

# SENATE BILL 737

M3, P2

1lr1909

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By: **Senator Rosapepe**

Introduced and read first time: February 5, 2021

Assigned to: Education, Health, and Environmental Affairs

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## A BILL ENTITLED

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  
24 certain purposes; requiring the Department of Natural Resources to convene a  
25 certain workgroup for certain purposes and to begin implementation of at least one  
26 carbon offset project on State land on or before a certain date; requiring a certain  
27 easement to allow for the potential of economic return from certain uses under  
28 certain circumstances; requiring certain off-site afforestation or reforestation to  
29 prioritize the use of certain forest mitigation banks or certain other advance  
30 afforestation or reforestation; altering the rate at which a certain person must

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

- 1 BY repealing and reenacting, with amendments,  
2 Article – Agriculture  
3 Section 8–702  
4 Annotated Code of Maryland  
5 (2016 Replacement Volume and 2020 Supplement)
- 6 BY repealing and reenacting, without amendments,  
7 Article – Environment  
8 Section 1–701(a) and (b) and 5–509(a)  
9 Annotated Code of Maryland  
10 (2013 Replacement Volume and 2020 Supplement)
- 11 BY repealing and reenacting, with amendments,  
12 Article – Environment  
13 Section 1–701(h) and 5–509(b)  
14 Annotated Code of Maryland  
15 (2013 Replacement Volume and 2020 Supplement)
- 16 BY repealing and reenacting, with amendments,  
17 Article – Environment  
18 Section 9–1601, 9–1602, 9–1604(c), 9–1605(a)(1) and (d), and 9–1605.1(a)(1), (d), and  
19 (e) to be under the amended subtitle “Subtitle 16. Maryland Water  
20 Infrastructure Financing Administration”  
21 Annotated Code of Maryland  
22 (2014 Replacement Volume and 2020 Supplement)
- 23 BY adding to  
24 Article – Environment  
25 Section 9–1605.1(f)  
26 Annotated Code of Maryland  
27 (2014 Replacement Volume and 2020 Supplement)
- 28 BY repealing and reenacting, with amendments,  
29 Article – Natural Resources  
30 Section 3–201, 5–102, 5–1607(a), and 5–1610  
31 Annotated Code of Maryland  
32 (2018 Replacement Volume and 2020 Supplement)
- 33 BY adding to  
34 Article – Natural Resources  
35 Section 5–9A–05(p) and 5–1610.2  
36 Annotated Code of Maryland  
37 (2018 Replacement Volume and 2020 Supplement)
- 38 BY repealing and reenacting, with amendments,  
39 Article – Natural Resources

1 Section 8–203, 8–2A–01, 8–2A–03, and 8–2A–04  
2 Annotated Code of Maryland  
3 (2012 Replacement Volume and 2020 Supplement)

4 BY adding to  
5 Article – Natural Resources  
6 Section 8–207  
7 Annotated Code of Maryland  
8 (2012 Replacement Volume and 2020 Supplement)

9 BY repealing and reenacting, without amendments,  
10 Article – State Finance and Procurement  
11 Section 10A–101(a)  
12 Annotated Code of Maryland  
13 (2015 Replacement Volume and 2020 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – State Finance and Procurement  
16 Section 10A–101(d), 13–101, and 13–102  
17 Annotated Code of Maryland  
18 (2015 Replacement Volume and 2020 Supplement)

19 BY adding to  
20 Article – State Finance and Procurement  
21 Section 13–112.1  
22 Annotated Code of Maryland  
23 (2015 Replacement Volume and 2020 Supplement)

24 BY adding to  
25 Article – Environment  
26 Section 5–1401 through 5–1403 to be under the new subtitle “Subtitle 14. Green and  
27 Blue Infrastructure Policy Advisory Commission”  
28 Annotated Code of Maryland  
29 (2013 Replacement Volume and 2020 Supplement)

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

32 **Article – Agriculture**

33 8–702.

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



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

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

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

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

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

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

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

19 5–509.

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

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

23 (3) “Association” means:

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

26 (ii) A council of unit owners, as defined in § 11–101 of the Real  
27 Property Article; or

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

31 (4) “Association member” means an owner or a member of an association.

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

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

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

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

11 (4) (I) IF THE DEPARTMENT DETERMINES THAT, IN ADDITION TO  
12 MEETING THE CRITERIA SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION, THE  
13 WATER INFRASTRUCTURE ASSET IS A PRIORITY FOR REMOVAL TO IMPROVE FISH  
14 PASSAGE OR IS A PRIORITY FOR SMALL HYDROELECTRIC POWER PLANT  
15 INSTALLATION, THE DEPARTMENT MAY:

16 1. PARTNER WITH THE ASSET OWNER AND AN  
17 ORGANIZATION THAT PROVIDES RESOURCES AND EXPERTISE TO PLAN, DESIGN, OR  
18 FINANCE CHANGES TO WATER INFRASTRUCTURE ASSETS FOR THE PURPOSE OF  
19 REPAIRING, REMOVING, OR RETROFITTING THE ASSET IN A MANNER CONSISTENT  
20 WITH THE DEPARTMENT'S OBJECTIVES; OR

21 2. PRIORITIZE THE USE OF ENVIRONMENTAL  
22 OUTCOMES ARISING FROM THE REPAIR, REMOVAL, OR RETROFIT OF THE WATER  
23 INFRASTRUCTURE ASSET IN ANY ENVIRONMENTAL MITIGATION PROGRAM  
24 IDENTIFIED BY THE DEPARTMENT.

25 (II) FOR THE PURPOSE OF SEEKING FINANCIAL ASSISTANCE  
26 UNDER TITLE 5, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE  
27 DEPARTMENT SHALL PROVIDE NOTICE TO THE MARYLAND INDUSTRIAL  
28 DEVELOPMENT FINANCING AUTHORITY OF:

29 1. ANY WATER INFRASTRUCTURE ASSET IDENTIFIED AS  
30 A PRIORITY FOR SMALL HYDROELECTRIC POWER PLANT INSTALLATION UNDER THIS  
31 PARAGRAPH; AND

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

1 Subtitle 16. Maryland Water [Quality] INFRASTRUCTURE Financing Administration.  
2 9–1601.

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

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

7 (c) “Bay Restoration Fund” means the Bay Restoration Fund established under §  
8 9–1605.2 of this subtitle.

