

Maryland DNR

***Tidal Fisheries Advisory Commission Meeting
Commercial Fisheries Cost Recovery***

Wednesday,
August 15, 2012

Held at the
Tawes State Office Building
Annapolis, Maryland

Maryland DNR
Tidal Fisheries Advisory Commission Meeting
Commercial Fisheries Cost Recovery

August 15, 2012

TFAC Members Present:

Billy Rice, Chair

Mike Benjamin

Jack Brooks (*proxy for Bill Sieling*)

Robert T. Brown

Dale Dawson

Gilbert Dean

Robert Gilmer

Stephen Gordon

Larry Simns

Richard Young

Daniel Webster

James Wommack (*proxy for Bill Goldsborough*)

TFAC Members Absent:

Bill Goldsborough

Brian Keehn

Bill Sieling

Gail Sindorf

Maryland DNR Fisheries Service

Tom O'Connell

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KEYNOTE: "---" denotes inaudible in the transcript.
 "*" denotes word was phonetically spelled.

E V E N I N G S E S S I O N

(6:10 p.m.)

Welcome and Announcements***by Billy Rice, Chair, TFAC******and Tom O'Connell, Director, MD DNR Fisheries Service***

MR. RICE: If we could come to order, please. We would like to get started. We are already about 10 minutes late. Tom O'Connell is going to make a few announcements. Tom?

MR. O'CONNELL: Thanks. Welcome, everybody. Just a couple of general announcements in regards to the members here tonight. Brian Keehn and Brian Keehn's proxy were not able to make it. Gail Sindorf was not able to make it. So I think those are the only two members who are absent.

We do have proxies today for Bill Sieling. Jack Brooks, who I am sure you are all familiar with. And for Bill Goldsborough we have James Wommack, who serves on our Sport Fish Advisory Commission. So he is proxy for Bill Goldsborough this evening.

The agenda is up on the screen, and it is also in the Powerpoint presentation handout that you should have. Before we get into the agenda, one additional announcement. You should have a copy of a one-pager that says regulatory scoping. And there are two topics on there. One is related to lobster and one of them yellow perch. Consistent with our

1 | scoping policy, we come before the commissions and ask for
2 | your input on the level of controversy, complexity to help us
3 | determine the best way of scoping these regulatory ideas.

4 | Very controversial and complex topics, we often do a
5 | public hearing. Things that are not controversial or very
6 | complex, we use our Internet, social media, e-mail to get the
7 | word out and get feedback that way. And we will use that
8 | information to generate the proposed regulation.

9 | In regard to American lobster -- I think we may have
10 | talked about this at the last commission meeting -- this is
11 | something that the state of Maryland is required to do to
12 | comply with the Atlantic States Marine Fisheries Commission.
13 | It is not optional.

14 | We have had conversations with our lobster
15 | fishermen. It is going to require a mandatory V-notching
16 | program and release of egg-bearing females beginning January
17 | 1st. By doing this, it is going to allow the industry to have
18 | a longer season. It was like a conservational equivalency
19 | that was proposed and adopted by ASMFC to reduce the season
20 | closure that would be in place without this option.

21 | So there are a few lobster fishermen in Ocean City.
22 | We are in direct contact with them. For my guidance to the
23 | commission, I don't think this is something that we need a
24 | public hearing on, but I will ask you guys for your opinion in
25 | a second.

1 The second one is related to our yellow perch, our
2 commercial yellow perch fishery, for which we manage by quota.
3 It is a very small quota, and the fishermen are required to
4 report daily into our phone system for which we monitor the
5 quota. Because the fishery is so small and, you know, as the
6 spawning season progresses, there is greater risk of
7 overharvesting the quota within a day.

8 So we have taken action over the last couple years
9 to go from a 48 hours required public notice to 24 hours
10 public notice, but we still find ourselves in a difficult
11 situation because of the way the deadlines are for the
12 newspapers.

13 If we find that we may have to close the fishery on
14 a Friday, we cannot get the notice into the newspaper until
15 maybe the Monday or the Tuesday of the following week, and
16 that is putting risk to the fishery, and any overages are
17 deducted from the following year. So because all the active
18 yellow perch fishermen have to call in daily, our proposal
19 would be to utilize the phone system to close the fishery.

20 So when the active fishermen call in to report their
21 harvest, there would be a message saying that the fishery is
22 going to close 24 hours of this notice. And it would give us
23 greater flexibility to close the season when the quota is
24 reached and hopefully avoid having to take overages off the
25 following year. So I am interested in your feedback on that

1 as well.

2 So those are the two options again. I am just
3 looking for your feedback as to whether or not you think we
4 should handle this via e-mail or Internet, social media, or if
5 you think public hearings are necessary.

6 MR. RICE: And you would like to take care of those
7 items right now?

8 MR. O'CONNELL: Yes, please.

9 MR. RICE: Okay, would anybody like to give me some
10 feedback on the issue with the lobster?

11 MR. YOUNG: It seems kind of time consuming for the
12 fishermen. The idea is when a fisherman catches a female, he
13 has got to put a V-notch in its tail so that it can be easily
14 identified by other fishermen as a female.

15 MR. RICE: Yes.

16 MR. O'CONNELL: It is a common practice that is
17 utilized in New England as a way to reduce harvest, protect
18 the egg-bearing females and minimize the amount of seasonal
19 closures.

20 MR. YOUNG: Is there a tool that just one crimp and
21 it will cut the V?

22 MR. O'CONNELL: Yes.

23 MR. YOUNG: Okay. So you don't have to sit there
24 with a razor knife and cut the V in each one.

25 MR. O'CONNELL: So you guys are okay if we just

1 proceed with that one using our e-mail, Web and social media?

2 MR. RICE: That seems to be the case so we direct
3 you to do that. Would anybody like to comment on the issue of
4 the yellow perch?

5 MR. O'CONNELL: And what I did, I give you my
6 recommendation. I would recommend, similar to lobster, we
7 know who the yellow perch fishermen are. We can contact them
8 directly so they are aware of this regulatory idea and give
9 them an opportunity to comment on it.

10 MR. GILMER: That is what I would say. You know,
11 contact them.

12 MR. RICE: I hear the committee saying that you know
13 who the fishermen are. That as long as you feel you have the
14 ability to work with them, then that is probably the best
15 scenario.

16 MR. O'CONNELL: Appreciate it. Thanks.

17 MR. RICE: All right, before we get started, this
18 meeting will probably consist of quite a bit of comments back
19 and forth. Since Marty is not here, I will say it for him.
20 Please wait to be recognized so we don't have a whole lot of
21 back and forth talk so we can give everybody an opportunity to
22 speak. And with that said, Tom, are you going to do the cost
23 recovery?

24 MR. O'CONNELL: Yep. And Marty is on vacation. I
25 guess the other thing Marty would typically do is remind

1 everybody that if you have a cell phone, you don't have to
2 turn them off, but if you could take off the ringer tone and
3 put it on vibrate, we would appreciate it.

4 MR. O'CONNELL: All right, so you see the agenda up
5 on the screen. I am going to provide just a brief recap of
6 the analysis and the results and then I will get into some
7 discussion and then share with you some of the recommendations
8 we have heard over the last couple weeks. And then Gina is
9 going to facilitate, you know, a review and discussion on the
10 fees.

11 ***Review of Cost Recovery Analysis and Findings***

12 ***by Tom O'Connell, Director, Fisheries Service***

13 MR. O'CONNELL: Gina, if you could advance the
14 slide.

15 (Slide)

16 So -- Gina, some of that is cut off. I don't know
17 if you can do anything with that or not. I think we will be
18 able to manage. Just as a refresher, just to remind everybody
19 that, you know, so how are the costs assigned in the analysis?
20 You know, the user group that is benefiting from the specific
21 management service is the one for which the cost was assigned
22 to.

23 So if it benefited the inland recreational, that is
24 where the cost was assigned to. We also had tidal
25 recreational, commercial, aquaculture, and community, which is

1 the general public that is not, you know, fishing on the
2 resource.

3 You know, the community is a new concept, and Gail,
4 I think it was Gail -- a couple people asked about the
5 community, so Jorge, our economist, provided a response to
6 give you a better sense of how we calculated the community
7 costs. It is a little verbose but I am just going to read it
8 here because it will be difficult to summarize.

9 In the case of community, benefits are given by the
10 value Maryland residents attach to a healthy Chesapeake Bay
11 with live fish. In other words, it is given by the public's
12 willingness to pay for well-managed fisheries and for services
13 such as water-quality monitoring and environmental review.

14 This willingness to pay may be associated, for
15 example, with option value -- for example, the option to be
16 able to conduct recreational activities in the bay in the
17 future. Or existing value -- for example, even if individuals
18 have no plans to access the bay at any point in time, but they
19 still care about it and they value having a healthy Chesapeake
20 Bay in Maryland.

21 Additionally, a small part of the community benefit
22 will come from the consumption of the locally harvested
23 seafood. This is the value consumers would be willing to pay
24 above the price they actually pay for consuming locally
25 harvested seafood.

1 An accurate estimation of these different community
2 estimates is a complex undertaking and would involve, among
3 other things, a lengthy and expensive stated preference study.
4 Such a study has not been conducted for this cost-recovery
5 analysis. Rather the benefits were arrived at using the
6 expertise and experience of the different program managers in
7 fisheries.

8 So as we have gone through this exercise, we have
9 utilized our expertise to gauge what level of community
10 benefit is derived from the different services that we do. So
11 that is to answer that question. Next slide.

12 (Slide)

13 So again this is a table that we shared with you
14 last meeting. It is the fisheries service budget down to our
15 level 3s, which are our programs and projects.

16 The one question that came up following the last
17 meeting was why the blue crab level 3 was so high. And that
18 was because the previous table included the Federal Blue Crab
19 Disaster Grant for blue crabs. That was shown in this budget
20 table, but you may recall that Jorge did describe those
21 one-time revenues like Federal Blue Crab Disaster Funds were
22 removed from the analysis.

23 And unfortunately the table we showed you still had
24 the Federal Blue Crab Disaster numbers in there. And so for
25 the purpose of tonight, we went back and we modified those

1 numbers to reflect the blue crab cost minus the Federal Blue
2 Crab Disaster cost. It doesn't affect the bottom lines
3 because it had already been removed but the table that was
4 shown still had that number in there.

5 So as you can see for blue crabs, it is blue crab
6 analysis and monitoring. The total cost is just under
7 \$600,000. Last time it was like \$2 ½ million, and you can see
8 how that is allocated among the different fishery sectors.
9 Next slide, Diane.

10 (Slide)

11 MR. BROWN: Tom, can you go back to that slide for a
12 minute?

13 MR. O'CONNELL: Yep.

14 MR. BROWN: I see where two-thirds of the way down
15 the page, maybe three-quarters, it is F-61-R Finfish US Fish
16 and Wildlife. Could you explain exactly what that is?

17 MR. O'CONNELL: Yep. So that is part of the sport
18 fish -- that is a federal grant from the Wallop-Breaux money
19 that is derived from an excise tax on sport fishing equipment.
20 And the money we receive from that grant is used to perform a
21 lot of our finfish monitoring surveys.

22 So while that is sport fishermen dollars, that has
23 been covering the cost associated with a lot of our monitoring
24 programs, okay? So that is why some of that is showing under
25 the commercial, because some -- even though that is sport fish

1 and excise tax money, it is performing some of the services
2 that are benefiting from the commercial fishing community.

3 And that is -- that level that is showing up under
4 the commercial column, is part of that \$2.6 million deficit
5 that the commercial fishermen have to recover.

6 MR. YOUNG: Is that going away?

7 MR. O'CONNELL: It is not going away but it
8 is -- basically the way our budget is currently structured, it
9 is a cost for which the commercial fishery is benefiting from,
10 and that cost was assigned to the commercial fisheries
11 management sector. And as revenue, that needs to be attained
12 to pay for that service that is benefiting the commercial
13 fishermen.

14 MR. YOUNG: Okay, but if we get that back, then what
15 happens to this \$531,684 that you currently spend on it?
16 Where does that go?

17 MR. O'CONNELL: The revenue aspect of it -- this is
18 just a cost, okay? When you go to the revenue section, all
19 the funds that are coming in from the Wallop-Breaux Sport Fish
20 Excise Tax is being applied to the cost of recreational
21 management.

22 MS. HUNT: Right. On the screen here, this is
23 the --- . So what you have in your hand are where the costs
24 get assigned -- recreational, commercial -- which sectors.
25 Not the where the money is spent. Those are the

1 costs -- those are the benefits that are applied to the
2 sectors. The money that comes in, US Fish and Wildlife money
3 here, sportfish restoration. You will see where it gets
4 applied across recreational.

5 So this is money now. This is how we spend it, but
6 the cost, the work that it does, some of the work that it
7 does, benefits you so you have to pay for some of that work
8 through your other sources of money.

9 So if you think about it, this is --

10 MR. YOUNG: But if we pay for it, then you no longer
11 are spending that money so where is that money going?

12 MS. HUNT: So when you look at recreational, inland
13 tidal, at the bottom of the whole analysis you see how much
14 money they have as far as money coming in and costs going out.
15 That is where it is. It is at the bottom. Here, this is
16 all -- you know, there are some grants here that benefit
17 commercial too. So it just depends on the federal dollars
18 coming in where the money actually goes.

19 But the chart you are looking at is where are the
20 costs, the services.

21 MR. O'CONNELL: So it is not going to make \$500,000
22 available because it is already being applied to the
23 recreational management costs, and through that assignment
24 there was a surplus of recreational dollars that is being used
25 to cover some of the community costs.

1 MR. YOUNG: I guess I am completely confused because
2 this is the cost, okay? This is the cost. Where did that
3 money come -- that \$531,684 that is the cost of the
4 commercial, where did that money come from this year?

5 MS. HUNT: That money came from probably general
6 funds or your license fees.

7 MR. YOUNG: Oh, it didn't come from this federal
8 grant.

9 MS. HUNT: No.

10 MR. YOUNG: Well, why is it under that federal grant
11 then?

12 MS. HUNT: That cost is under the federal grant.
13 The benefit of money came in. There was money that came in.
14 and it is a grant that is -- see, part of the problem here is
15 what you are looking at is literally fisheries budget by
16 program level. So you are looking at this program level that
17 is a specific grant.

18 That is what that level 3 QA, QK, whatever that is.
19 That is what our budget looks like. So your money comes in.
20 That budget line item is federal dollars, and there is a
21 grant. We go out there and they have numerous surveys. In
22 fact, in the handout, you have a handout of all the commercial
23 services provided. There is a section there that talks about
24 the services provided under that grant.

25 You will see there are multispecies, there is

1 different work being done. Some of it benefits recreational.
2 Some of it benefits commercial. So the point is --

3 MR. YOUNG: Under that grant.

4 MS. HUNT: Under that grant. But the point is, the
5 benefits that you are receiving to pay for those benefits, you
6 need to pay for them with your money. And the Wallop-Breaux
7 money is a sport fishing tax, so it is recreational dollars.

