

# HOUSE BILL 653

M3, P2  
SB 737/21 – EHE

2lr0574  
CF SB 348

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By: **Delegates Love, Boyce, Barve, Lehman, and Stein**

Introduced and read first time: January 31, 2022

Assigned to: Environment and Transportation

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 2022

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Conservation Finance Act**

3 FOR the purpose of providing that the Department of Agriculture, the Department of  
4 Natural Resources, and the Maryland Environmental Trust must allow participants  
5 in certain programs to participate in and receive compensation from certain markets,  
6 credits, or programs under certain circumstances; authorizing the Department of  
7 Agriculture and the Department of Natural Resources to enter into certain  
8 partnerships for certain purposes; altering the duties of the Commission on  
9 Environmental Justice and Sustainable Communities; authorizing the Department  
10 of the Environment to take certain actions with respect to certain water  
11 infrastructure assets that are priorities for improving fish passage or for other  
12 environmental benefits or for installation of certain small hydroelectric power plant  
13 capacity; requiring the Department of the Environment to provide a certain notice  
14 to the Maryland Industrial Development Financing Authority under certain  
15 circumstances; establishing that it is the policy of the State that the maintenance  
16 and repair of certain source watersheds is eligible for certain financial assistance;  
17 expanding the purposes for which amounts in the Maryland Water Quality Revolving  
18 Loan Fund may be used; altering the terms and authorized uses of the Maryland  
19 Drinking Water Revolving Loan Fund; altering the name of the Maryland Water  
20 Quality Financing Administration to be the Maryland Water Infrastructure  
21 Financing Administration; requiring the Maryland Water Infrastructure Financing  
22 Administration to prioritize certain opportunities in creating certain intended use  
23 plans; requiring the Maryland Water Infrastructure Financing Administration to  
24 establish certain technical assistance subaccounts within the Maryland Water  
25 Quality Revolving Loan Fund and the Maryland Drinking Water Revolving Loan

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Fund for certain purposes; requiring certain financial incentives developed by the  
2 State to include allowing landowners to use forests located on State lands for certain  
3 purposes; authorizing a certain easement to allow for the potential of economic  
4 return from certain uses under certain circumstances; authorizing the Secretary of  
5 Natural Resources to purchase certain environmental outcomes from certain projects  
6 that are located in the Susquehanna River watershed under certain circumstances;  
7 requiring a certain final work and expenditure plan to be informed by a certain  
8 analysis beginning with the plan prepared for a certain fiscal year; altering the  
9 purposes for which the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund may  
10 be used; altering the factors that the BayStat Program must encourage and consider  
11 in evaluating certain Trust Fund applications; requiring the BayStat Program  
12 Scientific Advisory Panel to analyze and compare certain distributions and  
13 strategies and quantify the relative effectiveness of certain distributions and  
14 strategies; authorizing the BayStat Subcabinet agencies to maintain a certain  
15 amount from the Trust Fund for certain purposes; providing that the use of  
16 pay-for-success contracts by the Department of Natural Resources is subject to  
17 certain provisions of State procurement law; authorizing the use of pay-for-success  
18 contracting at the procurement officer's discretion; authorizing a unit to enter into a  
19 pay-for-success contract only under certain circumstances; authorizing certain  
20 units to enter into pay-for-success contracts with certain aggregators to procure  
21 certain environmental outcomes projects or already certified environmental  
22 outcomes; requiring a certain pay-for-success contract to include certain plans,  
23 statements, requirements, provisions, and terms; authorizing a certain  
24 pay-for-success contract to include certain provisions; requiring the Maryland  
25 Environmental Service to review and evaluate the results of certain pay-for-success  
26 contracts with a certain frequency; requiring each unit that enters into a  
27 pay-for-success contract to execute an agreement with the Maryland Environmental  
28 Service to reimburse the Service for its review under this Act; establishing the Green  
29 and Blue Infrastructure Policy Advisory Commission to advise the Secretary of the  
30 Environment, the BayStat Subcabinet, and local government officials on  
31 implementing green and blue infrastructure projects in the State; establishing the  
32 Task Force on State and Local Government Accounting for Natural Capital to assist  
33 State and local governments to take advantage of certain accounting standards to  
34 obtain certain financing for certain purposes; requiring the Department of Natural  
35 Resources to study and assess the potential for digital tools and platforms to  
36 contribute to Chesapeake Bay restoration and climate solutions in a certain manner  
37 and to report certain findings to the General Assembly on or before a certain date;  
38 and generally relating to environmental financing and pay-for-success contracting.

39 BY repealing and reenacting, with amendments,  
40 Article – Agriculture  
41 Section 8-702  
42 Annotated Code of Maryland  
43 (2016 Replacement Volume and 2021 Supplement)

44 BY repealing and reenacting, without amendments,  
45 Article – Environment

- 1 Section 1–701(a)(1) and (5) and (b) and 5–509(a)  
2 Annotated Code of Maryland  
3 (2013 Replacement Volume and 2021 Supplement)
- 4 BY repealing and reenacting, with amendments,  
5 Article – Environment  
6 Section 1–701(h) and 5–509(b)  
7 Annotated Code of Maryland  
8 (2013 Replacement Volume and 2021 Supplement)
- 9 BY repealing and reenacting, with amendments,  
10 Article – Environment  
11 Section 9–1601, 9–1602, 9–1604(c), 9–1605(a)(1), (c), and (d), 9–1605.1(c), (d), and  
12 (e), and 9–1622 to be under the amended subtitle “Subtitle 16. Maryland  
13 Water Infrastructure Financing Administration”  
14 Annotated Code of Maryland  
15 (2014 Replacement Volume and 2021 Supplement)
- 16 BY repealing and reenacting, without amendments,  
17 Article – Environment  
18 Section 9–1605.1(a)(1)  
19 Annotated Code of Maryland  
20 (2014 Replacement Volume and 2021 Supplement)
- 21 BY adding to  
22 Article – Environment  
23 Section 9–1605(f), 9–1605.1(e) and 9–1617.2  
24 Annotated Code of Maryland  
25 (2014 Replacement Volume and 2021 Supplement)
- 26 BY adding to  
27 Article – Natural Resources  
28 Section 1–110 and 5–9A–05(p)  
29 Annotated Code of Maryland  
30 (2018 Replacement Volume and 2021 Supplement)
- 31 BY repealing and reenacting, without amendments,  
32 Article – Natural Resources  
33 Section 3–103(a)  
34 Annotated Code of Maryland  
35 (2018 Replacement Volume and 2021 Supplement)
- 36 BY repealing and reenacting, with amendments,  
37 Article – Natural Resources  
38 Section ~~3–201 and 5–102(b)~~ 3–103(g), 3–201, and 5–102(b)  
39 Annotated Code of Maryland  
40 (2018 Replacement Volume and 2021 Supplement)

- 1 BY adding to  
2 Article – Natural Resources  
3 Section 8–203.1 and 8–207  
4 Annotated Code of Maryland  
5 (2012 Replacement Volume and 2021 Supplement)
- 6 BY repealing and reenacting, with amendments,  
7 Article – Natural Resources  
8 Section 8–2A–01, 8–2A–03, and 8–2A–04  
9 Annotated Code of Maryland  
10 (2012 Replacement Volume and 2021 Supplement)
- 11 BY repealing and reenacting, without amendments,  
12 Article – State Finance and Procurement  
13 Section 10A–101(a)  
14 Annotated Code of Maryland  
15 (2021 Replacement Volume)
- 16 BY repealing and reenacting, with amendments,  
17 Article – State Finance and Procurement  
18 Section 10A–101(d), 13–101, and 13–102  
19 Annotated Code of Maryland  
20 (2021 Replacement Volume)
- 21 BY adding to  
22 Article – State Finance and Procurement  
23 Section 13–112.1  
24 Annotated Code of Maryland  
25 (2021 Replacement Volume)
- 26 BY adding to  
27 Article – Environment  
28 Section 5–1401 through 5–1403 to be under the new subtitle “Subtitle 14. Green and  
29 Blue Infrastructure Policy Advisory Commission”  
30 Annotated Code of Maryland  
31 (2013 Replacement Volume and 2021 Supplement)

32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
33 That the Laws of Maryland read as follows:

34 **Article – Agriculture**

35 8–702.

36 (a) (1) The General Assembly finds and declares that agriculturally related  
37 nonpoint sources of water pollution may potentially contribute to the degradation of the

1 water resources of this State and that prevention and control efforts have been hampered  
2 because of the cost and lack of income producing potential in many agricultural practices  
3 designed to protect water quality.

4 **(2)** To assist in the implementation of agricultural practices which  
5 minimize water pollution from erosion, animal wastes, nutrients, and agricultural  
6 chemicals, a cost sharing program between the State and eligible applicants is established  
7 for the public benefit.

8 (b) The cost sharing program established under this subtitle shall be  
9 implemented in conjunction with the “Agricultural Water Quality Management Program  
10 for the Control of Sediment and Animal Wastes” of the State Soil Conservation Committee  
11 as well as other State and local programs to control water pollution.

12 **(C) THE DEPARTMENT MAY NOT PROHIBIT OR LIMIT, THROUGH ANY**  
13 **COST-SHARE AGREEMENT, A PARTICIPANT IN THE COST SHARING PROGRAM**  
14 **ESTABLISHED UNDER THIS SUBTITLE FROM PARTICIPATING IN AND RECEIVING**  
15 **COMPENSATION FROM GREENHOUSE GAS MARKETS, CARBON CREDITS, OR SOIL**  
16 **CARBON PROGRAMS, IF THE PURPOSE OF THE COMPENSATION IS TO ACHIEVE**  
17 **ADDITIONAL CONSERVATION BENEFITS THAT ARE CONSISTENT WITH THE STATE’S**  
18 **CHESAPEAKE BAY CONSERVATION GOALS.**

19 **(D) THE DEPARTMENT MAY ENTER INTO PARTNERSHIPS, THROUGH**  
20 **FORMAL CONTRACTS OR MEMORANDA OF UNDERSTANDING, WITH PRIVATE SECTOR**  
21 **ORGANIZATIONS WITH EXPERIENCE IN CARBON OFFSET MARKETS OR PROGRAMS IN**  
22 **ORDER TO:**

23 **(1) CREATE STATEWIDE OR REGIONAL PARTNERSHIPS FOR THE**  
24 **PURPOSE OF MINIMIZING THE COSTS AND MAXIMIZING THE BENEFITS OF**  
25 **VOLUNTARY ENROLLMENT OF FARMLAND IN CARBON OFFSET MARKET PROGRAMS;**  
26 **AND**

27 **(2) ASSIST PRIVATE LANDOWNERS WITH THE AGGREGATION OF**  
28 **PROJECTS TO MAKE THE PROJECTS MORE SALEABLE IN CARBON OFFSET MARKET**  
29 **PROGRAMS.**

## 30 Article – Environment

31 1–701.

32 (a) (1) In this section the following words have the meanings indicated.

33 (5) “Environmental justice” means equal protection from environmental  
34 and public health hazards for all people regardless of race, income, culture, and social  
35 status.

1 (b) There is a Commission on Environmental Justice and Sustainable  
2 Communities.

3 (h) The Commission shall:

4 (1) Advise State government agencies on environmental justice and related  
5 community issues;

6 (2) Use data sets and mapping tools to review and analyze the impact of  
7 current State and local laws, permits, actions, and policies on the issue of environmental  
8 justice and sustainable communities, including cumulative impacts, effects, and exposure;

9 (3) Assess the adequacy of State and local government laws to address the  
10 issue of environmental justice and sustainable communities, including assessing  
11 compliance with Title VI of the federal Civil Rights Act of 1964;

12 (4) Coordinate with the Children's Environmental Health and Protection  
13 Advisory Council, the Maryland Office of Minority Health and Health Disparities, and the  
14 Commission on Climate Change on recommendations related to environmental justice and  
15 sustainable communities; [and]

16 (5) Recommend options to the Governor and the General Assembly for  
17 addressing issues, concerns, or problems related to environmental justice that surface after  
18 reviewing State laws and policies, including prioritizing areas of the State that need  
19 immediate attention; AND

20 **(6) RECOMMEND OPTIONS TO THE SECRETARY FOR ENSURING THAT**  
21 **THE DEPARTMENT IS MAKING PROGRESS IN ADVANCING THE HUMAN RIGHT TO**  
22 **SAFE, CLEAN, AFFORDABLE, AND ACCESSIBLE WATER FOR CONSUMPTION,**  
23 **COOKING, SANITATION, HEALTH, AND RECREATION PURPOSES.**

24 5-509.

25 (a) (1) In this section the following words have the meanings indicated.

26 (2) "Asset owner" means the owner or person having control of a water  
27 infrastructure asset.

28 (3) "Association" means:

29 (i) A homeowners association, as defined in § 11B-101 of the Real  
30 Property Article;

31 (ii) A council of unit owners, as defined in § 11-101 of the Real  
32 Property Article; or

1 (iii) Any other entity owning or controlling a water infrastructure  
2 asset, the owners or members of which are owners of property adjacent to or benefited by  
3 the water infrastructure asset.

4 (4) "Association member" means an owner or a member of an association.

5 (5) "Water infrastructure asset" means a reservoir, a dam, or any other  
6 waterway construction.

7 (b) (1) On complaint or the Department's own initiative, the Department may  
8 investigate or examine any water infrastructure asset.

