

SENATE BILL 737

M3, P2

1lr1909

By: ~~Senator Rosapepe~~ **Senators Rosapepe, Elfreth, Guzzone, Hester, Smith, Washington, and Young**

Introduced and read first time: February 5, 2021

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: February 27, 2021

CHAPTER _____

1 AN ACT concerning

2 **Comprehensive 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 removal to improve fish passage or for
12 small hydroelectric power plant installation; requiring the Department of the
13 Environment to provide a certain notice to the Maryland Industrial Development
14 Financing Authority under certain circumstances; establishing that it is the policy
15 of the State that the maintenance and repair of certain source watersheds is eligible
16 for certain financial assistance; expanding the purposes for which amounts in the
17 Maryland Water Quality Revolving Loan Fund may be used; altering the terms and
18 authorized uses of the Maryland Drinking Water Revolving Loan Fund; altering the
19 name of the Maryland Water Quality Financing Administration to be the Maryland
20 Water Infrastructure Financing Administration; requiring the Maryland Water
21 Infrastructure Financing Administration to prioritize certain opportunities in
22 creating a certain intended use plan; requiring certain financial incentives developed
23 by the State to include allowing landowners to use forests located on State lands for

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 certain purposes; requiring the Department of Natural Resources to convene a
2 certain workgroup for certain purposes and to begin implementation of at least one
3 carbon offset project on State land on or before a certain date; ~~requiring~~ authorizing
4 a certain easement to allow for the potential of economic return from certain uses
5 under certain circumstances; requiring, instead of authorizing, certain off-site
6 afforestation or reforestation to prioritize the use of certain forest mitigation banks
7 ~~or certain other advance afforestation or reforestation~~; altering the rate at which a
8 certain person must contribute money to the Forest Conservation Fund under
9 certain circumstances on or after a certain date; requiring certain money deposited
10 to the Forest Conservation Fund to be used to purchase forest mitigation credits in
11 the same county or watershed after a certain period of time; authorizing certain
12 money deposited in the Forest Conservation Fund or in a local forest conservation
13 fund to be spent on the purchase of forest mitigation bank credits; authorizing the
14 Secretary of Natural Resources to purchase certain environmental outcomes from
15 certain projects through certain intergovernmental agreements with other states
16 under certain circumstances; altering certain references to the BayStat Program and
17 BayStat Subcabinet to instead refer to the Bay Cabinet; requiring the Department
18 of Natural Resources to prepare a certain final work and expenditure plan and
19 requiring the plan to be informed by a certain analysis beginning with the plan
20 prepared for a certain fiscal year; altering the purposes for which the Chesapeake
21 and Atlantic Coastal Bays 2010 Trust Fund may be used; altering the factors that
22 the Bay Cabinet must encourage and consider in evaluating certain Trust Fund
23 applications; altering the name of the BayStat Program Scientific Advisory Panel to
24 be the Trust Fund Program Scientific and Financial Advisory Panel; requiring the
25 Trust Fund Program Scientific and Financial Advisory Panel to analyze and compare
26 certain distributions and strategies, quantify the relative effectiveness of certain
27 distributions and strategies, and make a certain report on or before a certain date;
28 authorizing the Bay Cabinet agencies to maintain a certain amount from the Trust
29 Fund for certain purposes; providing that the use of pay-for-success contracts by the
30 Department of Natural Resources is subject to certain provisions of the State
31 procurement law; authorizing the use of pay-for-success contracting at the
32 procurement officer's discretion; stating certain findings and declarations of the
33 General Assembly; authorizing a unit to enter into a pay-for-success contract only
34 under certain circumstances; authorizing certain units to enter into pay-for-success
35 contracts with certain aggregators to procure certain environmental outcomes
36 projects or already certified environmental outcomes; requiring a certain
37 pay-for-success contract to include certain plans, statements, requirements,
38 provisions, and terms; authorizing a certain pay-for-success contract to include
39 certain provisions; establishing the Green and Blue Infrastructure Policy Advisory
40 Commission; providing for the composition, chair, and staffing of the Commission;
41 prohibiting a member of the Commission from receiving certain compensation, but
42 authorizing the reimbursement of certain expenses; requiring the Commission to
43 study and make recommendations regarding certain matters; requiring the
44 Commission to report its findings and recommendations to the Secretary of the
45 Environment, the Governor, and the General Assembly on or before a certain date
46 each year; establishing the Task Force on State and Local Government Accounting
47 for Natural Capital; providing for the composition, chair, and staffing of the Task

1 Force; prohibiting a member of the Task Force from receiving certain compensation,
2 but authorizing the reimbursement of certain expenses; requiring the Task Force to
3 study and make recommendations regarding certain matters; requiring the Task
4 Force to report its findings and recommendations to the Governor and the General
5 Assembly on or before a certain date; defining certain terms; altering certain
6 definitions; making stylistic changes; providing for the termination of certain
7 provisions of this Act; and generally relating to environmental financing and
8 pay-for-success contracting.

9 BY repealing and reenacting, with amendments,
10 Article – Agriculture
11 Section 8-702
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2020 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article – Environment
16 Section 1-701(a) and (b) and 5-509(a)
17 Annotated Code of Maryland
18 (2013 Replacement Volume and 2020 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Environment
21 Section 1-701(h) ~~and~~, 5-509(b), and 9-1622
22 Annotated Code of Maryland
23 (2013 Replacement Volume and 2020 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article – Environment
26 Section 9-1601, 9-1602, 9-1604(c), 9-1605(a)(1) and (d), and 9-1605.1(a)(1), (d), and
27 (e) to be under the amended subtitle “Subtitle 16. Maryland Water
28 Infrastructure Financing Administration”
29 Annotated Code of Maryland
30 (2014 Replacement Volume and 2020 Supplement)

31 BY adding to
32 Article – Environment
33 Section 9-1605.1(f)
34 Annotated Code of Maryland
35 (2014 Replacement Volume and 2020 Supplement)

36 BY repealing and reenacting, with amendments,
37 Article – Natural Resources
38 Section 3-201, 5-102, 5-1607(a), and 5-1610
39 Annotated Code of Maryland
40 (2018 Replacement Volume and 2020 Supplement)

- 1 BY adding to
2 Article – Natural Resources
3 Section ~~1–110 and 5–9A–05(p) and 5–1610.2~~
4 Annotated Code of Maryland
5 (2018 Replacement Volume and 2020 Supplement)
- 6 BY repealing and reenacting, with amendments,
7 Article – Natural Resources
8 Section 8–203, 8–2A–01, 8–2A–03, and 8–2A–04
9 Annotated Code of Maryland
10 (2012 Replacement Volume and 2020 Supplement)
- 11 BY adding to
12 Article – Natural Resources
13 Section 8–207
14 Annotated Code of Maryland
15 (2012 Replacement Volume and 2020 Supplement)
- 16 BY repealing and reenacting, without amendments,
17 Article – State Finance and Procurement
18 Section 10A–101(a)
19 Annotated Code of Maryland
20 (2015 Replacement Volume and 2020 Supplement)
- 21 BY repealing and reenacting, with amendments,
22 Article – State Finance and Procurement
23 Section 10A–101(d), 13–101, and 13–102
24 Annotated Code of Maryland
25 (2015 Replacement Volume and 2020 Supplement)
- 26 BY adding to
27 Article – State Finance and Procurement
28 Section 13–112.1
29 Annotated Code of Maryland
30 (2015 Replacement Volume and 2020 Supplement)
- 31 BY adding to
32 Article – Environment
33 Section 5–1401 through 5–1403 to be under the new subtitle “Subtitle 14. Green and
34 Blue Infrastructure Policy Advisory Commission”
35 Annotated Code of Maryland
36 (2013 Replacement Volume and 2020 Supplement)

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

39 **Article – Agriculture**

1 8-702.

2 (a) (1) The General Assembly finds and declares that agriculturally related
3 nonpoint sources of water pollution may potentially contribute to the degradation of the
4 water resources of this State and that prevention and control efforts have been hampered
5 because of the cost and lack of income producing potential in many agricultural practices
6 designed to protect water quality.

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

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

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

22 (d) **THE DEPARTMENT MAY ENTER INTO PARTNERSHIPS, THROUGH**
23 **FORMAL CONTRACTS OR MEMORANDA OF UNDERSTANDING, WITH PRIVATE SECTOR**
24 **ORGANIZATIONS WITH EXPERIENCE IN CARBON OFFSET MARKETS OR PROGRAMS IN**
25 **ORDER TO:**

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

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

33 **Article – Environment**

34 1-701.

1 (a) In this section, “environmental justice” means equal protection from
2 environmental and public health hazards for all people regardless of race, income, culture,
3 and social status.

4 (b) There is a Commission on Environmental Justice and Sustainable
5 Communities.

6 (h) The Commission shall:

7 (1) Advise State government agencies on environmental justice and related
8 community issues;

9 (2) Review and analyze the impact of current State laws and policies on the
10 issue of environmental justice and sustainable communities;

11 (3) Assess the adequacy of State and local government laws to address the
12 issue of environmental justice and sustainable communities;

13 (4) Coordinate with the Children’s Environmental Health and Protection
14 Advisory Council on recommendations related to environmental justice and sustainable
15 communities;

16 (5) Develop criteria to assess whether communities in the State may be
17 experiencing environmental justice issues; [and]

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

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

25 5–509.

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

27 (2) “Asset owner” means the owner or person having control of a water
28 infrastructure asset.