8 MR. BROWN: Well, what I want to know is, what
9 service do we get for \$531,684? What exactly do we get for
10 that?

11 MR. O'CONNELL: That would be in one of your
12 handouts. It is a two-pager. Gina took an attempt to
13 summarize the services that commercial fisheries benefit from.
14 So a good example for that one would probably be to look under
15 the Estuarine and Marine Fisheries Division.

16 MR. BROWN: I mean, I am having a little problem
17 with -- well, if it is grant money, that is one thing. But, I
18 mean, but then I am told that it is from, now maybe I
19 understood it wrong, it is money that is coming from an excise
20 tax, like you said? Okay, that is fine. But how did we come
21 up that our share of -- I don't know what these benefits are
22 we are supposed to be getting -- but how did they figure that
23 our share is \$531,000?

24 MR. O'CONNELL: Sure. So we went through just kind
25 of reviewing Jorge's presentation. We went through our

1 salaries, so all of our staff. And we assigned a percentage
2 of their time for which their service benefits, whether it is
3 recreational, commercial or aquaculture.

4 Then we went through our operating budget, and did
5 the same thing. So for example, let's give an example. Use
6 our striped bass program, okay? For that situation, we used
7 the current allocation of striped bass. 42 ½ percent is
8 recreational, 42 ½ percent commercial, 15 percent charter. So
9 we allocated our staff time that work on the striped bass
10 program based upon those allocations.

11 And similarly with the surveys that support the
12 striped bass program operating costs. And where we had
13 specific allocations, we try to use that because that is the
14 harvest that each of the users benefit from. If we don't have
15 allocations we looked at the harvest levels for the species as
16 a guide.

17 So, you know, you look at, I think it is like
18 bluefish, for example. Bluefish is largely a recreational
19 harvested species. So they would get more of that cost. You
20 know, some species are more commercial. Some are
21 recreational. Most of them are pretty much even.

22 MS. HUNT: If you look on this sheet at the
23 services, commercial services, the bottom of the first page,
24 Chesapeake finfish. Bottom of the first page under Chesapeake
25 finfish. These are projects that are paid for under the

1 Wallop-Breaux money. Some, not all, but that is the kind of
2 work that gets paid for out of this excise tax.

3 MR. GILMER: So what you are saying is under the old
4 project that money was used to pay for the commercial eel pot
5 survey, and now the commercial sector has to pay for that.

6 MS. HUNT: I am saying in the cost recovery
7 analysis, this is how the costs were assigned. So the
8 projects, the project itself, that program, our budget -- like
9 I said, our budget is laid out by these line items. So, you
10 know, the budget is that this money comes in.

11 The federal excise tax dollars pay for that pot
12 survey and all these other surveys. But then at the end of
13 the day the benefit you receive from those surveys being done
14 has to be made up, and it is paid for out of general funds,
15 commercial license fees, whatever.

16 This analysis now says -- I should also mention that
17 of that grant, some of it is assigned to community. So that
18 is where is some of those federal tax dollars go now, to pay
19 for the taxpayers' benefit of those surveys being done too.
20 And then watermen would pay for their portion of it out of
21 license fees.

22 So, you know, it is not just -- it is recreational
23 dollars, but community benefits from it too, and they have to
24 pay back as well. But they are paying back with general
25 funds.

1 MR. BROWN: I am reading down, as we are going down
2 that area she is talking about, it says a gill net survey, and
3 they talked about the abundance of a spawning stock population
4 of river herring in upper Chesapeake Bay. And it says ASMFC
5 mandate.

6 If the federal is going to be mandating, the
7 Atlantic States Marine Fisheries Commission is going to be
8 mandating to us that we have to do certain projects -- surveys
9 on gill net or certain types of fish to get information for
10 them, is it possible to get any grant money from them since
11 they are telling us we have to do it?

12 MR. O'CONNELL: Just to clarify -- a lot of people
13 get this confused. ASMFC is not a federal entity. ASMFC is a
14 compact of the Atlantic coastal states. So ASMFC requirements
15 are actions that were approved by the Atlantic coastal states
16 to manage their interjurisdictional species.

17 That said, ASMFC does get some federal funds, and we
18 do have some of that shown in our cost-recovery analysis. It
19 is not a lot, but it is about \$300,000 through two grants.
20 One of them is called the Interjurisdictional Act, and one of
21 them is called the Atlantic Coastal Act. And those grants are
22 used heavily to support our limited entry fishery striped bass
23 program, the quota monitoring aspect of it, and our eel work.

24 I think we have talked about this briefly before but
25 the president's budget zeroes out one of those funds for all

1 the states, Interjurisdictional Act, and significantly reduces
2 the Atlantic Coastal Act funds. So while we are benefiting
3 from about \$300,000, those funds are in jeopardy, and they are
4 not part of that \$2.6 million.

5 We have reached out to our congress folks and they
6 are fighting the fight, but we don't expect any decisions to
7 be made until after the election early in the winter. But if
8 we do lose that money, a lot of that \$300,000 goes -- not all
9 of it -- but a lot of it goes to our commercial fisheries
10 programs and that is going to be another struggle for us to
11 deal with to recover that funding.

12 *Discussion of the Analysis*

13 MR. RICE: Gibby?

14 MR. DEAN: Could I interject something here? I hope
15 I am not putting the cart before the horse here, but we could
16 spend weeks sitting here arguing over each one of those line
17 items. I think from an industry standpoint -- and if anybody
18 disagrees with me, please tell me -- we are willing to accept
19 the deficit numbers. We are not willing to accept how those
20 assignments were to the commercial sector.

21 We feel that a lot of these costs were directly and
22 indirectly beneficial to the recreational fishery much more
23 than what you gave them credit for, and even the community
24 numbers. I think it would behoove all of us here to accept
25 that fact and let's move forward as to how we can reduce this

1 deficit. If I get too longwinded, cut me off.

2 This past year, House Bill 1372, the commercial
3 industry supported the DNR on that cost-recovery bill, and
4 that bill required that we do a fair and reasonable recovery
5 exercise on these costs. Originally it said fair and
6 equitable. The language was changed to fair and reasonable,
7 and, you know, I think it is up to us to decide what is fair
8 and reasonable.

9 Now the current deficit for the commercial sector is
10 \$2.6 million, correct? The current deficit for the entire
11 fisheries service is \$2.9. Let's talk about the \$2.9, for
12 example.

13 I think that -- and I have done a personal analysis
14 on a line-by-line item of the current commercial license fees,
15 and I think there is room where if we sit down and talk about
16 those current fees, we could probably come up with, in my
17 estimations -- and I will let you decide if or where it could
18 be -- almost a half million in cost recovery on certain
19 license fees that, in my opinion, are too low, that possibly
20 need to be increased and the reasons for it.

21 But if we were to go through that exercise -- and
22 keep in mind that our main goal here is a sustainable fishery
23 not just for the commercial side but the recreational as well.
24 If we don't quit arguing between ourselves on who does this
25 and who does that, we are all going to be doomed. We have to

1 start working together more on this and again be fair and
2 reasonable. And that is the buzzword here.

3 I think we have to accept the fact that the
4 management costs that have been applied to the commercial side
5 do have a benefit to the recreational much more than we give
6 them credit for. Deficit solution, I mean it is so simple, it
7 is, in my view, it is almost too easy. You analyze everything
8 on a cost-benefit analysis. You look at what you are getting
9 for your money.

10 Again, we accept the deficit numbers as what they
11 are and not argue how we got there. The first step I would
12 think would be have this commission examine, on a line-by-line
13 item, what those commercial license fees are, and let's make
14 those adjustments where we see necessary.

15 Now if my estimations are somewhere close and we are
16 talking about half a million dollars, you could -- and one
17 thing we forgot here is also keep in mind all the new
18 increases that the commercial sector is going to have this
19 coming year. I know the tags are not in this. There is a
20 \$250,000 savings that is not reflected in there because we
21 know it is going to happen.

22 But how about all the work that the Blue Crab
23 Advisory Group has done, Blue Crab Design Team, Striped Bass
24 Subcommittee, Striped Bass Work Group -- on and on and on.
25 Everything has been done to improve the current management

1 system, and a lot of those things, such as the electronic
2 reporting system, the hail in and hail out, are all done not
3 only to improve accountability but also the effectiveness of
4 the current management system, which should reduce costs.

5 None of that is reflected in here, and we are not
6 given credit for that. Again, this thing, in my version, is
7 so simple. Current fisheries deficit, \$2.9 million. Deduct
8 from that \$500 million in cost recovery from the commercial
9 sector, that leaves you a deficit -- for the whole entire
10 fishery now --

11 MR. O'CONNELL: \$500,000, right, not \$500 million.

12 MR. DEAN: -- of \$2.4 million overall deficit. And
13 this is strange, but there are approximately 180,000
14 recreational licenses. They don't know how many it is. They
15 don't have a clue. They are not sure. That is an estimate.
16 It may be 20,000 more; it may be 20,000 less. But we do know
17 that there are 5,000 commercial licensed fishermen.

18 You take the \$2.4 million you divide 185,000 into
19 that number, and you come up with \$12.98, which could be a
20 user fee applied to everybody that fishes in the Chesapeake
21 Bay. Not just commercial, not just recreational. You assess
22 that to both sectors.

23 Now if you want to get -- make it a little easier,
24 you just go ahead and you assess everybody \$15 times 185,000
25 comes to \$2.7 million, and your deficit is solved. Now if

1 the -- again, if you think about a cost-benefit analysis, what
2 are the recreational fishermen getting for \$15? You can't buy
3 lunch at a fast-food restaurant for that. It is four gallons
4 of gas, by today's cost. It is two to three drinks at your
5 local bar. I mean, I could go on and on and on.

6 But for \$15, the recreational sector is getting one
7 year of pretty much unlimited fishing in one of the world's
8 finest fisheries, where they are -- and I know this is a
9 little far-fetched, but I have done the numbers -- they have
10 an opportunity to catch over 4,800 pounds of rockfish alone,
11 each recreational fisherman.

12 And that is based on my expertise on what an average
13 rockfish will weigh during the current month at two fish per
14 person. Sometimes in one month, it is one. I have got the
15 numbers. I can show everybody and back them up.

16 Your commercial hook-and-line fishermen, anybody who
17 catches over 4,600 pounds in a given year is in the top 5 or
18 10 percent of all commercial hook and liners. And here is a
19 recreational fisherman for \$15 can catch what equates to the
20 top 10 percent of all hook-and-line commercial fishermen.

21 Now if you are really sincere about having a
22 sustainable fishery and protect this for all, let's not argue
23 over who pays for what. It is going to cost you \$15 more,
24 \$15, and your problem is solved.

25 MR. WEBSTER: We can go home now.

1 MR. DEAN: You are right. Adjourned.

2 MS. HUNT: I am going to stick my neck on the
3 guillotine and answer.

4 MR. DEAN: Again?

5 MS. HUNT: Yes, just because I want to make sure
6 everybody understands the parameters under which we need to
7 work on a cost-recovery analysis. So first you made a comment
8 about the efficiency gained through some of the electronic
9 reporting or other mechanisms that we want to move forward
10 with. And that is true. Hopefully things will get more
11 efficient the less paper you use, and people having to sit
12 around and enter data if you are doing it electronically.

13

14 The problem is that system is not in place for 5,000
15 watermen in fiscal year '14. So we can't credit a benefit
16 when the benefit is not there.

17 MR. DEAN: But you do expect one.

18 MS. HUNT: Sure, but we won't know how much. It is
19 almost like -- I would expect every fiscal year to get a
20 little better. It is almost to that point. The problem is
21 that we are \$2.6 on the commercial side or \$2.9, as you said,
22 as a whole, in total, in a deficit in '14. We can't write our
23 bills with -- you know, we are going to get better as we go
24 along.

25 So that is just the first point I want you to

1 understand. We are not at the point where we can really delay
2 either making the cuts or bringing the revenue. The next
3 point was just that if there was -- well, let's put it this
4 way. We are \$2.9 million as a deficit if we continue this
5 level of service. If we want to continue this level of
6 service, there are options for where you get that money.

7 As you pointed out, I mean, does it all have to be
8 license fees? Could it be new fees? There are options.
9 However, the scenario that you described is to charge
10 recreational anglers an additional fee. But since there are
11 only 5,000 commercial guys, that is a more modest amount of
12 money. The majority of that deficit would be covered by
13 recreational. But the rules in law right now are that
14 recreational dollars have to pay for recreational services.

15 So if you raise that money in recreational license
16 fees, then they cannot be used to pay for your commercial
17 services.

18 MR. DEAN: Isn't that what this year's legislative
19 session is for? Can't that be changed?

20 MS. HUNT: Yes. I am just saying under the
21 parameters of the cost recovery, and what we were to put in
22 this report for October, is under our current license system,
23 and the rules are recreational dollars for recreational;
24 commercial for commercial.

25 MR. DEAN: That is red tape, Gina. We can get

1 around that.

2 MS. HUNT: Okay, I am just -- that is what is in the
3 law for this report.

4 MR. DEAN: And whether you see a savings on
5 electronic reporting means nothing because the \$15 is going to
6 cover it anyhow.

7 Keep in mind we haven't asked for any cost cutting
8 on your end. When electronic reporting comes in, we don't
9 want to see anybody lose their jobs. But how many people are
10 you going to expect to eliminate that are currently doing
11 reams of paperwork on all these reports that I can't even keep
12 up with when it goes to the electronic reporting system? We
13 are not asking for that.

14 We are just asking for \$15 across the board. You
15 all keep everybody in place because I am sure there will be
16 different things that you can find to utilize your time other
17 than count how many pounds of fish I released and caught. It
18 will all be computerized. There will be a savings on it. It
19 doesn't make any difference what it is because we have covered
20 it with this \$15.

21 MR. RICE: Tom?

22 MR. O'CONNELL: Yes, first I just want to thank
23 Gibby and a lot of you for the amount of time that you spent
24 thinking about this and brainstorming ideas. I think that the
25 option that you present, Gibby, if this commission wants to

1 put that forth as an option for consideration in this report
2 that is due in October, let's leave that one the table.

3 But I don't think that we should leave here today
4 thinking that is the only option we should look at because the
5 reality is I think it would be extremely difficult to get that
6 recreational fee increase.

7 Not to say that it couldn't happen, not to say that
8 it shouldn't be an option the commission considers. You know,
9 articulate that option but let's focus on the fees as well.
10 You know, have multiple options. In regards to the electronic
11 reporting, and I am hearing some really good things about
12 that. And hopefully that is going to be the future of the
13 commercial fisheries.

14 Right now it is being done on blue crabs and, you
15 know, hopefully that will be implemented more broadly than
16 blue crabs. How much cost savings? There will be some, I
17 imagine. But we have, I think, five or six people in our
18 commercial statistics program. They are mostly data entry
19 clerks. They don't get paid a lot of money, \$20,000 to
20 \$30,000.

21 So even if you eliminate all of them you are looking
22 a couple hundred thousand dollars at most. So there will be
23 cost savings. I don't think it is going to be significant
24 cost savings. I just wanted to kind of put that in
25 perspective. It is not going to be \$2.6 million.