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

12 (e) **(1) “BLUE INFRASTRUCTURE” MEANS A WATER–BASED NATURAL OR**  
13 **ENGINEERED ELEMENT THAT:**

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

15 **(II) PROTECTS COMMUNITIES FROM FLOODING OR STORM**  
16 **SURGE;**

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

18 **(IV) SEQUESTERS CARBON.**

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

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

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

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

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

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

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



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

4            [(h)] (I)        “Borrower” means a local government or a person as defined in §  
5 1–101(h) of this article who has received a loan.

6            [(i)] (J)        “Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund” means  
7 the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund established under §  
8 9–1605.3 of this subtitle.

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

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

12           [(l)] (M)        “Drinking Water Loan Fund” means the Maryland Drinking Water  
13 Revolving Loan Fund.

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

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

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

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

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

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

31                    (1)        If a local government or billing authority for a wastewater facility has  
32 established a definition for “equivalent dwelling unit” on or before January 1, 2004, the  
33 average daily flow of wastewater effluent that the local government or billing authority has  
34 established to be equivalent to the average daily flow of wastewater effluent discharged by

1 a residential dwelling, which may not exceed 250 gallons; or

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

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

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

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

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

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

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

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

21 **(Y) (1) “GREEN INFRASTRUCTURE” MEANS A LAND–BASED NATURAL OR**  
22 **ENGINEERED ELEMENT THAT:**

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

24 **(II) PROTECTS COMMUNITIES FROM FLOODING OR STORM**  
25 **SURGE;**

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

27 **(IV) SEQUESTERS CARBON.**

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

29 **(I) ENHANCED OR RESTORED NATURAL LANDSCAPE**  
30 **FEATURES, SUCH AS FORESTS, RIPARIAN BUFFERS, HEADWATERS, OR**

1 FLOODPLAINS;

2 (II) RAIN GARDENS;

3 (III) PERMEABLE PAVEMENT;

4 (IV) POCKET PARKS;

5 (V) BIOSWALES;

6 (VI) GREEN ROOFS;

7 (VII) INFILTRATION PLANTERS;

8 (VIII) TREE PLANTINGS OR TREE BOXES; AND

9 (IX) RAINWATER HARVESTING FOR NONPOTABLE USES SUCH AS  
10 LANDSCAPE IRRIGATION.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27                   (iii) A sewage holding tank.

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

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

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

1 (ii) To improve water conservation, reduce energy consumption, or  
2 increase security; or

3 (iii) For the final disposal of residues resulting from the treatment of  
4 wastewater.

5 (2) “Wastewater facility” includes:

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

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

12 (iii) Any programs and projects for improving estuarine conservation  
13 and management.

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

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

18 9–1602.

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

21 9–1604.

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

24 (i) The Water Quality Fund;

25 (ii) The Bay Restoration Fund;

26 (iii) The Biological Nutrient Removal Program; and

27 (iv) The Supplemental Assistance Program.

28 (2) The Administration shall ensure the fair and equitable distribution of  
29 financial assistance among wastewater treatment facilities with a design capacity of less  
30 than 500,000 gallons per day and wastewater treatment facilities with a design capacity of  
31 500,000 gallons or more per day.

1           **(3) IT IS THE POLICY OF THE STATE THAT THE MAINTENANCE AND**  
2 **REPAIR OF SOURCE WATERSHEDS, INCLUDING THE CONSERVATION AND**  
3 **RESTORATION OF FORESTS AND THE INSTALLATION AND MAINTENANCE OF BLUE**  
4 **INFRASTRUCTURE OR GREEN INFRASTRUCTURE THAT CONTRIBUTES TO IMPROVED**  
5 **WATER QUALITY, IS ELIGIBLE FOR THE SAME FORMS OF FINANCIAL ASSISTANCE AS**  
6 **OTHER WATER COLLECTION AND TREATMENT INFRASTRUCTURE.**

7 9-1605.

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

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

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

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

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

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

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

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

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

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

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

1                   **(II) TO PROVIDE LOAN GUARANTEES FOR SIMILAR REVOLVING**  
2 **LOAN FUNDS ESTABLISHED BY MUNICIPAL CORPORATIONS AND INTERMUNICIPAL**  
3 **AGENCIES;**

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

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

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

12                   **(7) TO PROVIDE LOANS FOR THE PROTECTION OF SOURCE WATER**  
13 **AREAS OR CHESAPEAKE AND ATLANTIC COASTAL BAY WATERSHEDS THROUGH**  
14 **PROPERTY ACQUISITIONS OR EASEMENTS;**

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

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

24                   **(10) TO SUPPORT LONG-TERM OR PERMANENT GREEN**  
25 **INFRASTRUCTURE PROJECTS CARRIED OUT IN THE SUSQUEHANNA RIVER**  
26 **WATERSHED BY AN ORGANIZATION AGREED TO BY THE MANAGEMENT COMMITTEE**  
27 **OF THE CHESAPEAKE BAY PROGRAM PARTNERSHIP;**

28                   **(11) TO ESTABLISH MASTER LEASE PURCHASE AGREEMENTS WITH**  
29 **STATE AGENCIES TO SUPPORT PROJECTS THAT ENHANCE WATER QUALITY ON**  
30 **STATE LANDS;**

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

1            **[(7)] (13)** For the reasonable costs of administering the Water Quality  
2 Fund and conducting activities under Title VI of the Federal Water Pollution Control Act;

3            **[(8)] (14)** For any other purpose authorized by Title VI of the Federal  
4 Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act; and

5            **[(9)] (15)** To provide financial assistance in the form of grants, negative  
6 interest loans, forgiveness of principal, subsidized interest rates, and any other form of  
7 financial assistance as authorized or required by:

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

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

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

12                   (iv) Federal appropriations or authorization acts.

13 9–1605.1.

