

Department of Legislative Services  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 32

(Senators Bailey and Klausmeier)

Finance

Environment and Transportation

---

**Economic Development - Maryland Agricultural and Resource-Based Industry  
Development Corporation - Loans**

---

This bill alters eligibility for loans from the Maryland Oyster Shucking House Loan Fund (MOSHLEF) and the Maryland Watermen’s Microloan Program (MWMP), which are administered by the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO). The bill also establishes a related reporting requirement for MOSHLEF loan recipients and repeals the minimum and maximum loan amounts under MWMP. **The bill takes effect July 1, 2024.**

---

**Fiscal Summary**

**State Effect:** Nonbudgeted revenues and expenditures for MARBIDCO increase beginning in FY 2025 to the extent that the bill’s expanded eligibility increases interest in MOSHLEF, as discussed below. Altering MWMP eligibility and potential loan amounts does not affect overall State finances; however, program funds are likely reallocated to different recipients, and potentially at different amounts, beginning in FY 2025.

**Local Effect:** None.

**Small Business Effect:** Meaningful.

---

**Analysis**

**Bill Summary:** Under MOSHLEF, to finance the costs of eligible seafood processing projects, MARBIDCO may provide a loan of up to \$10,000 for each “seasonal full-time job” that is projected to be created or retained, still subject to the existing overall limit of \$250,000 per project. “Seasonal full-time job” means a position for which an individual is required to work a minimum of 420 hours during 12 weeks of a three-month period.

Beginning one year after the receipt of a loan from MOSHLF, a loan recipient must report each year, for three consecutive years, to MARBIDCO to certify the number of full-time jobs and seasonal full-time jobs that were created or retained by the recipient during the previous 12-month period.

Under MWMP, the definitions of “beginner waterman” and “generational waterman” are altered so that such an individual (1) must be a resident of the State but (2) may hold a commercial license to catch finfish, crabs, clams, and oysters issued by the Potomac River Fisheries Commission (PRFC) instead of just a tidal fish license issued by the Department of Natural Resources (DNR).

**Current Law:** MARBIDCO is a quasi-public economic development organization chartered by the State; MARBIDCO employees are not State employees.

#### *Maryland Oyster Shucking House Loan Fund*

Chapters 30 and 574 of 2022 required MARBIDCO to provide loans of up to \$250,000 to licensed seafood dealers to finance costs of eligible seafood processing projects that support the goal of increasing the amount of oyster shells retained in the State and returned to the Chesapeake Bay (with specified loan forgiveness available that is based on the value of bushels of oyster shells returned to DNR at no cost or \$25 per bushel of spat-on-shell planted on a public fishery bottom).

Subject to other specified requirements, loan amounts range from \$25,000 to \$250,000, with up to \$25,000 provided for each full-time job that is projected to be created or retained. Loan proceeds can be used to renovate or construct a new oyster processing facility or expand an existing facility, as well as to purchase oyster processing equipment.

The Acts also required the Governor to include an appropriation of \$1.0 million in the annual budget bill for fiscal 2024 to MARBIDCO to provide the loans and administer and operate the loan program. Also, although the Acts did not establish a name for the loan program, it is administratively known as [MOSHLF](#).

#### *Maryland Watermen’s Microloan Program*

Chapter 384 of 2022 established MWMP in MARBIDCO. The purpose of MWMP is to provide loans to qualified commercial fishermen to continue commercial operations in the State, including for purchasing boats, mechanical equipment, fishing gear, fishing quota, and any other item used in commercial seafood harvesting.

For fiscal 2024 through 2026, the Governor must include in the annual State budget bill an appropriation of \$500,000 to the program; the appropriation must be distributed to a special

fund that may only be used to make loans and pay the necessary costs to administer and operate the program. The Act did not create a new special fund or specify an existing special fund; in practice, the fiscal 2024 and 2025 appropriations of \$500,000 have been part of MARBIDCO's overall general fund appropriation.

Through June 30, 2025, only "generational watermen" are eligible to receive an MWMP loan. "Generational watermen" are individuals with a tidal fish license issued by DNR that can demonstrate through tax returns and other supporting documents that at least 50% of their annual income is derived from commercial seafood harvesting. Beginning July 1, 2025, "beginner watermen" and seafood processing businesses are also eligible for loans. "Beginner watermen" are individuals with a tidal fish license who have between 2 and 10 years of experience in commercial seafood harvesting.

MARBIDCO must 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. A loan must be between \$7,000 and \$15,000, and a borrower may not have more than one outstanding loan from the program during any time period. MARBIDCO has structured the loans so that the final year of the four-year loan term is forgiven if all other payments are made.

#### *Tidal Fish License*

In general, DNR issues a single commercial fishing license known as the tidal fish license. A tidal fish license authorizes the holder to engage in each authorization indicated on the license. DNR sets targets for the number of each tidal fish authorizations to be issued annually and maintains a waiting list of qualified applicants.

#### *Potomac River Fisheries Commission*

PRFC, comprising representatives of Maryland and Virginia, was established by the Potomac River Compact of 1958 and regulates fisheries (including recreational and commercial licensing) in the mainstem tidal Potomac River, from Washington, DC, to the Chesapeake Bay. The commission's regulations are jointly enforced by DNR's Natural Resources Police and the Virginia Marine Resources Commission Marine Police.

**State Fiscal Effect:** MARBIDCO advises that the full-time job eligibility requirement under current law limits interest in MOSHLF; despite receiving a \$1.0 million general fund appropriation in fiscal 2024 as required under Chapters 30 and 574, MARBIDCO has received few applications and has approved no loans. The bill does not alter the amount of general funds that must be provided to MARBIDCO for MOSHLF under current law, and subsequent lending activity under the program is nonbudgeted. Accordingly, nonbudgeted expenditures (and subsequent revenues, as loans are only partially forgivable) for

MARBIDCO increase beginning in fiscal 2025 to the extent that the bill's expanded eligibility increases interest in the program.

MARBIDCO advises that MWMP is nearly fully subscribed. As such, the bill generally reallocates program expenditures between eligible recipients but does not affect the overall amount of funding provided under the program. In practice, MARBIDCO currently limits eligibility for its programs to State residents, so most likely, some watermen licensed solely by PRFC will receive loans that would have otherwise been available to watermen licensed solely by DNR. Alternatively, some individuals may receive larger or smaller loans than under current law. In any case, the bill does not alter the amount of general funds that must be provided to MARBIDCO for MWMP under current law, and subsequent lending activity under the program is nonbudgeted.

**Small Business Effect:** Eligible small businesses benefit from increased eligibility for loans under MOSHLF beginning in fiscal 2025. MWMP funding is likely reallocated beginning in fiscal 2025 due to altered program eligibility and loan amounts. Most likely, some small watermen licensed solely by PRFC will receive loans that would have otherwise been available to watermen licensed solely by DNR, and some small watermen may receive larger or smaller loans than under current law.

---

### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 120 (Delegate T. Morgan, *et al.*) - Environment and Transportation.

**Information Source(s):** Maryland Agricultural and Resource-Based Industry Development Corporation; Department of Commerce; Maryland Department of Agriculture; Department of Natural Resources; Maryland Food Center Authority; Potomac River Fisheries Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - January 18, 2024  
km/lgc Third Reader - March 26, 2024  
Revised - Amendment(s) - March 26, 2024  
Revised - Budget Information - April 23, 2024

---

Analysis by: Stephen M. Ross

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510