1 So I think, just to summarize, I think, Gibby, you
2 laid out an option. If you guys want to articulate that for
3 consideration but let's also focus on an option two if not
4 option three so we have various options. Because in the end,
5 if you just focus on the recreational fee increase, we leave
6 here today and we are done.

7 If that fee increase doesn't get approved, we are
8 going to be in a situation of reducing services. And I think
9 the commercial guys are going to feel that pretty
10 significantly, and that is what we are trying to avoid.

11 MR. RICE: Larry?

12 MR. SIMNS: The question I have is let's say we did
13 away with the commercial fishery. We just did away with it.
14 How much cost savings would that be? You are still going to
15 have to do the same surveys. And so if recreational benefits
16 from the surveys you say you are doing for the commercial, if
17 we do away with commercial, are you going to do away with all
18 the surveys? No, you have got to have your surveys.

19 And so you have got to consider that it is only
20 5,000 of us that you want to put all this burden on. We
21 didn't ask for all these things that you are doing. We
22 realize that a lot of them benefit us, but if we went away,
23 what is going to happen? What is going to happen to that
24 budget and the surveys? It is still going to be there, and
25 who is going to pay for it then? Recreational is going to

1 have to pay for it all.

2 So why not do it the right way right now and let
3 them pay for part of it? I mean, what is \$15 to anybody? I
4 mean, we drop that much on the floor during the year. Another
5 thing I want to bring up. I know you say NRP keeps a record
6 of how many hours they spend and what percentage. So it is 25
7 percent. How in the world can they justify spending 25
8 percent of their time on commercial when there are 180,000
9 recreational fishermen and only 5,000 commercial?

10 That looks awful biased to me that they are putting
11 all their energy on commercial instead of doing it percentage
12 wise of how many people are out there. And we know what is
13 happening with recreational. They are abusing the system
14 because nobody is bothering with them.

15 Why should we have to pay for that? I mean, I bet
16 if you figure the numbers out, 5 to 7 percent is what it
17 should be, of what DNR is policing commercial. If you divide
18 it up equally, what they are policing. So look at that number
19 and see how much that makes a difference.

20 So I mean there are a lot of things here, and I know
21 you are all trying to do the best you can here with these
22 numbers, but you got to look at us. We are going to pay \$300
23 for a TFL. We pay \$100 for rockfish allocation. We pay
24 another \$60 or so for the crabs and all that. So we are
25 paying \$460.

1 MR. GILMER: \$300 for the oysters.

2 MR. SIMNS: And then we pay \$300 for the oyster
3 surcharge. I just come back from paying for my license. It
4 cost me almost \$2,000 for me to operate. And that is not
5 counting my charter boat stuff, because we have got to have
6 more than one license to operate if we are going to ---
7 rockfish.

8 So you add \$600, which, if you add these numbers it,
9 it is going to cost you \$600 per license. You add \$600 on
10 that fee, that is \$1,800 more I am going to have to pay. And
11 some of them have four or five licenses they are going to have
12 to pay on. The business doesn't justify that much money so we
13 have got to figure out another way.

14 I mean, we have got some areas there that we can
15 raise the fees, like the LCC. We can justify raising that
16 \$200. We can justify putting another \$100 on a --- license
17 and then another \$15 with what everybody is going to pay, and
18 we wind up with more money than you need because you are going
19 to wind up coming back next year because you are going to need
20 more because it just isn't going to be enough the way budgets
21 are, the way costs go up.

22 So why not put \$15 on everybody, plus extra money on
23 us -- \$200 on LCCs, another \$100 on the TFL or another \$100
24 across the board on all licenses -- and see what we come up
25 with? And we are still going to pay the extra \$15 too.

1 So I just think it is a better way of doing this.
2 You will put us all out of business if we all have to pay \$600
3 more than what we are already paying because we are going to
4 have the electronic costs that we are going to be saddled
5 with. So that is going to be more than anybody thinks it is
6 because if you have to pay \$40, \$50 a month for electronic
7 reporting, that is another \$600 a year. Add that on there.

8 We just can't stand all that. It is just
9 impossible. Or you can spread it out among everybody and be
10 fair. And I will tell you something. We take it before the
11 legislature, there is a lot of legislators that don't
12 represent recreational fishermen, and they are going to look
13 at the fairness of this and they are going to laugh when the
14 recreational people say, well, we don't want to pay \$15 more.
15 You are only paying \$15 to start with.

16 I mean that would be a total of \$30 to go out there
17 and catch two fish a day for the whole season plus crabs and
18 whatever else they get to catch. I mean it is just laughable
19 to me to think that they wouldn't want to pay that. And I
20 know why they don't want to pay that. They want to put us out
21 of business from putting more costs on us.

22 I know that is what you all are striving at. We met
23 with CCA, and that is where the driving force is. They
24 wouldn't budget --- . And I don't think the Maryland
25 legislature will go along with that way of thinking.

1 MR. DEAN: Just one more comment. I mean, you have
2 all see the statistics and heard the numbers. Two-thirds of
3 all TFL holders are over 50 years old. One-third of those
4 numbers are over 60. There is nobody -- none of the younger
5 generation are getting into this business. They can't afford
6 to. I mean, if it was that lucrative a business, they would
7 find ways to buy these licenses.

8 But with the onset of the regulations that we are
9 currently facing -- the reductions in bushel limits and stuff.
10 I am not getting in arguments about that or whether or not
11 they are warranted. That is beside the point. Just through
12 attrition alone, we are going to be out of business. And you
13 know who is going to pay for that? The state of Maryland.
14 They are going to be so sorry when we are gone. And you have
15 heard the statement we are a dying breed, and we are.

16 We keep increasing these costs, the watermen cannot
17 afford it. We can't get any new, none of our younger
18 generation into this business, and it is going to be gone, and
19 you are going to remember this day and be sorry it ever
20 happened.

21 MR. SIMNS: When it don't have to be because you
22 could spread it across --

23 MR. DEAN: For \$15.

24 MR. SIMNS: For \$15. It just doesn't make sense.

25 MR. RICE: Tom?

1 MR. O'CONNELL: You know, I think most of you know
2 us well enough that it is not our objective to put you out of
3 business. We are trying to put you in a position that you can
4 defend a lot of the attacks that are trying to put you out of
5 business and put you guys on a path forward that hopefully
6 will attract new participants in your fishery.

7 It is just difficult, and, you know, I have heard a
8 couple people comment on that option and if others feel
9 similarly, articulate that and recommend that for the
10 department to be considered in this report. But again I think
11 it would be worthwhile tonight to begin looking at the license
12 structure.

13 There have already been some suggestions of some
14 changes that could be supported. And we could begin our
15 discussion on that tonight, something that we can leave here
16 tonight to digest, and give some thought to, what we all
17 discuss tonight. And when we come back in a couple weeks we
18 can fine tune where we leave today with.

19 So I think we are -- I don't think there were any
20 more slides in my presentation. Just some of the main
21 findings, which you guys are very familiar with based upon the
22 conversation that has already taken place. You have those as
23 a handout.

24 Perhaps, if the commission doesn't mind, we can move
25 into, the next agenda item, which is Gina will highlight some

1 of the feedback we have already received and we can look at
2 the license fee structure and just begin to have a discussion
3 on that.

4 MR. RICE: Jack?

5 MR. BROOKS: I hadn't heard any of these proposals
6 that Gibby and Larry have put forth until just now, and
7 everything they say is true. And I think you all, from the
8 department, already know that. It is too simple and it is not
9 too simple a solution here.

10 And for people to be able to continue with
11 recreational or commercial, the privilege of going out there
12 to catch a fish or catch a crab whether you are recreational
13 or commercial. You know, they put it in perspective very
14 well. It is something I feel like we could support for sure.
15 The question is -- and Larry's point is well taken as well
16 with the legislature. I think this would get --- support. So
17 I am with you guys.

18 MR. RICE: Richard?

19 MR. YOUNG: So many things, I don't know where to
20 start. What I -- what Gina said about recreational dollars
21 have to be spent on recreation. So suppose it is not
22 recreational dollars? Suppose it is a fee, a user fee, and it
23 is not recreational and it is not commercial. It is just if
24 you are going to go on the bay, it is \$15. Takes care of it.

25 You don't call it a recreational fee. If you are

1 going to use the bay -- and look. It is not just fishermen.
2 It is boaters. You know, you could put this \$15 fee on a boat
3 registration. Put it right there. You know, it doesn't have
4 to be a fishing thing. You know, there are ways to do this.

5 If we can't do something like that, and this \$2.6
6 million burden is placed on us, then we have got to start
7 disputing everyone of these lines as far as how you have
8 assigned these costs. I am looking at the very first one,
9 headquarters. Is that this building? Is that what
10 headquarters is?

11 MR. O'CONNELL: It is our fiscal administrative
12 services and our management team of fisheries.

13 MR. YOUNG: Any idea how many people that services?

14 MR. O'CONNELL: I can get you that number.

15 MR. YOUNG: Because we are 5,000. I would say you
16 are upwards of 300,000 maybe total with your boats and
17 recreational boaters, fishermen, commercial. We are 5,000.
18 And yet we are paying just under 25 percent of the cost of
19 headquarters, 5,000 people. You know, that doesn't seem fair.

20 I think you should take the total amount of the
21 cost, divide it by the total number of users, and then figure
22 it out from there rather than just blanket saying, okay, it is
23 recreational, tidal, recreational, commercial, community and
24 aquaculture and dividing it into fifths. Go ahead and divide
25 it by each individual, and we can go right down the line on

1 that, and I am sure your figures are going to be sizably
2 different.

3 And our \$2.6 million deficit is going to be
4 considerably less if we do it that way. And, you know, I
5 mean, it is a lot more work on your part and on our part
6 because we will have to sit down with those figures too, to
7 make sure everything is done correctly.

8 But I can't see -- if we can't figure out a way to
9 make this be amenable for everybody, and something that is
10 palatable, then we are going to have to go through every one
11 of these things and figure out what is fair and reasonable.
12 And this 25 percent of headquarters for 5,000 people is not
13 reasonable. Not fair either.

14 MR. SIMNS: Same with marine police.

15 MR. YOUNG: Yeah.

16 MR. RICE: Tom?

17 MR. O'CONNELL: I just wanted to comment on the
18 first point Richard made. You know, we don't care how the
19 revenues are generated. So, you know, it sounds like there is
20 another option on the table, looking at a bay user fee.
21 Boating was mentioned. I think most of you are familiar with
22 the attempt by the department to increase boating fees last
23 year and it failed.

24 You know, the boating community is not able to cover
25 their costs right now for maintaining the waterways that they

1 use. Asking them to pay more money to support commercial
2 fisheries management, I think is going to be difficult.

3 If it happens, great. But I just want to just kind
4 of put some of these options in some reality. It is going to
5 take a lot of conversation, a lot of leveraging a lot of
6 talking to change the boating community's perspective on a fee
7 increase for commercial fisheries management.

8 MR. RICE: Robert T?

9 MR. BROWN: This goes back a long time. I know that
10 Larry Simns remembers it. We were trying to get money for
11 planting seeds into the state, but I told -- I says, Larry, I
12 said every time they flush a toilet, it ends up in our bay.
13 We ended up with a flush tax. Me and Larry were the ones who
14 got it started. And we don't get nothing out of it.

15 And if you want to know what is hurting the
16 commercial industry more than anything else, it is the sewage
17 treatment plants. And that goes directly into the bay and we
18 can prove it goes into the bay. I mean why couldn't -- if we
19 had added to the flush tax, and we got just a small
20 percentage. I mean, we are talking less than \$15 per person.
21 That could get us -- yes, we will go up on our fees some, but
22 we need to be able to offset this with something else.

23 And that is just an idea I am throwing out there
24 because every time you flush a toilet, it goes in that bay.
25 If it is going in the bay, the bay is being used as a sewage

1 system, you might as well say, to a certain degree. Taking in
2 influent. And the public in general should be willing to pay.
3 It would be only -- as many people as it is, I don't know how
4 minute the number would be.

5 MR. SIMNS: A dollar a person.

6 MR. BROWN: And it could be absorbed and that would
7 get us out of this jam for this time, but we could still go up
8 on our fees some.

9 MR. RICE: Well, Tom, would you consider that option
10 too then?

11 MR. O'CONNELL: Yes, I have got -- what you have
12 offered so far and I am keeping track of them. Four ideas so
13 far: one of them is a commercial fee increase component. One
14 of them is an increase in the sport fishermen fee. Got a bay
15 user fee concept/idea. And, you know, allowance of use of some
16 of the flush tax fee for commercial fisheries management.

17 MR. BROWN: You could figure out the percentages,
18 whatever it is, this is what we need to take. It would be
19 such a small percentage because there are so many people, you
20 know, that use it.

21 MR. RICE: Well, correct me if I am wrong, but what
22 I think I am hearing from Robert T. and probably some of the
23 other comments that have been made is that we are not trying
24 to skirt the subject. We know we are going to pay more money.

25 But we also feel that this is a benefit not only to

1 us but to everybody that derives the beauty and benefit from
2 the Chesapeake Bay. And what we would like to do -- Gibby,
3 Larry, help me if I says something off beat here -- is to sit
4 down and go over where we could stand some increases, and we
5 will generate a little bit more money.

6 But we need to get away from earmarking money that
7 is coming from a certain sector that has got to stay within a
8 certain sector. We want to come up with a fee that is going
9 to cover the cost of this operation and spread it to the point
10 where one group is going to be --- . Is that somewhere on the
11 level?

12 MR. DEAN: Yes.

13 MR. RICE: Yes, sir?

14 MR. DAWSON: A couple meetings ago we touched on
15 the fines. When somebody gets a ticket it goes into the
16 District Court system. It doesn't come back to the DNR. And
17 you said you were thinking about a way to try to recover some
18 of the fine money. Is that a possibility?

19 MR. SIMNS: No, they can't do that.

20 MS. HUNT: We had pursued that option through the
21 attorney general's office to see if that was possible for us
22 to do, and we cannot. Simply -- I think what I mentioned at
23 the last meeting was that the ethical issue with basically the
24 number of NRP, the number of citations NRP would write would
25 be more money that they would receive, and there would be this

1 | ethical issue of whether they are really writing a ticket
2 | because of violation or to receive more dollars.

3 | So that was not something we could pursue. What I
4 | was referring to is, something we were trying to pursue was
5 | restitution, which are regulations we already have the
6 | authority for those regulations, and in fact we have scoped
7 | that concept.

8 | But it is for serious violations where if you, you
9 | had a serious violation that impacted the natural resource, or
10 | the habitat, that you would have to pay back to the department
11 | the value from what was lost, either the resource
12 | itself -- the fish, the oyster bar, whatever it was. That is
13 | something that we do have in the works, and since it is not
14 | actually effective yet I couldn't tell you how well it is
15 | working.

16 | But I wouldn't imagine -- it is not going to be
17 | something where you would generate as much money as you would
18 | if you got every little ticket, because these are going to be
19 | serious offenses and those are not as frequent.

