



MARBIDCO

MARYLAND AGRICULTURAL AND RESOURCE-BASED
INDUSTRY DEVELOPMENT CORPORATION
1410 Forest Drive, Suite 21 ~ Annapolis, MD 21403
Office: 410-267-6807
www.marbidco.org

John Jastrzembki, *Chair* / Stephen R. McHenry, *Executive Director*

TESTIMONY STATEMENT

BILL: Senate Bill 558 (Chesapeake Bay – Enhancement Program and Maryland Seafood Industry Financial Assistance Fund – Established)

COMMITTEE: Environment and Transportation

DATE: April 1, 2026

POSITION: Favorable with Amendment

The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) supports Senate Bill 558, with an important amendment, which establishes the Maryland Seafood Industry Financial Assistance Fund (MSIFAF) under MARBIDCO, among other provisions. The MSIFAF, while broadly constituted to provide loans and other financial assistance to small businesses in the commercial seafood industry, can serve as a repository of potential federal and State aid for commercial oystermen who have just experienced a historically difficult oyster season for a variety of reasons. According to the Maryland Department of Natural Resources (DNR), 1124 commercial watermen holding a Tidal Fish License (TFL) had an authorization to harvest oysters during the 2025-2026 season.

Overview of the MARBIDCO Portion of the Bill

Senate Bill 558 proposes to establish the Maryland Seafood Industry Financial Assistance Fund within MARBIDCO to broadly address the commercial financing needs of Maryland's seafood industry, and to immediately help ameliorate the current economic distress that Maryland's commercial oyster harvesters are experiencing. Maryland's commercial oyster harvesters have had their worst market season in many years for reasons that include: 1) a multi-state salmonella outbreak in December that scared off consumers; 2) the January deep freeze icing over the Bay that prevented watermen from getting out to work; and 3) most recently the huge Potomac River sewerage spill which has negatively impacted public perception concerning the consumption of oysters. The market for wild oysters from Maryland is also depressed due to increased competition from less expensive oysters that are now permitted to be harvested in the Gulf of Mexico, after a several year closure due to a large oil spill disaster. According to the Maryland Department of Natural Resources (DNR), oyster harvests have declined 44%, while the dockside value of oysters has dropped 66% this season.

In response to the market disruption, on February 27, 2026, Governor Wes Moore requested a federal disaster declaration from the U.S. Department of Commerce for the Chesapeake Bay oyster fishery.

A copy of the Governor's federal declaration request can be found here: [02272026 Gov. Moore Letter to Sec. Lutnick re: Federal Fishery Disaster Declaration](#)

In addition, below are links to three recent media articles describing the situation:

<https://thebaynet.com/amid-oyster-bounty-chesapeake-bay-watermen-suffer-dismal-harvest/>

<https://marylandmatters.org/2026/02/27/maryland-requests-disaster-declaration-for-chesapeake-oyster-fishery/>

<https://www.seafoodsource.com/news/supply-trade/maryland-governor-congressional-delegation-request-disaster-designation-for-oystermen-following-icy-winds-sewage-spill>

Potential sources of funding for the MSIFAF include the federal, State, and local governments as well as non-governmental organizations.

MARBIDCO anticipates that there will also be a need in the future, as repaid loan principal monies revolve back into the Fund, to make additional loans to commercial watermen and other small businesses involved in Maryland's seafood industry. For example, the Chesapeake Bay is experiencing an enormous ecological challenge right now with the invasive Blue Catfish, where additional lower-cost commercial lending may be of significant help with removing these harmful fish from the Bay.

Senate Bill 558 would also provide statutory authorization for MARBIDCO to work with DNR regarding delinquent borrowers that hold a tidal fish license (TFL). Under the bill MARBIDCO would be required to notify DNR if a commercial waterman holding a TFL becomes delinquent on repaying a loan. Once notified, DNR would not permit a transfer of, or authorization under, the TFL until such time that MARBIDCO has notified DNR that the loan has been repaid.