9 (2) If the Department determines that the water infrastructure asset is  
10 unsafe, needs repair, or should be removed because the water infrastructure asset is unsafe  
11 and not repairable, the Department shall notify the asset owner in writing to repair or  
12 remove the water infrastructure asset, as the situation warrants.

13 (3) The repair or removal work shall be completed within a reasonable  
14 time, which time shall be prescribed in the Department's notice.

15 (4) (I) **THIS PARAGRAPH APPLIES TO A WATER INFRASTRUCTURE**  
16 **ASSET THAT THE DEPARTMENT DETERMINES MEETS THE CRITERIA SPECIFIED IN**  
17 **PARAGRAPH (2) OF THIS SUBSECTION.**

18 (II) **IF THE DEPARTMENT DETERMINES THAT CHANGES TO THE**  
19 **WATER INFRASTRUCTURE ASSET, INCLUDING REMOVAL OF THE ASSET, ARE A**  
20 **PRIORITY FOR IMPROVING FISH PASSAGE OR FOR OTHER ENVIRONMENTAL**  
21 **BENEFITS, THE DEPARTMENT:**

22 **1. MAY PARTNER WITH THE ASSET OWNER AND AN**  
23 **ORGANIZATION THAT PROVIDES RESOURCES AND EXPERTISE TO PLAN, DESIGN, OR**  
24 **FINANCE CHANGES TO WATER INFRASTRUCTURE ASSETS FOR THE PURPOSE OF**  
25 **REPAIRING, REMOVING, OR RETROFITTING THE ASSET IN A MANNER CONSISTENT**  
26 **WITH THE DEPARTMENT'S OBJECTIVES; OR**

27 **2. SHALL PRIORITIZE THE USE OF ENVIRONMENTAL**  
28 **OUTCOMES, AS DEFINED IN § 9-1601 OF THIS ARTICLE, ARISING FROM THE REPAIR,**  
29 **REMOVAL, OR RETROFIT OF THE WATER INFRASTRUCTURE ASSET IN ANY**  
30 **ENVIRONMENTAL MITIGATION PROGRAM IDENTIFIED BY THE DEPARTMENT.**

31 (III) **FOR THE PURPOSE OF SEEKING FINANCIAL ASSISTANCE**  
32 **UNDER TITLE 5, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE, IF THE**  
33 **DEPARTMENT DETERMINES THAT THE WATER INFRASTRUCTURE ASSET IS NOT A**  
34 **PRIORITY UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH BUT IS A PRIORITY FOR**

1 INSTALLATION OF LESS THAN 30 MEGAWATTS OF SMALL HYDROELECTRIC POWER  
2 PLANT CAPACITY, THE DEPARTMENT SHALL PROVIDE NOTICE TO THE MARYLAND  
3 INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY OF:

4 1. ANY WATER INFRASTRUCTURE ASSET IDENTIFIED AS  
5 A PRIORITY FOR INSTALLATION OF LESS THAN 30 MEGAWATTS OF SMALL  
6 HYDROELECTRIC POWER PLANT CAPACITY UNDER THIS PARAGRAPH; AND

7 2. THE REPAIR, RETROFIT, OR REMOVAL MEASURES  
8 IDENTIFIED FOR THE WATER INFRASTRUCTURE ASSET IN THE NOTICE PROVIDED  
9 UNDER PARAGRAPH (2) OF THIS SUBSECTION.

10 Subtitle 16. Maryland Water [Quality] INFRASTRUCTURE Financing Administration.  
11 9–1601.

12 (a) Unless the context clearly requires otherwise, in this subtitle the following  
13 words have the meanings indicated.

14 (b) “Administration” means the Maryland Water [Quality] INFRASTRUCTURE  
15 Financing Administration.

16 (c) “Bay Restoration Fund” means the Bay Restoration Fund established under §  
17 9–1605.2 of this subtitle.

18 (d) “Biological nutrient removal” means a biological nutrient removal technology  
19 capable of reducing the nitrogen in wastewater effluent to not more than 8 milligrams per  
20 liter, as calculated on an annually averaged basis.

21 (e) (1) “BLUE INFRASTRUCTURE” MEANS A WATER-BASED NATURAL  
22 AREA OR NATURAL FEATURE, OR A SYSTEM OR FEATURE DESIGNED TO PROTECT,  
23 MIMIC, OR ENHANCE A NATURAL FUNCTION, THAT:

24 (I) ABSORBS AND FILTERS POLLUTANTS;

25 (II) ATTENUATES SHORELINE EROSION;

26 (III) PROTECTS COMMUNITIES FROM FLOODING OR STORM  
27 SURGE;

28 (IV) REDUCES EROSION; OR

29 (V) SEQUESTERS CARBON.

30 (2) “BLUE INFRASTRUCTURE” INCLUDES:



- 1           **(I) ENHANCED OR RESTORED OYSTER REEFS;**  
2           **(II) ENHANCED OR RESTORED SEAGRASS BEDS;**  
3           **(III) SHELLFISH AQUACULTURE PROJECTS;**  
4           **(IV) FLOATING WETLANDS; AND**  
5           **(V) RESTORED FRESHWATER MUSSEL POPULATIONS.**

6           **(F)** “Board” means the Board of Public Works.

7           **[(f)] (G)** “Bond” means a bond, note, or other evidence of obligation of the  
8 Administration issued under this subtitle, including a bond or revenue anticipation note,  
9 notes in the nature of commercial paper, and refunding bonds.

10           **[(g)] (H)** “Bond resolution” means the resolution or resolutions of the Director,  
11 including the trust agreement, if any, authorizing the issuance of and providing for the  
12 terms and conditions applicable to bonds.

13           **[(h)] (I)** “Borrower” means a local government or a person as defined in §  
14 1–101(h) of this article who has received a loan.

15           **[(i)] (J)** “Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund” means  
16 the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund established under §  
17 9–1605.3 of this subtitle.

18           **[(j)] (K)** “Community sewerage system” means a publicly or privately owned  
19 sewerage system that serves at least two lots.

20           **[(k)] (L)** “Director” means the Director of the Administration.

21           **[(l)] (M)** “Drinking Water Loan Fund” means the Maryland Drinking Water  
22 Revolving Loan Fund.

23           **[(m)] (N)** “Eligible costs” means the costs identified under § 9–1605.2(i) of this  
24 subtitle.

25           **[(n)] (O)** “Enhanced nutrient removal” means:

26           (1) An enhanced nutrient removal technology that is capable of reducing  
27 the nitrogen and phosphorus concentrations in wastewater effluent to concentrations of not  
28 more than 3 milligrams per liter total nitrogen and not more than 0.3 milligrams per liter  
29 total phosphorus, as calculated on an annually averaged basis; or

1 (2) If the Department has determined that the concentrations under item  
2 (1) of this subsection are not practicable for a wastewater facility, the lowest average annual  
3 wastewater effluent nitrogen and phosphorus concentrations that the Department  
4 determines are practicable for that facility.

5 **(P) “ENVIRONMENTAL OUTCOME” MEANS A COMMODITY THAT IS MODELED**  
6 **OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF**  
7 **IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON**  
8 **BENEFIT.**

9 **[(o)] (Q)** “Equivalent dwelling unit” means a measure of wastewater effluent  
10 where one unit is equivalent to:

11 (1) If a local government or billing authority for a wastewater facility has  
12 established a definition for “equivalent dwelling unit” on or before January 1, 2004, the  
13 average daily flow of wastewater effluent that the local government or billing authority has  
14 established to be equivalent to the average daily flow of wastewater effluent discharged by  
15 a residential dwelling, which may not exceed 250 gallons; or

16 (2) If a local government or billing authority has not established a  
17 definition for “equivalent dwelling unit” on or before January 1, 2004, or if a local  
18 government or billing authority has established a definition that exceeds 250 gallons of  
19 wastewater effluent per day, an average daily flow of 250 gallons of wastewater effluent.

20 **[(p)] (R)** “Facility” means a wastewater facility or all or a portion of a water  
21 supply system as defined in § 9–201(u) of this title.

22 **[(q)] (S)** “Federal Safe Drinking Water Act” means Title XIV of the Public  
23 Health Service Act, P.L. 93–523, as amended, 42 U.S.C. § 300f, et seq., and the rules and  
24 regulations promulgated thereunder.

25 **[(r)] (T)** “Federal Water Pollution Control Act” means the Water Pollution  
26 Control Act of 1972, P.L. 92–500, as amended, 33 U.S.C. § 1251, et seq., and rules and  
27 regulations promulgated thereunder.

28 **[(s)] (U)** “Fund” means a fund established by this subtitle, including the Water  
29 Quality Fund, the Drinking Water Loan Fund, the Bay Restoration Fund, and the  
30 Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund.

31 **[(t)] (V)** “Grant” means a grant from the Administration to a grantee.

32 **[(u)] (W)** “Grant agreement” means a written agreement between the  
33 Administration and a grantee with respect to a grant.

34 **[(v)] (X)** “Grantee” means the grant recipient.

1           **(Y) (1) “GREEN INFRASTRUCTURE” MEANS A LAND-BASED NATURAL**  
2 **AREA OR NATURAL FEATURE, OR A SYSTEM OR FEATURE DESIGNED TO PROTECT,**  
3 **MIMIC, OR ENHANCE A NATURAL FUNCTION, THAT:**

4                   **(I) ABSORBS AND FILTERS POLLUTANTS;**

5                   **(II) PROTECTS COMMUNITIES FROM FLOODING OR STORM**  
6 **SURGE;**

7                   **(III) REDUCES EROSION; OR**

8                   **(IV) SEQUESTERS CARBON.**

9           **(2) “GREEN INFRASTRUCTURE” INCLUDES:**

10                   **(I) ENHANCED OR RESTORED NATURAL LANDSCAPE**  
11 **FEATURES, SUCH AS FORESTS, STREAMS, WETLANDS, RIPARIAN BUFFERS,**  
12 **HEADWATERS, OR FLOODPLAINS;**

13                   **(II) RAIN GARDENS;**

14                   **(III) PERMEABLE PAVEMENT;**

15                   **(IV) POCKET PARKS;**

16                   **(V) BIOSWALES;**

17                   **(VI) GREEN ROOFS;**

18                   **(VII) INFILTRATION PLANTERS;**

19                   **(VIII) TREE PLANTINGS OR TREE BOXES; AND**

20                   **(IX) RAINWATER HARVESTING.**

21           **[(w)] (Z)** “Lender” has the meaning stated in § 9–1606.1 of this subtitle.

22           **[(x)] (AA)** “Linked deposit” has the meaning stated in § 9–1606.1 of this subtitle.

23           **[(y)] (BB)** “Linked deposit loan” has the meaning stated in § 9–1606.1 of this  
24 subtitle.

25           **[(z)] (CC)** “Linked deposit program” has the meaning stated in § 9–1606.1 of this  
26 subtitle.

1            [(aa)] (DD) “Loan” means a loan from the Administration to a borrower for the  
2 purpose of financing all or a portion of the cost of a wastewater facility, if the loan is from  
3 the Water Quality Fund, or water supply system, if the loan is from the Drinking Water  
4 Loan Fund.

5            [(bb)] (EE) “Loan agreement” means a written agreement between the  
6 Administration and a borrower with respect to a loan.

7            [(cc)] (FF) “Loan obligation” means a bond, note, or other evidence of obligation,  
8 including a mortgage, deed of trust, lien, or other security instrument, issued or executed  
9 by a borrower to evidence its indebtedness under a loan agreement with respect to a loan.

10           [(dd)] (GG) (1) “Local government” means a county, municipal corporation,  
11 sanitary district, or other State or local public entity that has authority to own or operate  
12 a facility.

13                    (2) “Local government” includes any combination of two or more of the  
14 public entities under paragraph (1) of this subsection when acting jointly to construct or  
15 operate a facility.

16            [(ee)] (HH) (1) “Person” means an individual, corporation, partnership,  
17 association, nonprofit entity, the State, any unit of the State, commission, special taxing  
18 district, or the federal government.

19                    (2) “Person” does not include a county, municipal corporation, bi-county or  
20 multicounty agency under Division II of the Land Use Article or Division II of the Public  
21 Utilities Article, housing authority under Division II of the Housing and Community  
22 Development Article, school board, community college, or any other unit of a county or  
23 municipal corporation, or a local fire department, as defined in § 9–401 of the Public Safety  
24 Article.

25            [(ff)] (II) (1) “Residential dwelling” means a room or group of rooms occupied  
26 as living quarters by an individual, a single family, or other discrete group of persons with  
27 facilities that are used or intended to be used for living, sleeping, cooking, sanitation, and  
28 eating, including an apartment unit, condominium unit, cooperative unit, town house unit,  
29 mobile home, or house.

30                    (2) “Residential dwelling” does not include a hospital, hotel, motel, inn,  
31 boarding house, club, dormitory, school, college, or similar seasonal, institutional, or  
32 transient facility.

33            [(gg)] (JJ) “Single site” means a discrete grouping of buildings or structures that  
34 are located on contiguous or adjacent property and owned by the same user.

35            [(hh)] (KK) (1) “User” means any person discharging wastewater to:

1 (i) A wastewater facility that has a State discharge permit or  
2 national pollutant discharge elimination system discharge permit;

3 (ii) An on-site sewage disposal system; or

4 (iii) A sewage holding tank.

5 (2) "User" does not include a person whose sole discharge is stormwater  
6 under a stormwater permit.