20 | MR. DAWSON: So that goes back into like the general
21 | fund of the DNR?

22 | MS. HUNT: It would come into fisheries service
23 | as -- I guess it would come in as a special fund because it is
24 | from a user. And one other thing, in regard to the flush tax,
25 | that concept, I think something very similar to what you were

1 saying, Robert T., was for sewage that goes into the bay, that
2 it does affect commercial watermen in the sense of what you
3 are going to be able to harvest.

4 I believe Jacobs had a very similar idea last
5 session where he proposed a bill that would actually
6 take -- for every sewage overflow that went into the
7 Chesapeake Bay, the sewage treatment plant that had the
8 overflow was going to owe money to the Department of Natural
9 Resources, almost as like a restitution for the damage they
10 had done.

11 The bill failed but I think that is the same concept
12 as what you were going down where it is the water quality that
13 affects your living.

14 MR. BROWN: I am going on just the influent that
15 goes into the river every day. I am talking about into the
16 bay. Influent in general. If influent was not bad, you would
17 not have those buffer areas around any discharge pipe. I rest
18 my case.

19 MR. SIMNS: I didn't really get an answer to one of
20 my questions. If we did away with the commercial fisheries,
21 you might do away with a little bit of the research but who is
22 going to foot the bill for that? And we are -- and we are
23 ending on the fact that could happen because if you keep
24 driving it to us we are going to be gone, and somebody else is
25 going to have to pick up that pay, that bill.

1 We better try to solve it now because you will put
2 us out of business if you put too many fees on us, and then
3 somebody else has got to pick up the tab.

4 MR. O'CONNELL: So Larry, you know, there would be
5 some services we would no longer need.

6 MR. SIMNS: Yes, I know it would be some, but --

7 MR. O'CONNELL: I mean, but the majority of them I
8 would say you are right. They would still be required to do
9 because they are supporting the basics of monitoring and
10 assessment of our fisheries resources, and that cost would
11 have to be picked up by the other sectors, whether it is the
12 sports fishermen or the community aspect.

13 MR. RICE: Can I say something myself? Back to
14 what we were alluding about, the electronic reporting, sort of
15 entering into the new era of that type of scheme of things
16 with our reporting system, in reality we are going to
17 eliminate some of the necessity for a lot of these surveys and
18 stuff because our information is going to be precise and to
19 the point.

20 And we will be doing the surveys voluntarily with
21 our daily activities, which we really already do to some
22 extent to monitor what is in the bay, what is coming out of
23 the bay, and the health of each species of fish. Yes, sir?

24 MR. GORDON: This is to Tom. I mean, you have heard
25 a lot of different suggestions. They all sound like good

1 ideas but I am kind of reading your body language or whatever,
2 and I feel like you are sitting there saying, these people
3 really don't understand how complicated it would be to make or
4 implement these types of charges and all that, and it is going
5 to be a hassle and in the end it probably won't happen.

6 Is that kind of -- what are the chances of that?
7 The things we have discussed, are they possibilities? If you
8 were a betting man, how would you assess this, these
9 suggestions?

10 MR. O'CONNELL: I think it is very reasonable to try
11 to explore a combination of options. I think some are going
12 to be extremely difficult, and other ones are still going to
13 be difficult. But there has been a lot of research done on
14 increasing fees on sports fishermen. Even dollars of
15 increases are very negatively responded.

16 Not to say that it can't happen but it is going to
17 take an enormous amount of outreach to try to get the support
18 from that sport fishing community if that is going to be
19 needed to move that option forward among the legislature.

20 Regarding the bay user fees, from a boating
21 standpoint, I mentioned that. Maybe there are other users. I
22 haven't thought through that one. The flush tax, you know, I
23 am less familiar with that one but I think those are serious
24 options to consider. I just think it is going to take a lot
25 of discussions, and not to say that we shouldn't have those

1 discussions.

2 So I think, you know, all these things should be on
3 the table right now, and we should begin to explore them. But
4 it is almost like I would recommend having a backup plan.

5 MR. GORDON: You are going to have a
6 special-interest group that is going to protest every one of
7 those things for some reason or the other, and it is just a
8 matter of whether you can persuade them to go along with you
9 or whatever. That is kind of how I am seeing it.

10 MR. O'CONNELL: When we pursued House Bill 1372, you
11 know, there was a strong commitment between some of the
12 recreational leaders, leaders of the watermen community, Larry
13 and Gibby, and the department to work together. And these are
14 difficult times to get any fee increases among anybody. And
15 we feel like we have already taken a lot of reductions and it
16 is going to be difficult for us to reduce any further and
17 still provide you guys the services that you need to make sure
18 these resources are out there.

19 So, you know, I think it is very healthy to explore
20 all these options. I think over the course of the next month
21 and a half we will fine tune some of those and at that point
22 in time we are really going to have to work together. And
23 that is going to include the sport fishing community probably
24 to figure out how to address this problem and avoid some
25 pretty significant consequences next year.

1 MR. RICE: Larry and then Richard.

2 MR. SIMNS: I don't know if any of you have ever
3 been to Alaska, to the Kodiak Islands. But they got a whole
4 great big coast guard base there, with big ships, helicopters,
5 airplanes and everything to support the commercial fishermen.

6 That is all they do. They are there to support the
7 commercial fishermen. They might have to save a life on a
8 ship going through once in a while that gets in trouble, but
9 it is basically there, and there are billions of dollars
10 spent, to support the commercial fishery.

11 And they are not asked to pay for it. Your
12 commercial fishery provides a service for the general public.
13 I mean, if we go away, then the general public is going to pay
14 a whole lot more for crabs shipped in here from somewhere
15 else. So they are going to pay more than what it would cost
16 them to pay now.

17 And I just think the government has got a certain
18 right or ability there to take care of the commercial
19 fishermen. I mean, we are willing to pay our fair share, but
20 we are not willing to pay all of it. And the thing about it
21 is, even if we were willing to pay all of it, we can't. And
22 what you will wind up doing is putting us out of business and
23 then somebody else is going to pick that cost up.

24 So why not let's spread it out now so we don't have
25 to do that. I mean, you know, if you ever went up there -- I

1 | toured that whole base -- and it is so impressive. They have
2 | got a whole fleet just to support the commercial fishermen.
3 | Now those commercial fishery makes a whole lot more money than
4 | we do, but they are not asked to pay part of that price.

5 | So I don't see why we differ so much than that. I
6 | know the state has got a problem here but I think it is an
7 | obligation for everybody to pay and not just put it on us.

8 | MR. RICE: Moochie?

9 | MR. GILMER: This isn't going to solve -- I know we
10 | need to get into discussing, you know, getting down to
11 | numbers, but everybody says they don't want to pay a fee and
12 | everybody is going to protest this. But on our income tax
13 | form now, they have a form for your Chesapeake Bay Foundation.
14 | Or Save the Bay. Would it be possible for us to say if you
15 | want to eat Maryland seafood, and you want to make a donation,
16 | could get a place on the tax form for that, to support the
17 | commercial fishermen of the state of Maryland?

18 | MR. RICE: I would donate to that a whole lot
19 | quicker than the presidential election campaign.

20 | (Laughter)

21 | MR. O'CONNELL: I captured that, and that is
22 | something that we will look at.

23 | MR. GILMER: And that is totally voluntary.

24 | MR. O'CONNELL: I just wanted to, you know, I just
25 | wanted to comment on Larry's point. You know, government

1 | should have a role in paying for fisheries management in my
2 | opinion because there is a contribution that benefits the
3 | state. Whether it is enough or not, I don't know.

4 | But we are fortunate in the department that we get
5 | about \$4 ½ million in general funds. You can gauge that as a
6 | lot or a little. I know just by looking at my counterpart
7 | agency, wildlife, they get \$225,000 in general funds.

8 | So, you know, there is a recognition among the state
9 | for supporting fisheries. Whether or not there is a
10 | justification for more, I don't know, but there is that
11 | recognition that fisheries are important to the state.

12 | MR. RICE: Gibby?

13 | MR. DEAN: Before I blast you I want to commend you
14 | for the --- . I mean, I have been with this association for
15 | going on three years, and three years ago -- and I commend the
16 | department for its willingness for us to sit down and have
17 | these discussions. And Tom, I know, would say co-manage these
18 | fisheries. But we appreciate the effort on the department's
19 | side.

20 | What I want -- my negative comment is that if we
21 | went to this \$15 access charge, whatever you want to call it,
22 | oh, yes, it is going to be a heck of a sales job. But I think
23 | the department has started out by painting us in a corner by
24 | showing that the \$2.6 deficit is a responsibility of the
25 | commercial sector.

1 When I started out my first conversation by saying I
2 don't disagree with the numbers. I disagree with how they
3 were assessed to us, the responsibility. I think -- and Larry
4 and I met with Gina and Jorge a week or so ago, and I think
5 everyone there agreed that if four different people had
6 applied these numbers, we would have come up with four
7 different answers.

8 This just happens to be the numbers of whoever was
9 involved in assigning responsibilities, and we ended up with a
10 \$2.6 million deficit. I think that -- and I would ask the
11 department to revisit some of those numbers and look at not
12 only the direct but the residual benefits that recreational
13 fishermen are getting from, you know, the regulations and
14 charges and et cetera that the commercial fishery are doing
15 and see if you still agree with that \$2.6 million deficit.

16 Again, I am not -- I don't have any desire to go
17 line by line and argue these numbers. I am willing to accept
18 the number, the deficit number. Let's just look at a way that
19 we can resolve that deficit with the least amount of impact on
20 everybody in the fishery.

21 MR. RICE: Tom?

22 MR. O'CONNELL: One thought I had, knowing that this
23 is going to be a dynamic process, is -- I don't know if it
24 would be worthwhile to look at different target levels of
25 revenue increase for fees. I mean, there was some thought

1 earlier about \$500,000. Maybe it would be worth it to go
2 through the exercise and see what the fee would have to go to
3 that. Maybe it would be worth looking at a \$1 ½ million and a
4 \$2.6 million.

5 By identifying what the fees would have to be to get
6 that level, I think we would facilitate an evaluation of how
7 that would impact the commercial fishing industry versus not
8 doing it and not really being able to assess that.

9 So one approach to kind of -- maybe tonight we focus
10 on one or two of those ranges, if that was something
11 worthwhile, and just to give everyone a sense of what those
12 levels would have to be. You know, we have a range of fees
13 that would be associated with the different options that we go
14 forward with.

15 MR. RICE: How would you like to proceed, Tom?

16 MR. O'CONNELL: I guess -- Gina, my thought was, you
17 know, Gina can kind of review some of the ideas that came
18 forward. Then we can go to the license fee structure and I
19 think maybe the first thing to do is just look at the current
20 structure to see if there are things we should consider
21 modifying.

22 Then once we kind of get a structure, maybe tonight
23 you guys want to focus on the \$500,000 level. Let's look at,
24 you know, some fee ideas that would generate that.

25 MR. BROWN: Because like Larry was saying, going up

1 \$100 on this and this. Why don't we just take the figures
2 that we have and put it in one of these sheets and see what we
3 come up with?

4 MS. HUNT: I have a spreadsheet that I will put up
5 and then you can just read off those numbers for me and it
6 will calculate where you get to based on the current number of
7 people buying that license.

8 MR. BROWN: Sounds like a plan.

9 MR. RICE: Tom, when you get to the community
10 section, that money is derived from general funds. Is that
11 correct?

12 MR. O'CONNELL: Yes.

13 MR. RICE: I don't know if there is any room for
14 expansion in the community section, but -- this hasn't been
15 talked about directly but somehow or another we need to
16 consider the cultural, historical and economic value of a
17 viable commercial fishery in the state of Maryland. This Bay
18 Bridge is backed up with traffic every weekend, and those
19 folks aren't coming over here to eat crabs imported from the
20 Carolinas or Louisiana.

21 They are coming over here to eat fresh caught
22 Maryland seafood. Some of them, yes, just go to the beach to
23 get wet, but a lot of them want to go to local restaurants and
24 stuff and eat what we catch. And I think there could be some
25 type of cost associated with the economic and cultural and

1 historical value that can be also transferred over to the
2 community section if that makes any sense.

3 MR. O'CONNELL: I think it is a really good point.
4 I mean, we have heard it many times, on the state emblem there
5 is a commercial fisherman. I think it kind of goes to the
6 point of -- I forget who suggested the, I think it was
7 Moochie, the tax donation line item. You know, and as Jorge
8 showed, the willingness to pay.

9 You know, what is the willingness to pay of the
10 public to ensure that cultural history in Maryland continues
11 into the future? It would be really interesting to see what
12 type of donations could be generated with that type
13 of -- because, I mean, a lot of people eat seafood in
14 Maryland. And just like the number of sport fishermen, there
15 is a lot of them. It wouldn't take a large fee to generate a
16 lot of money with a large number of people.

17 MR. RICE: Gina, do you have an itemized list of
18 what is considered a cost -- increased cost of licenses? Do
19 you have like an itemized list --

20 MR. SIMNS: We can do that.

21 MR. DEAN: I mean, that was my personal -- I would
22 be more than willing to tell you what I wrote down but I
23 didn't want to influence the commission. I mean, these are
24 just examples of how I arrived at the \$500,000. I would be
25 glad to tell you what they were.

1 MR. HUNT: Do you want to go through these
2 recommendations first?

3 MR. DEAN: I have got one, two, three, four, five
4 areas, Gina. Do you want me to run them by you or --

5 MS. HUNT: That is what I -- I just didn't know if
6 you wanted to go through the recommendations that were on this
7 slide. You guys read them already and you don't need me to
8 say them?

9 MR. RICE: Well, why don't we let Gina do that and
10 then we will --

11 ***Review Recommendations to Increase Revenue***

12 ***Heard by TFAC Members to Date***

13 ***by Gina Hunt, MD DNR Fisheries Service***

14 (Slide)

15 MS. HUNT: These are just -- having talked to many
16 of the commissioners in advance of this meeting, between the
17 last meeting, the joint meeting and this one, I have either
18 met with you or talked to you on the phone for a lot of
19 commissioners. And some of the comments -- I should mention
20 there is an FAQ, Frequently Asked Questions, section at the
21 end of the presentation. We are not going to go through it,
22 but it is in your handout.

23 Those are some of the questions that I received when
24 I talked to you so I put them all together so everybody had
25 the benefit of what other people asked. But also what I had

1 received when talking to the commissioners were some
2 recommendations on where fees or charges could be changed.

3 So one of them was the seafood marketing surcharge.
4 That is, right now, \$10 that is assessed every time when you
5 buy your license. You pay a \$10 seafood marketing surcharge.
6 That does not cover the cost of our seafood marketing program,
7 so yes, there are two people in that program. But, you know,
8 they have a tiny, tiny operating budget for the work that they
9 are getting done.

10 So one of the suggestions was just increase that
11 surcharge. There was a recommendation on how much, but I
12 think the recommendation that I received on a dollar value was
13 probably thinking about that is the only increase to watermen.
14 You have to consider this is in addition to their license fee,
15 so I didn't put any numbers up here.

