



# SENATE BILL 355: North Carolina Farm Act of 2024, Sec. 5: Shellfish Lease and Franchise Amendments

2023-2024 General Assembly

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<b>Committee:</b>		<b>Date:</b>	August 20, 2024
<b>Introduced by:</b>		<b>Prepared by:</b>	Kyle Evans Staff Attorney
<b>Analysis of:</b>	Sec. 5 of S.L. 2024-32		

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**OVERVIEW:** *Section 5(a) of S.L. 2024-32 directs the Marine Fisheries Commission (MFC) to amend its rules on annual production and planting requirements for shellfish leases and franchises no later than July 1, 2024, such that franchises cannot be terminated for failure to meet minimum production requirements, and to implement the rules in that manner until the adopted rule becomes effective.*

*Section 5(b) of S.L. 2024-32 provides that any application for a shellfish lease on which the Department of Environmental Quality fails to act within 365 days after the applicant has submitted all information required by the rules of the MFC and accurately marked the proposed lease area, is deemed approved.*

*This section became effective July 3, 2024.*

## **BILL ANALYSIS:**

A shellfish lease is a piece of public trust bottom for which leaseholders are charged a yearly rent fee and have renewable contractual obligations. A franchise is a commercial shellfish aquaculture operation located on a recognized submerged land claim. Statutes now prohibit granting private deeds on public trust bottom.

Section 3 of S.L. 2019-37 increased the annual production and planting requirements for shellfish cultivation leases and franchises as follows:

- Production requirements were increased from 10 bushels of shellfish per acre to 20 bushels of shellfish per acre.
- For intensive culture bottom operations, the planting requirements were increased from 25 bushels of seed shellfish per acre or 50 bushels of cultch per acre to purchasing 23,000 shellfish seed per acre.
- For extensive culture bottom operations, the planting requirements were increased from 25 bushels of seed shellfish per acre or 50 bushels of cultch per acre to purchasing 15,000 shellfish seed per acre.

**Section 5(a)** of S.L. 2024-32 directs the Marine Fisheries Commission (MFC) to amend its rules on annual production and planting requirements for shellfish leases and franchises no later than July 1, 2024, such that franchises could not be terminated for failure to meet minimum production requirements, and to implement the rules in that manner until the adopted rule becomes effective.

**Section 5(b)** of S.L. 2024-32 provides that any application for a shellfish lease on which the Department of Environmental Quality fails to act within 365 days after the applicant has submitted all information required by the rules of the MFC and accurately marked the proposed lease area, is deemed approved.

**EFFECTIVE DATE:** This section became effective July 3, 2024.

Kara McCraw  
Director



Legislative Analysis  
Division  
919-733-2578

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*Chris Saunders, Legislative Analysis Division, substantially contributed to this summary.*