7 **[(ii)] (LL)** (1) "Wastewater facility" means any equipment, plant, treatment  
8 works, structure, machinery, apparatus, interest in land, or any combination of these,  
9 which is acquired, used, constructed, or operated:

10 (i) For the storage, collection, treatment, neutralization,  
11 stabilization, reduction, recycling, reclamation, separation, or disposal of wastewater;

12 (ii) To improve water conservation, reduce energy consumption, or  
13 increase security; or

14 (iii) For the final disposal of residues resulting from the treatment of  
15 wastewater.

16 (2) "Wastewater facility" includes:

17 (i) Treatment or disposal plants; outfall sewers, interceptor sewers,  
18 and collector sewers; pumping and ventilating stations, facilities, and works; and other real  
19 or personal property and appurtenances incident to their development, use, or operation;

20 (ii) Any programs and projects for managing, reducing, treating,  
21 recapturing, abating, or controlling nonpoint sources of water pollution, including  
22 stormwater or subsurface drainage water; and

23 (iii) Any programs and projects for improving estuarine conservation  
24 and management.

25 **[(jj)] (MM)** "Water Quality Fund" means the Maryland Water Quality Revolving  
26 Loan Fund.

27 **[(kk)] (NN)** "Water supply system" has the meaning stated in § 9-201(u) of this  
28 title.

29 9-1602.

30 There is a Maryland Water **[Quality] INFRASTRUCTURE** Financing Administration  
31 in the Department.

1 9-1604.

2 (c) (1) This subsection applies to financial assistance provided by the  
3 Administration under:

- 4 (i) The Water Quality Fund;
- 5 (ii) The Bay Restoration Fund;
- 6 (iii) The Biological Nutrient Removal Program; and
- 7 (iv) The Supplemental Assistance Program.

8 (2) The Administration shall ensure the fair and equitable distribution of  
9 financial assistance among wastewater treatment facilities with a design capacity of less  
10 than 500,000 gallons per day and wastewater treatment facilities with a design capacity of  
11 500,000 gallons or more per day.

12 **(3) IT IS THE POLICY OF THE STATE THAT THE MAINTENANCE AND**  
13 **REPAIR OF SOURCE WATERSHEDS, INCLUDING THE CONSERVATION AND**  
14 **RESTORATION OF FORESTS AND THE INSTALLATION AND MAINTENANCE OF BLUE**  
15 **INFRASTRUCTURE OR GREEN INFRASTRUCTURE THAT CONTRIBUTES TO IMPROVED**  
16 **WATER QUALITY, IS ELIGIBLE FOR THE SAME FORMS OF FINANCIAL ASSISTANCE AS**  
17 **OTHER WATER COLLECTION AND TREATMENT INFRASTRUCTURE.**

18 9-1605.

19 (a) (1) **(I)** There is a Maryland Water Quality Revolving Loan Fund.

20 **(II)** The Water Quality Fund shall be maintained and administered  
21 by the Administration in accordance with the provisions of this subtitle and such rules or  
22 program directives as the Secretary or the Board may from time to time prescribe.

23 (c) (1) The Administration may establish accounts and subaccounts within the  
24 Water Quality Fund [as may be considered desirable] to:

- 25 (i) Effectuate the purposes of this subtitle;
- 26 (ii) Comply with the provisions of any bond resolution;
- 27 (iii) Meet the requirements of any federal law, or of any federal grant  
28 or award to the Water Quality Fund; or
- 29 (iv) Meet any rules or program directives established by the  
30 Secretary or the Board.

1           (2) The accounts and subaccounts established under paragraph (1) of this  
2 subsection may include:

3                   (i) A federal receipts account;

4                   (ii) A State receipts account;

5                   (iii) A management and administration expense account;

6                   (iv) A bond proceeds account;

7                   (v) An account to segregate a portion or portions of the revenues or  
8 corpus of the Water Quality Fund as security for bonds of the Administration;

9                   (vi) A loan repayment account; and

10                  (vii) An investment earnings account.

11           **(3) (I) THE ADMINISTRATION SHALL ESTABLISH A TECHNICAL**  
12 **ASSISTANCE SUBACCOUNT WITHIN THE WATER QUALITY FUND.**

13                   **(II) FEDERAL FUNDS DEPOSITED IN THE WATER QUALITY**  
14 **FUND FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE FOR PROJECTS IN**  
15 **RURAL, SMALL, AND TRIBAL COMMUNITIES SHALL BE DISTRIBUTED TO THE**  
16 **TECHNICAL ASSISTANCE SUBACCOUNT.**

17                   **(III) THE TECHNICAL ASSISTANCE SUBACCOUNT MAY BE USED**  
18 **TO PROVIDE FINANCIAL ASSISTANCE TO ENTITIES SPECIFIED IN SUBPARAGRAPH**  
19 **(IV) OF THIS PARAGRAPH FOR THE PURPOSE OF PROVIDING TECHNICAL**  
20 **ASSISTANCE FOR PROJECTS IN RURAL, SMALL, AND TRIBAL COMMUNITIES, WITH**  
21 **PRIORITY GIVEN TO ENTITIES PROVIDING TECHNICAL ASSISTANCE FOR PROJECTS**  
22 **IN DISADVANTAGED COMMUNITIES AND COMMUNITIES DISPROPORTIONATELY**  
23 **BURDENED BY ENVIRONMENTAL HARMS AND RISKS, INCLUDING FINANCIAL**  
24 **ASSISTANCE TO SUPPORT THE DEVELOPMENT OF:**

25                           **1. AN APPLICATION FOR FINANCIAL ASSISTANCE UNDER**  
26 **THE WATER QUALITY FUND; OR**

27                           **2. A FINANCING PLAN UNDER THE WATER QUALITY**  
28 **FUND.**

29                   **(IV) THE FOLLOWING ENTITIES ARE ELIGIBLE TO RECEIVE**  
30 **FINANCIAL ASSISTANCE UNDER THIS PARAGRAPH:**

1                   **1. A PUBLICLY OWNED TREATMENT WORKS THAT**  
2 **PRIMARILY SERVES A RURAL, SMALL, OR TRIBAL COMMUNITY;**

3                   **2. A STATE, REGIONAL, INTERSTATE, OR MUNICIPAL**  
4 **ENTITY; OR**

5                   **3. A NONPROFIT ORGANIZATION WORKING WITH A**  
6 **RURAL, SMALL, TRIBAL, OR DISADVANTAGED COMMUNITY.**

7           (d) Amounts in the Water Quality Fund may be used only:

8                   (1) To make loans, on the condition that:

9                           (i) The loans are made at or below market interest rates, including  
10 interest free loans, at terms not to exceed the lesser of 30 years or the projected useful life  
11 of the project;

12                           (ii) Annual principal and interest payments will commence not later  
13 than 1 year after completion of any wastewater facility and all loans will be fully amortized  
14 on the expiration of the term of the loan;

15                           (iii) The local government borrower will establish a dedicated source  
16 of revenue for repayment of loans;

17                           (iv) In the case of a wastewater facility owned by a borrower other  
18 than a local government, the borrower will provide adequate security for repayment of  
19 loans; and

20                           (v) The Water Quality Fund will be credited with all payments of  
21 principal and interest on all loans;

22                   (2) To buy or refinance debt obligations of local governments at or below  
23 market rates, if such debt obligations were incurred after March 7, 1985;

24                   (3) To guarantee, or purchase insurance for, bonds, notes, or other  
25 evidences of obligation issued by a local government if such action would improve credit  
26 market access or reduce interest rates;

27                   (4) As a source of revenue or security for the payment of principal and  
28 interest on bonds issued by the Administration if the proceeds of the sale of such bonds will  
29 be deposited in the Water Quality Fund;

30                   (5) To earn interest on Water Quality Fund accounts;

31                   (6) To establish a linked deposit program to promote loans for controlling  
32 nonpoint sources of pollution and protecting the quality of the waters of the State,



1 INCLUDING LOANS FOR FOREST RESTORATION OR THE CONSERVATION OF FOREST  
2 LAND BY FEE OR EASEMENT;

3 (7) TO PROVIDE LOANS FOR THE PROTECTION OF SOURCE WATER  
4 AREAS OR CHESAPEAKE AND ATLANTIC COASTAL BAY WATERSHEDS THROUGH  
5 PROPERTY ACQUISITIONS OR EASEMENTS;

6 (8) TO ESTABLISH A SPONSORSHIP PROGRAM THAT ALLOWS A LOCAL  
7 GOVERNMENT TO SERVE AS THE PRIMARY BORROWER AND RECEIVE A LOAN FOR A  
8 PUBLICLY OWNED TREATMENT WORKS PROJECT AT A REDUCED INTEREST RATE IF  
9 THE LOAN ALSO INCLUDES FINANCING FOR A SPONSORED NONPOINT SOURCE  
10 PROJECT MANAGED BY AN ORGANIZATION;

11 (9) TO SUPPORT LONG-TERM OR PERMANENT GREEN OR BLUE  
12 INFRASTRUCTURE PROJECTS:

13 (I) THAT PROVIDE A WATER QUALITY BENEFIT TO  
14 MARYLAND'S PORTION OF THE CHESAPEAKE BAY;

15 (II) THAT ARE PROPOSED AND CARRIED OUT BY AN ELIGIBLE  
16 REGIONAL OR INTERSTATE ENTITY IN THE SUSQUEHANNA RIVER WATERSHED;

17 (III) ABOUT WHICH THE SECRETARY HAS CONSULTED WITH THE  
18 HEAD OF THE ENVIRONMENTAL AGENCY IN WHICH THE PROJECT IS LOCATED; AND

19 (IV) FOR WHICH THE SECRETARY HAS DETERMINED THE  
20 ALLOCATION OF CREDITS FOR THE CHESAPEAKE BAY TOTAL MAXIMUM DAILY  
21 LOAD'S WATERSHED IMPLEMENTATION PLANS;

22 (10) TO ESTABLISH MASTER LEASE PURCHASE AGREEMENTS WITH  
23 STATE AGENCIES TO SUPPORT PROJECTS THAT ENHANCE WATER QUALITY ON  
24 STATE LANDS;

25 (11) TO SUPPORT MULTIYEAR INITIATIVES AUTHORIZED UNDER TITLE  
26 8, SUBTITLE 2A OF THE NATURAL RESOURCES ARTICLE THAT ALSO INVOLVE  
27 FUNDING FROM:

28 (I) THE CHESAPEAKE AND ATLANTIC COASTAL BAYS 2010  
29 TRUST FUND;

30 (II) A HAZARD MITIGATION PROGRAM UNDER THE MARYLAND  
31 EMERGENCY MANAGEMENT AGENCY; OR

**(III) A CLIMATE RESILIENCE PROGRAM UNDER THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION;**

**[(7)] (12)** For the reasonable costs of administering the Water Quality Fund and conducting activities under Title VI of the Federal Water Pollution Control Act;

**[(8)] (13)** For any other purpose authorized by Title VI of the Federal Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act;

**[(9)] (14)** To provide financial assistance in the form of grants, negative interest loans, forgiveness of principal, subsidized interest rates, and any other form of financial assistance as authorized or required by:

(i) The American Recovery and Reinvestment Act of 2009, as may be amended and supplemented;

(ii) Title VI of the Federal Water Pollution Control Act;

(iii) § 302 of the federal Safe Drinking Water Act; or

(iv) Federal appropriations or authorization acts.

**[(10)] (15)** To provide loan guarantees for similar revolving funds established by municipalities or intermunicipal agencies; and

**[(11)] (16)** To serve as guarantee for long-term Pay for Success contracts, green bonds, or environmental impact bonds by any public, private, or nonprofit entity for the purchase of outcomes that provide a water quality benefit.

**(F) IN CREATING AN INTENDED USE PLAN FOR THE WATER QUALITY FUND, THE ADMINISTRATION SHALL PRIORITIZE:**

**(1) OPPORTUNITIES TO PROVIDE ASSISTANCE TO DISADVANTAGED COMMUNITIES OR COMMUNITIES DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS; AND**

**(2) GREEN AND BLUE INFRASTRUCTURE, WITH PARTICULAR FOCUS ON NATURAL AREAS OR NATURAL FEATURES.**

9–1605.1.

(a) (1) There is a Maryland Drinking Water Revolving Loan Fund. The Drinking Water Loan Fund shall be maintained and administered by the Administration in accordance with the provisions of this subtitle and such rules or program directives as the Secretary or the Board may from time to time prescribe.

1 (c) (1) The Administration may [from time to time] establish accounts and  
2 subaccounts within the Drinking Water Loan Fund [as may be deemed desirable] to  
3 [effectuate]:

4 (I) EFFECTUATE the purposes of this subtitle[, to comply];

5 (II) COMPLY with the provisions of any bond resolution[, to meet];

6 (III) MEET the requirements of any federal law, or of any federal  
7 grant or award to the Drinking Water Loan Fund[, or to meet]; OR

8 (IV) MEET any rules or program directives established by the  
9 Secretary or the Board.

10 (2) (I) THE ADMINISTRATION SHALL ESTABLISH A TECHNICAL  
11 ASSISTANCE SUBACCOUNT WITHIN THE DRINKING WATER LOAN FUND.