16 But there is also a recommendation that there are
17 some licenses that we sell that do not pay the seafood
18 marketing surcharge, including fishing guides, seafood dealers
19 and folks who buy the seafood landing license. So seafood
20 dealers being the people who are processors or selling to the
21 ultimate consumer, those folks do benefit from our marketing
22 efforts, and we could start charging those individuals the
23 surcharge as well.

24 This charge for setting a pound net, several
25 meetings ago Lynn had talked to folks about the fact that we

1 do not have an effort number in regard to menhaden on the
2 number of pound nets that are set. And so the discussion
3 before this commission was that folks who have pound net
4 sites, before they set their pound net site, they would have
5 to literally come to the department, write a letter, declare
6 how many sites they want to set.

7 Because they have a possible eight sites but they
8 are not setting eight sites, so we don't know if the effort
9 out there is two of their eight, four of their eight. We
10 don't know how to go back and quantify the amount of effort on
11 menhaden.

12 So this would not be a fee to register those eight
13 sites. It would simply be a fee to actually make those sites
14 active. And if you charge the fee per site active, then you
15 know somebody is not going to come in and tell you more sites
16 than they are really going to set.

17 If it is free, you say you have eight possible
18 sites, and you have to come tell us what you're going to set,
19 some folks will just come in and say I am going to set eight
20 because they are not really sure which ones they are going to
21 set. Or it allows you to have all the possibilities.

22 If you assign a fee to it, it doesn't have to be
23 huge, but if you assign a fee, people are less likely to just
24 make that blanket statement, and actually give some
25 consideration to what they are going to set because they are

1 not going to pay more than they are actually going to use.

2 So that was one option. The next one was something
3 that a commissioner mentioned to me due to fairness issue of
4 the number of people who can be on an oyster boat. But only
5 the licensee, the one licensee on there, is currently paying
6 that \$300 surcharge. So that surcharge goes back for the
7 operations and the shell -- the repletion efforts.

8 So this is money that, you know, was seen as going
9 back in the water that each licensee was paying that some of
10 the people who didn't pay that surcharge were benefiting from.
11 So this was more of a fairness issue than anything else.

12 Also an option to raise the target on certain
13 authorizations. You know, we work under limited entry, so if
14 you raise the number of licenses that were able to be sold,
15 that you would have more people paying that amount of money.

16 So I think I captured everything, things people
17 mentioned to me, but with all that being said, you can decide
18 if you love or hate any of those when we go into the fee chart
19 because I don't want to delay that any further.

20 ***Discuss Fee Modifications***

21 ***by Gina Hunt, MD DNR Fisheries Service***

22 MS. HUNT: So I e-mailed, probably a month or so
23 ago, the draft, basically a fee chart, that showed you all the
24 authorization types that we have because at that commission
25 meeting, Bill Sieling asked, well, can you tell us what all

1 | the licenses are? Some people don't know that everything that
2 | we sell, and the cost of those, and then what was the
3 | comparable fee in Virginia.

4 | I sent that out, like I said, probably a month ago.
5 | So this is just another version of that same chart. The
6 | license types are grouped, you will see, by color. But what
7 | is -- there is right now in this proposed '13-'14 column, just
8 | the current fee. Okay, obviously there is no fee increase
9 | listed here. This is simply reiterating your current fee.

10 | And then that column estimated 2014 additional
11 | revenue, that is just the column that would calculate as you
12 | enter in a different fee, what you are going to get out of it.

13 | The column on wait list, I added that because, for
14 | instance, with a recommendation that we increase the target
15 | numbers, it is only worth increasing the target number if you
16 | have somebody waiting on the wait list to get that license.
17 | And in most of our license categories we do not.

18 | You do have 18 folks on the wait list for an
19 | unlimited TFL. And you have a significant number of people
20 | waiting for blue crabs. But other than those license types,
21 | oysters, you know, we have absolutely no wait. Striped bass,
22 | we do have a very significant wait. I didn't list that in
23 | here. It is well over 600 people.

24 | But that is something that, you know, just so you
25 | understand that basically raising the cap doesn't necessarily

1 bring in a lot of money because most of those categories you
2 might not want to raise the cap on. And also if you raise
3 fees in some of these categories and folks drop out, like
4 oysters, we have over 100 licenses available right now in
5 oysters.

6 If you now make that where another 50 people leave,
7 obviously you don't raise revenue when people aren't buying
8 the license. So I wanted to make sure you saw that wait list
9 column just to keep it in perspective.

10 *Questions and Answers*

11 MS. HUNT: So if you would throw out any numbers to
12 me, I can add it in this proposed fee column and then we can
13 calculate what money it generates.

14 MR. GILMER: Gina, when you go down to the crab
15 harvest, 600 and 900, and those that are in the estimated
16 2014 --

17 MS. HUNT: Yes, that is because the formula
18 is -- unfortunately, that is not a simple fee. It is \$20 per
19 crew member. So for a 600 pot license, in order to set the
20 600 pots, you have to have one crew member on board. You have
21 to pay \$20 for that one. For the 900, you have to have two
22 crew members. So it is really a \$20 and \$40 fee.

23 MR. GILMER: Okay, but how come it is --

24 MS. HUNT: Because it is taking -- there is nothing
25 in this. It is just an excel formula. It is just taking -

1 | there is nothing here to subtract from. See, because this
2 | column right here isn't a number. It is text. It can't
3 | subtract it.

4 | So this -- if we put something in here --

5 | MR. GILMER: But at the bottom it says estimated
6 | increase.

7 | MS. HUNT: Pardon? And that is why, yes, that is
8 | why at the bottom, right, there is nothing there. Right.
9 | That is a negative. It is because of those two columns, those
10 | two rows that you just pointed out.

11 | But we can go through this one by one and just have
12 | the -- you will see the additional. If you change the finfish
13 | license right here. If you change the finfish license and
14 | made it \$150, it is going to calculate what that additional
15 | \$50 will be over here on this line.

16 | MR. O'CONNELL: Gina, what would it take to remove
17 | that negative in those two line items? You need to put a
18 | value in, right?

19 | MS. HUNT: Remove it? I can simply type the formula
20 | back in. And I guess since we are going down the sheet here,
21 | I wanted to point out that, as you know, an unlimited tidal
22 | fish license is basically a consolidation of multiple
23 | authorizations, and all of the authorizations -- the value of
24 | all those authorizations right now -- in other words, the fees
25 | of all those authorizations total right now is \$650.

1 MR. GILMER: I understood that part.

2 MS. HUNT: Okay. So that is the only reason that is
3 there, because as you change these, then you will be able to
4 see what the components add up to.

5 MR. SIMNS: Would it simpler is we took a number
6 like -- I am going to pick a number now but don't hold me to
7 it. Let's say we add \$100 to every license up there,
8 regardless of what it is, whether \$50, \$20 or \$100, we add
9 \$100 to each one of those licenses. Can you give me a rough
10 figure of what that would amount to? It might be hard to do
11 but -- we need to keep it simple is what I am trying to say
12 here.

13 MS. HUNT: Really, it is all of this column added up
14 times 100.

15 MR. SIMNS: And adding the LCC, adding another \$100
16 to that. So we add \$100 to all the license except LCC. We
17 add \$200 to the LCC.

18 MR. O'CONNELL: So, Gina, can you just --

19 MS. HUNT: Yes, so you want to make this \$250.

20 MR. GILMER: Did you want to make the LCC \$200? Is
21 that what you are after?

22 MS. HUNT: Oh, I thought you wanted it \$200 more
23 than the current fee. You just want it \$200.

24 MR. SIMNS: In total \$200, not adding \$200.

25 MS. HUNT: Okay, so just from the LCCs, you have

1 about \$400,000.

2 MR. O'CONNELL: So Gina can you, for the other
3 thing, under the '14 additional revenue basically, does that
4 formula -- multiply B column by D and add \$100 to it?

5 MS. HUNT: I am sorry.

6 (Pause)

7 MS. HUNT: Some of these, also I should point out as
8 I am going past some of these, some of these other permits in
9 here obviously we don't charge a fee for right now. It was
10 just a possibility. So not touching seafood marketing -- and
11 Larry, did you want to do this with the seafood dealer license
12 and landing license too or just your harvesters' licenses?

13 MR. SIMNS: What was that?

14 MS. HUNT: Did you want that \$100 to the tidal fish
15 dealer license too or just harvester licenses?

16 MR. SIMNS: All of the licenses, yeah. All of them.

17 MS. HUNT: Okay.

18 MR. YOUNG: You want to add \$100 to each crew
19 authorization too?

20 MR. GILMER: I would say it is worth that, Richard.
21 I mean, to fish 300 more pots, \$100 is not -- I mean, what do
22 you think?

23 MR. YOUNG: Well, the license is getting up there
24 then. You know, I mean --

25 MR. GILMER: Well, we will see where we end up at

1 and --

2 MR. YOUNG: Well, you got a CB9, you are just going
3 to do it -- you are not going to say that a CB9 is 2
4 300-hundred pot licenses, authorizations on top of that,
5 because that is basically what it is. A CB9 is 2 300-pot
6 authorizations.

7 MR. GILMER: Right.

8 MR. YOUNG: Okay. So you are going to increase \$100
9 on one and \$100 on the other or just \$100 for the CB9?

10 MS. HUNT: A CB9 is three times a CB3. So a CB6 is
11 two times.

12 MR. YOUNG: Yes, that is what I am saying. You have
13 got a CB3, unlimited tidal fish, got 300-pot authorization.
14 And then if you get 1 300-pot crew authorization, that is a
15 CB6.

16 MS. HUNT: Correct.

17 MR. YOUNG: And if you get another one, it is a CB9.
18 You are going to be paying \$300 more. He is going to be
19 paying for the TFL, and he is going to be paying \$100 each for
20 each authorization. So he is paying \$300 more. So now you
21 are up to \$700 for an unlimited TFL CB9. That is getting up
22 there.

23 MR. WEBSTER: What I am looking at -- you say it is
24 123 people on the waiting list that want the CB9? How about
25 just adding that in? 36 more than what the 600. Just add

1 | that revenue in. But that doesn't mean they are going to have
2 | them. Doesn't mean they are not.

3 | MS. HUNT: No, they already have the license. That
4 | is how many people --

5 | MR. WEBSTER: That is how many people are waiting?

6 | MS. HUNT: On the right-hand column is how many
7 | people are waiting. But I am just saying, the other point of
8 | the column is just to illustrate that if you raise a fee to
9 | the point that some people choose not to pay it anymore,
10 | probably due to inactivity, there is somebody waiting in the
11 | wings that will come in and will pay it.

12 | Because if you raise some fees and people leave, and
13 | there is nobody on the waiting list, you just lost that. But
14 | if you have some folks that choose not to renew that --

15 | MR. WEBSTER: My point was those 123 people that are
16 | on the waiting list, they probably already got 900 pots. They
17 | got a 50-pot license and they are fishing 900 pots.

18 | MR. SIMNS: Yeah, that is true.

19 | MR. O'CONNELL: Go back up, Gina.

20 | MR. DAWSON: A nonresidence surcharge is based on
21 | state residence?

22 | MS. HUNT: Right. So basically we have 52 people
23 | who buy commercial licenses that don't live in the state.
24 | They come from I would say about six or seven different
25 | states, so every year, before license renewal, licensing sends

1 fisheries a list of who they have from which states and we
2 have to call each of those states and find out how much it
3 would cost a Maryland waterman to go do the same activity in
4 their state.

5 It is a little complicated because nobody else has
6 our license system. Most states licenses by gear, so you pay
7 for pound nets and you pay for gill nets and you pay for
8 everything separate. So if you wanted to find out the cost of
9 what a finfish license would be in New Jersey, you have to add
10 up all of those gear types.

11 So most states, we charge them much more than \$350.
12 The only folks that we really charge \$350 to is Pennsylvania
13 and Delaware maybe. So most folks don't pay that base.

14 MR. RICE: I would have to go digging in my wallet
15 to be sure but I think my Virginia nonresidence fee is
16 something like \$650.

17 MS. HUNT: \$444?

18 MR. RICE: You are right. I pay the regular
19 waterman's registration then add on \$444 more. Exactly right.
20 I remember seeing it on there.

21 MS. HUNT: So you could change the base here to
22 be something more than \$350, it is just you have to understand
23 it is not going to be that difference times 50 too because
24 most of these folks are already paying more than that.

25 MR. O'CONNELL: What about the seafood marketing

1 | surcharge? Are there some thoughts about that given that we
2 | have taken on that program and expanded it?

3 | MR. RICE: Jack has been waiting for about 20
4 | minutes to say something.

5 | MR. BROOKS: First -- I got a couple things. First,
6 | can I get a definition of a tidal fish dealer and a seafood
7 | landing? What is a tidal fish dealer and what is a seafood
8 | landing?

9 | MS. HUNT: Anybody who buys, sells or deals in fish
10 | resources harvested from the tidal waters of the state.

11 | MR. BROOKS: With the intent to resell.

12 | MS. HUNT: Buy, sell -- yes. So my ultimate
13 | consumer, you buying them and eating them, is not them.

14 | MR. BROOKS: How about a seafood landing? What is
15 | the definition?

16 | MS. HUNT: Seafood landing is to basically land fish
17 | in the state that were not harvested in the tidal waters of
18 | the state. So this is applicable really down in Ocean City
19 | where folks are harvesting fish outside our state waters, and
20 | once they land them in Maryland, they are charged Maryland's
21 | quota in many cases. So this is to make them -- by being
22 | licensed, now they have to report to us because you have to
23 | report if you are licensed by the state.

24 | So by creating a license for them they are now
25 | allowed to land here but they have to report that harvest

1 here, and that way we can keep track of our quota because it
2 is charged to us even if it wasn't harvested in our waters.

3 MR. BROOKS: Okay. I didn't know. I had never
4 really heard of a seafood landing license. But back to the
5 tidal fish dealer license, I think Bill Sieling submitted a
6 proposal for an idea basically from our association to
7 increase these fees. And looking at these fees, and listening
8 to people around the room, Larry and what they got to go pay,
9 \$150 is a pretty damn good deal for the privilege of dealing,
10 of being a seafood tidal fish dealer.

11 And I think our proposal was like \$300 or \$350
12 per -- with a \$50 marketing surcharge. I know -- I honestly
13 hadn't noticed on previous year's bills if we had a marketing
14 surcharge. You say we hadn't but on this year there is one
15 and we paid it.

16 MS. HUNT: As a dealer?

17 MR. BROOKS: Yes, that is the only kind of license
18 we have. I don't have a TFL or anything like that. And it
19 was on there, and we paid it.

20 MS. HUNT: The \$10 surcharge on top of your
21 dealer --

22 MR. BROOKS: That is a good thing but it is not
23 enough. \$10 is not enough. I would propose a \$50 minimum
24 surcharge for dealers. But 219 dealers is leaving a lot of
25 people engaged in that activity out. There are a lot of

1 people out there in the shadows, people in plain sight that
2 engage in this thing, and I would venture to say it is
3 considerably more than 200.

