

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 591 (Senator Simonaire)
Education, Health, and Environmental Affairs

Chesapeake Bay Striped Bass Fishery - Allocation of Commercial Quota

This bill requires the Department of Natural Resources (DNR) to initially allocate an equal percentage of the State's total commercial quota for the Chesapeake Bay striped bass gill net and hook and line fishery to each participant in the fishery.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: DNR can implement the bill with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: DNR must, by regulation, limit the total number of commercial authorizations to fish for striped bass to no more than 1,231 participants in the commercial fishery and 499 participants in the charter boat fishery. The regulations must provide for reallocation of revoked or voluntarily relinquished authorizations and allocation of available quota on a monthly basis.

DNR regulations, pursuant to changes adopted in July 2013, establish an allocation system for the commercial quota for the Chesapeake Bay striped bass gill net and hook and line fishery consisting of:

- 25% allocated equally to each permit holder; and
- 75% allocated based on a permit holder's catch history from January 1, 2001, through February 29, 2012 (those that caught more striped bass in the past receive a greater portion of the quota).

Background: In order to comply with new Atlantic States Marine Fisheries Commission (ASMFC) requirements and address difficulties that had been experienced in managing the commercial striped bass fishery, DNR, following consultation with an industry workgroup, and with public input, adopted an individual transferable quota (ITQ) system for the Chesapeake Bay gill net and hook and line fisheries, in which each fisherman is assigned a fixed share of the overall commercial striped bass quota for those fisheries. The allocation is made as described above, with 25% allocated equally and 75% allocated based on catch history. An individual has the option to fish the individual's allocation for the year or, alternatively, participate in a common pool fishery, in which the fishermen pool their allocations and fish the shared allocation, subject to catch limits and fishery openings and closings in order for DNR to ensure that the shared allocation is not exceeded. Individuals who do not choose the common pool option and instead fish their individual allocation have greater flexibility.

Small Business Effect: The bill has a meaningful impact on small businesses since the vast majority of those participating in the Chesapeake Bay striped bass gill net and hook and line fisheries will have a different allocation of the overall quota under the bill than they do under the current allocation system established in 2013.

DNR indicates that an equal allocation of the overall quota to each participant would be 1,455 pounds (lbs) per participant. Of the 877 declared participants in the fishery in 2014, there are 620 individuals who have lower allocations than 1,455 lbs who are positively impacted by the bill. Those individuals receive an average increase in allocation of 858 lbs, which, at approximately \$3 to \$4 per lb (dockside value), is an average increase of approximately \$2,600 to \$3,400 per person. Conversely, there are 251 individuals who are negatively impacted. Those individuals have an average decrease in allocation of 2,155 lbs, which translates to a decrease of approximately \$6,500 to \$8,600 per person. DNR also indicates that as of January 31, 2014, 37,320 lbs of allocations and the associated permits have recently been permanently transferred, which can involve an individual paying multiple times the dockside value of the allocation for the allocation and permit.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, Maryland Watermen's Association, Department of Legislative Services

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