12 (II) FEDERAL FUNDS DEPOSITED IN THE DRINKING WATER  
13 LOAN FUND FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE TO SMALL  
14 DRINKING WATER SYSTEMS, AS DEFINED UNDER THE FEDERAL SAFE DRINKING  
15 WATER ACT, SHALL BE DISTRIBUTED TO THE TECHNICAL ASSISTANCE  
16 SUBACCOUNT.

17 (III) THE TECHNICAL ASSISTANCE SUBACCOUNT MAY BE USED  
18 TO PROVIDE FINANCIAL ASSISTANCE TO ENTITIES SPECIFIED IN SUBPARAGRAPH  
19 (IV) OF THIS PARAGRAPH FOR THE PURPOSE OF PROVIDING TECHNICAL  
20 ASSISTANCE TO SMALL DRINKING WATER SYSTEMS, WITH PRIORITY GIVEN TO  
21 ENTITIES PROVIDING TECHNICAL ASSISTANCE FOR SMALL DRINKING WATER  
22 SYSTEMS IN DISADVANTAGED COMMUNITIES OR COMMUNITIES  
23 DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS,  
24 INCLUDING FINANCIAL ASSISTANCE FOR:

25 1. ASSESSING RISKS FROM WATER PIPES MADE FROM  
26 LEAD;

27 2. SUPPORTING THE DEVELOPMENT OF LEAD PIPE  
28 INVENTORIES;

29 3. SUPPORTING THE DEVELOPMENT OF AN  
30 APPLICATION FOR FINANCIAL ASSISTANCE UNDER THE DRINKING WATER LOAN  
31 FUND; AND

32 4. SUPPORTING THE DEVELOPMENT OF A FINANCING  
33 PLAN UNDER THE DRINKING WATER LOAN FUND.

1                   **(IV) THE FOLLOWING ENTITIES ARE ELIGIBLE TO RECEIVE**  
2 **FINANCIAL ASSISTANCE UNDER THIS PARAGRAPH:**

3                   **1. A SMALL DRINKING WATER SYSTEM, AS DEFINED**  
4 **UNDER THE FEDERAL SAFE DRINKING WATER ACT;**

5                   **2. A MULTIJURISDICTIONAL ENTITY; OR**

6                   **3. A NONPROFIT ORGANIZATION WORKING WITH A**  
7 **RURAL, SMALL, TRIBAL, OR DISADVANTAGED COMMUNITY.**

8           (d) Amounts in the Drinking Water Loan Fund may be used only:

9                   (1) To make loans at or below market rates on the condition that:

10                           (i) The local government borrower will establish a dedicated source  
11 of revenue;

12                           (ii) In the case of a water supply system owned by a borrower other  
13 than a local government, the borrower shall provide adequate security for the repayment  
14 of the loan;

15                           (iii) The Drinking Water Loan Fund will be credited with all  
16 payments of the loan;

17                           (iv) The loans are made at terms not to exceed:

18                                   1. 30 years; or

19                                   2. With respect to disadvantaged communities as defined in  
20 the federal Safe Drinking Water Act, the lesser of 40 years after project completion or the  
21 design life of the project; and

22                           (v) Annual principal and interest payments will commence not later  
23 than 18 months after completion of any drinking water facility and all loans will be fully  
24 amortized on the expiration of the term of the loan;

25                   (2) To buy or refinance debt obligations of local governments issued by a  
26 local government for the purposes of financing all or a portion of the cost of a water supply  
27 system at or below market rates, if such debt obligations were incurred after July 1, 1993;

28                   (3) To guarantee or purchase insurance for bonds, notes, or other evidences  
29 of indebtedness issued by a local government for the purposes of financing all or a portion  
30 of the cost of a water supply system, if such action would improve credit market access or  
31 reduce interest rates;

1 (4) As a source of revenue or security for the payment of principal and  
2 interest on bonds issued by the Administration if the proceeds of the sale of such bonds will  
3 be deposited in the Drinking Water Loan Fund;

4 (5) To earn interest on Drinking Water Loan Fund accounts;

5 (6) For the reasonable costs of administering the Drinking Water Loan  
6 Fund and conducting activities under any federal law that may apply to federal deposits to  
7 the Drinking Water Loan Fund;

8 (7) To establish a linked deposit program for loans in accordance with this  
9 subtitle and the federal Safe Drinking Water Act, **INCLUDING LOANS FOR:**

10 **(I) CONTROLLING NONPOINT SOURCES OF POLLUTION AND**  
11 **PROTECTING THE QUALITY OF STATE WATERS;**

12 **(II) PROTECTING OR ACQUIRING FORESTS OR WETLANDS BY**  
13 **FEE OR EASEMENT; OR**

14 **(III) RESTORING FORESTS;**

15 (8) For loan subsidies for disadvantaged communities as provided by the  
16 federal Safe Drinking Water Act, including but not limited to loan forgiveness, provided  
17 that such loan subsidies comply with the limitations and requirements set forth in the  
18 federal Safe Drinking Water Act and any federal appropriations or authorization acts;

19 **(9) TO ESTABLISH A SPONSORSHIP PROGRAM THAT ALLOWS A LOCAL**  
20 **GOVERNMENT TO SERVE AS THE PRIMARY BORROWER AND RECEIVE A LOAN FOR A**  
21 **PUBLICLY OWNED WATER SUPPLY SYSTEM AT A REDUCED INTEREST RATE IF THE**  
22 **LOAN ALSO INCLUDES FINANCING FOR A SPONSORED NONPOINT SOURCE PROJECT**  
23 **MANAGED BY AN ORGANIZATION;**

24 **(10) WITH RESPECT TO ANY FEDERAL FUNDS DEPOSITED IN THE**  
25 **DRINKING WATER LOAN FUND, TO PRIORITIZE SUPPORT FOR LOCAL**  
26 **GOVERNMENTS, COMMUNITY WATER SYSTEMS, AND OTHER ELIGIBLE PARTNERS BY:**

27 **(I) SERVING AS A GUARANTEE FOR LONG-TERM**  
28 **PAY-FOR-SUCCESS CONTRACTS FOR THE PURCHASE OF ENVIRONMENTAL**  
29 **OUTCOMES THAT PROVIDE WATER QUALITY BENEFITS;**

30 **(II) SUPPORTING THE DELINEATION, ASSESSMENT, OR**  
31 **UPDATED ASSESSMENT OF SOURCE WATER PROTECTION AREAS AND THE**  
32 **IMPLEMENTATION OF WELL HEAD PROTECTION PROGRAMS, INCLUDING THROUGH**  
33 **GRANTS AND TECHNICAL ASSISTANCE; OR**

1                   **(III) SUPPORTING LOANS AND LOAN GUARANTEES FOR THE**  
2 **PROTECTION OF SOURCE WATER AREAS OR THE CHESAPEAKE AND ATLANTIC**  
3 **COASTAL BAYS WATERSHEDS THROUGH PROPERTY ACQUISITIONS OR EASEMENTS**  
4 **FOR THE PURPOSE OF CONTROLLING NONPOINT SOURCES OF POLLUTION;**

5                   **(11) TO SUPPORT MULTIYEAR INITIATIVES AUTHORIZED UNDER TITLE**  
6 **8, SUBTITLE 2A OF THE NATURAL RESOURCES ARTICLE THAT ALSO INVOLVE**  
7 **FUNDING FROM THE CHESAPEAKE AND ATLANTIC COASTAL BAYS 2010 TRUST**  
8 **FUND;**

9                   **(12) TO PROVIDE FINANCIAL ASSISTANCE TO DISADVANTAGED**  
10 **COMMUNITIES AS DEFINED IN THE FEDERAL SAFE DRINKING WATER ACT IN THE**  
11 **FORM OF PLANNING PHASE GRANTS OR DESIGN PHASE GRANTS;**

12                   **[(9)] (13)** For any other purpose authorized for any federal funds deposited  
13 in the Drinking Water Loan Fund including, without limitation, any purpose authorized by  
14 the federal Safe Drinking Water Act, including source water protection expenditures  
15 eligible for assistance from the Drinking Water Loan Fund; and

16                   **[(10)] (14)** To provide financial assistance in the form of grants, negative  
17 interest loans, forgiveness of principal, subsidized interest rates, and any other form of  
18 financial assistance as authorized or required by:

19                   (i) The American Recovery and Reinvestment Act of 2009, as may  
20 be amended and supplemented;

21                   (ii) §§ 302 and 1452 of the federal Safe Drinking Water Act;

22                   (iii) Title VI of the Federal Water Pollution Control Act; or

23                   (iv) Federal appropriations or authorization acts.

24                   **(E) IN CREATING AN INTENDED USE PLAN FOR THE DRINKING WATER LOAN**  
25 **FUND, THE ADMINISTRATION SHALL PRIORITIZE OPPORTUNITIES TO PROVIDE**  
26 **ASSISTANCE TO DISADVANTAGED COMMUNITIES OR COMMUNITIES**  
27 **DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS AND**  
28 **SUPPORT INNOVATIVE FINANCING PARTNERSHIPS TO ADDRESS ENVIRONMENTAL**  
29 **JUSTICE ISSUES AS DEFINED IN § 1-701 OF THIS ARTICLE, INCLUDING THROUGH**  
30 **INVESTMENT IN:**

31                   **(1) WATER INFRASTRUCTURE LOANS DESIGNED TO ENSURE FAIRER**  
32 **AND MORE JUST OPPORTUNITIES TO IMPROVE COMMUNITY HEALTH THROUGH**  
33 **BETTER WATER SERVICE;**



1           **(2) ASSIST PRIVATE LANDOWNERS WITH THE AGGREGATION OF**  
2 **PROJECTS TO MAKE THE PROJECTS MORE SALEABLE IN CARBON OFFSET MARKET**  
3 **PROGRAMS.**

4           **(B) TO LEARN ABOUT ESTABLISHING AND VERIFYING CARBON CREDITS, ON**  
5 **OR BEFORE JULY 1, 2024, THE DEPARTMENT, IN CONSULTATION WITH**  
6 **APPROPRIATE EXPERTS, SHALL BEGIN IMPLEMENTATION OF, OR OTHERWISE**  
7 **SUPPORT:**

8           **(1) AT LEAST ONE CARBON OFFSET PROJECT ON STATE LAND; AND**

9           **(2) AT LEAST ONE CARBON OFFSET PROJECT IN A MARINE OR**  
10 **ESTUARINE HABITAT.**

11 3-103.

12           (a) (1) There is a body politic and corporate known as the “Maryland  
13 Environmental Service”.

14           (2) The Service is an instrumentality of the State and a public corporation  
15 by that name, style, and title, and the exercise by the Service of the powers conferred by  
16 this subtitle is the performance of an essential governmental function of the State.

17           (g) (1) The Service is exempt from the provisions of Subtitles 3, 4, 5, and 7 of  
18 Title 4 of the State Finance and Procurement Article.

19           (2) The Service is exempt from the provisions of Division II of the State  
20 Finance and Procurement Article, but is not exempt from Subtitle 3 of Title 14, Subtitle 4  
21 of Title 12, Title 16, and Title 17 of the State Finance and Procurement Article.

22           (3) (i) Except as otherwise provided in this paragraph, all  
23 procurements by the Service for materials, equipment, services, or supplies performed or  
24 furnished in connection with the planning, development, design, equipping, construction,  
25 or operation of any project owned or controlled by the Service, shall be awarded in  
26 accordance with rules and regulations adopted pursuant to the Administrative Procedure  
27 Act.

28           (ii) The Service may procure materials, equipment, services, or  
29 supplies by utilizing:

30                   1. Competitive sealed bids;

31                   2. Competitive sealed proposals;

32                   3. Sole source procurement;





- 1                   **(III) THE PROVISION OF WILDLIFE HABITAT;**  
2                   **(IV) CONTRIBUTIONS TO FOREST HEALTH; AND**  
3                   **(V) THE PROTECTION OR RESTORATION OF WETLANDS.**

4                   **(2) AN EASEMENT APPROVED BY THE TRUST MAY ALLOW FOR THE**  
5 **POTENTIAL OF ECONOMIC RETURN FROM THE PROTECTION, MANAGEMENT,**  
6 **MAINTENANCE, OR IMPROVEMENT OF ECOSYSTEM SERVICES PROVIDED BY THE**  
7 **PROPERTY, SO LONG AS THE TRUST DETERMINES THOSE USES DO NOT IMPAIR OR**  
8 **INTERFERE WITH THE CONSERVATION VALUES AND PURPOSES OF THE EASEMENT**  
9 **AND ARE OTHERWISE CONSISTENT WITH THE TRUST’S POLICIES RELATED TO**  
10 **ECOSYSTEM SERVICES.**

11 5–102.