4 And so certainly we need to have a way to capture
5 these other folks to bring them in and pay for these
6 privileges that they -- that we all take for granted. And so,
7 I don't know, put \$350 up there for now for the seafood
8 dealer, but you got to reel in more than that. And then \$50,
9 maybe \$100 for a surcharge for a dealer because --

10 MS. HUNT: Whoa, whoa, whoa.

11 MR. BROOKS: That is where the rubber meets the road
12 when you are going to go to sell, you know, and the wonderful
13 program you guys have created here with Steve and his
14 initiatives and his energy, that is the best deal of all.

15 MS. HUNT: So are you suggesting that the seafood
16 marketing surcharge is a different fee and it is assigned to
17 dealers, and the seafood marketing surcharge is assigned to
18 harvesters.

19 MR. BROOKS: Yes. Harvesters decide if they want it
20 \$10 or whatever. But the dealers, I am suggesting it would be
21 \$50 and maybe even consider going up from that to \$200. I
22 can't see who would fuss about that.

23 They are getting the benefit out of seafood
24 marketing, and seeing what the fishermen have to pay, the
25 commercial fishermen have to pay, in order to be a commercial

1 fisherman. It is not one of these fees. It is a whole menu.
2 You know, maybe \$350 isn't enough but that is a starting
3 point. We put it out there to our members --

4 MR. GILMER: And Jack, I am like you. It is the
5 people who are dealing seafood who aren't licensed is as big a
6 culprit as --

7 MR. BROOKS: Well, they are reaping the benefits.
8 It is like you guys having a commercial fishing guy sitting
9 600 pots right alongside Richard here, and he is in the
10 shadows. He is not paying anything. It is no different.

11 MR. SIMNS: And nobody is policing him.

12 MR. BROOKS: Exactly, exactly. He is there on the
13 weekend, he is there when he wants to be. He is not there when
14 he doesn't want to be but he is engaged in the business. He
15 should have a license.

16 MR. SIMNS: How much money would that generate?
17 Have we got that yet?

18 MR. BROOKS: It is not a big number but if you start
19 capturing the people that aren't on that 219, it will be a
20 better number.

21 MS. HUNT: I think he wants the bottom line. You
22 wanted the bottom line? \$1.1 million.

23 MR. SIMNS: Just from seafood marketing?

24 MS. HUNT: No, good gracious. Jack's proposal for a
25 dealer surcharge --

1 MR. BROOKS: 219 licenses, it is not a huge number.

2 MS. HUNT: No. It is \$11,000.

3 MR. SIMNS: But that would help seafood marketing
4 out.

5 MS. HUNT: Correct.

6 MR. SIMNS: They get \$50,000 now, right?

7 MS. HUNT: Right.

8 MR. O'CONNELL: What about the seafood marketing
9 surcharge for harvesters. It is currently \$10. Do you
10 guys -- any thoughts on that?

11 MR. SIMNS: I would take \$10 or something out of
12 that \$100 we added to those licenses and put it to seafood
13 marketing. You know where I said add \$100 to each license?

14 MS. HUNT: Right.

15 MR. SIMNS: Take \$10 or \$20 out of that and put to
16 seafood marketing.

17 MS. HUNT: Well, we can see that, but it won't
18 change our bottom line down here. It is the same. We are
19 just moving the deck chairs.

20 MR. WEBSTER: But you haven't added that in yet,
21 have you? Seafood marketing charge yet?

22 MS. HUNT: Yep.

23 MR. WEBSTER: Oh, you did?

24 MS. HUNT: That is that \$10,000 right there.

25 MR. WEBSTER: Oh, you went up to \$50.

1 MS. HUNT: Well that is for a dealer. He said make
2 it for a dealer. So I just multiplied it by the number of
3 current dealer licenses.

4 MR. GILMER: Just a regular license holder you
5 haven't changed yet.

6 MS. HUNT: I have not changed that because you
7 didn't ask me to.

8 MR. WEBSTER: Tidal fish dealer you are talking
9 about.

10 MS. HUNT: Correct. And just so you know, I mean,
11 it doesn't have to be this way but the law -- when we created
12 the seafood landing license we wrote it under that section of
13 seafood dealers so it was actually assigned a same fee as a
14 seafood dealer but, you know, they obviously are receiving a
15 limited benefit. It is not the same as being a dealer. They
16 are simply landing in the state.

17 But I am just telling you that is where actually
18 that fee came from initially. It was \$150 because that is
19 what the other surcharge was, \$150.

20 MR. BROWN: On the seafood dealer license, there
21 are -- I know it is all over the state -- but there are a lot
22 of restaurants who buy crabs, who buy fish. And they do not
23 have a seafood dealer's license.

24 MR. YOUNG: And they should.

25 MR. BROWN: They don't buy it from a dealer. They

1 buy it directly from the catcher.

2 MR. YOUNG: And they should be a dealer.

3 MR. BROOKS: You could triple that --- so easily, if
4 you had an initiative within the state to go out and capture
5 those people. That could turn into a \$40,000 that could be in
6 the six figures.

7 MR. SIMNS: And we ought to look at that because
8 that would help seafood marketing right there.

9 MR. BROOKS: Exactly. And \$100, \$50 or \$100 for
10 seafood marketing is still a deal. I am not one to raise fees
11 but, I mean, this is fairness issue.

12 MR. BROWN: I mean because I know a lot of places
13 down home, they will say, well, I catch my crabs so I have got
14 a right to sell them. So they will go sell them to a
15 restaurant. And the restaurant says, well, I am not going out
16 and buying them. He is bringing them here. He should have to
17 have the seafood dealer's license.

18 MR. SIMNS: Somebody has got to have that license.

19 MR. BROOKS: The crabber doesn't need a seafood
20 dealer's license. That is the whole thing about a commercial
21 crabber. He can sell his stuff.

22 MS. HUNT: Without a dealer's license. The
23 harvester sells his catch without a dealer's license.

24 MR. GILMER: Right, but whoever is buying it --

25 MS. HUNT: Whoever is buying, yes.

1 MR. SIMNS: We don't have a problem with the catcher
2 selling it directly to the public, but when he sells to a
3 restaurant that is going to resell it, somebody should have a
4 license.

5 MR. BROOKS: But that catcher should not. He has
6 already paid his fees. It is the guy, it is the restaurant,
7 it is a truck, it is whatever it is that is buying it --

8 MR. SIMNS: Then the marine police have got a record
9 of somebody there that they need to go check once in a while.

10 MR. BROOKS: Exactly, to be accountable, to be
11 accounted for.

12 MR. WEBSTER: One question: You talk about the
13 tidal fish dealer. What about the shipper's license that they
14 pay? Some watermen have shipping licenses. Some businesses
15 have shipping licenses. Is that a difference in the dealer?
16 I mean, if they are --

17 MR. SIMNS: If you are shipping out of state --

18 MR. WEBSTER: If you have got a shipper's license
19 you can sell anywhere, I thought.

20 MS. HUNT: That is DHMH.

21 MR. WEBSTER: Yes, that is the health department,
22 right? If you have already got a shipper's license, why would
23 you need a dealer's license?

24 MS. HUNT: Again, that is a totally different
25 agency, totally different rules that you are complying with.

1 DHMH is literally your shipper's license to comply with FDA
2 requirements on seafood.

3 MR. SIMNS: That is interstate shipping.

4 MR. WEBSTER: Seafood handling thing.

5 MR. BROOKS: But that is shellfish. Crustaceans,
6 you don't even need the interstate shellfish license. That
7 covers just the shellfish people: clams --

8 MS. HUNT: Right.

9 MR. BROOKS: That doesn't cover finfish and crab.

10 MS. HUNT: But just so you understand that anybody,
11 because it sounds like the recommendation here is that
12 restaurants need to buy this dealer's license. And I am not
13 100 percent clear whether or not that is already required or
14 not but I will just -- I believe not. If it was, then those
15 restaurants will have to begin submitting dealer reports to
16 the department.

17 MR. BROOKS: In your definition of a seafood
18 dealer's license requirement, they are in there.

19 MS. HUNT: Well, that is why I said I am not
20 abundantly clear. But if they are required to buy this, or if
21 we make the change in a bill and say, hey, they have to do it,
22 then those individuals, will also have to -- those
23 individuals, those companies, will also have to begin
24 submitting seafood dealer reports to the department.

25 MR. BROOKS: Why do you need a bill if it is already

1 in the definition?

2 MS. HUNT: Because I just want to go to the AG's
3 office and find out if it is true or not.

4 MR. BROOKS: You don't need a bill. What you
5 described, you don't need a bill.

6 MR. DEAN: Just three quick comments. You have
7 already exceeded my expectations on this cost recovery on the
8 commercial end. If you apply those numbers right there, cut
9 it off at this point -- I am not suggesting doing that
10 because, I mean, it is great that we are brainstorming
11 this -- but you have just reduced the surcharge from \$15 to
12 \$10. And have recovered \$2.9 million.

13 Two other comments: I know we are working on the
14 commercial end, and I don't know if we will be privy to this
15 on the recreational side, the \$5 recreational crabbing license
16 is absurd. And it has also been suggested to me and Larry
17 both by one of our counterparts on one of the conservation
18 groups that you explore -- and I don't know if this is
19 feasible -- but dealing with restaurants, a tax on seafood
20 earmarked for fisheries management.

21 I have no idea if it would work, how it would work,
22 but --

23 MS. HUNT: It is almost like a -- you would have to
24 know who all the restaurants are who sell seafood in the state
25 because you could be a restaurant, you just don't sell

1 | seafood. But if you had the rule that you -- if you are going
2 | to sell seafood in the state, you had to be licensed in a
3 | certain way, it is almost like in place of this dealer's
4 | license requirement then.

5 | But, you know, they are paying -- once you know who
6 | they are, then they could pay the tax but it is -- it is very
7 | similar then to the oyster buy ticket, where they would be
8 | paying based on the amount that they report to us that they
9 | sold.

10 | So if they tell us that they only two dinners of
11 | crab meat, that is all the tax that you are going to get from
12 | it. Just saying that is how that tax would work. It is very
13 | similar to the way the oyster buy ticket works right now on
14 | dealers.

15 | MR. BROOKS: There is room for slippage there, I
16 | would say.

17 | MR. HUNT: I didn't -- draw your own conclusions.

18 | MR. SIMNS: I think the recreational license ought
19 | to be at least \$25. It costs you that much to send the
20 | license out and get your -- I mean, \$5 is ridiculous when you
21 | go out and catch \$100 bushel of crabs. \$25 would be more in
22 | line with everybody else. I know you don't want to more than
23 | double but you more than double our license so I don't see no
24 | difference on that.

25 | I think \$25 is not unreasonable for a recreational

1 crabber. When he catches a bushel of crabs, if he doesn't
2 eat it all, he can sell it and get \$100 for it.

3 MR. RICE: Well, putting it in perspective, I have
4 got it laminated in my little history cabinet, 1968 I bought
5 my first crabbing license to trot line with, and it was \$5.

6 MR. SIMNS: It was \$5 then?

7 MR. BROOKS: 1968.

8 MR. YOUNG: And it is still \$5.

9 MR. SIMNS: I don't know how much that would
10 generate. That ought to generate a lot of money.

11 MR. RICE: The first bushel of crabs I caught, I
12 sold them for \$6.

13 MR. GILMER: It paid for your license. Can't do
14 that now.

15 MR. YOUNG: I don't disagree with what Larry just
16 said. I think that, you know, the recreational crabbing
17 license should definitely be increased. The problem is, as
18 Gina said before, the recreational money has to go to
19 recreational the way the law is written right now. So if you
20 increase recreational, and it should be, but it isn't going to
21 help us on the commercial side. Am I correct?

22 MS. HUNT: That is correct. It will not help your
23 deficit. Raising fees, recreational fees, does not change the
24 story for commercial. Unless, like you had described -- if
25 you create a fee that is not a recreational fee. It would

1 | depend on how you write it but you could create a surcharge, a
2 | fee, a license, whatever you want to call it, and have it
3 | dedicated to go to a particular fund, and it is not
4 | particularly either side.

5 | MR. YOUNG: But you would have to have a bill for
6 | that legislatively.

7 | MS. HUNT: We have no regulatory authority to set
8 | fees except for recreational crabbing fees. That is the only
9 | authority we have.

10 | MR. YOUNG: Sounds like you need to go to the
11 | legislature and get the authority. Easier said than done?

12 | MR. RICE: Go back to the bottom line, if you would.

13 | MR. O'CONNELL: So I just -- the numbers that you
14 | guys put up there generate \$1.1 million if there was no
15 | significant behavior change in buying licenses. There were a
16 | couple of categories we really haven't discussed yet that may
17 | be worth discussing. I don't think they would generate a lot
18 | of money but there may be justification to looking at fees for
19 | them.

20 | And it may be that this scenario, we talked about
21 | maybe looking at a range of options. Maybe this is the
22 | million-dollar option. This is the scenario that would have
23 | to be used to generate \$1 million if you were looking at a
24 | combinations of options approach. And whether or not we
25 | wanted to be bold enough tonight and look at a higher option.

1 I am anxious to see what the fees would have to be
2 and I am sure you guys are. Or a lesser option. You guys
3 talked about \$500,000 earlier. Maybe if Gina could just
4 explain some of these new license permit categories to see
5 what kind of feedback you guys have or not.

6 MR. RICE: Suppose, just thinking out loud, if we
7 took this proposal that Larry has sort of brought forth up
8 here right now, Larry and Moochie's idea, and then added a
9 third thing into it, and this is my idea, where I think the
10 administration should be solicited to kick in more general
11 funds due to the economic, cultural and historical value of
12 the commercial fishery.

13 And the commercial fishery is willing to sit down
14 and come up with \$1 million right off the bat. I think the
15 state of Maryland owes the commercial fishermen some money out
16 of this deal for what we provide.

17 MR. BROOKS: Don't take this \$1 million too lightly.
18 I mean, it is going to be a heavy lift. I mean it is hard in
19 tight times.

20 MS. HUNT: Right, and recognize that some of these
21 categories, if people drop out, you are not going to end up
22 with \$1.1 million. Maybe you do only end up with \$1 million
23 or \$900,000. So this is really the best-case scenario as far
24 the amount of revenue you would get out of that. It is not
25 necessarily what will happen.

1 MR. SIMNS: I don't think you will have too many
2 people drop out. You might have some of the turtle potters or
3 something drop out or something they are not using anyway, but
4 I don't think you are going to see a big number drop out on
5 account of the extra fee.

6 If it is LCCs that is all well and good because we
7 need to get rid of some of them anyhow.

8 MS. HUNT: Well, you have over 100 people waiting to
9 take their slot thought.

10 MR. SIMNS: So that will take care of them.

11 MS. HUNT: Some of these other fees that Tom alluded
12 to are just things that I had put in the spreadsheet that I
13 e-mailed you because the department issues a number permits,
14 commercial permits, and does not receive any fee for those
15 permits.

16 So horseshoe crab, black sea bass, yellow perch,
17 snapping turtles and summer flounder are all permits that we
18 issue and people do not pay for.