Potential State Fiscal Effect

While not contained specifically within SB 558, it is believed that no-cost loans of between \$7,000 to \$10,000 made to commercial oyster harvesters would provide timely and meaningful assistance and aid in business (and personal/family) recovery during this difficult economic period. These loans could be repaid in quarterly equal installments beginning in early calendar 2027.

Assuming that 70% of the current 1,124 license-holders (787) meet the MSIFAF loan eligibility requirements established by MARBIDCO, about \$5.5 to \$7.9 million would be needed to fund the emergency loan advances described above. Under this scenario, MARBIDCO's administrative costs would be recoverable from loan repayments by the end of fiscal 2027.

The Federal Government is not expected to act on the State's Federal disaster declaration and aid request before the end of May 2026. If the State's Federal disaster declaration request is approved, it is possible that some or all of the Federal financial assistance received by the State could be used to reimburse the State for any monies advanced to MSIFAF in the short-term.

MARBIDCO Background Information

The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) is a quasi-governmental development organization chartered by the State to help enhance the sustainability and profitability of the State's agricultural and resource-based industries in order to help bolster rural economies, support locally grown and processed food and fiber products, and preserve working farm and forest land. The Corporation offers several small business loan and grant incentive programs using various dedicated fund sources primarily provided by Federal, State, and regional agencies. MARBIDCO also works closely with private commercial banks on making capital and credit available for Ag/RBI projects, and routinely collaborates with MDA, DNR, RMC, Commerce, and the University of Maryland Extension (College Park and UMES), as well as the USDA mission area offices in Maryland and the five rural regional tri-county councils.

At the present time MARBIDCO offers six collateralized loan programs (for financing farm, building, and equipment purchases), six unsecured "specialty" lending programs (including four narrowly tailored ones serving the seafood industry sector – see below for more information), two Next Generation Farmland Acquisition (and combination rural land preservation) programs, and six grant incentive programs (including four that will likely run out of funding by the end of fiscal 2027).

Today, MARBIDCO is a self-sustaining enterprise that is largely "nonbudgeted". Its employees (9.8 FTEs) are not State employees. MARBIDCO's ongoing operational costs are paid for by loan interest payments, program fees and, where a grant program is involved, MARBIDCO will retain a small percentage of the grant award to cover the administrative expense associated with administering that grant program (normally around 7%). In FY 2025, MARBIDCO funded commercial projects totaling \$13.1 million and had operating expenses of \$1.6 million. (The FY 2027 State Operating Budget includes an allowance for MARBIDCO of \$200,000 for a single grant program that funds USDA-inspected livestock and blue catfish processing projects.)

MARBIDCO also handles its own financial resources independently of the State Treasurer's Office and it maintains its own bank accounts. **As such, an amendment will need to be adopted to correct an inadvertent error in the third reader version of SB 558. MARBIDCO respectfully requests that the attached amendment be adopted to rectify this problem.**

This attached amendment corrects a drafting error in a Senate-adopted floor amendment. MARBIDCO is a quasi-governmental entity (like MEDCO, TEDCO and MCEC) wherein MARBIDCO's funds are handled independently of the State Treasurer's Office once funds have been appropriated by the General Assembly or otherwise secured from other sources. This amendment will permit MARBIDCO to effectively administer the Fund, subject to the applicable statutory requirements of State law, in a manner similar to how it manages other funds. It is anticipated that loan principal repayments would revolve in the Fund, except those monies that are needed to pay for administrative expenses. In the future, if interest and fees are charged, those monies may also be used to cover administrative expenses involved in closing and servicing loans.

