

# FY2011 Budget Report to the Sport Fisheries Advisory Commission



*July 2012*



*Martin O'Malley, Governor  
Anthony G. Brown, Lt. Governor  
John R. Griffin, Secretary  
Joseph P. Gill, Deputy Secretary*

# INTRODUCTION

## Marylanders & State Government – Protecting MD’s Fisheries for 138 Years

In the late 1800s, the Maryland General Assembly recognized that the state had an unenforceable assortment of fish and game legislation which made protection of these resources cumbersome and ineffective. In 1874, they created a Commission of Fisheries to report on the status of Maryland’s fisheries resources. And formal conservation of Maryland’s natural resources began in 1890, when the first laws for uniformity in the protection of fish and wildlife were adopted.

In 1916, the State Fisheries Force and Office of State Game Wardens were combined to form the Conservation Commission. The focus of this early ancestor of DNR and Fisheries Service was protecting natural resources through enforcement of hunting and fishing laws. However, over the next several decades, the mission of the state agency responsible for the protection of Maryland’s natural resources changed. The citizens of Maryland recognized the need for government to be responsible for the monitoring and management of its public trust natural resources. The focus shifted to the point that law enforcement represented a small part of the mission. With this came the creation and evolution of the Game and Inland Fish and Tidewater Fisheries (1937), the Board of Natural Resources (1941), the Department of Chesapeake Affairs (1964), and finally the Department of Natural Resources (1969).

In 2012, the founding mission of the Department of Natural Resources remains the same, but the primary threats to resources have expanded and increased in complexity. Fish populations are not just impacted by harvesting. Protecting resources now requires focusing on impacts which originate from land use practices, water quality/quantity, climate change and invasive species. Enhanced monitoring is now required to support state-of-the-art population assessments, evaluation of multi-species and ecosystem interactions, assessment of socio-economic impacts of management decisions and interstate, national and international fisheries management compliance requirements. Decreases in the harvest of wild seafood and increasing consumer demand for seafood has resulted in the need to establish an expanded and more efficient aquaculture program. Fishery population declines have also required management intervention, and this has led to short-term economic impacts to the sport, charter and commercial fishing industries during the population rebuilding time period. Furthermore, the complexity of fisheries management has increased as the number of stakeholders expands to include not only the traditional recreational and commercial fishermen but also environmental advocacy groups and organized citizen groups.

Today, the Fisheries Service’s mission is to assess, protect, conserve and fairly allocate fish resources of the State for balanced ecological and socio-economic benefits. This is accomplished through scientific investigation, modern application of data, and proactive involvement with an informed citizenry. Fisheries Service’s 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; and
- 4) Promote and protect fisheries resources through public outreach and education.



# How Does Maryland Fund Its Fisheries Programs?

Revenue from sports fishermen provides for about half of all fisheries programs in Maryland. This is from the sales of fishing licenses, gasoline sales surcharges and a federal excise tax on sport fishing tackle and related equipment. Other sources of funds include general funds from state taxpayer dollars, state reimbursable funds from sources such as Maryland Department of Transportation (MDOT), and federal grants from federal taxpayer dollars.

Law requires MD DNR to annually report on sport fishing fees applicable to the saltwater fund known as the Fisheries Research & Development Fund (FR&D). Natural Resources Article § 4-745 states the Department shall publicly report annually the amount of sport fishing license revenues credited to and expended from the Fisheries Research and Development Fund. In the annual preparation of plans to expend sport fishing revenues credited to the Fisheries Research and Development Fund, the Department is also required to solicit the advice and opinions from the Sport Fisheries Advisory Commission, representative fishing and boating associations, and other interested parties. The reporting requirement is different for non-tidal sport fishing license fees. For sport fishing fees associated with the non-tidal fund known as the Fisheries Management and Protection Fund (FM&P), MD DNR is required to “publicly report annually the amounts collected and the expenditures.”



