

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 30 (Delegate Arnick)

Environmental Matters

**Natural Resources - Egg-Bearing Female Crabs - Prohibition Against Possession,
Transport, and Sale**

This bill prohibits the possession, transport, sale, or offer for sale of the egg-bearing female crab known as the sponge crab or the female crab from which eggs have been removed. The bill also repeals the authorization of the Department of Natural Resources (DNR) to adopt rules and regulations to permit or prohibit catching, canning, packing, shipping, or possessing the egg-bearing female crab or the female crab from which eggs have been removed.

This bill takes effect June 1, 2000.

Fiscal Summary

State Effect: The bill would not directly affect State finances. The bill is not expected to impact the number of crabbing licenses sold, so revenues would not be affected.

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: DNR is authorized to adopt rules and regulations, after reasonable notice by publication, to permit or prohibit catching, canning, packing, shipping, or possessing the egg-bearing female crab or the female crab from which eggs have been removed. Current regulations prohibit the taking of the egg-bearing female crab from waters of the State.

Background: The blue crab is one of the most important species harvested in the

Chesapeake Bay and generates approximately \$90 million in economic benefit to the State. According to DNR, in 1998, landings of blue crab totaled about 26 million pounds at a total value of approximately \$30 million. In 1999, landings of female crabs totaled approximately 35% of total landings and accounted for approximately 26%, or \$8.6 million, of the total value of blue crabs landed.

Approximately 60% to 70% of crab meat consumed in the United States is imported from foreign countries. For example, in 1998, imports totaled over 26 million pounds, while domestic crab meat totaled under 10 million pounds. However, in 1997, Maryland produced only 13% of the domestic supply of crab meat in the United States.

According to DNR, the number of crabbers far exceeds that of any other commercial fishery in Maryland. As of March 1999, DNR had issued over 4,500 licenses to catch crabs. DNR has also issued tidal fish licenses, which allow for crabbing, to over 2,000 licensees. In addition to the 3,000 members of the Maryland Watermen's Association (MWA), Maryland's crab industry includes approximately 50 businesses, including several crab meat processors and importers and four manufacturers of crab meat products. Crab meat produced in Maryland comes from both Maryland crabs as well as crabs shipped in from other states. Because female crabs are more abundant and cheaper than male crabs, female crabs are sold primarily for use in crab meat products (such as frozen crab cakes or crab soup) as opposed to their male counterparts which are generally sold to restaurants to be marketed as steamed crabs. According to the MWA, Maryland crab meat processors, companies which pick crab meat out of crabs and pack it into containers, rely on female crabs for approximately 80% to 90% of their business. According to the MWA, processors receive 75% to 80% of their female crabs from Maryland and 20% to 25% from surrounding states.

The fertilized female crab is called a "sponge crab." Current regulations prohibit the taking of sponge crabs from waters of the State but allow sponge crabs from other states, if legally taken, to be imported if proper interstate commerce documents are provided. Virginia prohibits the taking of dark, or late stage sponge crabs. Light, or early stage sponge crabs are taken in Virginia and transported to Maryland during times of inadequate local supply for Maryland processors and packers. According to the MWA, virtually all of the female crabs shipped in from other states for the production of crab meat products are sponge crabs.

Small Business Effect: According to the MWA, crab meat processors, most of which are small businesses, rely on shipments of sponge crabs from other states for approximately 20% to 25% of their business. If the possession, transport, sale, or offering for sale of a sponge crab is prohibited, those entities could lose approximately 20% to 25% of their revenues. Because the bill's prohibition will cause a decrease in the local supply of female crab meat available for manufacturers of crab meat products, manufacturers will incur increased costs resulting from the need to purchase more imported crab meat. Retailers of those products,

including grocery stores and restaurants, will face higher costs which will be passed on to consumers. To the extent that more crab meat is imported, importers of crab meat will benefit from an increase in the demand for their services.

To the extent that the decrease in the supply of sponge crabs results in an increase in the demand for male crabs, the price of male crabs to retailers and consumers will rise. Accordingly, Maryland crabbers, who are already prohibited from catching sponge crabs, will realize an increase in revenues associated with an increase in the harvest of male crabs.

Larger businesses that manufacture and sell Maryland crab meat products will be similarly affected.

Additional Information

Prior Introductions: House Bill 17 of 1996 would have prohibited the sale or possession of female crabs in Maryland. The Environmental Matters Committee did not hold a hearing on the bill.

Cross File: None.

Information Source(s): Department of Natural Resources, Maryland Watermen's Association, Phillips Foods, Department of Legislative Services

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