Oyster aquaculture faced opposition from commercial watermen in Maryland for many reasons. Furthermore, oyster aquaculture development was banned in certain counties by the Maryland legislature under pressure from commercial watermen. In 2009, under Governor Martin O’Malley, the Maryland legislature revised oyster leasing laws to remove restrictions and impediment, shorten permitting times, and improve the leasing process. In 2011, all aquaculture permitting was consolidated into a single division in the DNR to help expedite the time to obtain a lease.

Financial Development

In 2010, DNR received approximately $2 million from NOAA in Blue Crab Disaster Funds (BCDF). A portion of these funds was set aside to help transition traditional Maryland watermen to oyster aquaculture to provide an alternative income source. The Maryland Agricultural Resource Based Industry Development Corporation (MARBIDCO) was enlisted to administer a Maryland Shellfish Aquaculture Loan Fund (MSALF). MARBIDCO also secured additional capital funds directly from the Maryland state budget. With these two sources, the MSALF began to accept loan applications in late 2010. The program provides non-collateralized signature loans and has a requirement of 10 percent owner equity for which existing equipment can be used.

Depending on the source of funds for loans, the MSALF has several restrictions. The BCDF may only be used by shellfish aquaculture applicants who have a Tidal Fisheries License. These funds may only be used to purchase shell and seed while capital funds may be used by anyone with a current or pending aquaculture lease. Funds are for equipment, with boats and vehicles excluded, which have at least a 15-year useful life and may be used for shellfish aquaculture cage or float systems, which are expected to last at least 15 years with regular maintenance. Projects in the MSALF may range from $5,000-$100,000 and have a 5-year term.

Understanding that oysters take time to grow, and that many potential applicants would be starting new farms, MARBIDCO implemented a 3-year interest only portion to the loan. A shellfish aquaculture operation would make interest only payments for the first three years of the term of the loan, with the assumption that
There is also a grant portion to the loan because federal disaster funds are being used. If the loan recipient is current on interest-only payments, the grant portion of the loan is implemented. From 2011-2013 the grant portion of the loan was 40 percent of the principle. From 2014, the grant portion was reduced to 25 percent. For example, if someone applied for a $100,000 shellfish aquaculture loan from MARBIDCO today, they would make quarterly interest-only payments totaling $3,000 for the first three years. At the beginning of the fourth year, 25 percent of the principle would be forgiven. The remaining $75,000 would be amortized over 2 years with an interest rate of 5 percent. Therefore, on a $100,000 loan, an applicant would be expected to pay back approximately $82,280 including interest. Loan totals since inception of the program are shown in Table 1. Eighteen borrowers have taken out multiple loans to expand and finance their operations.

After the success of the Remote Setting Training Program (a partnership between DNR, the NGO Oyster Recovery Partnership, the University of Maryland Horn Point Lab and University of Maryland Extension), MARBIDCO obtained funds to start the Remote Setting Aquaculture Loan Fund (RSALF), which began in 2012. Eligible expenses in this program are seed, shell, and equipment to build a remote setting system for production of seed that would be used to plant a lease. Project budgets range from $5,000 to $30,000. Projects totaling less than $15,000 have a 5-year term. Projects in the $15,000-$30,000 range have a 6-year term with a requirement to pay interest only in the first year. All projects have an interest rate of 5 percent and, if all payments are current, the final year of payments are forgiven. For example, for a $15,000 remote-setting loan, the applicant would pay back $12,485, including interest. Loan totals since the program began are shown in Table 2. Three applicants to the RSALF have also received funds from the MSALF.

As of January 2015, shellfish aquaculture loan funds provided by MARBIDCO have resulted in 61 projects approved for total funding of $3,385,817. Ten Maryland counties, including all counties bordering the Chesapeake Bay, have at least one aquaculture project funded by MARBIDCO. Since realignment of the permitting process, DNR has issued over 100 new commercial shellfish aquaculture leases, representing over 930 hectares. As of January 2015, the industry has 319 leases covering over 1600 ha. While this is a small area in comparison to some other state shellfish aquaculture sectors, it demonstrates that regulatory changes and investment programs have had a significant effect on the establishment and growth of shellfish aquaculture in Maryland.

**Notes**

Maryland shellfish history provided by personal communication with Don Webster, Senior Agent, Agriculture and Natural Resources, Marine Science. Don Webster also provided additional editing.

Matthew D. Parker, Aquaculture Business Specialist, University of Maryland Extension, Prince George’s County Office, 6707 Groveton Drive, Clinton, MD 20735 mparke11@umd.edu 301-868-8780 ext. 428, 301-599-6714 (fax) extension.umd.edu/ aquaculture

**References**