12           (b) It is the policy of the State to encourage the retention and sustainable  
13 management of forest lands by:

14                   (1) Achieving no net loss of forest;

15                   (2) Affording due consideration to the protection and retention of forests in  
16 the State through existing land conservation programs where they have the highest value  
17 in terms of promoting the State’s compliance with its clean water goals under the 2014  
18 Chesapeake Bay Watershed Agreement and the 2007 Forestry Conservation Initiative;

19                   (3) Enhancing the retention of privately owned forest lands through  
20 research–based educational outreach efforts to landowners by the State’s forest  
21 conservancy district boards;

22                   (4) Developing financial incentives to encourage landowners to retain and  
23 manage their forests sustainably and in a manner that is consistent with a forest  
24 stewardship plan, **INCLUDING BY ALLOWING LANDOWNERS TO USE FORESTS ON**  
25 **STATE LANDS THAT ARE REFORESTED OR AFFORESTED UNDER SUBTITLE 16 OF**  
26 **THIS TITLE AFTER JULY 1, 2022, TO SATISFY BUFFER OR INSURANCE PROVISIONS**  
27 **REQUIRED BY REGISTRIES OR PROTOCOLS ASSOCIATED WITH PRIVATE FOREST**  
28 **CARBON CREDIT TRANSACTIONS;**

29                   (5) Promoting renewable energy policies and markets with increased  
30 emphasis on the use of in–State produced woody biomass;

31                   (6) Ensuring dual certification of the State’s forests by the Forest  
32 Stewardship Council and the Sustainable Forestry Initiative;

33                   (7) Recognizing the importance of:

1 (i) A viable forest products industry to the economies of rural  
2 Maryland;

3 (ii) Continued development of fiber products; and

4 (iii) Maryland's green infrastructure; and

5 (8) Developing and enhancing programs with a sustainable forestry  
6 component, including a forest mitigation banking system, a carbon credit or carbon  
7 sequestration program, a clean water credit trading system, an environmental services  
8 credit trading program, and a renewable energy credit trading system.

9 5-9A-05.

10 (P) (1) IN THIS SUBSECTION, "ECOSYSTEM SERVICES" INCLUDES:

11 (I) CLIMATE RESILIENCE;

12 (II) CARBON SEQUESTRATION;

13 (III) THE PROVISION OF WILDLIFE HABITAT;

14 (IV) CONTRIBUTIONS TO FOREST HEALTH; AND

15 (V) THE PROTECTION OR RESTORATION OF WETLANDS.

16 (2) AN EASEMENT ACQUIRED UNDER THIS SUBTITLE MAY ALLOW FOR  
17 THE POTENTIAL OF ECONOMIC RETURN FROM THE PROTECTION, MANAGEMENT,  
18 MAINTENANCE, OR IMPROVEMENT OF ECOSYSTEM SERVICES PROVIDED BY THE  
19 PROPERTY, SO LONG AS THE DEPARTMENT DETERMINES:

20 (I) THOSE USES AFFIRMATIVELY INCREASE THE  
21 CONSERVATION ATTRIBUTES OF THE PROPERTY BEYOND THE REQUIREMENTS OF  
22 THE EASEMENT; AND

23 (II) ANY CREDITS CREATED IN ACCORDANCE WITH THIS  
24 SUBSECTION ARE USED ONLY:

25 1. TO MITIGATE OFFSITE ENVIRONMENTAL DAMAGE IN  
26 A PRIORITY FUNDING AREA, AS DEFINED IN § 5-7B-02 OF THE STATE FINANCE AND  
27 PROCUREMENT ARTICLE; OR

28 2. IN A MANNER THE DEPARTMENT DETERMINES TO BE  
29 CONSISTENT WITH THE APPLICABLE LOCAL COMPREHENSIVE PLAN AND STATE AND  
30 LOCAL OBJECTIVES FOR LAND PROTECTION.

1 **8-203.1.**

2 **THE SECRETARY:**

3 **(1) USING ELIGIBLE FUNDING SOURCES, MAY PURCHASE**  
4 **ENVIRONMENTAL OUTCOMES, AS DEFINED IN § 8-2A-01 OF THIS TITLE, THAT**  
5 **PROVIDE FOR COST-EFFECTIVE LONG-TERM OR PERMANENT GREEN OR BLUE**  
6 **INFRASTRUCTURE PROJECTS THAT:**

7 **(I) IMPROVE THE WATER QUALITY OF MARYLAND'S PORTION**  
8 **OF THE CHESAPEAKE BAY; AND**

9 **(II) ARE LOCATED IN THE SUSQUEHANNA RIVER WATERSHED;**  
10 **AND**

11 **(2) SHALL CONSULT WITH THE SECRETARY OF THE ENVIRONMENTAL**  
12 **AGENCY OF THE STATE IN WHICH THE PROJECT IS LOCATED TO ENSURE THAT:**

13 **(I) THE STATE SUPPORTS THE PROJECT; AND**

14 **(II) FOR THE PURCHASED ENVIRONMENTAL OUTCOMES, THERE**  
15 **IS MUTUAL AGREEMENT AS TO THE ALLOCATION OF CREDITS TO THE CHESAPEAKE**  
16 **BAY TOTAL MAXIMUM DAILY LOAD'S WATERSHED IMPLEMENTATION PLANS.**

17 **8-207.**

18 **THE DEPARTMENT MAY NOT PROHIBIT OR LIMIT, THROUGH ANY CONTRACT,**  
19 **EASEMENT, OR AGREEMENT, A PARTICIPANT IN A PROGRAM ADMINISTERED BY THE**  
20 **DEPARTMENT FROM PARTICIPATING IN AND RECEIVING COMPENSATION FROM**  
21 **GREENHOUSE GAS MARKETS, CARBON CREDITS, OR SOIL CARBON PROGRAMS, IF**  
22 **THE PURPOSE OF THE COMPENSATION IS TO ACHIEVE ADDITIONAL**  
23 **ENVIRONMENTAL OUTCOMES THAT ARE CONSISTENT WITH THE STATE'S**  
24 **CHESAPEAKE BAY CONSERVATION GOALS.**

25 **8-2A-01.**

26 **(a) In this subtitle the following words have the meanings indicated.**

27 **(b) "AGGREGATOR" MEANS A PERSON THAT FACILITATES OR COORDINATES**  
28 **THE ESTABLISHMENT OF PRACTICES OR PROJECTS THAT:**

29 **(1) ARE IMPLEMENTED BY THE PERSON OR BY OTHERS;**

30 **(2) PRODUCE A QUANTIFIABLE ENVIRONMENTAL OUTCOME;**

1           **(3) ARE REGISTERED BY THE PERSON; AND**

2           **(4) ARE MADE AVAILABLE FOR PURCHASE BY THE STATE.**

3           **(C)** “BayStat Program” means the program established under § 8–2A–03 of this  
4 subtitle.

5           **(D) “ENVIRONMENTAL OUTCOME” MEANS A COMMODITY THAT IS MODELED**  
6 **OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF**  
7 **IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON**  
8 **BENEFIT.**

9           **(E) “EVALUATOR” MEANS A PERSON OTHER THAN AN AGGREGATOR THAT**  
10 **DETERMINES WHETHER ENVIRONMENTAL OUTCOMES HAVE BEEN ACHIEVED BASED**  
11 **ON DEFINED PERFORMANCE MEASURES.**

12           **[(c)] (F)** (1) “Nonpoint source pollution control project” means a project to  
13 improve water quality by a reduction of nitrogen, phosphorus, or sediment pollution.

14           (2) “Nonpoint source pollution control project” includes:

15                   (i) An agricultural best management implementation practice,  
16 including cover crops, riparian forested buffer, manure processing, grassed waterways,  
17 animal waste storage structures, and livestock fencing;

18                   (ii) An urban or suburban stormwater practice;

19                   (iii) A sustainable forest management practice, including a forest  
20 stewardship plan or a nonornamental urban and suburban tree planting project;

21                   (iv) Stream and wetland restoration;

22                   (v) Riparian buffer planting;

23                   (vi) A project that demonstrates the effectiveness of an innovative  
24 nonpoint source pollution reduction measure provided that the measure is capable of  
25 integration into existing nonpoint source pollution programs;

26                   (vii) Technical assistance necessary to implement a nonpoint source  
27 pollution control project;

28                   (viii) Improvement of a municipal park located on or adjacent to a  
29 waterway, provided that the improvement is limited to state-of-the-art and sustainable  
30 nonpoint source pollution control measures that demonstrably improve water quality by  
31 reducing nitrogen, phosphorus, and sediment pollution; and

1 (ix) Strategic monitoring of water quality improvements from  
2 nonpoint source pollution control projects that have been funded, in whole or in part, with  
3 grants from the Trust Fund.

4 (G) “QUANTIFICATION PLAN” MEANS A PLAN IN WHICH AN AGGREGATOR  
5 DESCRIBES:

6 (1) THE METHOD THAT WILL BE USED TO MEASURE OR MODEL  
7 ENVIRONMENTAL OUTCOMES AND CO-BENEFITS;

8 (2) THE COMPLIANCE MONITORING THAT WILL OCCUR TO ENSURE  
9 THAT THE PROPOSED ACTIONS ARE TAKEN AND MAINTAINED OVER THE LIFE OF THE  
10 PROJECT;

11 (3) VERIFICATION STEPS THAT WILL BE CARRIED OUT BY THE STATE  
12 OR AN EVALUATOR TO CONFIRM MODEL RESULTS OR ACCURATE MEASUREMENT OF  
13 ENVIRONMENTAL OUTCOMES; AND

14 (4) THE TIMELINE FOR PROPOSED PAYMENTS UNDER A CONTRACT  
15 WITH THE STATE.

16 [(d)] (H) “Trust Fund” means the Chesapeake and Atlantic Coastal Bays 2010  
17 Trust Fund.

18 [(e)] (I) “Watershed implementation plan” means a plan to achieve the nutrient  
19 and sediment limits required under the Chesapeake Bay total maximum daily load.

20 8-2A-03.

21 (a) (1) There is a BayStat Program to:

22 (i) Measure and evaluate efforts to restore the Chesapeake and  
23 Atlantic Coastal Bays; and

24 (ii) Administer the Trust Fund.

25 (2) The BayStat Subcabinet shall oversee the administration of the  
26 BayStat Program.

27 (3) The BayStat Subcabinet is composed of:

28 (i) The Secretary of Natural Resources;

29 (ii) The Secretary of the Environment;

1 (iii) The Secretary of Planning;

2 (iv) The Secretary of Agriculture;

3 (v) The President of the University of Maryland Center for  
4 Environmental Science;

5 (vi) The Dean of the College of Agriculture and Natural Resources at  
6 the University of Maryland, College Park Campus; and

7 (vii) The chair of the Critical Area Commission for the Chesapeake  
8 and Atlantic Coastal Bays.

9 (b) The BayStat Program shall:

10 (1) Provide accurate and timely data to policymakers and the public about  
11 the efficacy and cost-effectiveness of local, State, and federal programs to restore the  
12 Chesapeake and Atlantic Coastal Bays;

13 (2) Track and assess the progress of State and federal programs to improve  
14 the health of the Chesapeake and Atlantic Coastal Bays;

15 (3) Assess the effectiveness of enforcement programs in curbing pollution  
16 and achieving Chesapeake and Atlantic Coastal Bays restoration goals and institute  
17 actions to improve the effectiveness of enforcement programs;

18 (4) Adopt measurable goals for Chesapeake and Atlantic Coastal Bays  
19 restoration;

20 (5) Identify new threats to the health of the Chesapeake and Atlantic  
21 Coastal Bays;

22 (6) Increase public awareness of, and participation in, efforts to restore the  
23 vitality of the Chesapeake and Atlantic Coastal Bays; and

24 (7) Direct the administration of the Trust Fund.

25 (c) The BayStat Subcabinet shall:

26 (1) Report annually to the public regarding:

27 (i) The health of the Chesapeake Bay tributary basin;

28 (ii) The health of the Atlantic Coastal Bays and their tributaries;

29 (iii) The status of local, State, and federal programs to restore the  
30 Chesapeake and Atlantic Coastal Bays; and

1 (iv) Estimated nutrient reductions achieved through projects  
2 financed by the Trust Fund; and

3 (2) (i) Develop an annual work plan that identifies the planned work to  
4 be funded with money from the Trust Fund for the next fiscal year, including annual  
5 nutrient and sediment reduction targets, performance measures, and accountability  
6 criteria; and

7 (ii) Develop an annual expenditure plan that identifies planned  
8 expenditures for the work plan and includes an accounting of all [moneys] MONEY  
9 distributed from the Trust Fund in the previous fiscal year.

10 (d) The Governor shall submit the annual work and expenditure plans to the  
11 General Assembly as part of the annual budget submission.

12 (e) (1) On an annual basis the BayStat Subcabinet shall prepare a final work  
13 and expenditure plan based on the budget approved by the General Assembly.

14 (2) **BEGINNING WITH THE PLAN PREPARED FOR FISCAL YEAR 2024,**  
15 **THE PLAN SHALL BE INFORMED BY THE ANALYSIS CARRIED OUT BY THE BAYSTAT**  
16 **PROGRAM SCIENTIFIC ADVISORY PANEL UNDER § 8-2A-04(G)(4)(VII) OF THIS**  
17 **SUBTITLE.**

18 8-2A-04.

19 (a) The BayStat Program shall direct the administration of the Trust Fund in  
20 accordance with this section.

21 (b) (1) The BayStat Program shall implement nonpoint source pollution  
22 reduction measures to:

23 (i) Support State and local watershed implementation plans by  
24 targeting limited financial resources on the most effective nonpoint source pollution control  
25 projects; and

26 (ii) Improve the health of the Atlantic Coastal Bays and their  
27 tributaries by targeting funds, geographically and by practice, to proven, scientifically  
28 based projects that provide the most cost-effective and measurable water quality benefits  
29 to the Atlantic Coastal Bays and their tributaries.

30 (2) To the maximum extent practicable, the BayStat Program shall  
31 distribute the Trust Fund [moneys] MONEY on a competitive basis.

32 (c) (1) The BayStat Program shall distribute funds from the Trust Fund to the  
33 BayStat Subcabinet agencies in accordance with the final work and expenditure plans.



