

**Fishing and Boating**

**Services Fiscal Year 2022**

**Budget Report**

**to the**

**Sport Fisheries Advisory Commission**



## INTRODUCTION

In a September 2016 reorganization within the Maryland Department of Natural Resources (DNR), fisheries and boating related activities were merged into a single unit called Fishing and Boating Services (FABS). This report to the Sport Fisheries Advisory Commission (SFAC) focuses on revenues and expenditures associated with the unit's fisheries-related funding sources and activities as described below.

FABS' fisheries-related responsibilities include assessing, protecting, conserving, fairly allocating, and promoting the sustainable utilization of the wild and farm-raised fish resources of Maryland for balanced ecological and economic benefits. This is accomplished through scientific investigation, application of data, and proactive involvement with an informed citizenry. FABS' fisheries-related responsibilities fall into four core functions:

1. Protect, conserve, and enhance fisheries resources.
2. Provide and enhance fishing opportunities, including access.
3. Provide sustainable economic opportunities.
4. Promote and protect fisheries resources through public outreach and education.

Because DNR would not be able to manage the State's diverse and high quality fishery resources without revenue from fishing licenses, it is vital that anglers understand the importance of their contribution and how their license dollars are used. Revenue from recreational anglers provides funding for almost half of all fisheries programs in Maryland. This revenue is derived from the sales of fishing licenses, gasoline sales surcharges, and a federal excise tax on sport fishing tackle and related equipment. Other funding sources include general funds from state taxpayers, commercial license sales, reimbursable funds, and grants from federal taxpayer dollars.

Natural Resources Article § 4-745 requires DNR to publicly report annually the amount of recreational fishing license revenues credited to, and expended from, the Fisheries Research and Development Fund (FR&D). In the annual preparation of plans to expend recreational fishing revenues credited to the Fisheries Research and Development Fund, DNR is also required to solicit advice and opinions from SFAC, representative fishing and boating associations, and other interested parties. The reporting requirement is different for nontidal sport fishing license fees. For recreational fishing fees associated with the nontidal fund known as the Fisheries Management and Protection Fund (FMP), the department is required to "publicly report annually the amounts collected and the expenditures."

This report meets statutory requirements and shows the importance of angler contributions to state programs and services.



## BUDGET

### Reporting Period and Budget Terminology

This report provides budget information for revenues and expenditures during Fiscal Year 2022 (FY22) (July 1, 2021 through June 30, 2022), the most recently completed fiscal year. In order to understand the information in this report, here are a few terms you will need to know:

- **SPECIAL FUNDS** – Consists of revenues collected by the state, the use of which is statutorily limited to certain purposes. For FABS, special funds are derived from fees collected from recreational fishing license sales, commercial fishing license sales, the oyster bushel tax, aquaculture fees, gasoline sales surcharges, and agreements with non-state organizations. Recreational tidal license sales and fee revenues are deposited into the Fisheries Research and Development Fund. Nontidal license sale revenues are deposited into the Fisheries Management and Protection Fund.
- **FEDERAL FUNDS** – Are made available to state and local governments under programs administered by agencies of the U.S. government. Federal grants are classified as block grants or categorical grants. Block grant funds typically have fewer federal restrictions associated with their use than categorical grant funds, which generally are limited to the specific purposes authorized by law or federal agency rules. In most instances, federal funds must be matched by state funds (general or special) in a prescribed ratio. FABS relies on revenue from a federal tax on sport fishing tackle purchases (Wallop-Breaux Amendment), and federal partners grant awards from federal taxes.
- **GENERAL FUNDS** – The general fund consists of any revenues collected by the state that are not dedicated by law to a specific purpose. The individual income tax, retail sales tax, and state lottery are the three largest sources of general fund revenue. Other sources include the corporate income tax and other business taxes, alcohol and tobacco taxes, and miscellaneous taxes and fees.
- **REIMBURSABLE FUNDS** – Revenue from Maryland state agencies such as the Maryland Department of Transportation.

