

Department of Legislative Services  
 Maryland General Assembly  
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1290 (Delegate Bozman, *et al.*)  
 Environmental Matters

Atlantic Coastal Bays - Leasing Submerged Land for Clam Cultivation -  
 Prohibition

This bill prohibits the Department of Natural Resources (DNR) from leasing submerged areas within specified areas of the Atlantic Coastal Bays for the purpose of clam cultivation. The bill applies to a submerged area that is within 500 yards of property that has been designated as a Rural Legacy Area or within 300 yards of property that has not been designated as a Rural Legacy Area.

Fiscal Summary

**State Effect:** Special fund revenues could decrease by an estimated \$3,200 in FY 2007 and \$4,300 annually thereafter from foregone lease and application fees. Expenditures would not be materially affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	(\$3,200)	(\$4,300)	(\$4,300)	(\$4,300)	(\$4,300)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$3,200)	(\$4,300)	(\$4,300)	(\$4,300)	(\$4,300)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Potential meaningful impact on affected lease holders. Currently, there are 22 leases for submerged bottom in the coastal bays. DNR advises that there are no data on the amount or value of clams cultivated and sold from these areas.

## Analysis

**Current Law:** DNR is authorized to lease, in the name of the State, tracts or parcels of land beneath the waters of the State to State residents for protecting, sowing, bedding, or cultivating oysters or other shellfish, subject to specified provisions. Any person wishing to lease submerged lands of the State must apply to DNR and pay a nonrefundable application fee of \$300. Under current regulations, the lease fee is \$3.50 per acre per year. All fees are paid into the Fisheries Research and Development Fund.

**Background:** Maryland's coastal bays, often called the back bays, are shallow water lagoons behind Ocean City and Assateague Island. According to the Maryland Coastal Bays Program, more than 300 species of migratory waterfowl, songbirds, and birds of prey seek the shallow bays for food and shelter. Additionally, the shallow bays provide habitat for rare species of plants and animals as well as blue crabs, flounder, and clams.

The purpose of the Rural Legacy Program, established in 1997 and administered by DNR, is to supplement State land preservation programs in order to preserve key areas before escalating land values render protection impossible or before the land is lost to development. The program provides funding to local governments and conservation organizations to purchase property and conservation easements within designated Rural Legacy Areas. There are 29 Rural Legacy Areas in 21 counties. As of February 1, 2006, the program had preserved 51,772 acres.

**State Revenues:** Special fund revenues could decrease by approximately \$3,225 in fiscal 2007 and \$4,300 annually thereafter due to the bill's prohibition; the fiscal 2007 estimate accounts for the bill's October 1, 2006 effective date. The estimate reflects foregone lease fees (\$3.50 per acre per year) and application fees (\$300) that DNR otherwise would have received. The estimate is based on the number of acres currently leased for clam cultivation in the coastal bays (approximately 200) and the number of new applications anticipated each year (approximately 12). The estimate does not include any foregone revenue from lease fees that otherwise would have been assessed for any additional acreage approved by DNR in the future. The estimate assumes that the vast majority of the clam cultivation leases in the coastal bays would be affected by the bill.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Natural Resources, Office of the Attorney General, Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2006  
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