

Department of Legislative Services  
Maryland General Assembly  
2002 Session

FISCAL NOTE

House Bill 1124  
Ways and Means

(Delegate O'Donnell, *et al.*)

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Sales and Use Tax - Exemption - Aquaculturally Raised Oysters

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This bill exempts from the sales and use tax certain items used in the aquacultural raising of oysters.

The bill takes effect July 1, 2002.

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Fiscal Summary

**State Effect:** Sales tax revenues (general funds) would decline by a minimal amount to reflect those items under the bill that are not already exempt from the sales and use tax.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:** The bill exempts from the sales and use tax the following items for a purpose related to aquaculturally raised oysters:

- aquaculturally raised oysters; feed and habitat; brood stock; fertilizer; fungicide, herbicide, or insecticide; materials used to construct aquaculture oyster floats; and
- if purchased by a person or entity engaged in rearing aquaculturally raised oysters:
  - a class e (truck) vehicle with a one-ton or less manufacturer's rated capacity, used in activities relating to aquaculturally raised oysters; and
  - any equipment and material used to prepare, irrigate, grow, service, harvest, store, clean, dry, package, or transport aquaculturally raised oysters.

“Aquaculturally raised oysters” is defined to mean oysters reared commercially for sale, trade, barter, or shipment. “Feed and habitat” includes cultured algae.

**Current Law:** Certain items, including feed and fertilizer, are already exempt from the sales and use tax if purchased for an agricultural purpose. The Comptroller’s Office has interpreted aquaculture to be a type of agriculture eligible for the exemption.

**State Revenues:** To the extent that items listed in the bill are already exempt from the sales and use tax if purchased for aquacultural purposes, there would be no fiscal impact from specifying their exemption. These items include the feed and fertilizer.

Other items would already be exempt from the sales tax if purchased by someone in the commercial aquaculture business but would not necessarily be exempt if purchased by a private citizen. Oyster starter kits and the materials to make floats would be such items. To the extent that the bill expands the number of people who may be exempt, sales tax revenues would decline accordingly. The Department of Agriculture advises that approximately six people in Maryland are in the business of aquaculturally raising oysters. Based on this, any impact from expansion of this exemption is assumed to be minimal.

Finally, the bill exempts the purchase of certain trucks from the sales tax. But because such trucks are subject to the titling excise tax, rather than sales tax, there would be no impact on sales tax revenues.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Natural Resources, Comptroller’s Office, Department of Agriculture, Department of Legislative Services

**Fiscal Note History:** First Reader - March 4, 2002  
lsc/jr

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