### License Sales, Revenues, and Expenditures

#### A. License Sales

Maryland recreational fishing and crabbing licenses are valid for 365 days from the date of purchase (excluding three and seven day licenses) and therefore, license sales are reported by fiscal year. Sport fishing and crabbing license sales for FY16 through FY22 are provided in Tables 1 and 2, along with Maryland Saltwater registration.



There were 415,518 revenue generating recreational fishing licenses obtained in Maryland during FY22 (Table 1). A total of 67,637 revenue generating licenses for recreational crabbing activities were obtained in FY22. The FY22 total figures do not include free registrations (these are located at the bottom of Table 1). Recreational fishing license sales in FY22 declined from FY 21 and FY20 levels. During those periods, COVID-19 had a significant impact on participation in outdoor recreational activities. While many recreational and entertainment venues were closed, outdoor recreation became increasingly popular. Recreational fishing became a safe option for people, even for those who hadn't considered fishing in the past, and some of the time constraints and barriers to trying the activity were removed. Motivations for fishing also shifted during the pandemic, with stress relief and mental health benefits as popular reasons to try fishing. Unfortunately, many of these new recreational anglers were not retained in FY22. Without an increase in angler retention and reactivation of these pandemic impacted anglers, license sales are likely to remain at FY19 levels.

**Table 1. Maryland Recreational License Sales by Fiscal Year (July 1 – June 30)**

RECREATIONAL FISHING OR CRABBING LICENSE/STAMP/REGISTRATION TYPE	FISCAL YEAR						
	2016	2017	2018	2019	2020	2021	2022
Resident Nontidal	120,630	106,085	98,099	105,927	119,640	122,113	108,186
Nonresident Nontidal	12,101	12,451	12,434	13,379	14,371	17,397	16,033
3-Day Nontidal	8,037	7,295	6,891	7,334	7,174	9,125	7,954
Resident 7-Day Nontidal	6,903	5,273	5,025	4,793	5,167	6,164	4,845
Nonresident 7-Day Nontidal	3,035	2,539	2,885	3,071	2,978	3,697	3,454
Resident Trout Stamp	49,421	42,788	40,041	41,153	41,354	45,085	40,579
Nonresident Trout Stamp	7,200	6,767	6,767	7,035	6,601	8,641	7,970
Senior Consolidated License	29,061	26,749	28,477	30,494	30,471	34,902	34,097
Resident Bay and Coastal Sport	112,103	98,556	93,433	97,723	113,328	112,837	100,623
Nonresident Bay and Coastal Sport	18,957	21,835	21,423	21,814	23,969	26,693	24,333
Resident 7-Day Bay and Coastal Sport	6,960	5,282	4,865	4,424	5,063	5,262	4,404
Nonresident 7-Day Bay and Coastal Sport	17,064	16,121	14,894	14,407	14,104	15,370	14,660
Resident Bay and Coastal Sport Boat	44,141	36,524	39,599	40,907	36,518	39,073	37,945
Nonresident Bay and Coastal Sport Boat	11,093	9,996	10,286	10,506	10,137	10,969	10,435
<b>FISHING TOTALS</b>	<b>446,706</b>	<b>398,261</b>	<b>385,119</b>	<b>402,967</b>	<b>430,875</b>	<b>457,328</b>	<b>415,518</b>
Resident Recreational Crabbing	55,159	49,526	45,412	47,284	51,806	55,186	49,522
Nonresident Recreational Crabbing	6,954	7,133	5,902	6,138	6,515	8,267	7,323
Resident Recreational Crabbing Boat	3,975	5,132	4,810	5,328	5,910	7,496	7,583
Nonresident Recreational Crabbing Boat	2,718	2,877	2,715	2,779	2,764	3,430	3,209
<b>CRABBING TOTALS</b>	<b>68,806</b>	<b>64,668</b>	<b>58,839</b>	<b>61,529</b>	<b>66,995</b>	<b>74,379</b>	<b>67,637</b>
Resident Saltwater Angler Registration	10,541	7,842	7,931	7,296	7,647	7,639	6,979
Nonresident Saltwater Angler Registration	8,617	8,141	7,679	6,958	6,142	6,305	5,391
Private Property Crab Pot Registration	2,746	2,889	2,933	3,256	3,684	4,065	4,086



The following licenses (Table 2) are issued by DNR for recreational fishing businesses and contribute to the recreational license revenue.