1           (2) The BayStat Subcabinet agencies shall administer the funds in  
2 accordance with the final work and expenditure plans, including the distribution of funds:

3           (i) Through grants to:

4                   1. Counties;

5                   2. Bicounty agencies;

6                   3. Municipalities;

7                   4. Forest conservancy district boards;

8                   5. Soil conservation districts;

9                   6. Academic institutions; and

10                   7. Nonprofit organizations having a demonstrated ability to  
11 implement nonpoint source pollution control projects;

12           (ii) To the Chesapeake and Atlantic Coastal Bays Nonpoint Source  
13 Fund established under § 9–1605.3 of the Environment Article;

14           (iii) To the Maryland Agricultural Cost–Share Program established  
15 under Title 8, Subtitle 7 of the Agriculture Article for nonpoint source pollution control  
16 projects;

17           (iv) To the Green Shores Program established under § 5–429 of this  
18 article; [and]

19           (v) To the Mel Noland Woodland Incentives Fund established under  
20 § 5–307 of this article; **AND**

21           **(VI) SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION,**  
22 **THROUGH THE PROCUREMENT OF NUTRIENT– OR SEDIMENT–RELATED**  
23 **ENVIRONMENTAL OUTCOMES UNDER A PAY–FOR–SUCCESS CONTRACT OR ANY**  
24 **OTHER PROCUREMENT METHOD AUTHORIZED UNDER DIVISION II OF THE STATE**  
25 **FINANCE AND PROCUREMENT ARTICLE.**

26           (3) [(i)] The BayStat Program shall [develop]:

27           **(I) DEVELOP** solicitations, guidelines, and applications for Trust  
28 Fund grants **AND CONTRACTS** that shall include consideration of the extent to which a  
29 proposed project, both geographically and by practice, will deliver the greatest, most

1 cost-effective, and measurable nonpoint source pollution reduction per Trust Fund  
2 dollar[.]; AND

3 (ii) [The BayStat Program shall] **IN EVALUATING TRUST FUND**  
4 **APPLICATIONS**, encourage and consider [multi-year]:

5 1. **MULTI-YEAR**, multi-partner proposals, local match or  
6 cost-share agreements, or similar actions proposed by [a grant] AN applicant [in  
7 evaluating a Trust Fund grant application];

8 2. **PROJECTS THAT, IN ADDITION TO PROVIDING**  
9 **COST-EFFECTIVE AND MEASURABLE NONPOINT SOURCE POLLUTION REDUCTIONS,**  
10 **PROVIDE CO-BENEFITS INCLUDING:**

11 A. **THE RESTORATION OF AQUATIC RESOURCES, SUCH**  
12 **AS SEAGRASS BEDS OR OYSTER REEFS;**

13 B. **CLIMATE RESILIENCE;**

14 C. **CARBON SEQUESTRATION;**

15 D. **CREATION OF WILDLIFE HABITAT;**

16 E. **LOCAL EMPLOYMENT OPPORTUNITIES;**

17 F. **THE IMPROVEMENT OR PROVISION OF**  
18 **RECREATIONAL OPPORTUNITIES; OR**

19 G. **ENVIRONMENTAL JUSTICE BENEFITS; AND**

20 3. **SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION,**  
21 **MULTI-YEAR AGREEMENTS WHEREBY AN AGGREGATOR PROPOSES TO:**

22 A. **COMBINE FUNDING FROM THE TRUST FUND WITH**  
23 **REVOLVING LOAN FUNDS AUTHORIZED UNDER §§ 9-1605 AND 9-1605.1 OF THE**  
24 **ENVIRONMENT ARTICLE, FEDERAL EMERGENCY MANAGEMENT AGENCY HAZARD**  
25 **MITIGATION SUPPORT, OR PRIVATE SOURCES OF FUNDING; AND**

26 B. **USE THE COMBINED SOURCES TO FUND AND**  
27 **ADMINISTER THE IMPLEMENTATION OF MULTIPLE PROJECTS OR PAY FOR**  
28 **ENVIRONMENTAL OUTCOMES FROM MULTIPLE COMPLETED PROJECTS.**

29 (4) (I) **FUNDS FROM THE TRUST FUND MAY NOT BE USED TO**  
30 **PROCURE ENVIRONMENTAL OUTCOMES ACHIEVED BEFORE JANUARY 1, 2021.**

1                   **(II) PAYMENT UNDER A PAY-FOR-SUCCESS CONTRACT MAY BE**  
2 **MADE ONLY AFTER AN EVALUATOR HAS CERTIFIED TO THE CONTRACTING AGENCY**  
3 **THAT THE ENVIRONMENTAL OUTCOMES HAVE BEEN MEASURED OR MODELED**  
4 **CONSISTENT WITH AN APPROVED QUANTIFICATION PLAN.**

5                   **(5) A BAYSTAT SUBCABINET AGENCY MAY USE FUNDING FROM THE**  
6 **TRUST FUND FOR A MULTI-YEAR AGREEMENT SPECIFIED UNDER PARAGRAPH**  
7 **(3)(II)3 OF THIS SUBSECTION ONLY IF THE AGENCY DETERMINES THAT THE**  
8 **AGREEMENT WILL:**

9                   **(I) PROVIDE COST-EFFECTIVE NUTRIENT AND SEDIMENT**  
10 **REDUCTIONS IN A MANNER CONSISTENT WITH THE COST-EFFECTIVENESS OF OTHER**  
11 **PROJECTS SUPPORTED THROUGH THE TRUST FUND;**

12                   **(II) DELIVER BENEFITS CONSISTENT WITH THOSE REQUIRED**  
13 **BY REVOLVING LOAN FUNDS AUTHORIZED UNDER §§ 9-1605 AND 9-1605.2 OF THE**  
14 **ENVIRONMENT ARTICLE;**

15                   **(III) REQUIRE NOT MORE THAN 20% OF TOTAL RESOURCES IN**  
16 **THE TRUST FUND; AND**

17                   **(IV) DELIVER CO-BENEFITS AS DESCRIBED IN PARAGRAPH**  
18 **(3)(II)2 OF THIS SUBSECTION.**

19           (d) Any grant OR CONTRACT agreement regarding funds from the Trust Fund  
20 shall:

21                   (1) Specify the use of the funds provided under the grant, accountability  
22 measures, and performance requirements;

23                   (2) Take into account the need for efficient, multi-year funding and  
24 administration; and

25                   (3) Include provisions for verification that practices are being  
26 implemented.

27           (e) (1) A recipient of funds from the Trust Fund in any fiscal year shall submit  
28 an annual report to the BayStat Program by November 1 of the next fiscal year.

29                   (2) The report required under paragraph (1) of this subsection shall  
30 include:

31                   (i) For agencies receiving [moneys] MONEY from the Trust Fund:

32                           1. A description of how the funds were allocated, including:

- 1                   A.     The number and amounts of grants awards; and
- 2                   B.     Direct expenditures by the agency;
- 3                   2.     How funding was leveraged; and
- 4                   3.     Estimated or calculated nutrient reductions associated
- 5 with Trust Fund expenditures.

6                   (ii)    For recipients of competitive grants **OR PAY-FOR-SUCCESS**

7 **CONTRACTS** from the Trust Fund, a description of funded projects, including:

- 8                   1.     Project location;
- 9                   2.     Description of practices implemented;
- 10                  3.     Timeframes for project completion;
- 11                  4.     Estimated or calculated nutrient reductions; and
- 12                  5.     Provisions for long-term maintenance of practices.

13                  (f)     Funds from the Trust Fund may not be used to enable an individual cited for

14 noncompliance with a nonpoint source pollution control law or regulation to achieve

15 compliance.

16                  (g)     (1)    There is a BayStat Program Scientific Advisory Panel.

17                               (2)    The Governor shall appoint the chair and members of the BayStat

18 Program Scientific Advisory Panel.

19                               (3)    The BayStat Program Scientific Advisory Panel shall include scientists

20 and other technical experts with demonstrated expertise in the disciplines related to

21 protection and restoration of the Chesapeake and Atlantic Coastal Bays.

22                               (4)    The BayStat Program Scientific Advisory Panel shall:

23                                       (i)    On or before August 1, annually provide recommendations to the

24 BayStat Subcabinet on the use of funds of the Trust Fund for the following fiscal year;

25                                       (ii)   Monitor the distribution of funds from the Trust Fund;

26                                       (iii) Review the categories of grants **AND CONTRACTS** made in the

27 previous year to assess nutrient loading reduction estimates and cost efficiencies and the

28 effectiveness of any innovative nonpoint source pollution reduction measure;

1 (iv) Review the proposed annual work plan and advise the BayStat  
2 Subcabinet of any recommended changes;

3 (v) On request by the BayStat Subcabinet, review individual [grant]  
4 FUNDING applications; [and]

5 (vi) Annually review any Trust Fund [moneys] MONEY that [are] IS  
6 not distributed on a competitive basis to assess whether [those moneys] THAT MONEY may  
7 be distributed on a competitive basis; AND

8 (VII) ON OR BEFORE JANUARY 31, 2023:

9 1. ANALYZE AND COMPARE THE FUND DISTRIBUTIONS  
10 THROUGH THE COMPETITIVE PROGRAM AND BY EACH BAYSTAT SUBCABINET  
11 AGENCY FOR FISCAL YEARS 2012 THROUGH 2023 AND THE STRATEGIES SUPPORTED  
12 BY THOSE DISTRIBUTIONS;

13 2. QUANTIFY THE RELATIVE EFFECTIVENESS OF EACH  
14 DISTRIBUTION AND STRATEGY PER DOLLAR OF STATE FUNDING; AND

15 3. REPORT TO THE BAYSTAT SUBCABINET, THE  
16 GOVERNOR, AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT  
17 ARTICLE, THE GENERAL ASSEMBLY ON THE RESULTS OF THE ANALYSES REQUIRED  
18 UNDER ITEMS 1 AND 2 OF THIS ITEM.

19 (h) The BayStat Subcabinet agencies may [distribute]:

20 (1) DISTRIBUTE to an administrative cost account the amount that is  
21 necessary to administer grant programs, not to exceed 1.5% of the allocations to the  
22 BayStat Subcabinet agencies; AND

23 (2) MAINTAIN AN AMOUNT, NOT TO EXCEED 2% OF THE TOTAL IN  
24 COMPETITIVE GRANTS AND CONTRACTS ADMINISTERED BY THE BAYSTAT  
25 SUBCABINET AGENCIES, FOR THE PURPOSE OF MEETING ADDITIONAL PROJECT  
26 NEEDS, INCLUDING:

27 (I) THE ADAPTIVE MANAGEMENT, MAINTENANCE, OR  
28 CATASTROPHE-INDUCED REPAIR NEEDS OF PROJECTS FUNDED BY THE GRANTS OR  
29 CONTRACTS; AND

30 (II) PAYING FOR QUANTIFIED AND VERIFIED WATER  
31 QUALITY-RELATED ENVIRONMENTAL OUTCOMES THAT EXCEED THE QUANTITY OF  
32 ENVIRONMENTAL OUTCOMES ANTICIPATED UNDER PARTICULAR GRANTS OR  
33 CONTRACTS.



1 (g) **“PAY-FOR-SUCCESS CONTRACTING” MEANS A PERFORMANCE-BASED**  
2 **PROCUREMENT METHOD THROUGH WHICH A UNIT CONTRACTS WITH AN**  
3 **ORGANIZATION TO DELIVER SERVICES OR COMMODITIES IN EXCHANGE FOR**  
4 **PAYMENT BASED ON THE ACHIEVEMENT OF OUTCOMES.**

5 (H) “Person” includes, unless the context requires otherwise:

6 (1) the State;

7 (2) a county, a municipal corporation, or any other political subdivision;

8 and

9 (3) any unit of the State government or a political subdivision.

10 [(h)] (I) “Task order” means a procurement process in which only those vendors  
11 with master contracts may compete to provide the services, supplies, or commodities under  
12 the procurement.

13 13–102.

14 (a) The following procurement methods are authorized at the procurement  
15 officer’s discretion, where applicable:

16 (1) competitive sealed bids under § 13–103 of this subtitle;

17 (2) competitive sealed proposals under § 13–104 or § 13–105 of this  
18 subtitle;

19 (3) noncompetitive negotiation under § 13–106 of this subtitle;

20 (4) sole source procurement under § 13–107 of this subtitle;

21 (5) emergency or expedited procurement under § 13–108 of this subtitle;

22 (6) small procurement under § 13–109 of this subtitle;

23 (7) an intergovernmental cooperative purchasing agreement under §  
24 13–110 of this subtitle;

25 (8) auction bids under § 13–111 of this subtitle;

26 (9) architectural, engineering, and land surveying services qualification  
27 based selection under § 13–112 of this subtitle; [or]

28 (10) master contracting under § 13–113 of this subtitle; **OR**

1           **(11) PAY-FOR-SUCCESS CONTRACTING UNDER § 13-112.1 OF THIS**  
2 **SUBTITLE.**

3           (b) (1) In awarding a procurement contract for human, social, cultural, or  
4 educational service, the preferred method is by competitive sealed proposals under §  
5 13-104 of this subtitle.

6           (2) In awarding a procurement contract for a lease of real property, the  
7 preferred method is by competitive sealed proposals under § 13-105 of this subtitle.

