

Department of Legislative Services
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 466 (Senator Dyson, *et al.*)
Education, Health, and Environmental Affairs

Oyster Dredging - Waters North of the Chesapeake Bay Bridge and Kent Narrows
Bridge

This bill authorizes the harvest of oysters by dredge in the waters located north of the Chesapeake Bay Bridge and the Kent Narrows Bridge subject to existing statutory restrictions on harvesting oysters by dredge in specified areas.

Fiscal Summary

State Effect: Department of Natural Resources (DNR) special fund revenues increase minimally in FY 2015 from the collection of additional severance taxes due to the harvest and sale of additional oysters. Future year special fund revenues do not materially increase and eventually decrease minimally due to an expectation that the initial increased harvest will deplete the number of oysters available for harvesting in future years. Expenditures are not materially affected.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: DNR regulates oyster harvesting in State waters. Any person who owns or is responsible for operating any dredge boat must have a license to catch oysters by dredge boat.

Statute specifies certain areas in which catching oysters by dredge is prohibited. DNR regulations more broadly prohibit the use of power dredges and sail dredges (used on a sailboat) except in defined areas. DNR advises that the only authorized dredge areas in

the waters north of the Chesapeake Bay and Kent Narrows bridges are power dredge study areas defined in regulation.

A severance tax of \$1 is levied on every bushel of oysters caught within the limits of the natural oyster bars of the State, excluding the Potomac River. Oyster severance tax revenue is credited to DNR's Fisheries Research and Development Fund and is used only for the repletion of the State's natural oyster bars.

Background: A variety of approaches are used to gather oysters. Rakes are used in shallow waters and long-handled rakes or oyster tongs are used in deeper water. Patent tongs can be lowered on a line to reach beds which are too deep to reach directly. In all cases the manner of operation is the same; individuals scrape together a small pile of oysters and gather them with a rake or tongs. In specified areas a dredge may be used. A dredge is a toothed bar attached to a chain bag that picks up oysters as it is towed by a boat through an oyster bed. While dredges collect oysters quickly, their use is strictly limited due to the damage they may cause to oyster beds.

State Revenues: DNR special fund revenues increase minimally in fiscal 2015 due to the harvest and sale of additional oysters. DNR advises that up to 5,000 additional bushels of oysters may be harvested as a result of the bill, effectively generating \$5,000 in additional severance tax revenue. However, because a dredge is a very efficient tool and oyster replenishment is very slow in the affected area, the initial increased harvest is expected to deplete the number of oysters available for harvesting in future years. Therefore, this analysis assumes that special fund revenues do not materially increase in future years and eventually decrease minimally.

Small Business Effect: To the extent small fishing businesses successfully dredge for oysters in waters north of the Chesapeake Bay and Kent Narrows bridges, the bill has a meaningful impact. If oyster populations north of the bridges decrease as a result, oyster harvesters who do not use a dredge and small businesses dependent on a healthy Chesapeake Bay (*e.g.*, the sport fishing community) may be negatively affected.

Additional Information

Prior Introductions: SB 795 of 2013, a similar bill, received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee. Its cross file, HB 1244, received an unfavorable report from the House Environmental Matters Committee.

Cross File: HB 1155 (Delegate Jacobs) – Environmental Matters.

Information Source(s): Department of Natural Resources, Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2014
mm/lgc

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