29 (3) “Association” means:

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

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

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

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

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

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

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

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

17 (4) (I) **IF THE DEPARTMENT DETERMINES THAT, IN ADDITION TO**
18 **MEETING THE CRITERIA SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION, THE**
19 **WATER INFRASTRUCTURE ASSET IS A PRIORITY FOR REMOVAL TO IMPROVE FISH**
20 **PASSAGE OR IS A PRIORITY FOR SMALL HYDROELECTRIC POWER PLANT**
21 **INSTALLATION, THE DEPARTMENT MAY:**

22 **1. 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. 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 (II) **FOR THE PURPOSE OF SEEKING FINANCIAL ASSISTANCE**
32 **UNDER TITLE 5, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE**
33 **DEPARTMENT SHALL PROVIDE NOTICE TO THE MARYLAND INDUSTRIAL**
34 **DEVELOPMENT FINANCING AUTHORITY OF:**

1 **1. ANY WATER INFRASTRUCTURE ASSET IDENTIFIED AS**
 2 **A PRIORITY FOR SMALL HYDROELECTRIC POWER PLANT INSTALLATION UNDER THIS**
 3 **PARAGRAPH; AND**

4 **2. THE REPAIR, RETROFIT, OR REMOVAL MEASURES**
 5 **IDENTIFIED FOR THE WATER INFRASTRUCTURE ASSET IN THE NOTICE PROVIDED**
 6 **UNDER PARAGRAPH (2) OF THIS SUBSECTION.**

7 Subtitle 16. Maryland Water [Quality] **INFRASTRUCTURE** Financing Administration.

8 9–1601.

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

11 (b) “Administration” means the Maryland Water [Quality] **INFRASTRUCTURE**
 12 Financing Administration.

13 (c) “Bay Restoration Fund” means the Bay Restoration Fund established under §
 14 9–1605.2 of this subtitle.

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

18 (e) **(1) “BLUE INFRASTRUCTURE” MEANS A WATER-BASED NATURAL**
 19 **ELEMENT OR ENGINEERED ELEMENT DESIGNED TO MIMIC OR ENHANCE THE**
 20 **FUNCTION OF A NATURAL ELEMENT THAT:**

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

22 **(II) PROTECTS COMMUNITIES FROM FLOODING OR STORM**
 23 **SURGE;**

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

25 **(IV) SEQUESTERS CARBON.**

26 **(2) “BLUE INFRASTRUCTURE” INCLUDES:**

27 **(I) ENHANCED OR RESTORED OYSTER REEFS;**

28 **(II) ENHANCED OR RESTORED SEAGRASS BEDS;**

29 **(III) SHELLFISH AQUACULTURE PROJECTS; AND**

1 **(IV) ENHANCED OR RESTORED COASTAL MARSHES.**

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

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

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

9 **[(h)] (I)** “Borrower” means a local government or a person as defined in §
10 1–101(h) of this article who has received a loan.

11 **[(i)] (J)** “Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund” means
12 the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund established under §
13 9–1605.3 of this subtitle.

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

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

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

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

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

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

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

30 **(P)** “**ENVIRONMENTAL OUTCOME**” MEANS A COMMODITY THAT IS MODELED
31 OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF
32 IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON

1 **BENEFIT.**

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

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

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

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

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

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

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

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

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

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

28 (Y) (1) **“GREEN INFRASTRUCTURE” MEANS A LAND-BASED NATURAL**
29 **ELEMENT OR ENGINEERED ELEMENT DESIGNED TO MIMIC OR ENHANCE THE**
30 **FUNCTION OF A NATURAL ELEMENT THAT:**

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

32 (II) **PROTECTS COMMUNITIES FROM FLOODING OR STORM**
33 **SURGE;**

1 (III) REDUCES EROSION; OR

2 (IV) SEQUESTERS CARBON.

3 (2) “GREEN INFRASTRUCTURE” INCLUDES:

4 (I) ENHANCED OR RESTORED NATURAL LANDSCAPE
5 FEATURES, SUCH AS FORESTS, RIPARIAN BUFFERS, HEADWATERS, OR
6 FLOODPLAINS;

7 (II) RAIN GARDENS;

8 (III) PERMEABLE PAVEMENT;

9 (IV) POCKET PARKS;

10 (V) BIOSWALES;

11 (VI) GREEN ROOFS;

12 (VII) INFILTRATION PLANTERS;

13 (VIII) TREE PLANTINGS OR TREE BOXES; AND

14 (IX) RAINWATER HARVESTING FOR NONPOTABLE USES SUCH AS
15 LANDSCAPE IRRIGATION.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (iii) A sewage holding tank.

1 (2) “User” does not include a person whose sole discharge is stormwater
2 under a stormwater permit.

3 [(ii)] (LL) (1) “Wastewater facility” means any equipment, plant, treatment
4 works, structure, machinery, apparatus, interest in land, or any combination of these,
5 which is acquired, used, constructed, or operated:

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

8 (ii) To improve water conservation, reduce energy consumption, or
9 increase security; or

10 (iii) For the final disposal of residues resulting from the treatment of
11 wastewater.

12 (2) “Wastewater facility” includes:

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

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

19 (iii) Any programs and projects for improving estuarine conservation
20 and management.

21 [(jj)] (MM) “Water Quality Fund” means the Maryland Water Quality Revolving
22 Loan Fund.

23 [(kk)] (NN) “Water supply system” has the meaning stated in § 9–201(u) of this
24 title.

25 9–1602.

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

28 9–1604.

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

31 (i) The Water Quality Fund;

- 1 (ii) The Bay Restoration Fund;
- 2 (iii) The Biological Nutrient Removal Program; and
- 3 (iv) The Supplemental Assistance Program.

4 (2) The Administration shall ensure the fair and equitable distribution of
5 financial assistance among wastewater treatment facilities with a design capacity of less
6 than 500,000 gallons per day and wastewater treatment facilities with a design capacity of
7 500,000 gallons or more per day.

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

14 9-1605.

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

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

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

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

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

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

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

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

32 (v) The Water Quality Fund will be credited with all payments of

1 principal and interest on all loans;

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

4 (3) (I) To guarantee, or purchase insurance for, bonds, notes, or other
5 evidences of obligation issued by a local government [for the purpose of financing all or a
6 portion of the cost of a wastewater facility], if such action would improve credit market
7 access or reduce interest rates; AND

8 (II) TO PROVIDE LOAN GUARANTEES FOR SIMILAR REVOLVING
9 LOAN FUNDS ESTABLISHED BY MUNICIPAL CORPORATIONS AND INTERMUNICIPAL
10 AGENCIES;

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

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

15 (6) To establish a linked deposit program to promote loans for controlling
16 nonpoint sources of pollution and protecting the quality of the waters of the State,
17 INCLUDING LOANS FOR FOREST RESTORATION OR THE CONSERVATION OF FOREST
18 LAND BY FEE OR EASEMENT;

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

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

27 (9) TO SERVE AS A GUARANTEE FOR LONG-TERM PAY-FOR-SUCCESS
28 CONTRACTS, GREEN BONDS, OR ENVIRONMENTAL IMPACT BONDS BY ANY PUBLIC,
29 PRIVATE, OR NONPROFIT ENTITY FOR THE PURCHASE OF ENVIRONMENTAL
30 OUTCOMES THAT PROVIDE A WATER QUALITY BENEFIT;

31 (10) TO SUPPORT LONG-TERM OR PERMANENT GREEN
32 INFRASTRUCTURE PROJECTS CARRIED OUT IN THE SUSQUEHANNA RIVER
33 WATERSHED BY AN ORGANIZATION AGREED TO BY THE MANAGEMENT COMMITTEE
34 OF THE CHESAPEAKE BAY PROGRAM PARTNERSHIP;

1 **(11) TO ESTABLISH MASTER LEASE PURCHASE AGREEMENTS WITH**
 2 **STATE AGENCIES TO SUPPORT PROJECTS THAT ENHANCE WATER QUALITY ON**
 3 **STATE LANDS;**

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

8 **[(7)] (13)** For the reasonable costs of administering the Water Quality
 9 Fund and conducting activities under Title VI of the Federal Water Pollution Control Act;

10 **[(8)] (14)** For any other purpose authorized by Title VI of the Federal
 11 Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act; and

12 **[(9)] (15)** To provide financial assistance in the form of grants, negative
 13 interest loans, forgiveness of principal, subsidized interest rates, and any other form of
 14 financial assistance as authorized or required by:

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

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

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

19 (iv) Federal appropriations or authorization acts.

20 9-1605.1.

21 (a) (1) **(I)** There is a Maryland Drinking Water Revolving Loan Fund.