MARBIDCO Seafood Industry-Related Programs

MARBIDCO currently offers four narrowly targeted programs with dedicated funding that assists commercial watermen or aids in oyster production and processing:

Maryland Watermen's Microloan Program

Chapter 384 of 2022 established the Maryland Watermen's Microloan Program. The loan program provides low-interest loans for watermen to purchase commercial fishing boats, boat motors, and seafood harvesting gear. It is available to generational watermen, beginner watermen, or certain seafood processing businesses, as defined in the statute. The statute authorizes MARBIDCO to determine the eligibility of an applicant, the loan amount to be given to a borrower, the terms and conditions for a loan contract, and the amount of debt forgiveness that may be provided for loan repayment performance. The loan terms include variable interest rates and interest-only periods with majorities of 4 to 6 years, maximum loan amounts of \$40,000, and partial forgiveness of the last 25% of the loan term based on loan performance.

Maryland Oyster Shucking House Loan Fund Program

Chapters 30 and 574 of 2022 established the Maryland Oyster Shucking House Loan Fund Program. The program provides loans up to \$250,000 to licensed seafood dealers (or to TFL holders that have had their license for 5 years and plan to become a seafood dealer) to finance the renovation, construction, or expansion of an oyster processing facility or to purchase oyster processing equipment. Loan amounts are dependent on the number of full-time or seasonal full-time jobs projected to be created or retained by the facility, at \$25,000 per job. Loan forgiveness is available based on the value of bushels of oyster shells returned to DNR at no cost (verified by DNR) or \$25 per bushel of spat-on-shell planted on a public fishery bottom.

Maryland Shellfish Aquaculture Financing Fund & Maryland Shellfish Remote Setting Financing Fund

Beginning in 2011, MARBIDCO established two loan programs with funding facilitated by DNR, to help support the development of the shellfish aquaculture industry in Maryland (the vast majority of borrowers being oyster farmers). The Maryland Shellfish Aquaculture Financing Fund provides low-interest loans to people holding State submerged land or water column aquaculture leases (or who have applied for such leases). Funds can be used to purchase shell/substrate, seed, spat, or equipment. The Maryland Remote Setting Shellfish Aquaculture Loan Fund provides low-interest loans to people holding a DNR shellfish nursery permit to start or expand shellfish remote setting (nursery) aquaculture operations.

Since 2007, MARBIDCO has funded 80 projects for commercial watermen, 23 seafood processing projects, one oyster shucking house loan (with one request pending), and 235 shellfish aquaculture projects. (Approximately one-third of these 338 projects were for small grants made during the COVID Pandemic period using federal funds.)

Conclusion

We believe that establishing the Maryland Seafood Industry Financing Assistance Fund within MARBIDCO will potentially facilitate an opportunity to provide meaningful financial relief to Maryland's watermen at a time when many are experiencing dire economic distress. **As such, MARBIDCO respectfully requests a Favorable with Amendment Report for Senate Bill 558.**

To Be Offered in the House ENT Committee

Amendment to Senate Bill 558 (Third Reading File Bill)

AMENDMENT

On page 3, strike lines 22 and 23 in their entirety; in line 26 strike “FEES AND LOAN REPAYMENTS, INCLUDING INTEREST,” and substitute “LOAN PRINCIPAL REPAYMENTS”; on page 4, strike lines 6 through 9 in their entirety; and on page 4 in line 10, strike “(J) and substitute “(H)”.

RATIONALE:

This amendment corrects a drafting error in a Senate-adopted floor amendment. The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) is a quasi-governmental entity (like MEDCO, TEDCO, and MCEC) wherein MARBIDCO's funds are handled independently of the State Treasurer's Office once funds have been appropriated by the General Assembly or otherwise secured from other sources. This amendment will permit MARBIDCO to effectively administer the Fund, subject to the applicable statutory requirements in the Economic Development Article, in a manner similar to how it manages other dedicated funds. It is anticipated that loan principal repayments would revolve in the Fund, except those monies that are needed to pay for administrative expenses. In the future, if interest and fees are charged, those monies may also be used to cover administrative expenses involved in closing and servicing loans.