Because MD 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. MD DNR is committed to informing sport fishermen and providing a comprehensive report on all sport fishing license fees and other revenue sources. Consistent with its commitment to informing anglers and satisfying all public reporting requirements, MD DNR has pledged to annually provide an informative account of sport fishing licenses sales, revenues, and expenditures. This budget report meets the statutory reporting requirements of MD DNR, but more importantly, it is intended to provide information which helps anglers and the public understand the magnitude of their contributions and the importance of these contributions to funding programs which benefit both fisheries resources and the sport fishermen that use those resources.

# BUDGET

## Reporting Period and Budget Terminology

This report provides the most current and complete information available on sport fishing license sales, revenues associated with license sales and expenditures of those funds. Sport fishing license sales reported are for **calendar year 2011** since Maryland sells sport fishing licenses by calendar year, and 2011 is the most recently completed cycle. Budget information referencing revenues and expenditures is for **fiscal year 2011** (FY 2011), the most recently completed fiscal year. FY 2011 includes July 1, 2010 through June 30, 2011.

In order to understand the information in this report, here are a few terms you will need to know:

- **SPECIAL FUNDS** – revenue from recreational fishing license sales, commercial fishing license sales and oyster bushel tax, aquaculture fees, gasoline sales surcharges (see explanation under Revenues), and agreements with non state organizations (ie. private company’s donation for Atlantic sturgeon restoration). Tidal license sale and fee revenue is deposited into the Fisheries Research and Development Fund (FR&D). Non-Tidal license sale revenue is deposited into the Fisheries Management and Protection Fund (FM&P).
- **FEDERAL FUNDS** – revenue from a tax on sport fishing tackle purchases (Wallop-Breaux), and federal partner grant awards from federal taxes.
- **GENERAL FUNDS** – revenue from State taxes.
- **REIMBURSABLE FUNDS** – revenue from Maryland State agencies such as Maryland Department of Transportation (MDOT).



# License Sales, Revenues and Expenditures

## A. License Sales

FISHING STATISTICS BY LICENSE YEAR	2007	2008	2009	2010	2011
RESIDENT NON TIDAL	139,632	118,737	120,093	111,241	105,893
NON RESIDENT NON TIDAL	12,378	11,657	11,986	11,625	11,259
3 DAY NON TIDAL	8,943	7,952	8,400	8,230	6,623
5 DAY NON TIDAL (7 Day in 2011)	6,193	7,539	8,145	8,065	8,175
TROUT STAMP	63,897	58,103	59,839	56,247	
RESIDENT TROUT STAMP (New 2011)					44,187
NON RESIDENT TROUT STAMP (New 2011)					6,827
NON TIDAL BLIND	104	111	124	107	104
SENIOR CONSOLIDATED LICENSE	19,317	20,168	21,884	22,147	23,224
RESIDENT BAY (and Coastal) SPORT	107,251	91,607	94,688	89,985	93,074
NON RESIDENT BAY (and Coastal) SPORT	21,504	21,242	23,373	22,471	21,011
5 DAY BAY SPORT	13,558	15,469	17,344	15,352	
RESIDENT 7 DAY BAY AND COASTAL SPORT (New 2011)					7,032
NON RESIDENT 7 DAY BAY AND COASTAL SPORT (New 2011)					17,274
PLEASURE BOAT DECAL	50,556	46,828	47,001	46,886	48,584
BAY (and Coastal) SPORT BLIND	258	217	205	158	160
BAY AND COASTAL SPORT REGISTRATION (New 2011)					58,683
RECREATIONAL CRABBING	41,277	36,702	39,059	42,186	44,478
NON RESIDENT RECREATIONAL CRABBING	5,475	5,134	5,625	7,181	6,745
RECREATIONAL CRABBING BOAT	3,204	3,446	3,847	4,297	4,645

The table above shows calendar year recreational license sales from 2007 to 2011. License changes added in 2011 include the comprehensive Coastal & Bay fishing license, short term licenses expanded to 7 days, creation of separate trout stamp for non-residents, and Maryland Saltwater registration. The following are some of the differences in license sales between 2011 and 2010.