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

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

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

28 (i) The local government borrower will establish a dedicated source
 29 of revenue;

30 (ii) In the case of a water supply system owned by a borrower other
 31 than a local government, the borrower shall provide adequate security for the repayment

1 of the loan;

2 (iii) The Drinking Water Loan Fund will be credited with all
3 payments of principal and interest on all loans; [and]

4 (iv) **THE LOANS ARE MADE AT TERMS NOT TO EXCEED:**

5 **1. 30 YEARS AFTER PROJECT COMPLETION; OR**

6 **2. WITH RESPECT TO DISADVANTAGED COMMUNITIES**
7 **AS DEFINED IN THE FEDERAL SAFE DRINKING WATER ACT, 40 YEARS AFTER**
8 **PROJECT COMPLETION; AND**

9 (v) Annual principal and interest payments will commence not later
10 than 1 year after completion of any drinking water facility and[, except as provided in §
11 130 of the federal Safe Drinking Water Act,] all loans will be fully amortized [not later than
12 20 years after project completion] **ON THE EXPIRATION OF THE TERM OF THE LOAN;**

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

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

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

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

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

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

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

31 **(II) PROTECTING OR ACQUIRING FORESTS OR WETLANDS BY**
32 **FEE OR EASEMENT; OR**

1 **(III) RESTORING FORESTS;**

2 (8) For loan subsidies for disadvantaged communities as provided by the
3 federal Safe Drinking Water Act, including but not limited to loan forgiveness, provided
4 that such loan subsidies shall not exceed 30% of the annual federal capitalization grant
5 received by the Administration;

6 **(9) 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~~ WATER SUPPLY SYSTEM AT A
9 REDUCED INTEREST RATE IF THE LOAN ALSO INCLUDES FINANCING FOR A
10 SPONSORED NONPOINT SOURCE PROJECT MANAGED BY AN ORGANIZATION;**

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

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

17 **(II) SUPPORTING THE DELINEATION, ASSESSMENT, OR
18 UPDATED ASSESSMENT OF SOURCE WATER PROTECTION AREAS AND THE
19 IMPLEMENTATION OF WELL HEAD PROTECTION PROGRAMS, INCLUDING THROUGH
20 GRANTS AND TECHNICAL ASSISTANCE; OR**

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

25 **(11) TO SUPPORT MULTIYEAR INITIATIVES AUTHORIZED UNDER TITLE
26 8, SUBTITLE 2A OF THE NATURAL RESOURCES ARTICLE THAT ALSO INVOLVE
27 FUNDING FROM THE CHESAPEAKE AND ATLANTIC COASTAL BAYS 2010 TRUST
28 FUND;**

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

32 **[(9)] (13) For any other purpose authorized for any federal funds deposited
33 in the Drinking Water Loan Fund including, without limitation, any purpose authorized by
34 the federal Safe Drinking Water Act, including source water protection expenditures
35 eligible for assistance from the Drinking Water Loan Fund; and**

1 **[(10)] (14)** To provide financial assistance in the form of grants, negative
 2 interest loans, forgiveness of principal, subsidized interest rates, and any other form of
 3 financial assistance as authorized or required by:

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

6 (ii) **[\S 302] §§ 302 AND 1452** of the federal Safe Drinking Water Act;

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

8 (iv) Federal appropriations or authorization acts.

9 (e) **IN CREATING AN INTENDED USE PLAN FOR THE DRINKING WATER LOAN**
 10 **FUND, THE ADMINISTRATION SHALL PRIORITIZE OPPORTUNITIES TO PROVIDE**
 11 **ASSISTANCE TO DISADVANTAGED OR ENVIRONMENTAL JUSTICE COMMUNITIES AND**
 12 **SUPPORT INNOVATIVE FINANCING PARTNERSHIPS TO ADDRESS ENVIRONMENTAL**
 13 **JUSTICE ISSUES AS DEFINED IN § 1-701 OF THIS ARTICLE, INCLUDING THROUGH**
 14 **INVESTMENT IN:**

15 **(1) WATER INFRASTRUCTURE LOANS DESIGNED TO ENSURE FAIRER**
 16 **AND MORE JUST OPPORTUNITIES TO IMPROVE COMMUNITY HEALTH THROUGH**
 17 **BETTER WATER SERVICE;**

18 **(2) MUNICIPAL CONSOLIDATION EFFORTS UNDER § 9-707 OF THIS**
 19 **TITLE;**

20 **(3) TOXIC LEAD SERVICE LINE REPLACEMENT; AND**

21 **(4) GREEN INFRASTRUCTURE THAT CONTRIBUTES TO IMPROVED**
 22 **WATER QUALITY AND REMEDIATES OR MITIGATES ENVIRONMENTAL AND HEALTH**
 23 **HAZARDS IN DISADVANTAGED OR ENVIRONMENTAL JUSTICE COMMUNITIES.**

24 **(F)** The costs of administering the Drinking Water Loan Fund shall be paid from
 25 federal grants and awards, from bond sale proceeds, and from amounts received from
 26 borrowers pursuant to loan agreements, and may not be paid from any State [moneys]
 27 **MONEY** appropriated to the Drinking Water Loan Fund, except general funds of the State
 28 used to match federal grants and awards to the Drinking Water Loan Fund.

29 9-1622.

30 This subtitle may be cited as the Maryland Water [Quality] **INFRASTRUCTURE**
 31 Financing Administration Act.

1 **1-110.**

2 **THE DEPARTMENT MAY ENTER INTO PARTNERSHIPS, THROUGH FORMAL**
3 **CONTRACTS OR MEMORANDA OF UNDERSTANDING, WITH PRIVATE SECTOR**
4 **ORGANIZATIONS WITH EXPERIENCE IN CARBON OFFSET MARKETS OR PROGRAMS IN**
5 **ORDER TO:**

6 **(1) CREATE STATEWIDE OR REGIONAL PARTNERSHIPS FOR THE**
7 **PURPOSE OF MINIMIZING THE COSTS AND MAXIMIZING THE BENEFITS OF**
8 **ENROLLING PRIVATE AND PUBLIC LANDS IN CARBON OFFSET MARKETS; AND**

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

12 3-201.

13 (a) **(1)** There is a Maryland Environmental Trust established to conserve,
14 improve, stimulate, and perpetuate the aesthetic, natural, health and welfare, scenic, and
15 cultural qualities of the environment, including, but not limited to land, water, air, wildlife,
16 scenic qualities, open spaces, buildings or any interest therein, and other appurtenances
17 pertaining in any way to the State.

18 **(2)** Through educational and other means, the Trust shall encourage and
19 motivate the populace of the State and others to do so and shall promote continuing interest
20 in and the study of these matters.

21 **(3)** The purpose of the Trust is of general benefit to the citizens of the State,
22 and it is charitable in nature.

23 (b) The Trust has perpetual existence subject to modification or termination by
24 the General Assembly if necessary to effectuate its purpose or when and if its substantial
25 purpose ceases.

26 **(c) (1) IN THIS SUBSECTION, “ECOSYSTEM SERVICES” INCLUDES:**

27 **(i) CLIMATE RESILIENCE;**

28 **(ii) CARBON SEQUESTRATION;**

29 **(iii) THE PROVISION OF WILDLIFE HABITAT;**

30 **(iv) CONTRIBUTIONS TO FOREST HEALTH; AND**

1 **(V) THE PROTECTION OR RESTORATION OF WETLANDS.**

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

9 5–102.

10 (a) The General Assembly finds that:

11 (1) Forests, streams, valleys, wetlands, parks, and scenic, historic, and
12 recreation areas of the State are basic assets and their proper use, development, and
13 preservation are necessary to protect and promote the health, safety, economy, and general
14 welfare of the people of the State;

15 (2) Enhancing the extent and condition of tree and forest cover in the
16 Chesapeake Bay watershed is critical to the success in restoring the Chesapeake Bay
17 because forests are the most beneficial use of protecting water quality due to their ability
18 to capture, filter, and retain water, as well as absorb pollution from the air;

19 (3) Forests and trees are key indicators of climate change and can mitigate
20 greenhouse gas emissions by carbon sequestration;

21 (4) Forests provide habitat for hundreds of wildlife species, including
22 habitat needed for rare, threatened, and endangered species;

23 (5) Forests are susceptible to environmental degradation caused by natural
24 threats;

25 (6) Forests, like other open space areas, are under intense
26 development–related pressures for residential, commercial, and industrial conversion due
27 to the demands of a growing population;

28 (7) Trees and forests in urban areas provide multiple benefits, including:

29 (i) Mitigation of urban stormwater runoff into the Chesapeake Bay;

30 (ii) Sequestration of carbon;

31 (iii) Avoidance of energy–related emissions;

32 (iv) Mitigation of air pollutants, such as ozone and particulate

1 matter;

2 (v) Reduction of the urban heat island effect; and

3 (vi) Contributions to community livability;

4 (8) Forest land owners, including local government officials responsible for
5 overseeing the management of publicly owned forest lands, could benefit from
6 research-based education outreach programs in order to help facilitate an understanding
7 of sustainable forestry management that is consistent with forest stewardship principles;

8 (9) Forests are a renewable resource that help the State meet its renewable
9 energy goals that are consistent with the State's:

10 (i) Green power goal for State facilities;

11 (ii) Renewable Energy Portfolio Standard;

12 (iii) Healthy Air Act; and

13 (iv) Maryland Clean Energy Incentive Act of 2006; and

14 (10) This title sets forth Maryland's vision for sustaining Maryland's coveted
15 forest lands into the 21st century that is consistent with the 2014 Chesapeake Bay
16 Watershed Agreement and the 2007 Forestry Conservation Initiative.