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

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

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

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

21                                    (i)    The local government borrower will establish a dedicated source  
22 of revenue;

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

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

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

29    **1.    30 YEARS AFTER PROJECT COMPLETION; OR**



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

4                   **(V)** Annual principal and interest payments will commence not later  
5 than 1 year after completion of any drinking water facility and[, except as provided in §  
6 130 of the federal Safe Drinking Water Act,] all loans will be fully amortized [not later than  
7 20 years after project completion] **ON THE EXPIRATION OF THE TERM OF THE LOAN;**

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

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

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

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

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

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

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

26                   **(II) PROTECTING OR ACQUIRING FORESTS OR WETLANDS BY**  
27 **FEE OR EASEMENT; OR**

28                   **(III) RESTORING FORESTS;**

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

33                   **(9) TO ESTABLISH A SPONSORSHIP PROGRAM THAT ALLOWS A LOCAL**

1 GOVERNMENT TO SERVE AS THE PRIMARY BORROWER AND RECEIVE A LOAN FOR A  
2 PUBLICLY OWNED TREATMENT WORKS PROJECT AT A REDUCED INTEREST RATE IF  
3 THE LOAN ALSO INCLUDES FINANCING FOR A SPONSORED NONPOINT SOURCE  
4 PROJECT MANAGED BY AN ORGANIZATION;

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

8 (I) SERVING AS A GUARANTEE FOR LONG-TERM  
9 PAY-FOR-SUCCESS CONTRACTS FOR THE PURCHASE OF ENVIRONMENTAL  
10 OUTCOMES THAT PROVIDE WATER QUALITY BENEFITS;

11 (II) SUPPORTING THE DELINEATION, ASSESSMENT, OR  
12 UPDATED ASSESSMENT OF SOURCE WATER PROTECTION AREAS AND THE  
13 IMPLEMENTATION OF WELL HEAD PROTECTION PROGRAMS, INCLUDING THROUGH  
14 GRANTS AND TECHNICAL ASSISTANCE; OR

15 (III) SUPPORTING LOANS AND LOAN GUARANTEES FOR THE  
16 PROTECTION OF SOURCE WATER AREAS OR THE CHESAPEAKE AND ATLANTIC  
17 COASTAL BAYS WATERSHEDS THROUGH PROPERTY ACQUISITIONS OR EASEMENTS  
18 FOR THE PURPOSE OF CONTROLLING NONPOINT SOURCES OF POLLUTION;

19 (11) TO SUPPORT MULTIYEAR INITIATIVES AUTHORIZED UNDER TITLE  
20 8, SUBTITLE 2A OF THE NATURAL RESOURCES ARTICLE THAT ALSO INVOLVE  
21 FUNDING FROM THE CHESAPEAKE AND ATLANTIC COASTAL BAYS 2010 TRUST  
22 FUND;

23 (12) TO PROVIDE FINANCIAL ASSISTANCE TO DISADVANTAGED  
24 COMMUNITIES AS DEFINED IN THE FEDERAL SAFE DRINKING WATER ACT IN THE  
25 FORM OF PLANNING PHASE GRANTS OR DESIGN PHASE GRANTS;

26 [(9)] (13) For any other purpose authorized for any federal funds deposited  
27 in the Drinking Water Loan Fund including, without limitation, any purpose authorized by  
28 the federal Safe Drinking Water Act, including source water protection expenditures  
29 eligible for assistance from the Drinking Water Loan Fund; and

30 [(10)] (14) To provide financial assistance in the form of grants, negative  
31 interest loans, forgiveness of principal, subsidized interest rates, and any other form of  
32 financial assistance as authorized or required by:

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

- 1 (ii) [§ 302] §§ 302 AND 1452 of the federal Safe Drinking Water Act;
- 2 (iii) Title VI of the Federal Water Pollution Control Act; or
- 3 (iv) Federal appropriations or authorization acts.

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

10 (1) **WATER INFRASTRUCTURE LOANS DESIGNED TO ENSURE FAIRER**  
11 **AND MORE JUST OPPORTUNITIES TO IMPROVE COMMUNITY HEALTH THROUGH**  
12 **BETTER WATER SERVICE;**

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

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

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

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

24 **Article – Natural Resources**

25 3-201.

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

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

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

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

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

7                           **(I) CLIMATE RESILIENCE;**

8                           **(II) CARBON SEQUESTRATION;**

9                           **(III) THE PROVISION OF WILDLIFE HABITAT;**

10                           **(IV) CONTRIBUTIONS TO FOREST HEALTH; AND**

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

12           **(2) AN EASEMENT APPROVED BY THE TRUST SHALL ALLOW FOR THE**  
13 **POTENTIAL OF ECONOMIC RETURN FROM THE PROTECTION, MANAGEMENT,**  
14 **MAINTENANCE, OR IMPROVEMENT OF ECOSYSTEM SERVICES PROVIDED BY THE**  
15 **PROPERTY, SO LONG AS THOSE USES DO NOT IMPAIR OR INTERFERE WITH THE**  
16 **CONSERVATION VALUES AND PURPOSES OF THE TRUST.**

17 5–102.

18           (a) The General Assembly finds that:

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

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

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

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

1           (5) Forests are susceptible to environmental degradation caused by natural  
2 threats;

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

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

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

8               (ii) Sequestration of carbon;

9               (iii) Avoidance of energy–related emissions;

10              (iv) Mitigation of air pollutants, such as ozone and particulate  
11 matter;

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

13              (vi) Contributions to community livability;

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

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

20               (i) Green power goal for State facilities;

21               (ii) Renewable Energy Portfolio Standard;

22               (iii) Healthy Air Act; and

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

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

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

29               (1) Achieving no net loss of forest;

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

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

8 (4) Developing financial incentives to encourage landowners to retain and  
9 manage their forests sustainably and in a manner that is consistent with a forest  
10 stewardship plan, **INCLUDING BY ALLOWING LANDOWNERS TO USE FORESTS  
11 LOCATED ON STATE LANDS TO SATISFY BUFFER OR INSURANCE PROVISIONS  
12 REQUIRED BY REGISTRIES OR PROTOCOLS ASSOCIATED WITH PRIVATE FOREST  
13 CARBON CREDIT TRANSACTIONS;**

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

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

18 (7) Recognizing the importance of:

19 (i) A viable forest products industry to the economies of rural  
20 Maryland;

21 (ii) Continued development of fiber products; and

22 (iii) Maryland's green infrastructure; and

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

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

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

32 **(I) MAKE RECOMMENDATIONS REGARDING THE CREATION OF  
33 A STATEWIDE INITIATIVE TO IMPLEMENT FOREST CARBON SEQUESTRATION OFFSET**

1 PROJECTS ON PRIVATE AND PUBLIC FOREST LANDS;

2 (II) FACILITATE THE ENROLLMENT OF FOREST LANDS IN  
3 CARBON SEQUESTRATION MARKETS;

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

7 (IV) RECOMMEND METHODOLOGIES TO ALLOW GROUPS OF  
8 LANDOWNERS TO JOINTLY DEVELOP AND ENROLL CARBON OFFSET PROJECTS; AND

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

11 5-9A-05.

