



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

Maryland DNR License Buyback Program TFL's with no additional authorizations

Maryland DNR is offering to buy back and permanently retire your Unlimited Tidal Fish License (TFL) with no additional authorizations. The purpose of this program is to reduce the amount of fishing potential that could target blue crabs and improve sustainability of the fishery. This program is **completely voluntarily** and is funded by the Federal Blue Crab Fisheries Disaster Grant from the National Marine Fisheries Service. An independent economic analysis was conducted to estimate the amount of money a TFL is worth **without** associated assets such as boat and gear.

What price is DNR offering?

DNR is offering two price levels for your TFL: a base price of \$7,000 and a higher price of \$8,000. **You will have the highest chance of selling your license at the base price.** Once you choose a price, you cannot change it.

How does this two-price system work?

MD DNR will buy licenses offered at the base price of \$7,000 until all available funds are exhausted **or** until all of the licenses offered at the base price have been purchased. If funding remains after DNR has purchased all of the licenses offered at the base price, DNR will randomly select, in a public drawing, those licenses to be purchased for \$8,000. If DNR does not have enough funds to cover all licenses offered at the base price, then DNR will randomly select, in a public drawing, those licenses that will be purchased for the base price and no licenses will be purchased at the higher price. More details are presented in the 'Questions you may have' below.

Follow these steps if you would like to sell your license:

- 1) Decide whether or not to participate in the buyback**
- 2) Complete the attached Buyback Form, selecting one of the price options (base or high).**
Do not forget your signature. Incomplete forms are not valid and will not be accepted.
- 3) Buyback forms must be received by DNR or postmarked by Friday April 15, 2011.**
You will be contacted with buyback results by May 15, 2011. Either your bid will be accepted, or we will invite you to a public drawing to randomly select the licenses to be purchased.
- 4) We recommend that you make a copy of the Buyback Form for your records before mailing the original.**
- 5) We recommend that you use certified mail when returning your Buyback Form to DNR.**
- 6) If DNR accepts your offer and buys your license it will expire on August 31, 2011 and will not be renewable.**

Questions you may have:

1) Why is the Department doing this?

In any given year, there are approximately 2,500 unused commercial crab licenses in Maryland. If even a fraction of these licenses become active, current regulations will not be sufficient to keep the fishery sustainable. Detailed information on crab latent effort is available on our website at:

http://www.dnr.state.md.us/fisheries/crab/OpenHouse2009_41609.pdf

4) How many people could be participating in the buyback?

All 2,035 Unlimited Tidal Fish License (TFL) holders have been invited to participate in this process. Of these 2,035 licenses, 1,479 are TFLs with no additional crab authorizations, 193 are TFLs with CB6 authorizations, and 363 are TFLs with CB9 authorizations.

All 223 Crab Harvester – 300 Pot License (CB3) holders have also been invited to participate in this buyback. Of these 223 licenses, 164 are CB3's with no additional crab authorizations, 27 are CB3's with CB6 authorizations, and 32 are CB3's with CB9 authorizations.

DNR's overall budget for the buyback is \$3.5 million.

5) How likely is it that I sell my license if I offer it at the high price?

Regardless of how many people participate in the buyback, it is always more likely that you will sell your license if you offer it at the base price.

How likely you are to sell your license at each price will depend on both the number of watermen that participate in the buyback and, among those, on the number of individuals that offer their licenses at the higher price. Of the \$3.5 million available for the buyback, DNR is allocating \$1,585,000 to the acquisition of TFL's without additional authorizations such as a CB6 or CB9. This is enough money to buy 226 licenses at \$7,000. The number of potential participants is 1,479. Here are some examples of possible scenarios that reflect the odds of selling your license. These are examples for illustration purposes only:

- a) If fewer than 15% of TFL holders (226 watermen) offer their licenses at \$7,000 (you included), then you sell your license.*
- b) If 31% of TFL holders (452 watermen) offer their licenses at \$7,000 (you included), then you have a chance of 50% (=226/452) of selling your license. On the other hand, if you offer your license at \$8,000, then you have no chance to sell your license.*
- c) If 200 watermen offer their licenses at \$7,000 while 69 offer theirs at \$8,000 (you included), you have a 33% chance (=23/69) of selling your license. If DNR purchases all 200 licenses at \$7,000, there will be \$185,000 remaining. That's enough money to buy just 23 licenses at \$8,000.*

6) What if I decide to sell at either the *base* or the *high* price and then I change my mind – I don't want to sell?

*Once you submit a Buyback Form to the Department, it is irrevocable – that means that you cannot change your mind, and if your license is selected, DNR will send you a check and retire your license. **Do not submit a Buyback Form if you may change your mind.***

7) How will my bid be evaluated?

After receiving all the Buyback Forms, DNR will acquire licenses, starting with the ones offered at the base price, until the available budget is exhausted, or until DNR has purchased all the licenses offered at the base price. If more licenses are offered at the base price than DNR can afford to buy with the available budget, DNR will randomly select, in a public drawing, those licenses to be purchased at the base price.

Only if all licenses offered at the base price have been purchased AND there is money left, will DNR proceed to purchase licenses offered at higher prices. If there is not enough money to purchase all of the licenses offered at the high price, then DNR will randomly select, in a public drawing, those licenses to be purchased at the high price.

8) How do I get help if I have question about completing and submitting my Buyback Form.

*If you have a question about completing or submitting your Buyback form, you may call the blue crab hotline at **410-260-8286**. **Please be aware that DNR cannot advise you on how much to bid** so that DNR does not influence the bidding process. When calling this number, you will need to leave a message with your name, license number, telephone number, and specific question(s). A DNR staff member will return your call in the order it is received. If you receive a message stating that the voice mailbox is full, please wait 2 to 3 hours and call again.*

9) Can I apply for a new license through the Apprenticeship Program after I sell my license to the Department?

***No**, if you sell your license to the Department, you will be unable to apply for a new license through the Apprenticeship Program **for five years** from the date your offer is accepted. This will not prevent you from acquiring a new license through a business, family or beneficiary transfer.*

10) Will the money I receive from selling my license back to the Department be subject to taxes?

Yes, it is subject to income tax.

11) If I have not yet renewed my license, can I sell it to the Department before I renew?

No, DNR will only accept valid (renewed) licenses into the buyback program. If you have not renewed your license and wish to sell, please renew before submitting your Buyback Form.

12) What if I hold a striped bass or other permit – how does that impact my ability to sell my license to DNR?

If you hold a striped bass or other permit for a specific fishery, you can still offer to sell your license to DNR, but you must sell your permit separately to another licensed waterman. Here are some things you need to know:

If DNR accepts your offer and buys your license, the license will expire on August 31, 2011.

If you are in possession of your permits (they are not transferred away), you must arrange to sell them to another individual by August 31, 2011 when your license expires. If your permits are annually transferred to another individual, you may still sell you license to DNR, BUT, you must arrange to sell your permits by August 31, 2011.

You can make the effective date of this permanent transfer anytime before January 1, 2012 when the permit must be renewed. Thus, in January 2012, the permits will revert to the new owner.

If you have not held your striped bass permit for three (3) years, you may still offer to sell your license to DNR and you will have the opportunity to permanently transfer the striped bass permit away.

Sincerely,



Thomas J. O'Connell
Director of Fisheries Service