

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 558 (Senator Bailey)
Budget and Taxation

Chesapeake Bay Enhancement Program - Established

This bill establishes a Chesapeake Bay Enhancement Program in the Department of Natural Resources (DNR) to provide funding for oyster propagation and replenishment projects that mitigate the effects on the State’s oyster population of transportation projects that maintain or expand the Helen Delich Bentley Port of Baltimore (including dredging and specified construction or maintenance). For fiscal 2028 and each fiscal year thereafter, the Governor must include in the annual budget bill an appropriation of \$2.0 million to the program from the Transportation Trust Fund (TTF).

Fiscal Summary

State Effect: TTF expenditures increase by up to \$2.0 million annually beginning in FY 2028, as discussed below. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2028.**

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Statute requires DNR to take measures, which in its judgment seem best calculated to increase the productivity or utility of oyster resources in the State, including (1) identifying and using effective methods of cleaning diseased oyster bars; (2) providing clean shell for the bars; (3) using hatchery produced oysters to replant sites; and (4) applying for a permit to dredge buried oyster shells.

DNR and the Maryland Department of Transportation (MDOT) indicate that they have had a formal agreement for approximately 30 years under which MDOT provides funding to DNR for oyster recovery/reseeding efforts – titled (in its current form) the *Agreement Between the Maryland Department of Transportation and the Maryland Department of Natural Resources for the Chesapeake Bay Enhancement Program (Oyster Recovery)*.

The agreement has been modified and extended numerous times – most recently in April 2022, which extended the term of the agreement through June 30, 2026, and included the following language:

“MDOT shall pay to DNR the amount of two million dollars (\$2,000,000) annually. These funds shall be used by DNR solely for the activities that support oyster recovery within the Maryland Waters of the Chesapeake Bay. To the greatest extent practicable DNR shall ensure that no less than nine hundred twenty-five thousand dollars (\$925,000) shall be spent annually on oyster propagation and replenishment efforts through 2027. DNR shall coordinate annually with the county oyster committees and Maryland oyster harvesters on the enhanced funding for the public fishery that may be spent on oyster replenishment plantings, activities, and projects.”

State Fiscal Effect:

Fiscal 2027

While the bill establishes the Chesapeake Bay Enhancement Program in statute on October 1, 2026, this analysis assumes that the bill does not materially affect DNR’s oyster restoration efforts, or State finances, in fiscal 2027. The purpose of the program – to provide funding for oyster propagation and replenishment projects that mitigate the effects of transportation projects that maintain or expand the Helen Delich Bentley Port of Baltimore – appears intended to be primarily achieved through the mandated appropriations of TTF funding beginning in fiscal 2028.

For context regarding DNR’s existing oyster restoration efforts, the *Governor’s FY 2027 Budget Highlights* (Appendix I) reflect a total of \$8.2 million in funding for oyster restoration efforts under the fiscal 2027 budget as introduced.

Fiscal 2028 and Future Years

TTF expenditures increase by up to \$2.0 million annually in fiscal 2028 and future years, reflecting the difference, if any, between (1) the \$2.0 million in TTF funding required under the bill to be included in the budget bill for each fiscal year and (2) TTF funding that MDOT provides to DNR in those fiscal years in the absence of the bill. This estimate assumes that:

- the \$2.0 million annual mandated appropriation under the bill effectively codifies (or replaces) any funding that is otherwise provided to DNR by MDOT for oyster propagation and replenishment activities in the absence of the bill; and
- the funding under the bill can be used for purposes similar to those for which DNR has used MDOT funding to date (and would in the future), which includes use of a portion of the funding for personnel costs of staff working on oyster restoration efforts (if the funding under the bill cannot be used to support those personnel costs, other special or general fund expenditures increase to cover those costs).

As mentioned under Current Law, the current formal agreement between DNR and MDOT ends June 30, 2026. DNR indicates that the two agencies are currently communicating about funding going forward, for fiscal 2027 and potentially future years; however, the level of funding in those years is uncertain at this time.

Small Business Effect: To the extent the bill increases funding for oyster propagation and replenishment efforts in comparison to funding in the absence of the bill, small business oyster harvesters may meaningfully benefit.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1599 (Delegate Jacobs, *et al.*) - Rules and Executive Nominations.

Information Source(s): Department of Budget and Management; Maryland Department of the Environment; Department of Natural Resources; Maryland Department of Transportation; Department of Legislative Services

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me/lgc

Analysis by: Scott D. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510