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

13 (I) CLIMATE RESILIENCE;

14 (II) CARBON SEQUESTRATION;

15 (III) THE PROVISION OF WILDLIFE HABITAT;

16 (IV) CONTRIBUTIONS TO FOREST HEALTH; AND

17 (V) THE PROTECTION OR RESTORATION OF WETLANDS.

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

22 (I) THOSE USES DO NOT IMPAIR OR INTERFERE WITH THE  
23 CONSERVATION VALUES AND PURPOSES OF THE PROGRAM; AND

24 (II) ANY CREDITS USED TO MITIGATE OFFSITE  
25 ENVIRONMENTAL DAMAGE AFFIRMATIVELY ENHANCE THE CONSERVATION  
26 ATTRIBUTES OF THE PROPERTY.

27 5-1607.

28 (a) The preferred sequence for afforestation and reforestation shall be established

1 by the State or local authority in accordance with the following after all techniques for  
2 retaining existing forest cover on-site have been exhausted:

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

5 (2) On-site afforestation or reforestation may be utilized where the  
6 retention options have been exhausted. In those cases, the method shall be selected in  
7 accordance with subsection (b) of this section, and the location shall be selected in  
8 accordance with subsection (d) of this section;

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

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

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

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

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

22 1. [forest] **FOREST** mitigation banks which have been so  
23 designated in advance by the State or local forest conservation program which is approved  
24 by the Department; **OR**

25 2. **OTHER OFF-SITE ADVANCE AFFORESTATION OR**  
26 **REFORESTATION WHICH HAS ALREADY BEEN COMPLETED AND IS THUS KNOWN TO**  
27 **BE SUCCESSFUL**; and

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

31 5-1610.

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

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



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

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

4 (c) (1) Except as provided in subsection (h) of this section, if any person subject  
5 to this subtitle demonstrates to the satisfaction of the appropriate State or local authority  
6 that the requirements for reforestation or afforestation on-site or off-site cannot be  
7 reasonably accomplished and appropriate credits generated by a forest mitigation bank in  
8 the same county or watershed are not available, the person shall contribute money to the  
9 Fund:

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

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

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

15 [(2) (I) [After September 30, 2014] **ON OR BEFORE SEPTEMBER 30,**  
16 **2021:**

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

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

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

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

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

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

30 **(II) THE CONTRIBUTION RATE SHALL BE AT LEAST 10% HIGHER**  
31 **THAN THE AVERAGE COST OF CREDITS PURCHASED DURING THE 3 YEARS**

1 IMMEDIATELY PRECEDING ADOPTION OF THE REGULATIONS FROM:

2 1. MITIGATION BANKS LOCATED IN THE COUNTY; OR

3 2. IF NO CREDITS WERE PURCHASED FROM MITIGATION  
4 BANKS IN THE COUNTY, MITIGATION BANKS LOCATED THROUGHOUT THE STATE.

5 (d) Money collected by the State or a local authority under § 5–1608(c) or §  
6 5–1612 of this subtitle for noncompliance with this subtitle or regulations adopted under  
7 this subtitle or for noncompliance with a forest conservation plan or the associated 2–year  
8 management agreement shall be deposited in the Fund.

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

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

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

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

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

29 (ii) If the reforestation or afforestation cannot be reasonably  
30 accomplished in the county and watershed in which the project is located, then the  
31 reforestation or afforestation shall occur in the county or watershed in the State in which  
32 the project is located.

33 (iii) If the reforestation or afforestation cannot be reasonably  
34 accomplished in the county or watershed in which the project is located, then the  
35 reforestation or afforestation shall be accomplished through purchase of credits in,  
36 establishment, or maintenance of a forest mitigation bank in accordance with regulations

1 of the Department. The Reforestation Fund may not be used to finance administrative  
2 activities associated with a mitigation bank and any credits created by the Reforestation  
3 Fund may not be sold to compensate for additional forest impacts.

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

6 (h) (1) In lieu of a State Forest Conservation Fund, any local authority with  
7 an approved forest conservation program may establish a forest conservation fund, to be  
8 administered by the local authority, to allow a payment by any person who has  
9 demonstrated to the satisfaction of the local authority that:

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (i) (1) Money deposited in the local forest conservation fund under subsection  
6 (h) of this section may only be spent on **THE PURCHASE OF FOREST MITIGATION BANK**  
7 **CREDITS AND** reforestation and afforestation, including the costs directly related to site  
8 identification, acquisition, prepurchase, and preparation, maintenance of existing forests,  
9 and achieving urban canopy goals, and may not revert to any other local general fund.

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

13 (ii) If the reforestation or afforestation cannot be reasonably  
14 accomplished in the county and watershed in which the project is located, then the  
15 reforestation or afforestation shall occur in the county or watershed in the State in which  
16 the project is located.

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

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

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

28 (ii) Shall ensure that the equivalent number of acres for which  
29 money is collected and paid into its forest conservation fund is mitigated in accordance with  
30 afforestation, reforestation, and conservation priorities and techniques authorized under §  
31 5–1607 of this subtitle.