19 MR. SIMNS: Well, I included that in the \$100 across
20 the board.

21 MS. HUNT: For each of those?

22 MR. SIMNS: Yep. Add that -- all those, put \$100 on
23 each one.

24 MR. WEBSTER: It is not incorporated in the TFL?

25 MS. HUNT: No. This is in addition to the TFL.

1 MR. SIMNS: No, if you got the TFL it takes care of
2 it.

3 MR. WEBSTER: Yeah.

4 MS. HUNT: No, these are not part of the
5 authorizations of a TFL. Right now whether you have a finfish
6 license or a TFL or whatever you have, you get this permit in
7 addition. Pardon?

8 MR. GILMER: It only covers crabbing, clamming and
9 oystering, correct? And part of your striped bass?

10 MS. HUNT: No.

11 MR. BENJAMIN: Larry, what she is trying to say is
12 you are allowed to fish but for the yellow perch, they have to
13 get a free permit right now. You are going to add another
14 \$100 for a guy who wants to fish for yellow perch or right now
15 under TFL you can fish for turtles. But you get a free
16 permit. But now you are going to have to pay another \$100.
17 You understand?

18 MR. O'CONNELL: Some of these are limited access,
19 and not all TFLs can access that fishery. They are capped so
20 should they be -- you know, there is an extra privilege for
21 limited fisheries: horseshoe crab, black sea bass. I know
22 those two are limited. Some of the other ones -- yellow perch
23 and turtle -- are not.

24 MS. HUNT: Yellow perch and snapping turtle are not
25 limited; in fact, that is why, for yellow perch, I put up

1 | there we had 68 people declare that they wanted to fish yellow
2 | perch. We no longer give out permit cards until you call us
3 | and tell us you are going to be active because once you get
4 | your permit card you are required to call in on that reporting
5 | system.

6 | So only 37 of the 68 people said that they actually
7 | wanted to fish then. So we have people declaring in these
8 | categories that don't fish. Snapping turtle: 79 people
9 | declared to go fish for snapping turtles. We have a handful
10 | that actually do it. They are just saying they want it
11 | because it is free.

12 | So, you know, there are people in these categories
13 | that these are not what they are doing. It is just -- it is a
14 | free permit, so they come in and get it.

15 | MR. SIMNS: They make good money out of snapping
16 | turtles.

17 | MS. HUNT: The people that actually do, but we do
18 | not have 79 snapping turtle fishermen.

19 | MR. GILMER: You have got more than you think.

20 | MS. HUNT: More than are getting the permit?

21 | MR. GILMER: Way more.

22 | MS. HUNT: Okay.

23 | MR. GILMER: I don't have a problem -- I mean, does
24 | everybody think \$100 for all those is good?

25 | MR. SIMNS: That is kind of what I suggested. I

1 don't have --

2 MR. WEBSTER: I would agree to that. We pay that
3 much for a rockfish permit.

4 MR. SIMNS: Yeah, I think that ought to be worth at
5 least \$100.

6 MR. GILMER: It probably costs the department \$100
7 just to --

8 MR. WEBSTER: Just to issue it probably.

9 MS. HUNT: The next two are actually -- so as I
10 mentioned earlier, we do not have the authority to set fees,
11 and we have folks who come in and ask for a commercial, to be
12 able to harvest something and sell it out of the tidal waters
13 of the state.

14 It could be a crayfish, something that we normally
15 wouldn't think of as a commercial resource but since we do not
16 have the authority to set a fee or create a license for these
17 things, you have to be licensed in order to sell something
18 harvested from the state waters, but we don't have the
19 authority to create one unless you do it in a bill.

20 And so the next row, this species other than listed,
21 would be a category that would give the department authority
22 if somebody came in and asked for something that is not
23 already covered by our license system. We would be able to
24 create a permit and charge a fee for that permit.

25 And I can't give you lots of examples other than the

1 couple that we have had, and we have just had to turn people
2 away and say, no, you cannot commercially harvest that. So we
3 just put it in there as these are the kinds of questions we
4 end up with all the time, and we can't solve the problem if we
5 don't have the ability to create the license.

6 MR. BROOKS: I don't see why we couldn't support
7 something like that in the legislature, a special fee
8 category.

9 MS. HUNT: So would you like to assign a fee to it
10 or just provide the regulatory authority for the department to
11 do that because you can pick a fee, but we don't really know
12 what species we are picking it for since we don't -- it could
13 be anything that is not already covered.

14 MR. BROOKS: I would suggest case by case and run it
15 throughout this or a committee of some sort. I mean, you
16 never know what may come down the road, and you could be
17 issuing \$100 something for sea nettles. My gosh, if somebody
18 captured them, who knows, they could make some money.
19 A far-reaching example but --

20 MS. HUNT: So we can't assess the economic or fiscal
21 impact of this then if we don't know how many we would issue
22 or what they are for but let's just say this is something
23 potentially we would receive revenue for if we created one.

24 The pound net registration -- I should say it is not
25 a registration -- was the category I described earlier, where

1 | you would actually pay for actively setting a net. So this
2 | would be per pound net that you would come in and tell the
3 | department you actually want to set out of your possible eight
4 | that you already have registered. No takers?

5 | MR. WEBSTER: We are looking at Robert T.

6 | MR. BROWN: If you want to put a fee on it, that is
7 | fine, but you know you are allowed to set eight, but not for
8 | each net. In other words, you come and pay a fee and you
9 | register and say, I am going to set three nets or two nets.

10 | MS. HUNT: So the fee isn't -- so if you tell us you
11 | are going to set eight, you pay the same fee as if you told us
12 | you were going to set three?

13 | MR. BROWN: Yes. --- two or whatever, you know, it
14 | is. I don't know of many people who set eight anymore. Most
15 | people set two, three.

16 | MS. HUNT: Right. I am more worried about the folks
17 | who will just say they are going to set most of their nets
18 | just to cover their bases.

19 | MR. BROWN: Well, you can come in and get one
20 | registered at any time. If at the beginning of the season you
21 | say you want to set one net. When you go to pay your fee,
22 | correct, isn't that what you told me the other day? Then
23 | middle way during the season you decide you want to set
24 | another net, you would come in and pay the fee and set another
25 | net.

1 MS. HUNT: Well, then it is per net then. Say it
2 was \$10 and you have eight sites -- or say it was \$50. Do I
3 hear \$100? If you come into the department and say, I want
4 two of my eight sites, and you give us then \$100, 2 times 50,
5 okay. And then two months later you say I want two more of my
6 eight sites and you give us another \$100.

7 That is fine, but you are paying \$50 per net as
8 opposed to I am paying \$100 for all of my possible nets. By
9 setting it per net --

10 MR. BROWN: Well, you want to pay -- you are saying
11 \$100 and you can set up to eight nets, that is fine.

12 MS. HUNT: Right, but that is the problem.

13 MR. RICE: Robert T., if I would, I think what Gina
14 is trying to get out of this is she is trying to kill two
15 birds with one stone.

16 MR. BROWN: Okay.

17 MR. RICE: She wants to put a tariff for each net
18 reset. Also, in the same instance, she wants to know how much
19 effort is going and how many pound nets are being set. So if
20 you do it net by net, nobody is going to come in and pay \$50
21 for a net they know they are not going to set.

22 MR. BROWN: That is enough to make it up there but
23 you got to realize, you know, each we fee we add on, we are
24 getting multiple fees on all of us as we go along.

25 MR. RICE: Absolutely. It doesn't necessarily have

1 to be the \$50 fee --

2 MR. BROWN: I mean do they want to come along and
3 put a fee on every fyke net that is put out too?

4 MR. RICE: Right. I understand your point.

5 MR. BROWN: And every gill net? But I can see why
6 we need one because I know we got -- you look at the chart
7 that says, when it comes to this menhaden, it says how many
8 nets do you have in the Chesapeake Bay and you look at it, it
9 looks like a dart board it has so many up there. But then you
10 could turn around and you could say, hey look, these are only
11 the ones that are being fished.

12 MS. HUNT: Exactly. So \$50?

13 MR. BROWN: \$50. So if a man wants to set eight, it
14 will cost him \$400.

15 MS. HUNT: Right, I just -- you have to make some
16 assumptions here on how many nets we actually have actively
17 fished to figure out how much money that would generate.

18 MR. BROWN: Well, you are getting nothing now.
19 Anything you get is more than what you are getting.

20 MS. HUNT: Right, I am just saying if you want to
21 try -- do you want to say half of the registered pound nets
22 are active? Or you think -- I would say less than that. If
23 you put down -- right now you have 1,100 registered sites.
24 What percentage of that would you say are actively being set?

25 MR. SIMNS: About a fourth of them.

1 MS. HUNT: That is fine.

2 MR. BROWN: About that, about 25 percent.

3 MR. O'CONNELL: What percentage of the registered
4 nets are active, you think?

5 MS. HUNT: That is what he just said.

6 (Pause)

7 MS. HUNT: All right, so that would bring in another
8 \$12,000 plus all those permit fees. You are still at \$1.1.

9 MR. BROWN: Before you get off the pound nets, make
10 sure that it is in there that a person can come in and get an
11 extra pound net any time he wants to.

12 MR. O'CONNELL: Are you saving this, Gina, as you
13 go?

14 MS. HUNT: I am writing notes. Oh, that? I have
15 saved it multiple times. And I have a \$1 million, you see it
16 down at the bottom? I have a \$1 million worksheet, and this
17 worksheet is anything new in addition to that. So we have
18 multiple options.

19 MR. BROOKS: Richard just brought up a point that I
20 was not aware of as far as a dealer's license is concerned.
21 Oystermen who catch their own oysters but then sell them are
22 required to have a dealer's license?

23 MR. YOUNG: If they sell them to the public they
24 have to have --

25 MS. HUNT: No, shipper's license.

1 MR. BROOKS: Oh, that is the health department
2 license. They are not required to have an additional license
3 from the DNR. That is the health department.

4 MS. HUNT: Unless you are going to -- yep, you have
5 to sell to then somebody that has the shipper's license.

6 MR. YOUNG: So if an oysterman wants to sell his
7 oysters, he is out on a boat and a guy comes up and wants to
8 buy a bushel of oysters off the boat. Okay?

9 MS. HUNT: Yep.

10 MR. YOUNG: He has to have a shipper's license?

11 MS. HUNT: Yes.

12 MR. BROOKS: But that is not through you.

13 MS. HUNT: No.

14 MR. YOUNG: Not a dealer's license.

15 MR. BROOKS: That is not here. That is the
16 Department of Health. That is FDA.

17 MR. YOUNG: That is a federal --

18 MS. HUNT: Well, no, it is a state agency, DHMH,
19 Department of Health and Mental Hygiene sells the shipper's
20 license to comply with federal requirements under FDA.

21 MR. YOUNG: Okay, but the state is not -- but you
22 guys, DNR, is not requiring that they have a dealer's license.

23 MS. HUNT: No.

24 MR. YOUNG: I was concerned that they were going
25 to -- a person that was catching something and selling their

1 own catch was going to get hit with this increased dealer's
2 license fee.

3 MS. HUNT: If they tried to sell it to a restaurant
4 directly and that restaurant does not have its certification,
5 it is not licensed under DHMH for shellfish sanitation, that
6 is when the waterman has to have it then. You are going to
7 sell it somebody who is not licensed by DHMH, you have to have
8 it yourself, bottom line.

9 MR. BROOKS: But that is not this agency. That is
10 not this building.

11 MR. GILMER: Gina, where did we end up on the 600
12 and 900 pot thing? So it is just a \$20 -- we all went a \$100
13 on each one. We didn't go to --

14 MR. WEBSTER: It is \$100 on the 600 and \$100 on 900
15 so you get 900 it is \$200 more.

16 MR. GILMER: No, it is just \$100.

17 MR. WEBSTER: Am I correct for saying that?

18 MR. GILMER: No, it is \$140.

19 MS. HUNT: It is only \$20 more. It is only \$20 more
20 to set 300 more pots.

21 MR. WEBSTER: Well, that saved a little money then.
22 What if you opened it up to get the other 123 and 36, wouldn't
23 that help out some? Because people do want that; matter of
24 fact, they are renting or buying the guy's 900 pots. They
25 just opened up legislation this year that they could do that

1 if they want to do that.

2 MS. HUNT: right.

3 MR. WEBSTER: They might not have to now, but they
4 opened it up.

5 MS. HUNT: To put it in perspective --

6 MR. GILMER: But my question --

7 MS. HUNT: If you pay \$250 for your first 300,
8 unless you have a TFL, but pay \$250 for your first 300 pots.
9 \$120 for your next 300, and then \$20 more -- yeah.

10 MR. GILMER: So do we need to increase one, reduce
11 one, to make it more even?

12 MR. WEBSTER: It is only \$20 difference between 600
13 and 900. Maybe we ought to split it 50-50.

14 MR. GILMER: I was just trying to make it, you know,
15 fair is what I am looking at.

16 MR. WEBSTER: If you raise the surcharge or the pots
17 \$50 each instead of \$100, you know.

18 MS. HUNT: Keep in mind you have almost 400
19 licensees right there. That is a significant number of people
20 for whatever you multiply it by.

21 MR. WEBSTER: And you got a potential another 150 or
22 160 more.

23 MS. HUNT: My point is just that if they drop out
24 you do have people that definitely will take their place.

25 MR. GILMER: Do you let the 900 get away for \$20

1 more or do you reduce the 600 or increase the 900? I am in
2 this battle but I am trying to be fair when people come back
3 and look at this.

4 MR. WEBSTER: It looks like the 600 pots to the
5 brunt. Gina, it is cheaper to get the 900 than the 600.

6 MR. DEAN: Let's not get carried away here now. I
7 mean, this is all great, but we started this meeting out
8 saying we can't afford it. Already we have increased nearly
9 \$2 million. And like Jack said --

10 MS. HUNT: No, no, no. This is the current -- this
11 right here is the current value of all the components when you
12 add up a TFL license.

13 MR. DEAN: Well, take me to the bottom.

14 MS. HUNT: It is still \$1.1.

15 MR. DEAN: Like Jack said, this is still a hard pill
16 to swallow. I mean, let's not get carried away here. I mean,
17 you know, it is tough paying what we are paying now. Let's
18 just not give this away.

19 MR. BROOKS: I don't know how it is up this way,
20 but, I mean, down in Dorchester County, it is going to be hard
21 to explain to these guys why they have got to do it. And it
22 is going to be really tough for them to come up with it, and
23 some people aren't going to be able to make it.

24 MR. RICE: I think Gibby makes a good point. Right
25 now it is just numbers on a paper. When you reach in your

1 billfold and pull the money out, then the rubber meets the
2 road.

3 MR. SIMNS: I think on a 300, 600, 900 pot it ought
4 to be no more than \$50 for each jump. What do you think,
5 Moochie?