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

19 (1) Achieving no net loss of forest;

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

24 (3) Enhancing the retention of privately owned forest lands through
25 research-based educational outreach efforts to landowners by the State's forest
26 conservancy district boards;

27 (4) Developing financial incentives to encourage landowners to retain and
28 manage their forests sustainably and in a manner that is consistent with a forest
29 stewardship plan, **INCLUDING BY ALLOWING LANDOWNERS TO USE FORESTS
30 ~~LOCATED~~ ON STATE LANDS THAT ARE RESTORED AFTER JULY 1, 2021, TO SATISFY
31 BUFFER OR INSURANCE PROVISIONS REQUIRED BY REGISTRIES OR PROTOCOLS
32 ASSOCIATED WITH PRIVATE FOREST CARBON CREDIT TRANSACTIONS;**

1 (5) Promoting renewable energy policies and markets with increased
2 emphasis on the use of in-State produced woody biomass;

3 (6) Ensuring dual certification of the State's forests by the Forest
4 Stewardship Council and the Sustainable Forestry Initiative;

5 (7) Recognizing the importance of:

6 (i) A viable forest products industry to the economies of rural
7 Maryland;

8 (ii) Continued development of fiber products; and

9 (iii) Maryland's green infrastructure; and

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

14 **(C) IN SUPPORT OF THE STATE'S SUSTAINABLE FORESTRY GOALS UNDER**
15 **THIS SECTION, THE DEPARTMENT SHALL:**

16 **(1) CONVENE A WORKGROUP, WHICH MAY INCLUDE OTHER UNITS OF**
17 **STATE OR LOCAL GOVERNMENT AND NONGOVERNMENTAL EXPERTS AND**
18 **STAKEHOLDERS, TO:**

19 **(I) MAKE RECOMMENDATIONS REGARDING THE CREATION OF**
20 **A STATEWIDE INITIATIVE TO IMPLEMENT FOREST CARBON SEQUESTRATION OFFSET**
21 **PROJECTS ON PRIVATE AND PUBLIC FOREST LANDS;**

22 **(II) FACILITATE THE ENROLLMENT OF FOREST LANDS IN**
23 **CARBON SEQUESTRATION MARKETS;**

24 **(III) ASSIST PARTICIPANTS IN THE WOODLAND INCENTIVES**
25 **PROGRAM ESTABLISHED UNDER § 5-303 OF THIS TITLE TO PARTICIPATE IN CARBON**
26 **SEQUESTRATION MARKETS; AND**

27 **(IV) RECOMMEND METHODOLOGIES TO ALLOW GROUPS OF**
28 **LANDOWNERS TO JOINTLY DEVELOP AND ENROLL CARBON OFFSET PROJECTS; AND**

29 **(2) ON OR BEFORE JULY 1, 2024, BEGIN IMPLEMENTATION OF AT**
30 **LEAST ONE CARBON OFFSET PROJECT ON STATE LAND.**

31 5-9A-05.

1 (P) (1) IN THIS SUBSECTION “ECOSYSTEM SERVICES” INCLUDES:

2 (I) CLIMATE RESILIENCE;

3 (II) CARBON SEQUESTRATION;

4 (III) THE PROVISION OF WILDLIFE HABITAT;

5 (IV) CONTRIBUTIONS TO FOREST HEALTH; AND

6 (V) THE PROTECTION OR RESTORATION OF WETLANDS.

7 (2) AN EASEMENT ACQUIRED UNDER THIS SUBTITLE ~~SHALL~~ MAY
8 ALLOW FOR THE POTENTIAL OF ECONOMIC RETURN FROM THE PROTECTION,
9 MANAGEMENT, MAINTENANCE, OR IMPROVEMENT OF ECOSYSTEM SERVICES
10 PROVIDED BY THE PROPERTY, SO LONG AS THE DEPARTMENT DETERMINES:

11 (I) ~~THOSE USES DO NOT IMPAIR OR INTERFERE WITH THE~~
12 ~~CONSERVATION VALUES AND PURPOSES OF THE PROGRAM~~ AFFIRMATIVELY
13 INCREASE THE CONSERVATION ATTRIBUTES OF THE PROPERTY BEYOND THE
14 REQUIREMENTS OF THE EASEMENT; AND

15 (II) ~~ANY CREDITS USED TO MITIGATE OFFSITE~~
16 ~~ENVIRONMENTAL DAMAGE AFFIRMATIVELY ENHANCE THE CONSERVATION~~
17 ~~ATTRIBUTES OF THE PROPERTY~~ CREATED IN ACCORDANCE WITH THIS SUBSECTION
18 ARE USED ONLY:

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

22 2. IN A MANNER THE DEPARTMENT DETERMINES TO BE
23 CONSISTENT WITH THE APPLICABLE LOCAL COMPREHENSIVE PLAN AND STATE AND
24 LOCAL OBJECTIVES FOR LAND PROTECTION.

25 5-1607.

26 (a) The preferred sequence for afforestation and reforestation shall be established
27 by the State or local authority in accordance with the following after all techniques for
28 retaining existing forest cover on-site have been exhausted:

29 (1) Those techniques that enhance existing forest and involve selective
30 clearing or supplemental planting on-site;

31 (2) On-site afforestation or reforestation may be utilized where the

1 retention options have been exhausted. In those cases, the method shall be selected in
 2 accordance with subsection (b) of this section, and the location shall be selected in
 3 accordance with subsection (d) of this section;

4 (3) (i) Off-site afforestation or reforestation in the same watershed or
 5 in accordance with an approved master plan may be utilized where the applicant has
 6 demonstrated that no reasonable on-site alternative exists, or where:

7 1. Any on-site priority areas for afforestation or
 8 reforestation have been planted in accordance with subsection (d) of this section; and

9 2. The applicant has justified to the satisfaction of the State
 10 or local jurisdiction that environmental benefits associated with off-site afforestation or
 11 reforestation would exceed those derived from on-site planting;

12 (ii) In these cases, the method shall be selected in accordance with
 13 subsection (b) of this section, and the location shall be selected in accordance with
 14 subsection (d) of this section; and

15 (iii) Off-site afforestation or reforestation [may include] **SHALL**
 16 **PRIORITIZE** the use of:

17 ~~1. [forest] FOREST~~ mitigation banks which have been so
 18 designated in advance by the State or local forest conservation program which is approved
 19 by the Department; ~~OR~~

20 ~~2. OTHER OFF-SITE ADVANCE AFFORESTATION OR~~
 21 ~~REFORESTATION WHICH HAS ALREADY BEEN COMPLETED AND IS THUS KNOWN TO~~
 22 ~~BE SUCCESSFUL~~; and

23 (4) The State or local jurisdiction may allow an alternative sequence for a
 24 specific project if necessary to achieve the objectives of a local jurisdiction's land use plans
 25 or policies or to take advantage of opportunities to consolidate forest conservation efforts.

26 5-1610.

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

28 (2) "Fund" means the Forest Conservation Fund.

29 (3) "Priority funding area" has the meaning stated in § 5-7B-02 of the
 30 State Finance and Procurement Article.

31 (b) There is a Forest Conservation Fund in the Department.

32 (c) **(1)** Except as provided in subsection (h) of this section, if any person subject

1 to this subtitle demonstrates to the satisfaction of the appropriate State or local authority
2 that the requirements for reforestation or afforestation on-site or off-site cannot be
3 reasonably accomplished and appropriate credits generated by a forest mitigation bank in
4 the same county or watershed are not available, the person shall contribute money to the
5 Fund:

6 **[(1) On or before September 30, 2014:**

7 (i) For a project inside a priority funding area, at a rate of 30 cents
8 per square foot of the area of required planting; and

9 (ii) For a project outside a priority funding area, at a rate of 36 cents
10 per square foot of the area of required planting; and]

11 **[(2) (I) [After September 30, 2014] ON OR BEFORE SEPTEMBER 30,**
12 **2021:**

13 **[(i)] 1.** For a project inside a priority funding area, at a rate
14 adjusted for inflation as determined by the Department annually by regulation; and

15 **[(ii)] 2.** For a project outside a priority funding area, at a rate that
16 is 20% higher than the rate set under item **[(i)] 1** of this item; **AND**

17 **(II) AFTER SEPTEMBER 30, 2021:**

18 **1. FOR A PROJECT INSIDE A PRIORITY FUNDING AREA,**
19 **AT A RATE ESTABLISHED BY THE DEPARTMENT IN ACCORDANCE WITH PARAGRAPH**
20 **(2) OF THIS SUBSECTION; AND**

21 **2. FOR A PROJECT OUTSIDE A PRIORITY FUNDING AREA,**
22 **AT A RATE THAT IS 20% HIGHER THAN THE RATE SET UNDER ITEM 1 OF THIS ITEM.**

23 **(2) (I) ON OR BEFORE SEPTEMBER 30, 2021, AND EVERY 3 YEARS**
24 **THEREAFTER, THE DEPARTMENT SHALL BY REGULATION SET THE CONTRIBUTION**
25 **RATE FOR PROJECTS INSIDE PRIORITY FUNDING AREAS IN EACH COUNTY.**

26 **(II) THE CONTRIBUTION RATE SHALL BE AT LEAST 10% HIGHER**
27 **THAN THE AVERAGE COST OF CREDITS PURCHASED DURING THE 3 YEARS**
28 **IMMEDIATELY PRECEDING ADOPTION OF THE REGULATIONS FROM:**

29 **1. MITIGATION BANKS LOCATED IN THE COUNTY; OR**

30 **2. IF NO CREDITS WERE PURCHASED FROM MITIGATION**
31 **BANKS IN THE COUNTY, MITIGATION BANKS LOCATED THROUGHOUT THE STATE.**

1 (d) Money collected by the State or a local authority under § 5–1608(c) or §
2 5–1612 of this subtitle for noncompliance with this subtitle or regulations adopted under
3 this subtitle or for noncompliance with a forest conservation plan or the associated 2–year
4 management agreement shall be deposited in the Fund.