**Table 2. Maryland Recreational Fishing Business License Sales by Fiscal Year (July 1 - June 30)**

RECREATIONAL FISHING OR CRABBING BUSINESS LICENSE TYPE	FISCAL YEAR						
	2016	2017	2018	2019	2020	2021	2022
Resident Bay and Coastal Charter Boat 7 Plus	178	173	182	242	212	173	169
Nonresident Bay and Coastal Charter Boat 7 Plus	2	2	2	2	2	2	2
Resident Bay and Coastal Charter Boat Up to 6	267	290	332	345	333	356	329
Nonresident Bay and Coastal Charter Boat Up to 6	10	6	13	15	11	12	8
Resident Fishing Guide with Tidal	10	15	13	17	10	14	15
Nonresident Fishing Guide with Tidal	8	8	6	4	3	6	4
Resident Freshwater Fishing Guide	31	29	36	30	26	28	25
Nonresident Freshwater Fishing Guide	8	25	24	16	13	13	22
Resident Limited Fishing Guide	5	4	5	8	10	20	15
Nonresident Limited Fishing Guide	0	1	0	4	1	3	2
Commercial Fishing Pier License	4	3	4	2	2	6	4
Crab Charter	41	62	51	51	47	52	71
<b>TOTALS</b>	<b>564</b>	<b>618</b>	<b>668</b>	<b>736</b>	<b>670</b>	<b>685</b>	<b>666</b>



## **B. Revenues**

Total FY22 fisheries revenues (all fund sources) were \$28,790,342 and are broken down as follows: 44% Special Fund, 14% Federal Fund, 23% General Fund, and 19% Reimbursable Fund.

In FY22, FABS began with \$353,320 in encumbered funds and this amount was subtracted from the beginning balance (Table 3). An encumbrance is a restriction on use, or setting aside of funds, to ensure that there will be sufficient funds available to pay for specific obligations or contracts. In FY21 there was a year-end encumbrance of \$353,320 and these funds are restricted for a designated contract or agreement. The FY22 year-end encumbrance is \$1,725,954. In the event the contract or agreement is no longer needed the funds will remain in the special fund beginning balance without a spending restriction.

As reported in Table 3 of [FY21 Budget Report](#) to the Sport Fisheries Advisory Commission, FABS had a beginning balance of \$7,460,833 (FR&D and FMP combined). In an effort to reduce this accumulated special fund balance, the Department of Budget and Management amended Natural Resources Article § 4-209 Annotated Code of Maryland to remove the “gas tax” General Fund appropriation for FY22. The legislation passed in the 2021 session and now reads “Beginning in Fiscal Year 2023 and each fiscal year thereafter, the Governor shall include in the annual budget bill a General Fund appropriation to the Fisheries Research and Development Fund of not less than \$1,794,000.” Because this language was changed in 2021, FABS did not receive this revenue in FY22. It is necessary to reduce spending and costs when revenue is low; however, the spending adjustments of the last few years resulted in a surplus level that the Department of Budget and Management felt was not appropriate.

FABS began FY22 with a balance of \$4,447,731, and \$2,641,520 in the Fisheries Research and Development and Fisheries Management and Protection funds, respectively for a total balance of \$7,089,251 (Table 3).

Total FY22 revenue credited to these funds included \$7,962,609 to the Fisheries Research and Development Fund and \$3,413,120 to the Fisheries Management and Protection Fund (Table 3). This represents an approximate \$2.3 million decrease from FY21 (~1.8 million from the general fund appropriation and \$500,000 from lower license revenue).