8           (3) Procurement under an intergovernmental cooperative purchasing  
9 agreement is appropriate in situations where the State is expected to achieve a better price  
10 as the result of economies of scale or to otherwise benefit by purchasing in cooperation with  
11 another governmental entity.

12 **13-112.1.**

13           **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
14 **INDICATED.**

15           **(2) “AGGREGATOR” MEANS A PERSON THAT:**

16                           **(I) PROVIDES OR CONTRACTS FOR ENVIRONMENTAL**  
17 **OUTCOMES; OR**

18                           **(II) PROVIDES OR RAISES CAPITAL TO FINANCE DELIVERY OF**  
19 **ENVIRONMENTAL OUTCOMES.**

20           **(3) “ENVIRONMENTAL OUTCOME” MEANS A COMMODITY THAT IS**  
21 **MODELED OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED**  
22 **UNIT OF IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR**  
23 **CARBON BENEFIT.**

24           **(4) “ENVIRONMENTAL OUTCOMES PROJECT” MEANS A PROJECT**  
25 **DESIGNED TO SECURE ENVIRONMENTAL OUTCOMES.**

26           **(5) “EVALUATOR” MEANS A PERSON OTHER THAN AN AGGREGATOR**  
27 **THAT DETERMINES WHETHER ENVIRONMENTAL OUTCOMES HAVE BEEN ACHIEVED**  
28 **BASED ON DEFINED PERFORMANCE MEASURES.**

29           **(6) “OUTCOME PAYMENT” MEANS THE MONEY PAID WHEN A**  
30 **PAY-FOR-SUCCESS CONTRACT PERFORMANCE MEASURE IS MET.**

31           **(7) “QUANTIFICATION PLAN” MEANS A PLAN IN WHICH AN**  
32 **AGGREGATOR DESCRIBES:**



1           **(I) THE METHOD THAT WILL BE USED TO MEASURE OR MODEL**  
2 **ENVIRONMENTAL OUTCOMES AND CO-BENEFITS UNDER A PAY-FOR-SUCCESS**  
3 **CONTRACT;**

4           **(II) THE COMPLIANCE MONITORING THAT WILL OCCUR TO**  
5 **ENSURE THAT THE ACTIONS PROPOSED IN THE PAY-FOR-SUCCESS CONTRACT ARE**  
6 **TAKEN AND MAINTAINED OVER THE LIFE OF THE PROJECT;**

7           **(III) VERIFICATION STEPS THAT WILL BE CARRIED OUT BY THE**  
8 **STATE TO CONFIRM MODEL RESULTS OR ACCURATE MEASUREMENT OF**  
9 **ENVIRONMENTAL OUTCOMES; AND**

10           **(IV) THE TIMELINE FOR PROPOSED PAYMENTS UNDER THE**  
11 **PAY-FOR-SUCCESS CONTRACT.**

12           **(B) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:**

13           **(1) PAY-FOR-SUCCESS CONTRACTING SHIFTS THE RISK OF**  
14 **PERFORMANCE TO THE CONTRACTOR BECAUSE GOVERNMENT PAYMENT IS MADE**  
15 **ONLY ON ACHIEVEMENT OF OUTCOMES;**

16           **(2) SOCIAL AND ENVIRONMENTAL IMPACT INVESTMENT IS GROWING**  
17 **DRAMATICALLY, AND INVESTORS ARE SEEKING WAYS TO FINANCE AND EXECUTE**  
18 **PAY-FOR-SUCCESS CONTRACTS IN THE STATE TO EXPAND THE SUCCESS OF**  
19 **CHESAPEAKE BAY RESTORATION EFFORTS AND ACHIEVE OTHER PUBLIC**  
20 **OUTCOMES; AND**

21           **(3) IT IS IN THE BEST INTEREST OF THE STATE TO INCLUDE**  
22 **PAY-FOR-SUCCESS CONTRACTING AS A PROCUREMENT OPTION, PARTICULARLY**  
23 **FOR UNITS RESPONSIBLE FOR LAND CONSERVATION AND ENVIRONMENTAL**  
24 **PROTECTION, ENHANCEMENT, AND RESTORATION.**

25           **(C) A UNIT MAY ENTER INTO A PAY-FOR-SUCCESS CONTRACT ONLY IF THE**  
26 **PROCUREMENT OFFICER OF THE UNIT DETERMINES THAT:**

27           **(1) THE CONTRACT WILL PRODUCE ESTIMATED FINANCIAL SAVINGS**  
28 **OR OTHER QUANTIFIABLE PUBLIC BENEFITS FOR THE STATE; AND**

29           **(2) A SUBSTANTIAL PORTION OF THE OUTCOME PAYMENT DUE UNDER**  
30 **THE CONTRACT WILL BE PAID ONLY AFTER SPECIFIC OUTCOMES HAVE BEEN**  
31 **DOCUMENTED.**

32           **(D) (1) THIS SUBSECTION APPLIES ONLY TO PROCUREMENTS BY:**

- 1           **(I) THE DEPARTMENT OF AGRICULTURE;**  
2           **(II) THE DEPARTMENT OF THE ENVIRONMENT;**  
3           **(III) THE DEPARTMENT OF NATURAL RESOURCES;**  
4           **(IV) THE DEPARTMENT OF TRANSPORTATION;**  
5           **(V) THE MARYLAND ENVIRONMENTAL SERVICE; AND**  
6           **(VI) THE DEPARTMENT OF GENERAL SERVICES.**

7           **(2) THIS SUBSECTION DOES NOT APPLY TO THE PURCHASE OF**  
8 **NITROGEN LOAD REDUCTIONS WITH FUNDS FROM THE CLEAN WATER COMMERCE**  
9 **ACCOUNT OF THE BAY RESTORATION FUND ESTABLISHED UNDER § 9-1605.2 OF**  
10 **THE ENVIRONMENT ARTICLE.**

11           **(3) (I) A UNIT SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION**  
12 **MAY ENTER INTO A PAY-FOR-SUCCESS CONTRACT WITH AN AGGREGATOR TO**  
13 **PROCURE:**

14                           **1. DELIVERY OF AN ENVIRONMENTAL OUTCOMES**  
15 **PROJECT; OR**

16                           **2. ALREADY CERTIFIED ENVIRONMENTAL OUTCOMES.**

17           **(II) OTHER STATE AND LOCAL ENTITIES MAY PARTICIPATE IN A**  
18 **PAY-FOR-SUCCESS CONTRACT UNDER THIS SUBSECTION IN ACCORDANCE WITH AN**  
19 **INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENT UNDER § 13-110**  
20 **OF THIS SUBTITLE.**

21           **(4) A PAY-FOR-SUCCESS CONTRACT EXECUTED UNDER THIS**  
22 **SUBSECTION SHALL INCLUDE:**

23           **(I) A QUANTIFICATION PLAN APPROVED BY THE UNIT;**

24           **(II) A STATEMENT OF THE ENVIRONMENTAL OUTCOMES TO BE**  
25 **PROCURED UNDER THE CONTRACT AND A DESCRIPTION OF HOW DEFINED**  
26 **PERFORMANCE MEASURES WILL DEMONSTRATE PROGRESS IN ACHIEVING THESE**  
27 **OUTCOMES;**

1 (III) REQUIREMENTS REGARDING THE CONTENT AND  
2 FREQUENCY OF PROGRESS REPORTS REGARDING THE ACHIEVEMENT OF  
3 ENVIRONMENTAL OUTCOMES;

4 (IV) A METHODOLOGY FOR CALCULATING THE AMOUNT AND  
5 TIMING OF OUTCOME PAYMENTS TO AN AGGREGATOR WHEN THE EVALUATOR  
6 DETERMINES THAT THE AGGREGATOR HAS ACHIEVED A DEFINED PERFORMANCE  
7 MEASURE;

8 (V) A STATEMENT THAT THE BASIS OF PAYMENT IS THE  
9 DETERMINATION OF ACHIEVEMENT OF ENVIRONMENTAL OUTCOMES BY THE  
10 EVALUATOR AND THAT PAYMENTS FOR THOSE OUTCOMES DO NOT REQUIRE  
11 ITEMIZED BILLING OR COST DOCUMENTATION BY THE AGGREGATOR; AND

12 (VI) TERMS ADDRESSING:

- 13 1. COMPLIANCE WITH STATE LAW;
- 14 2. NONDISCRIMINATION IN EMPLOYMENT;
- 15 3. CONTRACTOR INDEMNIFICATION;
- 16 4. TERMINATION FOR DEFAULT; AND
- 17 5. THE UNIT'S RIGHT TO INSPECT THE ENVIRONMENTAL  
18 OUTCOMES PROJECT.

19 (5) A PAY-FOR-SUCCESS CONTRACT EXECUTED UNDER THIS  
20 SUBSECTION MAY INCLUDE PROVISIONS REGARDING:

21 (I) LONG-TERM MAINTENANCE AND MONITORING OF  
22 ENVIRONMENTAL SERVICES, INCLUDING THE ESTABLISHMENT OF A STEWARDSHIP  
23 FUND;

24 (II) A REQUIREMENT THAT THE UNIT HOLD CONTRACT FUNDS  
25 IN A RESERVE ACCOUNT FOR OUTCOME PAYMENTS;

26 (III) FOR AGRICULTURE SERVICES, PAYMENT FOR  
27 ACHIEVEMENT OF BASELINE WATER QUALITY REQUIREMENTS FOR NITROGEN,  
28 PHOSPHORUS, OR SEDIMENT; OR

29 (IV) TERMINATIONS PRIOR TO THE FIRST PAYMENT UNDER THE  
30 CONTRACT FOR THE PURPOSE OF SELLING ENVIRONMENTAL OUTCOMES WITHOUT  
31 PENALTY TO ANOTHER ENTITY OR FOR ANY OTHER REASON.

1           **(E) (1) (I) BEGINNING JULY 2025 AND EVERY 3 YEARS THEREAFTER,**  
2 **THE MARYLAND ENVIRONMENTAL SERVICE SHALL REVIEW AND EVALUATE THE**  
3 **RESULTS OF ALL PAY-FOR-SUCCESS CONTRACTS COMPLETED UNDER THIS SECTION**  
4 **FOR THE PREVIOUS 3 FISCAL YEARS.**

5                           **(II) THE FIRST REVIEW CONDUCTED UNDER SUBPARAGRAPH (I)**  
6 **OF THIS PARAGRAPH SHALL INCLUDE A REVIEW OF ALL PAY-FOR-SUCCESS**  
7 **CONTRACTS COMPLETED UNDER THIS SECTION BETWEEN JULY 1, 2022, AND JUNE**  
8 **30, 2025.**

9           **(2) THE REVIEW CONDUCTED UNDER PARAGRAPH (1) OF THIS**  
10 **SUBSECTION SHALL INCLUDE:**

11                           **(I) THE COST OF EACH PROJECT PERFORMED UNDER A**  
12 **CONTRACT;**

13                           **(II) THE LENGTH OF TIME TAKEN TO COMPLETE THE PROJECT,**  
14 **FROM THE DATE OF NOTICE TO PROCEED UNTIL COMPLETION;**

15                           **(III) THE AVERAGE COST AND PROJECT DURATION FOR EACH**  
16 **PROJECT TYPE; AND**

17                           **(IV) WHETHER EACH PROJECT MET THE TERMS OF ITS**  
18 **CONTRACT.**

19           **(3) EACH UNIT THAT ENTERS INTO A PAY-FOR-SUCCESS CONTRACT**  
20 **UNDER THIS SECTION SHALL EXECUTE AN AGREEMENT WITH THE MARYLAND**  
21 **ENVIRONMENTAL SERVICE TO REIMBURSE THE SERVICE FOR EACH OF THE UNIT'S**  
22 **COMPLETED CONTRACTS THE SERVICE REVIEWS UNDER THIS SECTION.**

23           **(4) THE MARYLAND ENVIRONMENTAL SERVICE SHALL PROVIDE**  
24 **COPIES OF EACH REVIEW CONDUCTED UNDER THIS SUBSECTION TO:**

25                           **(I) EACH UNIT FOR WHICH THE SERVICE REVIEWED AND**  
26 **EVALUATED A CONTRACT; AND**

27                           **(II) IN ACCORDANCE WITH § 2-1257 OF THE STATE**  
28 **GOVERNMENT ARTICLE, THE SENATE EDUCATION, HEALTH, AND ENVIRONMENTAL**  
29 **AFFAIRS COMMITTEE, THE SENATE BUDGET AND TAXATION COMMITTEE, THE**  
30 **HOUSE ENVIRONMENT AND TRANSPORTATION COMMITTEE, AND THE HOUSE**  
31 **APPROPRIATIONS COMMITTEE.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
2 as follows:

3 **Article – Environment**

4 **SUBTITLE 14. GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY**  
5 **COMMISSION.**

6 **5–1401.**

7 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
8 INDICATED.

9 (B) “BLUE INFRASTRUCTURE” HAS THE MEANING STATED IN § 9–1601 OF  
10 THIS ARTICLE.

11 (C) “COMMISSION” MEANS THE GREEN AND BLUE INFRASTRUCTURE  
12 POLICY ADVISORY COMMISSION.

13 (D) “GREEN INFRASTRUCTURE” HAS THE MEANING STATED IN § 9–1601 OF  
14 THIS ARTICLE.

15 **5–1402.**

16 (A) THERE IS A GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY  
17 COMMISSION.

