

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 107 (Delegate Arnick)

Environmental Matters

Natural Resources - Female Crabs - Prohibition Against Possession, Transport, or Sale

This bill prohibits the possession, transport, sale, or offering for sale of a female crab. The bill 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 (sponge crab) or the female crab from which eggs have been removed. The bill also repeals the provision in current law providing that the minimum size of crabs in crab catching restrictions does not apply to mature female crabs.

This bill takes effect on 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 fertilized female crab from waters of the State. A person may not catch or possess more than ten hard crabs per bushel or 25 hard crabs per barrel which measure less than five inches across the shell from tip to tip. A person may not

catch or possess soft crabs measuring less than three and one-half inches across the shell from tip to tip. The minimum size of crabs does not apply to mature female crabs.

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 dockside 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 ten 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 unlimited 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 and 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.

Small Business Effect: The bill's prohibition could result in a significant loss of revenue for Maryland crabbers, for which female crabs comprise approximately half of their total annual catch. In addition, because the female crab is more abundant and cheaper than the male crab, crab meat processors, most of which are small businesses, rely on female crabs for 80% to 90% of their business. If the possession, transport, sale, or offering for sale of a female crab is prohibited, processors could lose the majority of their revenue and, in some cases, be forced out of business. According to DNR, in 1999, the total dockside value of female crabs totaled \$8.6 million. However, the economic impact of the bill will exceed that amount. 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 these 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 female 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 will most likely recoup some of their loss by harvesting more male crabs.

Larger businesses that manufacture and sell Maryland crab meat products, to the extent that they use crab meat from domestic female crabs, will be similarly affected.

Additional Information

Prior Introductions: HB 17 of 1996 would have prohibited the sale or possession of female crabs. 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

Fiscal Note History: First Reader - January 24, 2000
cm/jr

Analysis by: Lesley Frymier

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510