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

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

4 **5-1610.2.**

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

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

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

15 **8-203.**

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

21 **(B) THROUGH INTERGOVERNMENTAL AGREEMENTS WITH OTHER STATES,**  
22 **THE SECRETARY MAY PURCHASE ENVIRONMENTAL OUTCOMES, AS DEFINED IN §**  
23 **8-2A-01 OF THIS TITLE, FROM LONG-TERM OR PERMANENT PROJECTS LOCATED IN**  
24 **THE PORTION OF THE SUSQUEHANNA RIVER BASIN LYING WITHIN OTHER STATES**  
25 **UNDER CIRCUMSTANCES THAT WOULD ALLOW:**

26 **(1) THE STATE TO RECEIVE CREDIT FOR THOSE OUTCOMES UNDER A**  
27 **WATER QUALITY COMPLIANCE PLAN; AND**

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

32 **8-207.**

33 **THE DEPARTMENT MAY NOT PROHIBIT OR LIMIT, THROUGH ANY CONTRACT,**

1 EASEMENT, OR AGREEMENT, A PARTICIPANT IN A PROGRAM ADMINISTERED BY THE  
2 DEPARTMENT FROM PARTICIPATING IN AND RECEIVING COMPENSATION FROM  
3 GREENHOUSE GAS MARKETS, CARBON CREDITS, OR SOIL CARBON PROGRAMS, IF  
4 THE PURPOSE OF THE COMPENSATION IS TO ACHIEVE ADDITIONAL  
5 ENVIRONMENTAL OUTCOMES THAT ARE CONSISTENT WITH THE STATE'S  
6 CHESAPEAKE BAY CONSERVATION GOALS.

7 8-2A-01.

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

9 (b) ["BayStat Program" means the program established under § 8-2A-03 of this  
10 subtitle.] "AGGREGATOR" MEANS A PERSON THAT FACILITATES OR COORDINATES  
11 THE ESTABLISHMENT OF PRACTICES OR PROJECTS THAT:

12 (1) ARE IMPLEMENTED BY THE PERSON OR BY OTHERS;

13 (2) PRODUCE A QUANTIFIABLE ENVIRONMENTAL OUTCOME;

14 (3) ARE REGISTERED BY THE PERSON; AND

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

16 (c) "ENVIRONMENTAL OUTCOME" MEANS A COMMODITY THAT IS MODELED  
17 OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF  
18 IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON  
19 BENEFIT.

20 (d) "EVALUATOR" MEANS A PERSON OTHER THAN AN AGGREGATOR THAT  
21 DETERMINES WHETHER ENVIRONMENTAL OUTCOMES HAVE BEEN ACHIEVED BASED  
22 ON DEFINED PERFORMANCE MEASURES.

23 [(c)] (e) (1) "Nonpoint source pollution control project" means a project to  
24 improve water quality by a reduction of nitrogen, phosphorus, or sediment pollution.

25 (2) "Nonpoint source pollution control project" includes:

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

29 (ii) An urban or suburban stormwater practice;

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

1 (iv) Stream and wetland restoration;

2 (v) Riparian buffer planting;

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

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

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

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

15 [(d)] (F) "Trust Fund" means the Chesapeake and Atlantic Coastal Bays 2010  
16 Trust Fund.

17 (G) "QUANTIFICATION PLAN" MEANS A PLAN IN WHICH AN AGGREGATOR  
18 DESCRIBES:

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

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

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

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

29 [(e)] (H) "Watershed implementation plan" means a plan to achieve the nutrient  
30 and sediment limits required under the Chesapeake Bay total maximum daily load.

31 8-2A-03.

- 1           (a)   (1)   There is a [BayStat Program] **BAY CABINET** [to:
- 2                           (i)    Measure and evaluate efforts to restore the Chesapeake and  
3 Atlantic Coastal Bays; and
- 4                           (ii)   Administer the Trust Fund].
- 5           (2)   [The BayStat Subcabinet shall oversee the administration of the  
6 BayStat Program.
- 7           (3)]   The [BayStat Subcabinet] **BAY CABINET** is composed of:
- 8                           (i)    The Secretary of Natural Resources;
- 9                           (ii)   The Secretary of the Environment;
- 10                          (iii)   The Secretary of Planning;
- 11                          (iv)   The Secretary of Agriculture;
- 12                          (v)    The President of the University of Maryland Center for  
13 Environmental Science;
- 14                          (vi)   The Dean of the College of Agriculture and Natural Resources at  
15 the University of Maryland, College Park Campus; and
- 16                          (vii)   The chair of the Critical Area Commission for the Chesapeake  
17 and Atlantic Coastal Bays.
- 18           (b)   The [BayStat Program] **BAY CABINET** shall:
- 19                          (1)    Provide accurate and timely data to policymakers and the public about  
20 the efficacy and cost-effectiveness of local, State, and federal programs to restore the  
21 Chesapeake and Atlantic Coastal Bays;
- 22                          (2)    Track and assess the progress of State and federal programs to improve  
23 the health of the Chesapeake and Atlantic Coastal Bays;
- 24                          (3)    Assess the effectiveness of enforcement programs in curbing pollution  
25 and achieving Chesapeake and Atlantic Coastal Bays restoration goals and institute  
26 actions to improve the effectiveness of enforcement programs;
- 27                          (4)    Adopt measurable goals for Chesapeake and Atlantic Coastal Bays  
28 restoration;
- 29                          (5)    Identify new threats to the health of the Chesapeake and Atlantic



1 Coastal Bays;

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

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

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

6 (1) Report annually to the public regarding:

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

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

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

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

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

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

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

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

25 **(2) BEGINNING WITH THE PLAN PREPARED FOR FISCAL YEAR 2023,**  
26 **THE PLAN SHALL BE INFORMED BY THE ANALYSIS CARRIED OUT BY THE TRUST**  
27 **FUND PROGRAM SCIENTIFIC AND FINANCIAL ADVISORY PANEL UNDER §**  
28 **8-2A-04(G)(4)(VII) OF THIS SUBTITLE.**

29 8-2A-04.