18 (B) THE PURPOSE OF THE COMMISSION IS TO ADVISE THE SECRETARY, THE  
19 BAYSTAT SUBCABINET, AND LOCAL GOVERNMENT OFFICIALS ON WAYS TO  
20 FACILITATE AND ACCELERATE THE SCALE AND PACE OF IMPLEMENTATION OF  
21 GREEN AND BLUE INFRASTRUCTURE PROJECTS IN THE STATE, INCLUDING  
22 PROJECTS DESIGNED TO:

23 (1) REDUCE NUTRIENT AND SEDIMENT LOADS ENTERING THE  
24 CHESAPEAKE BAY;

25 (2) SEQUESTER NUTRIENTS ALREADY IN THE CHESAPEAKE BAY;

26 (3) IMPROVE CLIMATE RESILIENCE;

27 (4) SEQUESTER CARBON;

28 (5) PROTECT AND RESTORE IMPORTANT TERRESTRIAL OR AQUATIC  
29 HABITATS;

1           **(6) RESTORE STREAMS OR WETLANDS;**

2           **(7) BUILD LIVING SHORELINES;**

3           **(8) AUGMENT OR RESTORE SHELLFISH POPULATIONS; OR**

4           **(9) RESTORE FOREST OR AGRICULTURAL LANDS.**

5           **(C) THE COMMISSION CONSISTS OF THE FOLLOWING MEMBERS,**  
6 **APPOINTED BY THE SECRETARY IN CONSULTATION WITH THE OTHER MEMBERS OF**  
7 **THE BAYSTAT SUBCABINET:**

8           **(1) FOUR REPRESENTATIVES OF LOCAL GOVERNMENT WHO**  
9 **REPRESENT DIFFERENT REGIONS OF THE STATE AND WHO ARE RESPONSIBLE FOR**  
10 **IMPLEMENTING ECOLOGICAL RESTORATION PROJECTS, OF WHOM TWO SHALL**  
11 **REPRESENT COUNTY GOVERNMENTS AND TWO SHALL REPRESENT MUNICIPAL**  
12 **GOVERNMENTS;**

13           **(2) TWO REPRESENTATIVES OF PRIVATE ECOLOGICAL RESTORATION**  
14 **COMPANIES THAT REGULARLY WORK IN THE STATE;**

15           **(3) TWO REPRESENTATIVES OF COMPANIES THAT INVEST PRIVATE**  
16 **CAPITAL IN ECOLOGICAL RESTORATION PROJECTS;**

17           **(4) TWO REPRESENTATIVES OF NONPROFIT ORGANIZATIONS THAT**  
18 **ARE KNOWLEDGEABLE ABOUT GREEN OR BLUE INFRASTRUCTURE AND ADVOCATE**  
19 **ON BEHALF OF THE PUBLIC'S INTEREST IN THE STATE'S NATURAL RESOURCES;**

20           **(5) ONE REPRESENTATIVE OF THE UNIVERSITY OF MARYLAND**  
21 **ENVIRONMENTAL FINANCE CENTER;**

22           **(6) ONE REPRESENTATIVE OF THE PATUXENT ENVIRONMENTAL AND**  
23 **AQUATIC RESEARCH LABORATORY, MORGAN STATE UNIVERSITY, RECOMMENDED**  
24 **BY THE RESEARCH LABORATORY;**

25           **(7) TWO MEMBERS OF THE PUBLIC WHO HAVE A DOCUMENTED AND**  
26 **CONTINUING INTEREST IN ECOLOGICAL RESTORATION; AND**

27           **(8) TWO REPRESENTATIVES OF STATE AGENCIES WHO ARE**  
28 **RESPONSIBLE FOR IMPLEMENTING GREEN OR BLUE INFRASTRUCTURE PROJECTS.**

29           **(D) THE SECRETARY SHALL ENSURE THAT, TO THE EXTENT PRACTICABLE,**  
30 **THE MEMBERSHIP OF THE COMMISSION REFLECTS THE GEOGRAPHIC, RACIAL,**  
31 **GENDER, AND CULTURAL DIVERSITY OF THE STATE.**

1           **(E) FROM AMONG THE COMMISSION MEMBERS, THE SECRETARY SHALL**  
2 **DESIGNATE:**

3                   **(1) ONE OF THE STATE AGENCY REPRESENTATIVES TO SERVE AS**  
4 **COCHAIR; AND**

5                   **(2) ONE OF THE LOCAL GOVERNMENT REPRESENTATIVES TO SERVE**  
6 **AS COCHAIR.**

7           **(F) A MEMBER OF THE COMMISSION:**

8                   **(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE**  
9 **COMMISSION; BUT**

10                   **(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE**  
11 **STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.**

12 **5-1403.**

13           **(A) (1) THE COMMISSION SHALL MEET AT LEAST THREE TIMES PER**  
14 **YEAR.**

15                   **(2) MEETINGS MAY BE HELD VIRTUALLY OR AT A LOCATION**  
16 **DESIGNATED BY THE SECRETARY.**

17           **(B) THE COMMISSION SHALL STUDY AND MAKE RECOMMENDATIONS**  
18 **REGARDING:**

19                   **(1) WAYS TO PRIORITIZE GREEN AND BLUE INFRASTRUCTURE**  
20 **PROJECTS THROUGH STATE PERMITTING PROCESSES;**

21                   **(2) CHANGES TO LOCAL DEVELOPMENT POLICIES AND REGULATIONS**  
22 **THAT WOULD FACILITATE THE TIMELY REVIEW AND APPROVAL OF GREEN AND BLUE**  
23 **INFRASTRUCTURE PROJECTS;**

24                   **(3) WAYS TO PHASE IN LIFE CYCLE COSTING REQUIREMENTS FOR**  
25 **LONG-TERM MONITORING AND REPAIR OF STATE AND LOCAL**  
26 **GOVERNMENT-FUNDED GREEN AND BLUE INFRASTRUCTURE PROJECTS;**

27                   **(4) STRATEGIES AND POLICIES TO PRIORITIZE GREEN AND BLUE**  
28 **INFRASTRUCTURE PROJECTS THAT BOTH CONTRIBUTE TOWARD THE ACHIEVEMENT**  
29 **OF CHESAPEAKE BAY RESTORATION GOALS AND CREATE LOCAL ECONOMIC,**  
30 **SOCIAL, AND ENVIRONMENTAL BENEFITS FOR DISADVANTAGED COMMUNITIES;**

1           **(5) POLICIES TO ALLOW THE STATE AND LOCAL GOVERNMENTS TO**  
2 **ATTRACT SOURCES OF PRIVATE CAPITAL INVESTMENT AND MAXIMIZE PUBLIC**  
3 **SECTOR FUNDING FOR GREEN AND BLUE INFRASTRUCTURE PROJECTS;**

4           **(6) CIRCUMSTANCES IN WHICH VOLUNTEER-BASED GREEN AND**  
5 **BLUE INFRASTRUCTURE PROJECTS SHOULD BE PRIORITIZED BECAUSE OF**  
6 **COST-SAVING BENEFITS;**

7           **(7) BEST PRACTICES FOR STREAMLINING THE PROCUREMENT AND**  
8 **FINANCING PROCESS FOR ENVIRONMENTAL CREDIT BUYERS AT THE LOCAL LEVEL;**  
9 **AND**

10           **(8) OTHER POLICIES TO ACHIEVE THE INCREASED SCOPE AND SCALE**  
11 **OF ECOLOGICAL RESTORATION.**

12           **(C) ON OR BEFORE JANUARY 1 EACH YEAR, THE COMMISSION SHALL**  
13 **REPORT TO THE SECRETARY, THE GOVERNOR, AND, IN ACCORDANCE WITH § 2-1257**  
14 **OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON ITS FINDINGS**  
15 **AND RECOMMENDATIONS.**

16           SECTION 3. AND BE IT FURTHER ENACTED, That:

17           (a)     There is a Task Force on State and Local Government Accounting for Natural  
18 Capital.

19           (b)     The Task Force consists of the following members:

20                   (1)     the Secretary of the Environment, or the Secretary's designee;

21                   (2)     the Director of the University of Maryland Environmental Finance  
22 Center, or the Director's designee;

23                   (3)     the Secretary of Agriculture, or the Secretary's designee;

24                   (4)     the Secretary of Natural Resources, or the Secretary's designee;

25                   (5)     the Secretary of Budget and Management, or the Secretary's designee;

26                   (6)     the State Treasurer, or the State Treasurer's designee;

27                   (7)     the Executive Director of the Chesapeake Bay Commission, or the  
28 Executive Director's designee;

29                   (8)     two county government representatives with expertise and experience  
30 in accounting and budgeting, selected by the Maryland Association of Counties;



1 (9) two municipal government representatives with expertise and  
2 experience in accounting and budgeting, selected by the Maryland Municipal League; and

3 (10) the following members, appointed by the Secretary of the Environment:

4 (i) one representative of the Maryland Association of Certified  
5 Public Accountants;

6 (ii) one representative with expertise in sustainability standards  
7 and disclosure related to the environmental and social issues relevant to financial  
8 performance;

9 (iii) two representatives of local water utilities who serve as chief  
10 financial officers or their functional equivalents; and

11 (iv) two representatives of nonpoint organizations that advocate on  
12 behalf of the public's interest in the State's natural resources.

13 (c) The Secretary of the Environment shall ensure that, to the extent practicable,  
14 the membership of the Task Force reflects the geographic, racial, gender, and cultural  
15 diversity of the State.

16 ~~(d)~~ (d) The Secretary of the Environment, or the Secretary's designee, and the  
17 Director of the University of Maryland Environmental Finance Center, or the Director's  
18 designee, shall serve as cochairs of the Task Force.

19 ~~(e)~~ (e) The Department of the Environment and the University of Maryland  
20 Environmental Finance Center shall provide staff for the Task Force.

21 ~~(f)~~ (f) A member of the Task Force:

22 (1) may not receive compensation as a member of the Task Force; but

23 (2) is entitled to reimbursement for expenses under the Standard State  
24 Travel Regulations, as provided in the State budget.

25 ~~(g)~~ (g) (1) The purpose of the Task Force is to assist State and local governments  
26 to take full advantage of Government Accounting Standards Board accounting standards  
27 in order to unlock the financing needed to scale up the installation and maintenance of  
28 green and blue infrastructure and other conservation and restoration projects capable of  
29 contributing to a net reduction in the use of public funding while improving community  
30 health and resilience.

31 (2) The Task Force shall:

1 (i) document the extent to which Government Accounting  
2 Standards Board standards have been adopted in the State, identify barriers to the  
3 adoption of the standards, and make recommendations regarding the increased adoption of  
4 the standards;

5 (ii) compile an inventory of the institutions that support natural  
6 capital and make recommendations regarding the engagement of land trusts, land banks,  
7 and community land trusts to act as green infrastructure institutions and the creation of  
8 equity and resilience in disadvantaged communities;

9 (iii) make recommendations regarding public accounting and  
10 auditing practices that could help State and local governments to better quantify and value  
11 natural capital alongside traditional asset accounting;

12 (iv) develop a communications plan describing natural resources as  
13 natural capital assets, including discussing urban tree canopy as a natural asset; and

14 (v) study and make recommendations regarding any other matter  
15 the Task Force considers relevant and timely.

16 ~~(g)~~ (h) On or before September 30, 2023, the Task Force shall report its findings  
17 and recommendations under subsection ~~(g)~~ (h) of this section to the Governor and, in  
18 accordance with § 2-1257 of the State Government Article, the General Assembly.

19 SECTION 4. AND BE IT FURTHER ENACTED, That:

20 (a) (1) In consultation with the BayStat Subcabinet agencies and appropriate  
21 experts and using funding received through State or federal grant programs, the  
22 Department of Natural Resources shall study and assess the potential for digital tools and  
23 platforms to contribute to Chesapeake Bay restoration and climate solutions, including:

24 (i) artificial intelligence and machine learning;

25 (ii) blockchain technologies and distributed ledgers;

26 (iii) crowdsourcing platforms;

27 (iv) smart sensors;

28 (v) the Internet of things; and

29 (vi) software and systems.

30 (2) The study shall include:

1 (i) as practicable, an inventory and assessment of digital tools and  
2 platforms based on the Digital Climate Solutions Report required under § 40433 of the  
3 federal Infrastructure Investment and Jobs Act;

4 (ii) an analysis of the likely applications of the digital tools and  
5 platforms assessed under item (i) of this paragraph for drinking water management;

6 (iii) the potential cost savings associated with the adoption of any  
7 digital tools or platforms; and

8 (iv) a summary of opportunities for the State to incentivize the  
9 deployment of promising technologies by the private sector in the State in ways that  
10 support State programs and services.

11 (b) On or before December 1, 2023, the Department of Natural Resources shall  
12 report the findings of the study required under subsection (a) of this section to the General  
13 Assembly, in accordance with § 2–1257 of the State Government Article.

14 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
15 1, 2022. Section 2 of this Act shall remain effective for a period of 3 years and, at the end of  
16 June 30, 2025, Section 2 of this Act, with no further action required by the General  
17 Assembly, shall be abrogated and of no further force and effect. Section 3 of this Act shall  
18 remain effective for a period of 2 years and, at the end of June 30, 2024, Section 3 of this  
19 Act, with no further action required by the General Assembly, shall be abrogated and of no  
20 further force and effect.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.