5 (e) (1) The Department shall accomplish the reforestation or afforestation for
6 which the money is deposited within 2 years or 3 growing seasons, as appropriate, after
7 receipt of the money.

8 (2) Money deposited in the Fund under subsection (c) of this section shall
9 remain in the Fund for a period of 2 years or 3 growing seasons, and at the end of that time
10 period, any portion that has not been used to meet the afforestation or reforestation
11 requirements shall be [returned to the person who provided the money to be used for
12 documented tree planting in the same county or watershed beyond that required by this
13 subtitle or other applicable statutes] **USED TO PURCHASE FOREST MITIGATION BANK
14 CREDITS IN THE SAME COUNTY OR WATERSHED.**

15 (f) (1) (i) Money deposited in the Fund under subsection (c) of this section
16 may only be spent on **THE PURCHASE OF FOREST MITIGATION BANK CREDITS OR**
17 reforestation and afforestation, including site identification, acquisition, and preparation,
18 maintenance of existing forests, and achieving urban canopy goals, and may not revert to
19 the General Fund of the State.

20 (ii) Any investment earnings of the Fund shall be credited to the
21 General Fund of the State.

22 (2) (i) Except as provided in subparagraph (ii) or (iii) of this paragraph,
23 the reforestation or afforestation requirement under this subsection shall occur in the
24 county and watershed in which the project is located.

25 (ii) If the reforestation or afforestation cannot be reasonably
26 accomplished in the county and watershed in which the project is located, then the
27 reforestation or afforestation shall occur in the county or watershed in the State in which
28 the project is located.

29 (iii) If the reforestation or afforestation cannot be reasonably
30 accomplished in the county or watershed in which the project is located, then the
31 reforestation or afforestation shall be accomplished through purchase of credits in,
32 establishment, or maintenance of a forest mitigation bank in accordance with regulations
33 of the Department. The Reforestation Fund may not be used to finance administrative
34 activities associated with a mitigation bank and any credits created by the Reforestation
35 Fund may not be sold to compensate for additional forest impacts.

36 (g) Money deposited in the Fund under subsection (d) of this section may be used
37 by the Department for the purpose of implementing this subtitle.

38 (h) (1) In lieu of a State Forest Conservation Fund, any local authority with

1 an approved forest conservation program may establish a forest conservation fund, to be
2 administered by the local authority, to allow a payment by any person who has
3 demonstrated to the satisfaction of the local authority that:

4 (i) The requirements for reforestation and afforestation on-site and
5 off-site cannot be reasonably accomplished; and

6 (ii) Appropriate credits generated by a forest mitigation bank in the
7 same county or watershed are not available.

8 (2) (i) Subject to subparagraph (ii) of this paragraph, the rates shall be:

9 1. For a project inside a priority funding area, at least the
10 same as the rates established for the State Forest Conservation Fund under subsection (c)
11 of this section; and

12 2. For a project outside a priority funding area, 20% higher
13 than the rates established under item 1 of this subparagraph.

14 (ii) Subject to subparagraph (iii) of this paragraph, if a local
15 jurisdiction establishes rates for projects that are higher than the minimum rates
16 established under subsection (c) of this section, the local authority may use a rate for a
17 project:

18 1. Inside a priority funding area that is 20% lower than the
19 rate calculated under subparagraph (i)2 of this paragraph; or

20 2. Outside a priority funding area that is 20% higher than
21 the rate calculated under subparagraph (i)1 of this paragraph.

22 (iii) The rate established under subparagraph (ii)1 of this paragraph
23 for a project inside a priority funding area may not be lower than the rate established for
24 the State Forest Conservation Fund under subsection (c) of this section.

25 (h-1) (1) A local authority that has an established forest conservation fund shall
26 provide to the Department:

27 (i) A general plan identifying appropriate and potentially available
28 areas for mitigation projects; and

29 (ii) Detailed accounting procedures for accurately tracking money
30 received into and expended out of the forest conservation fund.

31 (2) Local forest conservation fund mitigation plans and accounting
32 procedures shall be made available to the public.

33 (i) (1) Money deposited in the local forest conservation fund under subsection

1 (h) of this section may only be spent on **THE PURCHASE OF FOREST MITIGATION BANK**
2 **CREDITS AND** reforestation and afforestation, including the costs directly related to site
3 identification, acquisition, prepurchase, and preparation, maintenance of existing forests,
4 and achieving urban canopy goals, and may not revert to any other local general fund.

5 (2) (i) Except as provided in subparagraph (ii) or (iii) of this paragraph,
6 the reforestation or afforestation requirement under this subsection shall occur in the
7 county and watershed in which the project is located.

8 (ii) If the reforestation or afforestation cannot be reasonably
9 accomplished in the county and watershed in which the project is located, then the
10 reforestation or afforestation shall occur in the county or watershed in the State in which
11 the project is located.

12 (iii) If the reforestation or afforestation cannot be reasonably
13 accomplished in the county or watershed in which the project is located, then the
14 reforestation or afforestation shall be accomplished through purchase of credits in,
15 establishment, or maintenance of a forest mitigation bank in accordance with regulations
16 of the local forest conservation program. The Reforestation Fund may not be used to finance
17 administrative activities associated with a mitigation bank and any credits created by the
18 Reforestation Fund may not be sold to compensate for additional forest impacts.

19 (3) A local authority, consistent with § 5–1606 of this subtitle:

20 (i) May not collect money for deposit into its forest conservation
21 fund unless the local authority has submitted to the Department the general mitigation
22 plan and accounting procedures required under subsection (h–1) of this section; and

23 (ii) Shall ensure that the equivalent number of acres for which
24 money is collected and paid into its forest conservation fund is mitigated in accordance with
25 afforestation, reforestation, and conservation priorities and techniques authorized under §
26 5–1607 of this subtitle.

27 (j) Money collected by the local authority under § 5–1608(c) of this subtitle for
28 noncompliance with this subtitle or regulations or ordinances adopted under this subtitle
29 for noncompliance with a forest conservation plan or the associated 2–year management
30 agreement shall be deposited in the local fund. The rate shall be 30 cents per square foot of
31 the area found to be in noncompliance with the required forest conservation.

32 (k) Money deposited in a local forest conservation fund under subsection (j) of this
33 section may be used by the local authority for purposes related to implementing this
34 subtitle.

35 ~~5–1610.2.~~

36 ~~THE DEPARTMENT MAY ENTER INTO PARTNERSHIPS, THROUGH FORMAL~~
37 ~~CONTRACTS OR MEMORANDA OF UNDERSTANDING, WITH PRIVATE SECTOR~~

~~ORGANIZATIONS WITH EXPERIENCE IN CARBON OFFSET MARKETS OR PROGRAMS IN ORDER TO:~~

~~(1) CREATE STATEWIDE OR REGIONAL PARTNERSHIPS FOR THE PURPOSE OF MINIMIZING THE COSTS AND MAXIMIZING THE BENEFITS OF ENROLLING PRIVATE AND PUBLIC LANDS IN CARBON OFFSET MARKETS; AND~~

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

8-203.

(A) The Secretary shall take every necessary step to enact appropriate intergovernmental agreements with other states to preserve the optimal state of the Chesapeake Bay through organization of an interstate body to plan, manage, coordinate, and enforce the proper use of the Chesapeake Bay, so every user of the Bay area can obtain maximum advantage of the Bay.

(B) THROUGH INTERGOVERNMENTAL AGREEMENTS WITH OTHER STATES, THE SECRETARY MAY PURCHASE ENVIRONMENTAL OUTCOMES, AS DEFINED IN § 8-2A-01 OF THIS TITLE, FROM LONG-TERM OR PERMANENT PROJECTS LOCATED IN THE PORTION OF THE SUSQUEHANNA RIVER BASIN LYING WITHIN OTHER STATES UNDER CIRCUMSTANCES THAT WOULD ALLOW:

(1) THE STATE TO RECEIVE CREDIT FOR THOSE OUTCOMES UNDER ~~A WATER QUALITY COMPLIANCE PLAN~~ AN ENVIRONMENTAL RESTORATION COMMITMENT AGREED TO UNDER THE INTERGOVERNMENTAL AGREEMENT; AND

(2) ANY OTHER STATE TO SUBSEQUENTLY PURCHASE THE ENVIRONMENTAL OUTCOME FROM THE STATE, AT WHICH POINT CREDIT FOR THE OUTCOME UNDER A WATER QUALITY COMPLIANCE PLAN WOULD BE TRANSFERRED FROM THE STATE TO THE PURCHASING STATE.

8-207.

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

8-2A-01.

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

2 (b) [“BayStat Program” means the program established under § 8–2A–03 of this
3 subtitle.] **“AGGREGATOR” MEANS A PERSON THAT FACILITATES OR COORDINATES
4 THE ESTABLISHMENT OF PRACTICES OR PROJECTS THAT:**

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

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

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

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

9 (c) **“ENVIRONMENTAL OUTCOME” MEANS A COMMODITY THAT IS MODELED
10 OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF
11 IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON
12 BENEFIT.**

13 (d) **“EVALUATOR” MEANS A PERSON OTHER THAN AN AGGREGATOR THAT
14 DETERMINES WHETHER ENVIRONMENTAL OUTCOMES HAVE BEEN ACHIEVED BASED
15 ON DEFINED PERFORMANCE MEASURES.**

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

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

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

22 (ii) An urban or suburban stormwater practice;

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

25 (iv) Stream and wetland restoration;

26 (v) Riparian buffer planting;

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

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

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

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

~~“(d) (F) “Trust Fund” means the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.~~

~~(G) (F)~~ **“QUANTIFICATION PLAN” MEANS A PLAN IN WHICH AN AGGREGATOR DESCRIBES:**

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

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

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

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

~~“(d) (G) “Trust Fund” means the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.~~

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

8-2A-03.