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

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

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

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

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

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

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

19 (i) Through grants to:

20 1. Counties;

21 2. Bicounty agencies;

22 3. Municipalities;

23 4. Forest conservancy district boards;

24 5. Soil conservation districts;

25 6. Academic institutions; and

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

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

30 (iii) To the Maryland Agricultural Cost-Share Program established

1 under Title 8, Subtitle 7 of the Agriculture Article for nonpoint source pollution control  
2 projects; [and]

3 (iv) To the Mel Noland Woodland Incentives Fund established under  
4 § 5–307 of this article; AND

5 (v) **SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION,**  
6 **THROUGH THE PROCUREMENT OF NUTRIENT– OR SEDIMENT–RELATED**  
7 **ENVIRONMENTAL OUTCOMES UNDER A PAY–FOR–SUCCESS CONTRACT OR ANY**  
8 **OTHER PROCUREMENT METHOD AUTHORIZED UNDER DIVISION II OF THE STATE**  
9 **FINANCE AND PROCUREMENT ARTICLE.**

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

11 (i) **DEVELOP** solicitations, guidelines, and applications for Trust  
12 Fund grants **AND CONTRACTS** that shall include consideration of the extent to which a  
13 proposed project, both geographically and by practice, will deliver the greatest, most  
14 cost–effective, and measurable nonpoint source pollution reduction per Trust Fund  
15 dollar[.]; AND

16 (ii) [The BayStat Program shall] **IN EVALUATING TRUST FUND**  
17 **APPLICATIONS**, encourage and consider [multi–year]:

18 1. **MULTI–YEAR**, multi–partner proposals, local match or  
19 cost–share agreements, or similar actions proposed by [a grant] AN applicant [in  
20 evaluating a Trust Fund grant application];

21 2. **PROJECTS THAT, IN ADDITION TO PROVIDING**  
22 **COST–EFFECTIVE AND MEASURABLE NONPOINT SOURCE POLLUTION REDUCTIONS,**  
23 **PROVIDE CO–BENEFITS INCLUDING:**

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

26 B. **CLIMATE RESILIENCE;**

27 C. **CARBON SEQUESTRATION;**

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

29 E. **LOCAL EMPLOYMENT OPPORTUNITIES;**

30 F. **THE IMPROVEMENT OR PROVISION OF**  
31 **RECREATIONAL OPPORTUNITIES; OR**

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

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

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

8                   **B. USE THE COMBINED SOURCES TO FUND AND**  
9 **ADMINISTER THE IMPLEMENTATION OF MULTIPLE PROJECTS OR PAY FOR**  
10 **ENVIRONMENTAL OUTCOMES FROM MULTIPLE COMPLETED PROJECTS.**

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

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

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

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

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

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

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

30                   **(d) Any grant OR CONTRACT agreement regarding funds from the Trust Fund**  
31 **shall:**

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

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

5 (3) Include provisions for verification that practices are being  
6 implemented.

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

10 (2) The report required under paragraph (1) of this subsection shall  
11 include:

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

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

14 A. The number and amounts of grants awards; and

15 B. Direct expenditures by the agency;

16 2. How funding was leveraged; and

17 3. Estimated or calculated nutrient reductions associated  
18 with Trust Fund expenditures.

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

21 1. Project location;

22 2. Description of practices implemented;

23 3. Timeframes for project completion;

24 4. Estimated or calculated nutrient reductions; and

25 5. Provisions for long-term maintenance of practices.

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

29 (g) (1) There is a [BayStat] **TRUST FUND** Program Scientific **AND**

1 **FINANCIAL** Advisory Panel.

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

4 (3) The [BayStat] **TRUST FUND** Program Scientific **AND FINANCIAL**  
5 Advisory Panel shall include scientists and other technical experts with demonstrated  
6 expertise in the disciplines related to protection and restoration of the Chesapeake and  
7 Atlantic Coastal Bays.

8 (4) The [BayStat] **TRUST FUND** Program Scientific **AND FINANCIAL**  
9 Advisory Panel shall:

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

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

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

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

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

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

24 **(VII) ON OR BEFORE JANUARY 31, 2022:**

25 **1. ANALYZE AND COMPARE THE FUND DISTRIBUTIONS**  
26 **THROUGH THE COMPETITIVE PROGRAM AND BY EACH BAY CABINET AGENCY FOR**  
27 **FISCAL YEARS 2012 THROUGH 2022 AND THE STRATEGIES SUPPORTED BY THOSE**  
28 **DISTRIBUTIONS;**

29 **2. QUANTIFY THE RELATIVE EFFECTIVENESS OF EACH**  
30 **DISTRIBUTION AND STRATEGY PER DOLLAR OF STATE AND PUBLIC FUNDING; AND**

31 **3. REPORT TO THE BAY CABINET, THE GOVERNOR, AND,**  
32 **IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE**

1 **GENERAL ASSEMBLY ON THE RESULTS OF THE ANALYSES REQUIRED UNDER ITEMS**  
2 **1 AND 2 OF THIS ITEM.**

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

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

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

11 **(I) THE ADAPTIVE MANAGEMENT, MAINTENANCE, OR**  
12 **CATASTROPHE-INDUCED REPAIR NEEDS OF PROJECTS FUNDED BY THE GRANTS OR**  
13 **CONTRACTS; AND**

14 **(II) PAYING FOR QUANTIFIED AND VERIFIED WATER**  
15 **QUALITY-RELATED ENVIRONMENTAL OUTCOMES THAT EXCEED THE QUANTITY OF**  
16 **ENVIRONMENTAL OUTCOMES ANTICIPATED UNDER PARTICULAR GRANTS OR**  
17 **CONTRACTS.**

#### 18 **Article – State Finance and Procurement**

19 10A-101.

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

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

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

27 13-101.

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

29 (b) “Designated procurement unit” means:

30 (1) the Department of Budget and Management;

1 (2) the Department of General Services;

2 (3) the Department of Information Technology; or

3 (4) the Department of Transportation.

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

6 (d) “Evaluated bid price” means the price of a bid after adjustment in accordance  
7 with objective measurable criteria.

8 (e) “Master contracting” means a streamlined procurement method that provides  
9 for the qualification of bidders and offerors for the procurement of services, supplies, or  
10 commodities.

11 (f) (1) “Objective measurable criteria” means standards that enable the State  
12 to compare the economy, effectiveness, or value of the subject of the bids.

13 (2) “Objective measurable criteria” includes standards of reliability,  
14 operational costs, maintainability, useful life, and residual value.

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

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

20 (1) the State;

21 (2) a county, a municipal corporation, or any other political subdivision;  
22 and

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

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

27 13-102.

