



Report Highlights

Louisiana Oyster Lease Practices

Louisiana Wildlife and Fisheries Commission

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Audit Control # 40140021
Performance Audit Services • February 2015

Why We Conducted This Audit

This report provides information on current oyster lease practices in Louisiana and how they compare to other oyster-producing states.

What We Found

The Louisiana Department of Wildlife and Fisheries oversees 8,052 oyster leases for a total of 402,579 acres and generates more than \$800,000 in revenue from the oyster leases each year. The oyster lease rate payments are deposited in the Conservation Fund for the general purpose of conservation, protection, preservation, management, and replenishment of the state’s natural resources and wildlife.

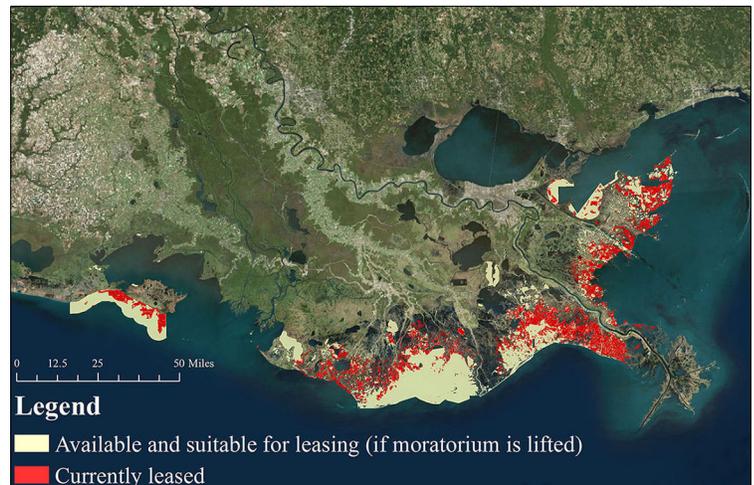
We surveyed the oyster lease practices of the top six states that produce Eastern oysters, which is the type of oyster Louisiana produces. These states are Florida, Maryland, Mississippi, North Carolina, Texas, and Virginia. We found the following:

- Louisiana’s oyster lease rate is low compared to five of the six states we surveyed. If Louisiana increased its oyster lease rate to \$5.20 per acre, the average oyster lease rate of five states we surveyed, the state could generate \$1.29 million in additional revenue per year, assuming that the leased acreage remains the same.
- Louisiana’s oyster lease application fee is low compared to four of the six states we surveyed. If Louisiana increases its oyster lease application fee, the state could generate additional revenue per year.
- Louisiana law does not require oyster lease holders to produce or cultivate oysters. Five of the six states we surveyed require oyster lease holders to produce or cultivate oysters. Requiring that lease holders produce or cultivate oysters may reduce the potential for “speculative leasing,” which is the leasing of state-owned water bottoms for reasons other than producing oysters.
- Louisiana law limits lease holders to 2,500 acres but does not address whether or not oyster lease holders can form partnerships and/or have an interest in multiple corporations in order to exceed this limit. As a result, we identified instances where individuals and corporations shared the same address and together exceeded the 2,500-acre limit. Of the six states we surveyed, four limit the number of acres that can be leased, and two provide clearer requirements in law.
- The Louisiana Wildlife and Fisheries Commission declared a moratorium on the issuance of new oyster leases in March 2002. Lifting the moratorium could generate an additional \$1.33 million per year in revenue for Louisiana, assuming all newly-available water bottoms (approximately 666,457 additional acres) are leased. If the state increases the oyster lease rate to \$5.20 per acre as discussed in the first finding, this may generate an additional \$3.5 million per year from the new leases.

Private Oyster Leases

Currently Leased - approx. 402,579 acres

Available and Suitable for Leasing - approx. 666,457 acres



Source: Prepared by legislative auditor’s staff using information provided by LDWF, the Louisiana Department of Health and Hospitals, the Louisiana Department of Natural Resources, and the Office of State Lands.