### TIDAL

- This was the first year a Maryland Saltwater registration was required to fish in free fishing areas, on a vessel with the Bay Coastal Sport decal, or private property without an individual license. Over 58,000 anglers registered for free so no revenue was received.
- Beginning on January 1, 2011, the tidal license requirement was geographically expanded to include Maryland's coast, including its coastal bays, surf and waters out three nautical miles. This may have resulted in the increase in tidal license sales by 7%.

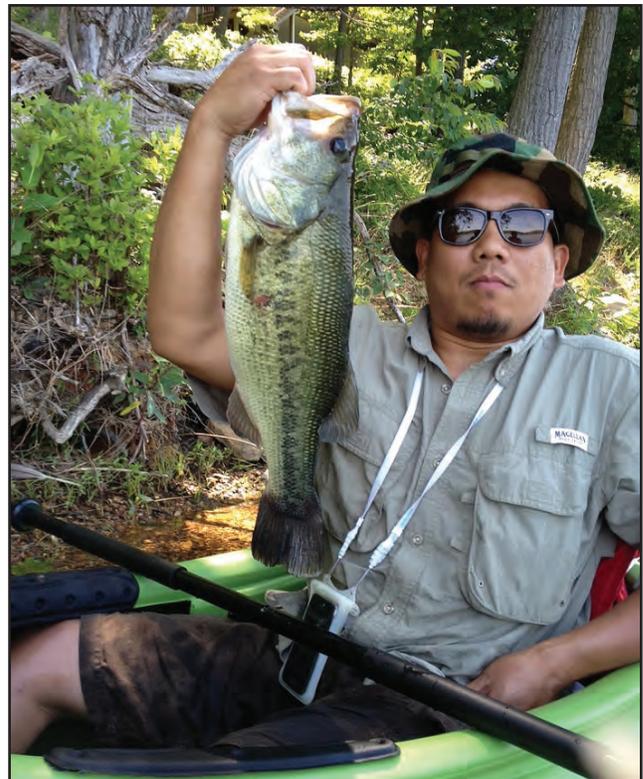
- Non-resident annual individual tidal license sales decreased by 6.5%.
- Pleasure boat decals for tidal waters increased by 3.6%.
- Short term licenses for tidal waters increased by 58.3%.
- Resident recreational crabbing licenses increased by 5.4%. Non-resident recreational crabbing licenses decreased by 6.1%. Recreational crabbing boat licenses increased by 8.1%. Note that these license sale numbers do not include recreational crabbing that is complimentary with the Bay and Coastal Sport Decal.

### NON-TIDAL

- Resident non-tidal licenses decreased by 4.8%.
- Non-resident non-tidal licenses decreased by 3.2%.
- Short term 3-day licenses for non-tidal waters decreased by 19.5%. Short-term 7-day licenses increased by 13.6%.
- Trout stamp sales were 51,014; decreasing 9.3%. Note that this was the first year that there was a separate license for residents and non-residents; and the non-resident fee increased by \$5.