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

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



- 1 (2) competitive sealed proposals under § 13–104 or § 13–105 of this  
2 subtitle;
- 3 (3) noncompetitive negotiation under § 13–106 of this subtitle;
- 4 (4) sole source procurement under § 13–107 of this subtitle;
- 5 (5) emergency or expedited procurement under § 13–108 of this subtitle;
- 6 (6) small procurement under § 13–109 of this subtitle;
- 7 (7) an intergovernmental cooperative purchasing agreement under §  
8 13–110 of this subtitle;
- 9 (8) auction bids under § 13–111 of this subtitle;
- 10 (9) architectural, engineering, and land surveying services qualification  
11 based selection under § 13–112 of this subtitle; [or]
- 12 (10) master contracting under § 13–113 of this subtitle; OR

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

15 (b) (1) In awarding a procurement contract for human, social, cultural, or  
16 educational service, the preferred method is by competitive sealed proposals under §  
17 13–104 of this subtitle.

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

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

24 **13–112.1.**

25 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
26 **INDICATED.**

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

28 (I) **PROVIDES OR CONTRACTS FOR ENVIRONMENTAL**  
29 **OUTCOMES; OR**

1 (II) PROVIDES OR RAISES CAPITAL TO FINANCE DELIVERY OF  
2 ENVIRONMENTAL OUTCOMES.

3 (3) "ENVIRONMENTAL OUTCOME" MEANS A COMMODITY THAT IS  
4 MODELED OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED  
5 UNIT OF IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR  
6 CARBON BENEFIT.

7 (4) "ENVIRONMENTAL OUTCOMES PROJECT" MEANS A PROJECT  
8 DESIGNED TO SECURE ENVIRONMENTAL OUTCOMES.

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

12 (6) "OUTCOME PAYMENT" MEANS THE MONEY PAID WHEN A  
13 PAY-FOR-SUCCESS CONTRACT PERFORMANCE MEASURE IS MET.

14 (7) "QUANTIFICATION PLAN" MEANS A PLAN IN WHICH AN  
15 AGGREGATOR DESCRIBES:

16 (I) THE METHOD THAT WILL BE USED TO MEASURE OR MODEL  
17 ENVIRONMENTAL OUTCOMES AND CO-BENEFITS UNDER A PAY-FOR-SUCCESS  
18 CONTRACT;

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

22 (III) VERIFICATION STEPS THAT WILL BE CARRIED OUT BY THE  
23 STATE TO CONFIRM MODEL RESULTS OR ACCURATE MEASUREMENT OF  
24 ENVIRONMENTAL OUTCOMES; AND

25 (IV) THE TIMELINE FOR PROPOSED PAYMENTS UNDER THE  
26 PAY-FOR-SUCCESS CONTRACT.

27 (B) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

28 (1) PAY-FOR-SUCCESS CONTRACTING SHIFTS THE RISK OF  
29 PERFORMANCE TO THE CONTRACTOR BECAUSE GOVERNMENT PAYMENT IS ONLY  
30 MADE UPON ACHIEVEMENT OF OUTCOMES;

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

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

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

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

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

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

18           **(I) THE DEPARTMENT OF AGRICULTURE;**

19           **(II) THE DEPARTMENT OF THE ENVIRONMENT;**

20           **(III) THE DEPARTMENT OF NATURAL RESOURCES;**

21           **(IV) THE DEPARTMENT OF TRANSPORTATION; AND**

22           **(V) THE MARYLAND ENVIRONMENTAL SERVICE.**

23           **(2) (I) A UNIT SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION**  
24 **MAY ENTER INTO A PAY-FOR-SUCCESS CONTRACT WITH AN AGGREGATOR TO**  
25 **PROCURE:**

26           **1. DELIVERY OF AN ENVIRONMENTAL OUTCOMES**  
27 **PROJECT; OR**

28           **2. ALREADY CERTIFIED ENVIRONMENTAL OUTCOMES.**

29           **(II) OTHER STATE AND LOCAL ENTITIES MAY PARTICIPATE IN A**

1 PAY-FOR-SUCCESS CONTRACT UNDER THIS SUBSECTION IN ACCORDANCE WITH AN  
2 INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENT UNDER § 13-110  
3 OF THIS SUBTITLE.

4 (3) A PAY-FOR-SUCCESS CONTRACT EXECUTED UNDER THIS  
5 SUBSECTION SHALL INCLUDE:

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

7 (II) A STATEMENT OF THE ENVIRONMENTAL OUTCOMES TO BE  
8 PROCURED UNDER THE CONTRACT AND A DESCRIPTION OF HOW DEFINED  
9 PERFORMANCE MEASURES WILL DEMONSTRATE PROGRESS IN ACHIEVING THESE  
10 OUTCOMES;

11 (III) REQUIREMENTS REGARDING THE CONTENT AND  
12 FREQUENCY OF PROGRESS REPORTS REGARDING THE ACHIEVEMENT OF  
13 ENVIRONMENTAL OUTCOMES;

14 (IV) A METHODOLOGY FOR CALCULATING THE AMOUNT AND  
15 TIMING OF OUTCOME PAYMENTS TO AN AGGREGATOR WHEN THE EVALUATOR  
16 DETERMINES THAT THE AGGREGATOR HAS ACHIEVED A DEFINED PERFORMANCE  
17 MEASURE;

18 (V) A STATEMENT THAT THE BASIS OF PAYMENT IS THE  
19 DETERMINATION OF ACHIEVEMENT OF ENVIRONMENTAL OUTCOMES BY THE  
20 EVALUATOR AND THAT PAYMENTS FOR THOSE OUTCOMES DO NOT REQUIRE  
21 ITEMIZED BILLING OR COST DOCUMENTATION BY THE AGGREGATOR; AND

22 (VI) TERMS ADDRESSING:

23 1. COMPLIANCE WITH STATE LAW;

24 2. NONDISCRIMINATION IN EMPLOYMENT;

25 3. CONTRACTOR INDEMNIFICATION;

26 4. TERMINATION FOR DEFAULT; AND

27 5. THE UNIT'S RIGHT TO INSPECT THE ENVIRONMENTAL  
28 OUTCOMES PROJECT.

