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*The Maryland House of Delegates*  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of House Bill 94**

**Environment – Water Quality Revolving Loan Fund**

Chairman Barve and Committee members:

This bill would expand the uses of the loan guarantee function under the State's Water Quality Revolving Loan Fund to include green infrastructure and nonpoint source projects. With my amendment, it also would allow the Loan Fund to be used as a guarantee for long-term pay for success contracts, green bonds, or environmental impact bonds by any public, private, or nonprofit entity for water quality benefit outcomes.

Each state accesses funding and guarantees for its Water Quality Revolving Loan Fund from the EPA. Under Maryland law, there are many ways that MDE can use the Loan Fund. One is to guarantee bonds, notes, or other loans issued by a local government for the purpose of financing all or a portion of *the cost of a wastewater facility*, if the loan guarantee would reduce interest rates or improve credit market access. That's how the Loan Fund has historically been used in Maryland – to support upgrading of wastewater facilities and other sewer infrastructure.

EPA has said that the Loan Fund guarantee can be used for projects in addition to wastewater facility projects, such as green infrastructure and nonpoint source projects, provided they improve water quality. I've worked with MDE to come up with the language in the bill and the amendment that does that. MDE has said that the bill's language clarifies its authority and conforms to federal law.

By making these changes, we will allow the loan guarantee function to assist projects such as tree plantings, forest management, and other environmental improvement projects that have a water quality benefit. That would make these projects more affordable. The loan guarantee function can also be used for pay for success contracts or green bonds issued by a public or private entity that have water quality benefit outcomes.

Any new project or project category would still need to be approved by MDE and would require a funding agreement with MDE.