

# SENATE BILL 1144

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4r3477  
CF HB 1266

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By: **Senators Guzzone and Elfreth**

Introduced and read first time: February 10, 2024

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Clean Water Commerce Account – Contracts for the Purchase of Environmental**  
3 **Outcomes**

4 FOR the purpose of requiring, in entering into a certain contract under the Clean Water  
5 Commerce Account for the purchase of a certain environmental outcome, the  
6 Department of the Environment to allow certain nonuniform payment schedules and  
7 include certain financial incentives for certain purposes; and generally relating to  
8 the Clean Water Commerce Account.

9 BY repealing and reenacting, without amendments,  
10 Article – Environment  
11 Section 9–1605.4(a)(1), (2), and (6), (b), (c), (f)(1), (m), and (n)  
12 Annotated Code of Maryland  
13 (2014 Replacement Volume and 2023 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Environment  
16 Section 9–1605.4(o)  
17 Annotated Code of Maryland  
18 (2014 Replacement Volume and 2023 Supplement)

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

### Article – Environment

22 9–1605.4.

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

24 (2) “Account” means the Clean Water Commerce Account.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (6) "Environmental outcome" means nitrogen load reductions that can be  
2 directly measured or modeled using the Chesapeake Bay Program Models.

3 (b) There is a Clean Water Commerce Account.

4 (c) The purpose of the Account is to purchase environmental outcomes in support  
5 of the State's efforts to achieve the Chesapeake Bay TMDL.

6 (f) (1) Subject to the provisions of this subsection, the Account may be used  
7 only for the purchase of cost-effective environmental outcomes that:

8 (i) Support the State's efforts to achieve the Chesapeake Bay  
9 TMDL; and

10 (ii) Have an expected life of at least 10 years.

11 (m) An environmental outcome purchased under this section shall:

12 (1) Result from a new project or practice designed and established  
13 following the selection of a proposal and the execution of a contract in accordance with this  
14 section;

15 (2) Be in addition to any load reduction required by any federal, State, or  
16 local law, regulation, policy, or permit, including any applicable total maximum daily load;  
17 and

18 (3) Be consistent with the Chesapeake Bay Program Models so as to ensure  
19 the load reductions will count toward the achievement of the Chesapeake Bay TMDL.

20 (n) A contract entered into by the Department under this section may be funded  
21 for the expected life of the project or practice yielding the environmental outcome, not to  
22 exceed 20 years.

23 (o) **(1) [A] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,** A contract  
24 entered into by the Department under this section shall:

25 **[(1)] (I)** Require the owner of the project or practice to periodically submit  
26 status updates in accordance with the quantification plan for the environmental outcomes  
27 of the project or practice;

28 **[(2)] (II)** Require that payment for environmental outcomes be  
29 conditioned on the achievement and verification of the environmental outcomes in  
30 accordance with the quantification plan;

31 **[(3)] (III)** Include a schedule of payments that will be made as  
32 environmental outcomes are achieved and verified; and

1            ~~[(4)]~~ (IV) Require reporting on the amount of nitrogen and, to the extent  
2 that it can be feasibly determined without significant expense, phosphorus and sediment  
3 that are removed annually by the project or practice.

4            (2) IN ENTERING INTO A CONTRACT UNDER THIS SECTION, THE  
5 DEPARTMENT SHALL:

6            (I) FOR THE PURPOSE OF REDUCING FINANCING COSTS FOR  
7 THE OWNER OF A PROJECT OR PRACTICE AND THE STATE, ALLOW NONUNIFORM  
8 PAYMENT SCHEDULES THAT TAKE INTO ACCOUNT THE UPFRONT CAPITAL  
9 INVESTMENT NEEDED IN ORDER TO GENERATE THE INITIAL ENVIRONMENTAL  
10 OUTCOMES OF A PROJECT OR PRACTICE; AND

11            (II) INCLUDE FINANCIAL INCENTIVES TO ENSURE THE OWNER'S  
12 COMMITMENT TO THE OPERATION AND MAINTENANCE OF THE PROJECT OR  
13 PRACTICE FOR ITS PROPOSED EXPECTED LIFE.

14            SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
15 1, 2024.