**Table 3. FABS – Special Funds – FY22**

	Fisheries Research and Development Fund	Fisheries Management and Protection Fund	Total
Beginning Balance	\$4,447,731	2,641,520	\$7,089,251
<b>Revenues</b>	<b>7,962,609</b>	<b>3,413,120</b>	<b>11,375,729</b>
Prior Year Adjustments /Encumbrance	353,320	0	353,320
<b>Total Funds Available</b>	<b>12,763,660</b>	<b>6,054,640</b>	<b>18,818,300</b>
<b>Summary of Expenditures</b>			
Fishing and Boating Services	8,961,259	2,787,797	11,749,056
Non-Fishing and Boating Services:			
Natural Resources Police	0	0	0
Licensing	1,500,000	0	1,500,000
Finance and Administrative Service	425,358	158,300	583,658
Information Technology Service	36,781	13,700	50,481
Office of Secretary	55,029	20,500	75,529
Office of Attorney General	14,311	5,300	19,611
Human Resource Service	36,381	13,700	50,081
Office of Communications	22,487	8,400	30,887
<b>Total Expenditures</b>	<b>11,051,606</b>	<b>3,007,697</b>	<b>14,059,303</b>
<b>Ending Balance (Total Funds Available- Total Expenditures)</b>	<b>1,712,054</b>	<b>3,046,943</b>	<b>4,758,997</b>





## C. Expenditures

In FY22, FABS spent a total of \$30,000,462. This is broken down as \$6,469,495 in general funds, \$4,117,612 in federal funds, \$5,354,052 in reimbursable funds. In special funds, FABS spent \$14,059,303, which are generated through license sales and fees, and are further divided into the Fisheries Research and Development (FR&D) and the Fisheries Management and Protection (FMP) funds (Table 3). In FY22 FABS provided \$2,310,247 of FR&D and FMP monies to other units within DNR in support of FABS' fisheries-related mission (Table 3). This includes but is not limited to: habitat preservation and restoration (i.e., water quality monitoring, benthic habitat surveys, prioritization of critical habitats, environmental review), legal issues, and licensing services. It is important to note that the Office of the Secretary sector includes several departmental units that provide support to FABS, including the Office of Attorney General, Finance and Administration Service, Human Resources Service, Information Technology Service, and the Office of Communications.

## D. Summary

DNR expended a total of \$11,051,606 and \$3,007,697 of Fisheries Research and Development and Fisheries Management and Protection funds, respectively, in FY22 (Table 3). FY22 revenues into these funds of \$11,375,729 were less than fiscal year expenditures by \$2,683,574 meaning that DNR spent more than was received in revenue for this year. The FY22 end of year balance for Fisheries Research and Development and Fisheries Management and Protection funds is \$4,758,997. While overall expenditures in FABS decreased by about \$500,000 in FY22, the revenues were down by \$2.3 million (~1.8 million from the general fund appropriation and \$500,000 from lower license revenue). Including encumbered expenditures, the special fund surplus has decreased from \$7,089,251 to \$4,758,997. As stated above, \$1,725,954 in special funds were encumbered in FY22 and will need to be paid in FY23, barring any changes to contracts. This will appear as an adjustment to the FY23 beginning balance in the FY23 budget report.

It is anticipated that the \$1,794,000 General Fund appropriation to the Fisheries Research and Development Fund will be reinstated in FY23, but an increase in special funds is not anticipated. License sales and revenue have decreased since the peak of COVID related sales, and this trend will continue without significant efforts to recruit and retain anglers. The pandemic and the associated increase in fishing participation across the country provided an increase in federal funds. The Sport Fish Restoration Fund (Wallop-Breaux) which are funds from a federal excise tax on fishing equipment funds, fund programs for sportfish conservation and habitat restoration. It is anticipated that these federal funds will also decrease if pandemic impacted anglers are not retained.