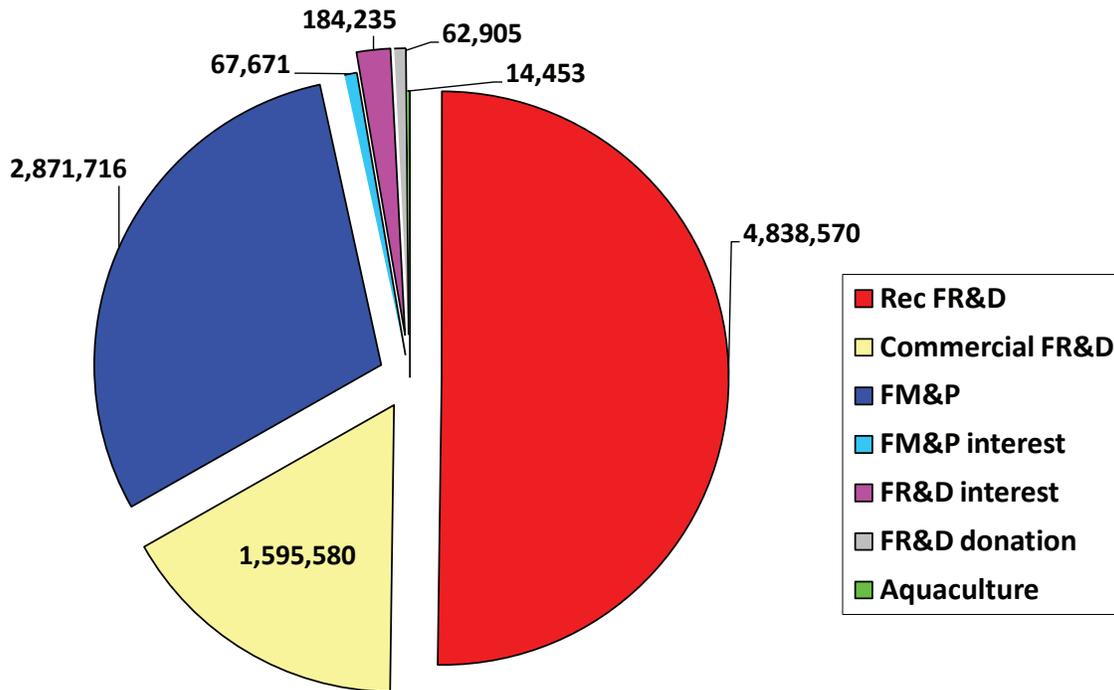
### CONSOLIDATED

- Senior consolidated license sales increased 4.9%, and have increased every year since Fisheries began analyzing sales in 2004.



## B. Revenues (\$)

# FY 2011 DNR Fisheries Special Fund Revenues



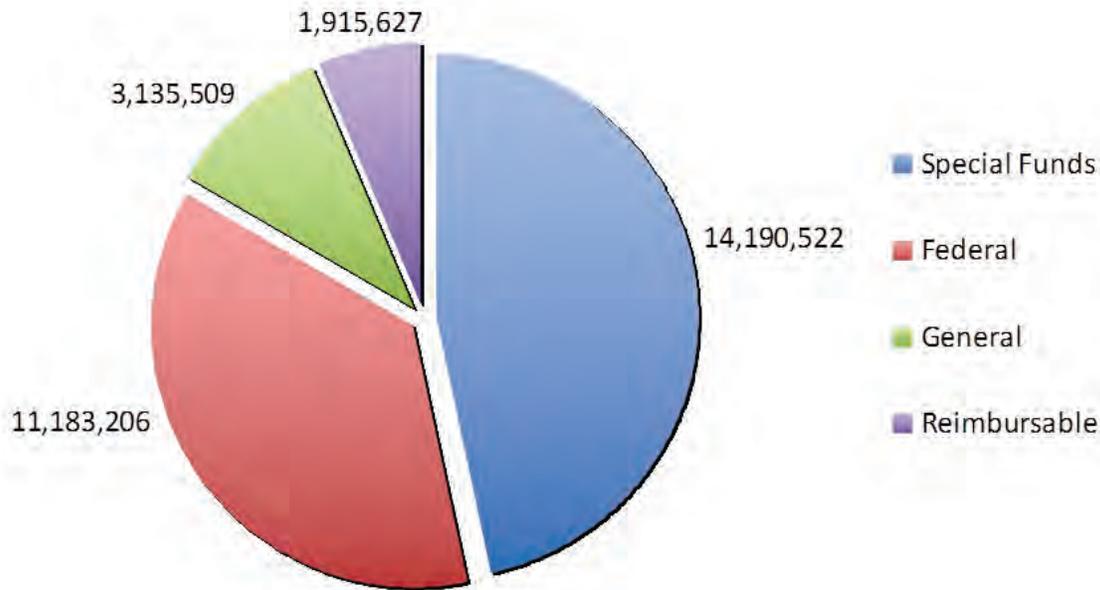
The pie chart above shows Fisheries Service Special Fund revenues in FY 2011. Total Fisheries revenues were \$27,663,472 and are broken down as follows:

