate in the apprenticeship program each year. This percentage could be even lower depending on the type of fishing activity pursued by the applicants. As a point of reference, oyster dredge boats have a 0% attrition rate, oyster harvesters have a 5% attrition rate, and clam harvesters have a 15% attrition rate.

In addition, DNR could also realize a revenue increase associated with the surcharge to nonresidents for tidal fishing license fees. At this time it is difficult to estimate the amount of any increase generated by the surcharge. Any increase in revenue would depend on the number of nonresidents on the primary waiting list and the number of nonresidents entering the apprenticeship program, and the difference paid in licensing fees in Maryland and the fees nonresidents would pay in their home states.

A study conducted by DNR in 1990 indicated there were between 243,000 and 497,000 recreational crabbers in Maryland. Based on this data, DNR estimates that there are approximately 370,000 recreational crabbers. It is also estimated that approximately 30% (111,000) of these crabbers are estimated to use the gear (trotlines, collapsible nets, and net rings) that would be affected by the bill. In addition, licensing data from 1993 reflects that 88% of sport crabber licenses were issued to residents and 12% were issued to nonresidents. Therefore, it is assumed that there would be 97,680 resident and 13,320 nonresident recreational crabbers.

It is estimated that 67% of residents (65,445) will purchase the \$2 recreational crabbing license (holders of a Chesapeake Bay Sport Fishing License or a resident Consolidated Senior Sport Fishing License) and 33% (32,234) will purchase the \$5 recreational crabbing license. All nonresidents (13,320) are required to purchase the \$10 nonresident recreational

crabbing license. Total revenues under this scenario would be \$425,260. However, based on current licensing data, it is estimated that approximately 97.5% of all noncommercial crabbing licenses will be sold by agents. The bill allows an agent to retain \$.50 for each license sold. This yields total net revenues of \$371,148.

In addition, the bill requires the funds collected from noncommercial crabbing licenses to be deposited in the Fisheries Research and Development Fund, to be used for research on the extent of the noncommercial crab catch. Funding for this research may not exceed \$200,000, with the additional revenues to be spent on enforcement activities.

Based on its experience with sport fishing licensing activities, DNR would use about 25% of the amount collected (\$92,800) to pay overhead expenditures such as the cost of licensing equipment.

General fund revenues could increase under the bill's monetary penalty provision for those cases heard in the District Court, depending upon the number of convictions and fines imposed.

**Local Effect:** Revenues could increase under the bill's monetary penalty provision for those cases heard in the circuit courts, depending upon the number of convictions and fines imposed.

**Small Business Effect:** Small businesses that sell sport licenses would now have another type of sport license to sell. The bill allows agents to retain \$.50 for every noncommercial crabbing license sold. It is estimated that this could result in approximately \$54,100 in revenue across the State. At this time it cannot be reliably estimated how many agents would participate in the selling of noncommercial crabbing licenses. However, it is assumed that agents in areas of the State where recreational crabbing is done, would see an increase in revenue as a result of selling this type of license.

Most commercial fishing businesses are small businesses. As a result of the individuals on the primary waiting list being given licenses, approximately 650 individuals would now be able to participate in commercial fishing activities. For those that already had one type of authorization, and for those entering a commercial fishery for the first time, they will now be able to participate in new activities that would increase their revenues.

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**Information Source(s):** Department of Natural Resources, Department of Legislative Services

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Analysis by: Mike Sanelli

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710