29 (4) A PAY-FOR-SUCCESS CONTRACT EXECUTED UNDER THIS  
30 SUBSECTION MAY INCLUDE PROVISIONS REGARDING:

1                   (I) LONG-TERM MAINTENANCE AND MONITORING OF  
2 ENVIRONMENTAL SERVICES, INCLUDING THE ESTABLISHMENT OF A STEWARDSHIP  
3 FUND;

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

6                   (III) FOR AGRICULTURE SERVICES, PAYMENT FOR  
7 ACHIEVEMENT OF BASELINE WATER QUALITY REQUIREMENTS FOR NITROGEN,  
8 PHOSPHORUS, OR SEDIMENT; OR

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

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

14   Article – Environment

15                   SUBTITLE 14. GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY  
16   COMMISSION.

17   5-1401.

18           (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
19 INDICATED.

20           (B) “BLUE INFRASTRUCTURE” HAS THE MEANING STATED IN § 9-1601 OF  
21 THIS ARTICLE.

22           (C) “COMMISSION” MEANS THE GREEN AND BLUE INFRASTRUCTURE  
23 POLICY ADVISORY COMMISSION.

24           (D) “GREEN INFRASTRUCTURE” HAS THE MEANING STATED IN § 9-1601 OF  
25 THIS ARTICLE.

26   5-1402.

27           (A) THERE IS A GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY  
28 COMMISSION.

29           (B) THE PURPOSE OF THE COMMISSION IS TO ADVISE THE SECRETARY, THE

1 **BAY CABINET, AND LOCAL GOVERNMENT OFFICIALS ON WAYS TO FACILITATE AND**  
2 **ACCELERATE THE SCALE AND PACE OF IMPLEMENTATION OF GREEN AND BLUE**  
3 **INFRASTRUCTURE PROJECTS IN THE STATE, INCLUDING PROJECTS DESIGNED TO:**

4 (1) **REDUCE NUTRIENT AND SEDIMENT LOADS ENTERING THE**  
5 **CHESAPEAKE BAY;**

6 (2) **SEQUESTER NUTRIENTS ALREADY IN THE CHESAPEAKE BAY;**

7 (3) **IMPROVE CLIMATE RESILIENCY;**

8 (4) **SEQUESTER CARBON;**

9 (5) **PROTECT AND RESTORE IMPORTANT TERRESTRIAL OR AQUATIC**  
10 **HABITATS;**

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

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

13 (8) **AUGMENT SHELLFISH POPULATIONS; OR**

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

15 (C) **THE COMMISSION CONSISTS OF THE FOLLOWING MEMBERS,**  
16 **APPOINTED BY THE SECRETARY IN CONSULTATION WITH THE OTHER MEMBERS OF**  
17 **THE BAY CABINET:**

18 (1) **FOUR REPRESENTATIVES OF LOCAL GOVERNMENT WHO ARE**  
19 **RESPONSIBLE FOR IMPLEMENTING ECOLOGICAL RESTORATION PROJECTS, OF**  
20 **WHOM TWO SHALL REPRESENT COUNTY GOVERNMENTS AND TWO SHALL**  
21 **REPRESENT MUNICIPAL GOVERNMENTS;**

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

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

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

28 (5) **ONE REPRESENTATIVE OF THE UNIVERSITY OF MARYLAND**

1 ENVIRONMENTAL FINANCE CENTER;

2 (6) TWO MEMBERS OF THE PUBLIC WHO HAVE A DOCUMENTED AND  
3 CONTINUING INTEREST IN ECOLOGICAL RESTORATION; AND

4 (7) TWO REPRESENTATIVES OF STATE AGENCIES WHO ARE  
5 RESPONSIBLE FOR IMPLEMENTING GREEN OR BLUE INFRASTRUCTURE PROJECTS.

6 (D) THE SECRETARY SHALL ENSURE THAT, TO THE EXTENT PRACTICABLE,  
7 THE MEMBERSHIP OF THE COMMISSION REFLECTS THE GEOGRAPHIC, RACIAL,  
8 GENDER, AND CULTURAL DIVERSITY OF THE STATE.

9 (E) FROM AMONG THE COMMISSION MEMBERS, THE SECRETARY SHALL  
10 DESIGNATE:

11 (1) ONE OF THE STATE AGENCY REPRESENTATIVES TO SERVE AS  
12 COCHAIR; AND

13 (2) ONE OF THE LOCAL GOVERNMENT REPRESENTATIVES TO SERVE  
14 AS COCHAIR.

15 (F) A MEMBER OF THE COMMISSION:

16 (1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE  
17 COMMISSION; BUT

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

20 5-1403.

21 (A) THE COMMISSION SHALL MEET AT LEAST ONCE PER YEAR AT A  
22 LOCATION DESIGNATED BY THE SECRETARY.

23 (B) THE COMMISSION SHALL STUDY AND MAKE RECOMMENDATIONS  
24 REGARDING:

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

27 (2) CHANGES TO LOCAL DEVELOPMENT POLICIES AND REGULATIONS  
28 THAT WOULD FACILITATE THE TIMELY REVIEW AND APPROVAL OF GREEN AND BLUE  
29 INFRASTRUCTURE PROJECTS;

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

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

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

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

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

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

19           **(c) ON OR BEFORE JANUARY 1 EACH YEAR, THE COMMISSION SHALL**  
20 **REPORT TO THE SECRETARY, THE GOVERNOR, AND, IN ACCORDANCE WITH § 2-1257**  
21 **OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON ITS FINDINGS**  
22 **AND RECOMMENDATIONS.**

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

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

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

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

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

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

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



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

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

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

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

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

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

10 (i) one representative of the Maryland Society of Accounting and  
11 Tax Professionals; and

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

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

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

19 (e) A member of the Task Force:

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

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

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

29 (2) The Task Force shall:

30 (i) document the extent to which Government Accounting  
31 Standards Board standards have been adopted in the State, identify barriers to the

1 adoption of the standards, and make recommendations regarding the increased adoption of  
2 the standards;

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

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

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

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

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

17 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
18 1, 2021. Section 2 of this Act shall remain effective for a period of 3 years and, at the end of  
19 June 30, 2024, Section 2 of this Act, with no further action required by the General  
20 Assembly, shall be abrogated and of no further force and effect. Section 3 of this Act shall  
21 remain effective for a period of 2 years and, at the end of June 30, 2023, Section 3 of this  
22 Act, with no further action required by the General Assembly, shall be abrogated and of no  
23 further force and effect.