- Special Fund revenue \$9,635,130
- Federal Fund revenue \$11,183,206
- General Fund revenue \$4,929,509
- Reimbursable Fund revenue \$1,915,627

There is a boat gas surcharge that is a fee charged on marina fuel. In the 2007 Special Session the General Assembly changed the apportionment that Fisheries Service received from a percent of the gas fee to a flat contribution of general funds based on previous revenue received from the fund. This revenue (\$1,794,000) is received as general funds and is reflected as such above. The statute (Natural Resources Article 4-209 Annotated Code) specifies that a General Fund appropriation of not less than \$ 1,794,000 is credited to the Fisheries Research and Development Fund. This revenue is received as general funds, deposited in FR&D, and expended from this fund. Therefore, the expenditures listed below for General funds are \$1,794,000 lower than the revenue. This money was expended as a special fund and is reflected in the expenditures chart below.

## C. Expenditures (\$)

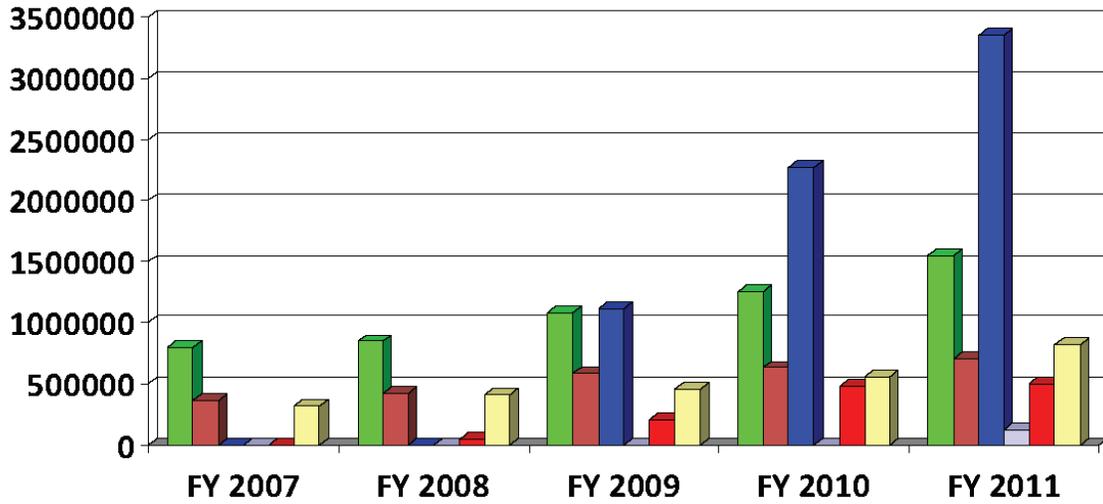
### FY 2011 DNR Fisheries Service Use of Funds (\$)



The pie chart above shows Fisheries Service sport fishing expenditures in FY 2011. Total funds used were \$30,424,864. In FY 2011, expenditures exceeded revenue by \$2,761,392. Fisheries Service used Special Funds in a savings account to cover the expenses to maintain the services being provided to fulfill our mission. Based on the current level of revenue and expenditures, we estimate Fisheries Service will exhaust the Special Fund savings account beginning in FY2013. This deficit may increase based upon proposed reductions in Federal funds that are apportioned to the States to manage fisheries resources.

