

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 593 (Delegate Jacobs, *et al.*)
 Environment and Transportation

Department of Natural Resources - Oyster Shell Dredging - Permit Application

This emergency bill requires the Department of Natural Resources (DNR) to apply, by July 1, 2022, to the Maryland Department of the Environment (MDE) and the U.S. Army Corps of Engineers (USACE) for permits to dredge buried oyster shells on 27 specified oyster bars. Any shell removed from public oyster bottom under the bill must be relocated to public oyster bottom identified by the county oyster committees and the Oyster Recovery Partnership’s board of directors.

Fiscal Summary

State Effect: General fund expenditures increase by at least \$1.7 million in each of FY 2023 and 2024. Revenues are not directly affected.

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.7	1.7	0	0	0
Net Effect	(\$1.7)	(\$1.7)	\$0.0	\$0.0	\$0.0

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

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: Statute requires DNR to take measures which in its judgment seem best calculated to increase the productivity or utility of oyster resources in the State, including (1) identifying and using effective methods of cleaning diseased oyster bars; (2) providing

clean shell for the bars; (3) using hatchery produced oysters to replant sites; and (4) applying for a permit to dredge buried oyster shells.

DNR must have licensed oystermen in each tidewater county of the State select committees of oystermen (referred to as “county oyster committees”) to confer with DNR concerning oyster propagation conducted by the department in each county.

Chapter 212 of 2009, in uncodified language, required DNR to apply to MDE and USACE for permits to dredge buried oyster shells by July 1, 2009, if the Oyster Advisory Commission recommended the application based on its work.

State Fiscal Effect: General fund expenditures increase by at least \$1.7 million in fiscal 2023, which accounts for the bill’s emergency status and an assumed start-up delay (until July 1, 2022). This estimate reflects the cost of (1) contractual services to conduct coring surveys of the oyster bars over a two-year period and (2) hiring a geologist to oversee the work and analyze core samples. DNR indicates that the application for a permit to dredge buried oyster shell will require estimates of available shell buried in the proposed dredging sites, which will require coring surveys. The estimate includes contractual services costs, a salary, fringe benefits, and operating expenses. The estimate is based on the following assumptions and information:

- it is not possible to meet the bill’s July 1, 2022, deadline to apply for permits (due to the time needed for coring surveys and other work to prepare applications), but the coring surveys nonetheless begin July 1, 2022, (assuming there is a delay between the time of the bill’s enactment and the beginning of the coring surveys, due to planning or other reasons) and will take approximately two years; and
- at least approximately 19,600 acres may need to be surveyed at an estimated rate of one core sample per 22 acres, and an estimated cost of at least \$3,750 per core sample (based on 2015 costs, that have likely risen).

Contractual Position	1
Salaries and Fringe Benefits	\$54,488
Contractual Services	1,671,648
Other Operating Expenses	<u>7,608</u>
Total FY 2023 State Expenditures	\$1,733,744

Fiscal 2024 expenditures reflect ongoing contractual services, a salary with an annual increase and employee turnover, and an annual increase in ongoing operating expenses.

Small Business Effect: Small businesses in the public oyster fishery may meaningfully benefit from increased harvest to the extent the bill results in an increase in shell available to be placed on public oyster bottom.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of the Environment; Department of Natural Resources; Department of Legislative Services

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