6 MS. HUNT: So not the \$100 more than its current?

7 MR. SIMNS: It will be \$100 if you add 900.

8 MR. GILMER: So what you want to do is change
9 the --

10 MR. WEBSTER: From \$20 to \$50, and then \$100 for
11 900.

12 MR. HUNT: Tell me, Larry, what?

13 MR. GILMER: \$50 for the 600 pot instead of \$100.

14 MR. YOUNG: \$50 increase.

15 MS. HUNT: \$50 increase or \$50 fee?

16 MR. GILMER: \$50 increase.

17 MS. HUNT: So it is \$70 for 300 pots.

18 MR. GILMER: Well, it will be \$140, if you --- at
19 \$100, because it is already \$40.

20 MR. SIMNS: No, you might want to raise it \$50.

21 MR. WEBSTER: It would be \$90.

22 MS. HUNT: Because it is \$20 per crew member, and a
23 900-pot license requires 2 crew members. So you know you went
24 backward when you did that. I am just saying we went backward
25 when we did that, so you understand that.

1 MR. DEAN: Brenda, correct me if I am wrong, but I
2 think this came up once before. Doesn't this put undue
3 pressure, if you gave everybody 900 pots, undue pressure on
4 the current crab allocations and stuff? I mean, that was the
5 concern earlier.

6 MS. HUNT: Well, that was the question that came up
7 last year under 1372. Do you get rid of the crew member
8 requirement? This doesn't get rid of the crew member
9 requirement. This simply says this is the fee now. That
10 question about whether or not you had to actually stick the
11 crew on board is a separate question because right now you are
12 only allowed to set those pots at that bushel limit with those
13 people on board.

14 MR. DEAN: Well, again, let's not get carried away
15 here. I was tickled to death to come up with \$500,000. We
16 are over \$1 million and we can't afford it.

17 MS. HUNT: Okay, so do you only want to have the one
18 option because I think we had talked about having multiple
19 options.

20 MR. DEAN: Well, I don't know how we can go above
21 it.

22 MR. GILMER: We can't go above what we have here.

23 MR. RICE: If we could, it seems like we are kind of
24 like getting caught in the mud just because -- I think we have
25 time to fine tune what we are working with. We have given Tom

1 several different options, some lesser, some more.

2 It would probably would be beneficial to let Tom
3 take these options back and at our next meeting he is going to
4 have something concrete that we can actually work with because
5 we are not going to reinvent the wheel here tonight with what
6 we are working with.

7 MR. O'CONNELL: Just to add to that, I think there
8 has been some good progress made tonight, some good ideas, and
9 what I am thinking is that we only have two weeks between now
10 and the next meeting but, you know, Gina and I can maybe try
11 to explore some of the alternative ideas you guys had and come
12 back with some information to explain, you know, what would be
13 the mechanism to do something like that.

14 Just to give you a little bit more concrete
15 information on some of the alternative options. We can
16 discuss that a little bit. Given that we are at 8:30 p.m.,
17 you know, I don't think there is a lot of time to begin
18 getting into another level of options. You know, we have an
19 option tonight that is right around \$1 million. Maybe next
20 meeting we look at, you know, an option below and above that.

21 And that will give us kind of a good range of
22 options. I am just thinking that -- I mean, I know a lot of
23 you guys have long drives. I think we made a lot of progress
24 tonight but maybe this would be a good stopping point. Give
25 the public an opportunity to say a few words and then leave

1 here tonight.

2 We can send some follow-up information with this
3 table so you guys can digest it. The last thing I will say is
4 that, you know, I hear you guys. Any level of increase is
5 going to be incredibly difficult to, you know, get through. I
6 think another thing that would be worth discussing with all of
7 you is, you know, it would be good to generate some talking
8 points so all of you guys leave here with some common talking
9 points to talk to your constituents.

10 I think it would also be a benefit for us to jointly
11 do some listening sessions in your regions to explain the
12 situation and just try to build some informed consent of the
13 problem at least. But there is going to be a lot of work on
14 all of our --- to get anything through, so I think that is
15 another thing we should talk about at a future meeting.

16 MR. BROWN: Gina, could you add this up for me? If
17 a person has a TFL under these new figures --

18 MR. WEBSTER: It is what it is worth.

19 MR. BROWN: But what is it? What are you paying for
20 a TFL? No, no, that is the components. I don't want the
21 components.

22 MS. HUNT: \$400 under this scenario.

23 MR. BROWN: Okay, \$400 --

24 MS. HUNT: Under this proposed scenario. Currently
25 it is \$300.

1 MR. BROWN: Okay, but I am saying under the new
2 proposed, if a person has an unlimited TFL that is \$400.
3 Let's see, if he has the rockfish endorsement --

4 MR. RICE: Not to cut you off, Robert T., but it
5 should come to \$650 by the old scenario. If you add another
6 \$100 it should be \$750, is that correct?

7 MR. BROWN: Wait a second. But then you got your
8 seafood marketing.

9 MR. RICE: Okay, you add that too, right.

10 MS. HUNT: Which is still just \$10 because you
11 didn't raise that.

12 MR. BROWN: Okay, and then you add --

13 MR. GILMER: \$100 to your oyster.

14 MR. BROWN: Yeah, oyster surcharge.

15 MS. HUNT: That is still the same.

16 MR. BROWN: Just add it in there. I just want a
17 total.

18 MS. HUNT: Okay.

19 MR. WEBSTER: What's \$100 then? Rockfish would be
20 \$200, wouldn't it?

21 MS. HUNT: Not for a TFL. Oh, oh, oh. You raised
22 it.

23 MR. SIMNS: Rockfish is still going to stay \$100.

24 MR. WEBSTER: If you raised everything \$100.

25 MS. HUNT: You raised everything \$100.

1 (Simultaneous conversation)

2 MR. BROWN: You got the oyster surcharge in there?

3 MS. HUNT: So do I take out the striped bass fees?

4 MR. O'CONNELL: This is a scenario that generates
5 about \$1 million. There was also interest in about \$500,000.
6 I think one of the things that we should do next meeting is,
7 you know, where would you reduce some of these prices because
8 you don't think the industry could absorb it, and that would
9 probably shape up the \$500,000 level.

10 MR. BROWN: If you start adding all this up --

11 MR. O'CONNELL: As you guys leave here and you
12 reflect upon this, I mean, most of it was \$100 across the
13 board. For some that increased by 30 percent. And some it
14 increased by a couple hundred percent.

15 MR. BROWN: The 900 crab pots are in there?

16 MS. HUNT: What was that? I can't keep track of
17 what that was.

18 MR. WEBSTER: \$90.

19 (Pause)

20 MS. HUNT: So \$1,000.

21 MR. GILMER: Gina, go back up for a minute, please.
22 Okay, to the oyster surcharge. See, you got \$300. The thing
23 is \$400 there.

24 MS. HUNT: Right, I am sorry. So if I added it --

25 MR. BROWN: Because the oyster surcharge wouldn't

1 help that because that gets off to planting oysters and stuff
2 anyhow.

3 MR. GILMER: But it is still your cost.

4 MR. SIMNS: But you are not supposed to add \$100 on
5 that either.

6 MR. WEBSTER: I thought that just went to seed and
7 shell programs. Are they going to keep doing that? Should we
8 do away with that?

9 MR. RICE: Gibby?

10 MR. DEAN: If you want to bear with me for two
11 minutes, I will just run through really quick where we could
12 get the \$500,000 and, with Jack's suggestion, \$800,000. It
13 will take me a minute.

14 Here was the increases I just -- off the top of my
15 head: hook and line is currently \$37.50. I think you take
16 that up \$62.50. That should generate \$14,000. LCC you
17 increase by \$150. There is \$369,000. LCC male only increase
18 by \$50 is another 22.

19 Oyster harvester you increase by \$50 is 27. And
20 striped bass TFL you increase by \$50 would bring you a total
21 of \$482, and I definitely like Jack's idea, which is another
22 \$350,000 minimum, I believe. Isn't that correct, on the
23 dealer's license?

24 MS. HUNT: Creating a dealer seafood marketing
25 surcharge? That was just \$10,000. \$11,000.

1 MR. DEAN: All right, so there is \$500,000.

2 MS. HUNT: I don't type that fast so you want to
3 give it to me?

4 MR. O'CONNELL: Hey, Gibby, can you leave that with
5 us and we can put it together? If you want, we can send it
6 out?

7 MR. DEAN: Absolutely. They are increases now.
8 That is not totaled. Can you understand it? They are
9 increased by, multiplied by the number of current license
10 holders and that is the increase you should realize. And I
11 don't have spell check.

12 MR. GILMER: Real quick, Brenda, when we were
13 talking about -- I have been in touch with her and Gina a lot
14 over the crab stuff -- well Brenda tells me the rec survey
15 that you do, not every year, is \$308,000, and you got your
16 budget here at \$100 something thousand. So where does that
17 add up at?

18 MS. HUNT: On the side of recreational fishing
19 dollars.

20 MR. GILMER: That does? Okay. I just wanted to
21 know.

22 MS. HUNT: No, you are right. The recreational
23 effort survey cost more than the costs that are currently
24 attributed to them in the cost-recovery analysis. So they are
25 not paying as much as the effort survey cost. Recreational

1 crabbers are not paying as much as the recreational crabbing
2 survey costs. The dollars to pay for that survey didn't come
3 out of recreational fishing.

4 MR. YOUNG: Along that same line, if what you have
5 in the recreational cost recovery is not actually what it
6 costs, then they don't have 118 percent of cost recovery,
7 successful cost recovery.

8 MR. O'CONNELL: They do. It is just like if you
9 looked at --

10 MR. YOUNG: Well, if you don't put the figures in
11 there -- I am sorry, I didn't mean to cut you off -- but if
12 you don't put the figures in there, then how can that be true?
13 They haven't accounted for what it actually cost.

14 MS. HUNT: The cost is not in that line budget item.
15 It is not in the blue crab program. It is not even a budgeted
16 item every year. And it is not in the current budget. It is
17 not in that FY '13 budget.

18 MR. YOUNG: Okay.

19 MS. HUNT: But it is elsewhere in the cost, in the
20 budget. What we are saying is, if you just look at money in
21 and money out, out of recreational crabbing, which is not the
22 way that line item is. But if you just look at the money that
23 came in, how much money do we get from selling recreational
24 crabbing licenses, it is not enough to cover the cost of doing
25 that survey.

1 So the balance of the money has to come from
2 recreational fishing, but because that is not in the blue crab
3 budget program level three line item.

4 MR. O'CONNELL: You know, we have had recent
5 discussions with the sport fish advisory commission, and they
6 have supported our proposal to pursue restructuring the
7 recreational crab license, because right now the recreational
8 fishermen are covering that cost, which benefits the
9 recreational crabbers.

10 So we have been exploring some regulatory ideas and
11 we are going to be initiating a discussion with the public and
12 recreational crabbers on modifying the structure.

13 It is very complicated to begin with, the benefit of
14 streamlining, but with also the intent of looking at fees that
15 would pay for the services they are benefiting from because
16 recreational fishermen, while, you know, they are supporting
17 the use of their dollars right now, would prefer to have that
18 money go to something that benefits them more directly.

19 MR. YOUNG: I just, you know, I mean, what I am
20 hearing, I am hearing that this thing that we got,
21 this cost-recovery proposal we got at the last meeting, and it
22 showed that recreational fishery was 118 percent cost
23 recovery. So they were efficient, they had a surplus of 18
24 percent.

25 But then I am hearing that something is not actually

1 in there that they spent. So that means that they don't have
2 118 percent. They have maybe 106 percent or something,
3 whatever it might be. Do you see what I am saying? Maybe I
4 am confused.

5 MS. HUNT: I know what you are saying, Richard, but
6 it is not, it is not that it is not in there.

7 MR. YOUNG: But you just said it wasn't in there.

8 MS. HUNT: The effort survey is every other year.

9 MR. YOUNG: Okay.

10 MS. HUNT: So one year they do commercial and the
11 other year they do recreational. It is not in the blue crab
12 budget line item that you see there, whatever program number
13 that is. The money is not in that line item. There is only
14 \$500,000 there, you know, on that sheet. That line item only
15 has \$500,000. It is not there.

16 It is in the budget but not under blue crabs. And
17 my only point to you was is that when you think about all the
18 money that came in, no matter what line item it came under,
19 blue crab, recreational licenses, we know how much money we
20 brought in. We know how many licenses we sold, so we know how
21 much money we brought in. And it doesn't cover the cost of
22 that survey.

23 The survey would actually be cheaper if we did have
24 a license system that, as Tom said, was structured so that you
25 could survey these folks easier, and that it wasn't so

1 confusing as to who needed a license and who did it. So the
2 survey wouldn't even cost what it cost now if we had a better
3 license system for recreational crabbers.

4 MR. RICE: All right, if we could, I think we have
5 overwhelmed Tom and Gina both with a wealth of information.
6 They will weed through it and come back to us next time.

7 MR. GILMER: When you changed the amount for the
8 surcharge for oyster back to \$300, where did that put us at?

9 MS. HUNT: We are under \$1 million. I also changed
10 striped bass back. Yeah, I did. I changed striped bass and I
11 changed oysters, and you are under \$1 million.

12 MR. RICE: One last thing: Does anybody from the
13 public have a comment to make?

14 (No response)

15 MR. SIMNS: One thing I would like to be clear
16 about, Gina. When I said add \$100 on everything, I meant add
17 \$100 on a TFL, not \$100 on everything under the TFL.

18 MR. GILMER: You didn't want to increase any
19 surcharges. And that is what she just took out.

20 MS. HUNT: Yeah, you did want to include \$100 on
21 each component part, right? Each component of the TFL.

22 (Simultaneous conversation)

23 MR. SIMNS: If he is under TFL, they don't get
24 increased. TFL gets a \$100 increase, and anything that falls
25 in there with it. If they are not covered under that, then

1 they get --

2 (Simultaneous conversation)

3 MR. SIMNS: The LCC is still \$150 increase.

4 MR. GILMER: What you just had, like a clam license,
5 it went from \$100 to \$200. The license you wanted, the
6 surcharges -- and the LCC we changed to \$150, right?

7 MS. HUNT: Yeah, I just -- the master guide license
8 is not part of an unlimited TFL but I raised it by \$100. Do
9 you want it to be -- okay, because it is not a component of a
10 TFL.

11 MR. YOUNG: It is not?

12 MS. HUNT: Master guide license?

13 MR. YOUNG: On that sheet, all licenses underneath
14 that.

15 MS. HUNT: What sheet? The thing I e-mailed out?

16 MR. YOUNG: The license renewal on the form? It
17 says unlimited TFL, and then it says it covers everything, all
18 the component parts listed below. And that guide license is
19 there.

20 MS. HUNT: I will check. It shouldn't be.

21 MR. SIMNS: It is under it. The master guide
22 license is under TFL.

23 MS. HUNT: But it is not -- in fact, you can't get
24 one unless you have met the requirements back from 19
25 something.

1 MR. SIMNS: Let's go home. We are getting punchy.

2 MR. RICE: I am two hours from home and six hours
3 from the boat so let's call it a night.

4 MR. O'CONNELL: Thanks a lot guys.

5 (Whereupon, the meeting adjourned at 8:40 p.m.)

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