Some expenditure of special funds is for DNR units outside Fisheries Service to support mission critical projects for fisheries conservation and management. The chart below shows total Special Fund expenditures for other DNR Units from FY 2007 to FY 2011. The total of these expenditures in FY 2011 was \$7,057,277. It is important to note that the Office of the Secretary sector includes several DNR units: the Secretaries' Office, Attorney General, Finance and Administration Service, Human Resources, Information Technology, COMPASS development, and Office of Communication. This investment of Fisheries Service special funds allowed other DNR Units who perform work critical to fulfilling the mission of Fisheries Service to continue implementing priorities identified in the 2008 report of the Task Force on Fisheries Management including but not limited to: habitat preservation and restoration (i.e. water quality monitoring, benthic habitat surveys, prioritization of critical habitats, environmental review), legal issues, enforcement of fisheries management rules (i.e. Natural Resources Police), and implementation of COMPASS – a new licensing system – necessary to comply with Federal angler registry requirements.

# FY 2007 - 2011 Special Fund Transfers to Support Fisheries Service



# SUMMARY

As this report demonstrates, MD DNR's ability to succeed in assessing, protecting, conserving and fairly allocating fish resources of the State for balanced ecological and socio-economic benefits is not possible without anglers who support this work by paying for fishing licenses, fees and excise taxes. These revenues pay for an extensive and diverse suite of activities which meet the four core functions of the Fisheries Service:

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

We urge those who help fund the work critical to this mission to review the wide-ranging list of projects in the appendix of this report to better understand the activities that their financial contributions support. We are always interested in hearing from fishermen and the general public about new project ideas and/or issues of concern that you believe we should consider pursuing as we work to ensure Maryland's fisheries resources are sustainably managed for the benefit of those who enjoy them today as well as future generations.

The next budget report for Fisheries Service is scheduled for October 2012, and will focus on fiscal year 2012 that closed on June 30, 2012.

If you have any questions and/or input regarding this budget report, please contact Karen Knotts, MD DNR Fisheries Service, Communications and Outreach Division Manager at [kknotts@dnr.state.md.us](mailto:kknotts@dnr.state.md.us) or 410-260-8294.



# APPENDIX 1. Fisheries Service Programs & Activities

**Policy & Planning Division** – Responsible for fisheries management plans development and review; fisheries legislation and regulations; conservation and stewardship for managed species with an emphasis on ecosystem management and land use impacts on fisheries resources; fish passage; and special permits.

- Legislation, regulations & compliance
- Scientific collection permits
- Fisheries management plans
- Fish importation permits
- Fisheries habitat and ecosystem monitoring & assessment
- Fish passage
- DNR invasive species matrix and habitat teams
- Environmental review

**Estuarine and Marine Fisheries Division** – Responsible for providing information to support technically sound policy-making decisions for the conservation and equitable use of Maryland's estuarine and marine fishery resources. It advances fisheries management and restoration initiatives and monitors and assesses stock status and trends as well as the ecological and socioeconomic importance of estuarine and marine fishery resources.

- Analysis and Assessment Program
- Chesapeake Finfish – Resident and Migratory Species Program
- Blue Crab Program
- Striped Bass Program
- Coastal Fisheries Program
- Data management and commercial reporting
- Commercial harvest permits, quota monitoring, and limited entry
- Inter-jurisdictional species management (ASMFC & MAFMC)
- Environmental review
- Coastal Fisheries Advisory Committee

**Inland Fisheries Division** - Responsible for providing information to support technically sound policy-making decisions for the conservation and management freshwater fisheries and habitat. It conducts monitoring and assessment of fish populations and habitats, and develops regulations and strategies to maintain and enhance those resources. It works cooperatively with Hatcheries Division to stock fish for recreational angling and population restoration.