(a) (1) There is a [BayStat Program] **BAY CABINET** [to:

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

(ii) Administer the Trust Fund].

1 (2) [The BayStat Subcabinet shall oversee the administration of the
2 BayStat Program.

3 (3)] The [BayStat Subcabinet] **BAY CABINET** is composed of:

4 (i) The Secretary of Natural Resources;

5 (ii) The Secretary of the Environment;

6 (iii) The Secretary of Planning;

7 (iv) The Secretary of Agriculture;

8 (v) The President of the University of Maryland Center for
9 Environmental Science;

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

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

14 (b) The [BayStat Program] **BAY CABINET** shall:

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

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

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

23 (4) Adopt measurable goals for Chesapeake and Atlantic Coastal Bays
24 restoration;

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

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

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

1 (c) The [BayStat Subcabinet] **BAY CABINET** shall:

2 (1) Report annually to the public regarding:

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

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

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

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

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

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

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

18 (e) **(1)** On an annual basis the [BayStat Subcabinet] **DEPARTMENT** shall
19 prepare a final work and expenditure plan based on the budget approved by the General
20 Assembly.

21 **(2) BEGINNING WITH THE PLAN PREPARED FOR FISCAL YEAR 2023,**
22 **THE PLAN SHALL BE INFORMED BY THE ANALYSIS CARRIED OUT BY THE TRUST**
23 **FUND PROGRAM SCIENTIFIC AND FINANCIAL ADVISORY PANEL UNDER §**
24 **8-2A-04(G)(4)(VII) OF THIS SUBTITLE.**

25 8-2A-04.

26 (a) The [BayStat Program] **BAY CABINET** shall direct the administration of the
27 Trust Fund in accordance with this section.

28 (b) (1) The [BayStat Program] **BAY CABINET** shall implement nonpoint
29 source pollution reduction measures to:

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

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

5 (2) To the maximum extent practicable, the [BayStat Program] **BAY**
6 **CABINET** shall ~~[distribute]~~ ~~ENSURE THAT A MAJORITY OF~~ the Trust Fund [moneys]
7 ~~MONEY IS AWARDED~~ on a competitive basis.

8 (c) (1) The [BayStat Program] **BAY CABINET** shall distribute funds from the
9 Trust Fund to the [BayStat Subcabinet] agencies in accordance with the final work and
10 expenditure plans.

11 (2) The [BayStat Subcabinet] **BAY CABINET** agencies shall administer the
12 funds in accordance with the final work and expenditure plans, including the distribution
13 of funds:

14 (i) Through grants to:

- 15 1. Counties;
- 16 2. Bicounty agencies;
- 17 3. Municipalities;
- 18 4. Forest conservancy district boards;
- 19 5. Soil conservation districts;
- 20 6. Academic institutions; and
- 21 7. Nonprofit organizations having a demonstrated ability to
22 implement nonpoint source pollution control projects;

23 (ii) To the Chesapeake and Atlantic Coastal Bays Nonpoint Source
24 Fund established under § 9-1605.3 of the Environment Article;

25 (iii) To the Maryland Agricultural Cost-Share Program established
26 under Title 8, Subtitle 7 of the Agriculture Article for nonpoint source pollution control
27 projects; [and]

28 (iv) To the Mel Noland Woodland Incentives Fund established under
29 § 5-307 of this article; **AND**

30 **(V) SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION,**

1 THROUGH THE PROCUREMENT OF NUTRIENT- OR SEDIMENT-RELATED
 2 ENVIRONMENTAL OUTCOMES UNDER A PAY-FOR-SUCCESS CONTRACT OR ANY
 3 OTHER PROCUREMENT METHOD AUTHORIZED UNDER DIVISION II OF THE STATE
 4 FINANCE AND PROCUREMENT ARTICLE.

5 (3) [(i)] The [BayStat Program] BAY CABINET shall [develop]:

6 (i) DEVELOP solicitations, guidelines, and applications for Trust
 7 Fund grants AND CONTRACTS that shall include consideration of the extent to which a
 8 proposed project, both geographically and by practice, will deliver the greatest, most
 9 cost-effective, and measurable nonpoint source pollution reduction per Trust Fund
 10 dollar[.]; AND

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

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

16 2. PROJECTS THAT, IN ADDITION TO PROVIDING
 17 COST-EFFECTIVE AND MEASURABLE NONPOINT SOURCE POLLUTION REDUCTIONS,
 18 PROVIDE CO-BENEFITS INCLUDING:

19 A. THE RESTORATION OF AQUATIC RESOURCES, SUCH
 20 AS SEAGRASS BEDS OR OYSTER REEFS;

21 B. CLIMATE RESILIENCE;

22 C. CARBON SEQUESTRATION;

23 D. CREATION OF WILDLIFE HABITAT;

24 E. LOCAL EMPLOYMENT OPPORTUNITIES;

25 F. THE IMPROVEMENT OR PROVISION OF
 26 RECREATIONAL OPPORTUNITIES; OR

27 G. ENVIRONMENTAL JUSTICE BENEFITS; AND

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

30 A. COMBINE FUNDING FROM THE TRUST FUND WITH
 31 REVOLVING LOAN FUNDS AUTHORIZED UNDER §§ 9-1605 AND 9-1605.1 OF THE

1 ENVIRONMENT ARTICLE, FEDERAL EMERGENCY MANAGEMENT AGENCY HAZARD
2 MITIGATION SUPPORT, OR PRIVATE SOURCES OF FUNDING; AND

3 B. USE THE COMBINED SOURCES TO FUND AND
4 ADMINISTER THE IMPLEMENTATION OF MULTIPLE PROJECTS OR PAY FOR
5 ENVIRONMENTAL OUTCOMES FROM MULTIPLE COMPLETED PROJECTS.

6 (4) (I) FUNDS FROM THE TRUST FUND MAY NOT BE USED TO
7 PROCURE ENVIRONMENTAL OUTCOMES ACHIEVED BEFORE JANUARY 1, 2020.

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

12 (5) A BAY CABINET AGENCY MAY USE FUNDING FROM THE TRUST
13 FUND FOR A MULTI-YEAR AGREEMENT SPECIFIED UNDER PARAGRAPH (3)(II)3 OF
14 THIS SUBSECTION ONLY IF THE AGENCY DETERMINES THAT THE AGREEMENT WILL:

15 (I) PROVIDE COST-EFFECTIVE NUTRIENT AND SEDIMENT
16 REDUCTIONS IN A MANNER CONSISTENT WITH THE COST-EFFECTIVENESS OF OTHER
17 PROJECTS SUPPORTED THROUGH THE TRUST FUND;

18 (II) DELIVER BENEFITS CONSISTENT WITH THOSE REQUIRED
19 BY REVOLVING LOAN FUNDS AUTHORIZED UNDER §§ 9-1605 AND 9-1605.2 OF THE
20 ENVIRONMENT ARTICLE;

21 (III) REQUIRE NOT MORE THAN 20% OF TOTAL RESOURCES IN
22 THE TRUST FUND; AND

23 (IV) DELIVER CO-BENEFITS AS DESCRIBED IN PARAGRAPH
24 (3)(II)2 OF THIS SUBSECTION.

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

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

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

31 (3) Include provisions for verification that practices are being
32 implemented.

1 (e) (1) A recipient of funds from the Trust Fund in any fiscal year shall submit
2 an annual report to the [BayStat Program] **BAY CABINET** by November 1 of the next fiscal
3 year.

4 (2) The report required under paragraph (1) of this subsection shall
5 include:

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

- 7 1. A description of how the funds were allocated, including:
- 8 A. The number and amounts of grants awards; and
- 9 B. Direct expenditures by the agency;
- 10 2. How funding was leveraged; and
- 11 3. Estimated or calculated nutrient reductions associated
12 with Trust Fund expenditures.

13 (ii) For recipients of competitive grants **OR PAY-FOR-SUCCESS**
14 **CONTRACTS** from the Trust Fund, a description of funded projects, including:

- 15 1. Project location;
- 16 2. Description of practices implemented;
- 17 3. Timeframes for project completion;
- 18 4. Estimated or calculated nutrient reductions; and
- 19 5. Provisions for long-term maintenance of practices.

20 (f) Funds from the Trust Fund may not be used to enable an individual cited for
21 noncompliance with a nonpoint source pollution control law or regulation to achieve
22 compliance.

23 (g) (1) There is a [BayStat] **TRUST FUND** Program Scientific **AND**
24 **FINANCIAL** Advisory Panel.

25 (2) The Governor shall appoint the chair and members of the [BayStat]
26 **TRUST FUND** Program Scientific **AND FINANCIAL** Advisory Panel.

27 (3) The [BayStat] **TRUST FUND** Program Scientific **AND FINANCIAL**
28 Advisory Panel shall include scientists and other technical experts with demonstrated
29 expertise in the disciplines related to protection and restoration of the Chesapeake and

1 Atlantic Coastal Bays.

2 (4) The [BayStat] TRUST FUND Program Scientific AND FINANCIAL
3 Advisory Panel shall:

4 (i) On or before August 1, annually provide recommendations to the
5 [BayStat Subcabinet] BAY CABINET on the use of funds of the Trust Fund for the following
6 fiscal year;

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

8 (iii) Review the categories of grants AND CONTRACTS made in the
9 previous year to assess nutrient loading reduction estimates and cost efficiencies and the
10 effectiveness of any innovative nonpoint source pollution reduction measure;

11 (iv) Review the proposed annual work plan and advise the [BayStat
12 Subcabinet] BAY CABINET of any recommended changes;

13 (v) On request by the [BayStat Subcabinet] BAY CABINET, review
14 individual [grant] FUNDING applications; [and]

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

18 (VII) ON OR BEFORE JANUARY 31, 2022:

19 1. ANALYZE AND COMPARE THE FUND DISTRIBUTIONS
20 THROUGH THE COMPETITIVE PROGRAM AND BY EACH BAY CABINET AGENCY FOR
21 FISCAL YEARS 2012 THROUGH 2022 AND THE STRATEGIES SUPPORTED BY THOSE
22 DISTRIBUTIONS;

23 2. QUANTIFY THE RELATIVE EFFECTIVENESS OF EACH
24 DISTRIBUTION AND STRATEGY PER DOLLAR OF STATE ~~AND PUBLIC~~ FUNDING; AND

25 3. REPORT TO THE BAY CABINET, THE GOVERNOR, AND,
26 IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE
27 GENERAL ASSEMBLY ON THE RESULTS OF THE ANALYSES REQUIRED UNDER ITEMS
28 1 AND 2 OF THIS ITEM.

29 (h) The [BayStat Subcabinet] BAY CABINET agencies may [distribute]:

30 (1) DISTRIBUTE to an administrative cost account the amount that is
31 necessary to administer grant programs, not to exceed 1.5% of the allocations to the
32 [BayStat Subcabinet] BAY CABINET agencies; AND

1 **(2) MAINTAIN AN AMOUNT, NOT TO EXCEED 2% OF THE TOTAL IN**
2 **COMPETITIVE GRANTS AND CONTRACTS ADMINISTERED BY THE BAY CABINET**
3 **AGENCIES, FOR THE PURPOSE OF MEETING ADDITIONAL PROJECT NEEDS,**
4 **INCLUDING:**

5 **(I) THE ADAPTIVE MANAGEMENT, MAINTENANCE, OR**
6 **CATASTROPHE-INDUCED REPAIR NEEDS OF PROJECTS FUNDED BY THE GRANTS OR**
7 **CONTRACTS; AND**

8 **(II) PAYING FOR QUANTIFIED AND VERIFIED WATER**
9 **QUALITY-RELATED ENVIRONMENTAL OUTCOMES THAT EXCEED THE QUANTITY OF**
10 **ENVIRONMENTAL OUTCOMES ANTICIPATED UNDER PARTICULAR GRANTS OR**
11 **CONTRACTS.**

12 **Article – State Finance and Procurement**

13 10A-101.

14 (a) In this title the following words have the meanings indicated.

15 (d) **(1)** “Public infrastructure asset” means a capital facility or structure,
16 including systems and equipment related to the facility or structure intended for public
17 use.

18 **(2) “PUBLIC INFRASTRUCTURE ASSET” INCLUDES BLUE**
19 **INFRASTRUCTURE AND GREEN INFRASTRUCTURE, AS DEFINED IN § 9-1601 OF THE**
20 **ENVIRONMENT ARTICLE.**

21 13-101.

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

23 (b) “Designated procurement unit” means:

24 (1) the Department of Budget and Management;

25 (2) the Department of General Services;

26 (3) the Department of Information Technology; or

27 (4) the Department of Transportation.

28 (c) “eMaryland Marketplace” means the Internet-based procurement system
29 managed by the Department of General Services.

1 (d) "Evaluated bid price" means the price of a bid after adjustment in accordance
2 with objective measurable criteria.

3 (e) "Master contracting" means a streamlined procurement method that provides
4 for the qualification of bidders and offerors for the procurement of services, supplies, or
5 commodities.

6 (f) (1) "Objective measurable criteria" means standards that enable the State
7 to compare the economy, effectiveness, or value of the subject of the bids.

8 (2) "Objective measurable criteria" includes standards of reliability,
9 operational costs, maintainability, useful life, and residual value.

10 (g) **"PAY-FOR-SUCCESS CONTRACTING" MEANS A PERFORMANCE-BASED**
11 **PROCUREMENT METHOD THROUGH WHICH A UNIT CONTRACTS WITH AN**
12 **ORGANIZATION TO DELIVER SERVICES OR COMMODITIES IN EXCHANGE FOR**
13 **PAYMENT BASED ON THE ACHIEVEMENT OF OUTCOMES.**

14 (H) "Person" includes, unless the context requires otherwise:

15 (1) the State;

16 (2) a county, a municipal corporation, or any other political subdivision;
17 and

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

19 [(h)] (I) "Task order" means a procurement process in which only those vendors
20 with master contracts may compete to provide the services, supplies, or commodities under
21 the procurement.

22 13-102.

23 (a) The following procurement methods are authorized at the procurement
24 officer's discretion, where applicable:

25 (1) competitive sealed bids under § 13-103 of this subtitle;

26 (2) competitive sealed proposals under § 13-104 or § 13-105 of this
27 subtitle;

28 (3) noncompetitive negotiation under § 13-106 of this subtitle;

29 (4) sole source procurement under § 13-107 of this subtitle;

30 (5) emergency or expedited procurement under § 13-108 of this subtitle;

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

2 (7) an intergovernmental cooperative purchasing agreement under §
3 13–110 of this subtitle;

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

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

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

8 **(11) PAY-FOR-SUCCESS CONTRACTING UNDER § 13–112.1 OF THIS**
9 **SUBTITLE.**

10 (b) (1) In awarding a procurement contract for human, social, cultural, or
11 educational service, the preferred method is by competitive sealed proposals under §
12 13–104 of this subtitle.

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

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

19 **13–112.1.**

20 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
21 **INDICATED.**

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

23 **(I) PROVIDES OR CONTRACTS FOR ENVIRONMENTAL**
24 **OUTCOMES; OR**

25 **(II) PROVIDES OR RAISES CAPITAL TO FINANCE DELIVERY OF**
26 **ENVIRONMENTAL OUTCOMES.**

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

1 **(4) “ENVIRONMENTAL OUTCOMES PROJECT” MEANS A PROJECT**
2 **DESIGNED TO SECURE ENVIRONMENTAL OUTCOMES.**

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

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

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

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

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

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

19 **(IV) THE TIMELINE FOR PROPOSED PAYMENTS UNDER THE**
20 **PAY-FOR-SUCCESS CONTRACT.**

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

22 **(1) PAY-FOR-SUCCESS CONTRACTING SHIFTS THE RISK OF**
23 **PERFORMANCE TO THE CONTRACTOR BECAUSE GOVERNMENT PAYMENT IS ONLY**
24 **MADE UPON ACHIEVEMENT OF OUTCOMES;**

25 **(2) SOCIAL AND ENVIRONMENTAL IMPACT INVESTMENT IS GROWING**
26 **DRAMATICALLY, AND INVESTORS ARE SEEKING WAYS TO FINANCE AND EXECUTE**
27 **PAY-FOR-SUCCESS CONTRACTS IN THE STATE TO EXPAND THE SUCCESS OF**
28 **CHESAPEAKE BAY RESTORATION EFFORTS AND ACHIEVE OTHER PUBLIC**
29 **OUTCOMES; AND**

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

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

3 (1) THE CONTRACT WILL PRODUCE ESTIMATED FINANCIAL SAVINGS
4 OR OTHER QUANTIFIABLE PUBLIC BENEFITS FOR THE STATE; AND

5 (2) A SUBSTANTIAL PORTION OF THE OUTCOME PAYMENT DUE UNDER
6 THE CONTRACT WILL BE PAID ONLY AFTER SPECIFIC OUTCOMES HAVE BEEN
7 DOCUMENTED.

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

9 (I) THE DEPARTMENT OF AGRICULTURE;

10 (II) THE DEPARTMENT OF THE ENVIRONMENT;

11 (III) THE DEPARTMENT OF NATURAL RESOURCES;

12 (IV) THE DEPARTMENT OF TRANSPORTATION; ~~AND~~

13 (V) THE MARYLAND ENVIRONMENTAL SERVICE; AND

14 (VI) THE DEPARTMENT OF GENERAL SERVICES.

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

19 ~~(2)~~ (3) (I) A UNIT SPECIFIED IN PARAGRAPH (1) OF THIS
20 SUBSECTION MAY ENTER INTO A PAY-FOR-SUCCESS CONTRACT WITH AN
21 AGGREGATOR TO PROCURE:

22 1. DELIVERY OF AN ENVIRONMENTAL OUTCOMES
23 PROJECT; OR

24 2. ALREADY CERTIFIED ENVIRONMENTAL OUTCOMES.

25 (II) OTHER STATE AND LOCAL ENTITIES MAY PARTICIPATE IN A
26 PAY-FOR-SUCCESS CONTRACT UNDER THIS SUBSECTION IN ACCORDANCE WITH AN
27 INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENT UNDER § 13-110
28 OF THIS SUBTITLE.