- Management of impoundments
- Technical guidance & environmental review
- Management of coldwater streams
- Management of major rivers
- Tidal stream black bass management
- Fish population management
- DNR ID & other cooperative teams
- Facility operations and maintenance
- Freshwater Fishery management plans
- Non-tidal regulations
- Federal aid grants
- Fish health

- Macroinvertebrate sampling
- Put & Take/Put & Grow Trout Stocking
- Fish rodeo & youth program coordination
- Corrective gamefish & forage species stocking
- Invasive species management

**Cooperative Management Investigations & Fisheries Health** – Responsible for the Cooperative Oxford Laboratory, a joint DNR/NOAA research and management facility which supports all other divisions. It also develops Fisheries Service policy for commercial and recreational fisheries, fisheries economics, and personnel.

- Aquatic habitat/land use impacts
- Pathogens
- Climate
- Finfish & shellfish health
- Marine mammals & sea turtles
- Bay bottom mapping
- GIS Support
- Research Vessel Laidly
- Restoration

**Shellfish Division** - Responsible for the conservation and management of Maryland's shellfish (oyster and clams) resources. It develops information and recommendations to facilitate technically sound and stakeholder supported shellfish restoration and fishery management policy decisions for the conservation and optimal use of Maryland's shellfish resources. It monitors and assesses the status of shellfish populations and dependent fisheries, the factors influencing shellfish population and fisheries trends, and the ecosystem and socio-economic impact of these resources.

- Oyster restoration
- Public oyster and clam fishery management
- Oyster habitat rehabilitation
- Shellfish stock assessment
- Oyster fall survey & clam/scallop survey
- Environmental review
- Coordination with Aquaculture Division on shellfish lease issues
- Oyster Advisory Commission

**Hatcheries Division** – Responsible for fish and shellfish production, fish restoration and population enhancement. Production facilities produce three species of trout, five anadromous species, and nearly one dozen warm water fish and shellfish species to meet various state resource management needs. It develops and implements fish health and biosecurity policies statewide to protect hatchery resources and Maryland ecosystems and participates in development of rare, threatened and endangered fish species policy.

- Atlantic sturgeon restoration
- American & hickory shad restoration
- River herring restoration
- Population restoration & enhancement stocking
- Put and take trout stocking
- 7 Coldwater production facilities
- 3 Warmwater production facilities

- Piney Point Aquaculture facility
- Federal aid projects
- Diadromous fish culture
- Invasive species research
- State fishing rodeo programs
- Cooperative projects
- Investigational aquaculture drugs
- Aquaculture permit investigations
- Maintenance of state recreational lake properties

**Aquaculture Division** – Responsible for administering Maryland’s aquaculture permitting and leasing program. Program operations support the responsible development of the State’s aquaculture industry while protecting and enhancing Maryland’s fisheries and natural resources.

- Aquaculture (shellfish, fish and plants) leases and permits
- Aquaculture Coordinating Council
- Cooperation with Federal Agencies & aquaculture constituent groups
- Oyster aquaculture financial program with MARBIDCO
- Marylanders Grow Oysters Program

**Communications & Outreach Division** – Responsible for internal and external communications.

- Publications
- Website and social media
- Customer service
- Public, stakeholder and media relations
- Outreach and special events
- Graphics
- Sport and Tidal Fisheries Advisory Commission
- Maryland Artificial Reef Committee
- Maryland Fishing Challenge

**Fisheries Marketing Division** – Responsible for marketing and promotion of Maryland’s fisheries dependent industries. This includes the commercial, aquaculture, charter boat and sport fishing industries.

- Seafood Marketing
- Promotion of MD commercial, sport & charter fisheries
- Maryland Seafood Advisory Commission
- Trade shows
- Outreach to seafood dealers, vendors, restaurants and chefs

**Fiscal & Management Services Division** – Responsible for mission support.

- Budget
- Unit operations
- Grants & Federal Aid Coordination
- Procurement/Accounting
- Service Contracts/MOUs
- Inventory & Facilities Management
- Fleet Coordination
- Personnel