29 ~~(3)~~ (4) A PAY-FOR-SUCCESS CONTRACT EXECUTED UNDER THIS

1 SUBSECTION SHALL INCLUDE:

2 (I) A QUANTIFICATION PLAN APPROVED BY THE UNIT;

3 (II) A STATEMENT OF THE ENVIRONMENTAL OUTCOMES TO BE
4 PROCURED UNDER THE CONTRACT AND A DESCRIPTION OF HOW DEFINED
5 PERFORMANCE MEASURES WILL DEMONSTRATE PROGRESS IN ACHIEVING THESE
6 OUTCOMES;

7 (III) REQUIREMENTS REGARDING THE CONTENT AND
8 FREQUENCY OF PROGRESS REPORTS REGARDING THE ACHIEVEMENT OF
9 ENVIRONMENTAL OUTCOMES;

10 (IV) A METHODOLOGY FOR CALCULATING THE AMOUNT AND
11 TIMING OF OUTCOME PAYMENTS TO AN AGGREGATOR WHEN THE EVALUATOR
12 DETERMINES THAT THE AGGREGATOR HAS ACHIEVED A DEFINED PERFORMANCE
13 MEASURE;

14 (V) A STATEMENT THAT THE BASIS OF PAYMENT IS THE
15 DETERMINATION OF ACHIEVEMENT OF ENVIRONMENTAL OUTCOMES BY THE
16 EVALUATOR AND THAT PAYMENTS FOR THOSE OUTCOMES DO NOT REQUIRE
17 ITEMIZED BILLING OR COST DOCUMENTATION BY THE AGGREGATOR; AND

18 (VI) TERMS ADDRESSING:

19 1. COMPLIANCE WITH STATE LAW;

20 2. NONDISCRIMINATION IN EMPLOYMENT;

21 3. CONTRACTOR INDEMNIFICATION;

22 4. TERMINATION FOR DEFAULT; AND

23 5. THE UNIT'S RIGHT TO INSPECT THE ENVIRONMENTAL
24 OUTCOMES PROJECT.

25 ~~(4)~~ (5) A PAY-FOR-SUCCESS CONTRACT EXECUTED UNDER THIS
26 SUBSECTION MAY INCLUDE PROVISIONS REGARDING:

27 (I) LONG-TERM MAINTENANCE AND MONITORING OF
28 ENVIRONMENTAL SERVICES, INCLUDING THE ESTABLISHMENT OF A STEWARDSHIP
29 FUND;

30 (II) A REQUIREMENT THAT THE UNIT HOLD CONTRACT FUNDS

1 IN A RESERVE ACCOUNT FOR OUTCOME PAYMENTS;

2 (III) FOR AGRICULTURE SERVICES, PAYMENT FOR
3 ACHIEVEMENT OF BASELINE WATER QUALITY REQUIREMENTS FOR NITROGEN,
4 PHOSPHORUS, OR SEDIMENT; OR

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

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

10 Article – Environment

11 SUBTITLE 14. GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY
12 COMMISSION.

13 5–1401.

14 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
15 INDICATED.

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

18 (C) “COMMISSION” MEANS THE GREEN AND BLUE INFRASTRUCTURE
19 POLICY ADVISORY COMMISSION.

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

22 5–1402.

23 (A) THERE IS A GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY
24 COMMISSION.

25 (B) THE PURPOSE OF THE COMMISSION IS TO ADVISE THE SECRETARY, THE
26 BAY CABINET, AND LOCAL GOVERNMENT OFFICIALS ON WAYS TO FACILITATE AND
27 ACCELERATE THE SCALE AND PACE OF IMPLEMENTATION OF GREEN AND BLUE
28 INFRASTRUCTURE PROJECTS IN THE STATE, INCLUDING PROJECTS DESIGNED TO:

29 (1) REDUCE NUTRIENT AND SEDIMENT LOADS ENTERING THE
30 CHESAPEAKE BAY;

- 1 (2) **SEQUESTER NUTRIENTS ALREADY IN THE CHESAPEAKE BAY;**
- 2 (3) **IMPROVE CLIMATE RESILIENCY;**
- 3 (4) **SEQUESTER CARBON;**
- 4 (5) **PROTECT AND RESTORE IMPORTANT TERRESTRIAL OR AQUATIC**
5 **HABITATS;**
- 6 (6) **RESTORE STREAMS OR WETLANDS;**
- 7 (7) **BUILD LIVING SHORELINES;**
- 8 (8) **AUGMENT OR RESTORE SHELLFISH POPULATIONS; OR**
- 9 (9) **RESTORE FOREST OR AGRICULTURAL LANDS.**

10 **(C) THE COMMISSION CONSISTS OF THE FOLLOWING MEMBERS,**
11 **APPOINTED BY THE SECRETARY IN CONSULTATION WITH THE OTHER MEMBERS OF**
12 **THE BAY CABINET:**

13 **(1) FOUR REPRESENTATIVES OF LOCAL GOVERNMENT WHO ARE**
14 **RESPONSIBLE FOR IMPLEMENTING ECOLOGICAL RESTORATION PROJECTS, OF**
15 **WHOM TWO SHALL REPRESENT COUNTY GOVERNMENTS AND TWO SHALL**
16 **REPRESENT MUNICIPAL GOVERNMENTS;**

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

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

21 **(4) TWO REPRESENTATIVES OF NONPROFIT ORGANIZATIONS THAT**
22 **ARE ENGAGED IN IMPLEMENTING GREEN OR BLUE INFRASTRUCTURE PROJECTS;**

23 **(5) ONE REPRESENTATIVE OF THE UNIVERSITY OF MARYLAND**
24 **ENVIRONMENTAL FINANCE CENTER;**

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

27 **(7) 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,**

1 THE MEMBERSHIP OF THE COMMISSION REFLECTS THE GEOGRAPHIC, RACIAL,
2 GENDER, AND CULTURAL DIVERSITY OF THE STATE.

3 (E) FROM AMONG THE COMMISSION MEMBERS, THE SECRETARY SHALL
4 DESIGNATE:

5 (1) ONE OF THE STATE AGENCY REPRESENTATIVES TO SERVE AS
6 COCHAIR; AND

7 (2) ONE OF THE LOCAL GOVERNMENT REPRESENTATIVES TO SERVE
8 AS COCHAIR.

9 (F) A MEMBER OF THE COMMISSION:

10 (1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE
11 COMMISSION; BUT

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

14 5-1403.

15 (A) (1) THE COMMISSION SHALL MEET AT LEAST ~~ONCE~~ THREE TIMES PER
16 YEAR.

17 (2) MEETINGS MAY BE HELD VIRTUALLY OR AT A LOCATION
18 DESIGNATED BY THE SECRETARY.

19 (B) THE COMMISSION SHALL STUDY AND MAKE RECOMMENDATIONS
20 REGARDING:

21 (1) WAYS TO PRIORITIZE GREEN AND BLUE INFRASTRUCTURE
22 PROJECTS THROUGH STATE PERMITTING PROCESSES;

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

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

29 (4) STRATEGIES AND POLICIES TO PRIORITIZE GREEN AND BLUE
30 INFRASTRUCTURE PROJECTS THAT BOTH CONTRIBUTE TOWARD THE ACHIEVEMENT

1 OF CHESAPEAKE BAY RESTORATION GOALS AND CREATE LOCAL ECONOMIC,
2 SOCIAL, AND ENVIRONMENTAL BENEFITS FOR DISADVANTAGED COMMUNITIES;

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

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

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

12 (8) OTHER POLICIES TO ACHIEVE THE INCREASED SCOPE AND SCALE
13 OF ECOLOGICAL RESTORATION.

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

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

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

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

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

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

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

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

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

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

29 (7) the Executive Director of the Chesapeake Bay Commission, or the
30 Executive Director's designee; and

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

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

5 (10) the following members, appointed by the Secretary:

6 (i) one representative of the Maryland ~~Society of Accounting and~~
7 ~~Tax Professionals~~ Association of Certified Public Accountants; and

8 (ii) two representatives of local water utilities who serve as chief
9 financial officers or their functional equivalents.

10 (c) The Secretary of the Environment, or the Secretary's designee, and the
11 Director of the University of Maryland Environmental Finance Center, or the Director's
12 designee, shall serve as cochairs of the Task Force.

13 (d) The Department of the Environment and the University of Maryland
14 Environmental Finance Center shall provide staff for the Task Force.

15 (e) A member of the Task Force:

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

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

19 (f) (1) The purpose of the Task Force is to assist State and local governments
20 to take full advantage of Government Accounting Standards Board accounting standards
21 in order to unlock the financing needed to scale up the installation and maintenance of
22 green and blue infrastructure and other conservation and restoration projects capable of
23 contributing to a net reduction in the use of public funding while improving community
24 health and resilience.

25 (2) The Task Force shall:

26 (i) document the extent to which Government Accounting
27 Standards Board standards have been adopted in the State, identify barriers to the
28 adoption of the standards, and make recommendations regarding the increased adoption of
29 the standards;

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

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

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

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

8 (g) On or before September 30, 2022, the Task Force shall report its findings and
9 recommendations under subsection (f) of this section to the Governor and, in accordance
10 with § 2–1257 of the State Government Article, the General Assembly.

11 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
12 1, 2021. Section 2 of this Act shall remain effective for a period of 3 years and, at the end of
13 June 30, 2024, Section 2 of this Act, with no further action required by the General
14 Assembly, shall be abrogated and of no further force and effect. Section 3 of this Act shall
15 remain effective for a period of 2 years and, at the end of June 30, 2023, Section 3 of this
16 Act, with no further action required by the General Assembly, shall be abrogated and of no
17 further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.