

# HOUSE BILL 653

M3, P2  
SB 737/21 – EHE

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CF SB 348

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

Introduced and read first time: January 31, 2022

Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Conservation Finance Act**

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

29 BY repealing and reenacting, with amendments,  
30 Article – Agriculture  
31 Section 8-702  
32 Annotated Code of Maryland  
33 (2016 Replacement Volume and 2021 Supplement)

34 BY repealing and reenacting, without amendments,  
35 Article – Environment  
36 Section 1-701(a)(1) and (5) and (b) and 5-509(a)  
37 Annotated Code of Maryland  
38 (2013 Replacement Volume and 2021 Supplement)

39 BY repealing and reenacting, with amendments,  
40 Article – Environment  
41 Section 1-701(h) and 5-509(b)  
42 Annotated Code of Maryland  
43 (2013 Replacement Volume and 2021 Supplement)

1 BY repealing and reenacting, with amendments,  
2 Article – Environment  
3 Section 9–1601, 9–1602, 9–1604(c), 9–1605(a)(1), (c), and (d), 9–1605.1(c), (d), and  
4 (e), and 9–1622 to be under the amended subtitle “Subtitle 16. Maryland  
5 Water Infrastructure Financing Administration”  
6 Annotated Code of Maryland  
7 (2014 Replacement Volume and 2021 Supplement)

8 BY repealing and reenacting, without amendments,  
9 Article – Environment  
10 Section 9–1605.1(a)(1)  
11 Annotated Code of Maryland  
12 (2014 Replacement Volume and 2021 Supplement)

13 BY adding to  
14 Article – Environment  
15 Section 9–1605(f), 9–1605.1(e) and 9–1617.2  
16 Annotated Code of Maryland  
17 (2014 Replacement Volume and 2021 Supplement)

18 BY adding to  
19 Article – Natural Resources  
20 Section 1–110 and 5–9A–05(p)  
21 Annotated Code of Maryland  
22 (2018 Replacement Volume and 2021 Supplement)

23 BY repealing and reenacting, with amendments,  
24 Article – Natural Resources  
25 Section 3–201 and 5–102(b)  
26 Annotated Code of Maryland  
27 (2018 Replacement Volume and 2021 Supplement)

28 BY adding to  
29 Article – Natural Resources  
30 Section 8–203.1 and 8–207  
31 Annotated Code of Maryland  
32 (2012 Replacement Volume and 2021 Supplement)

33 BY repealing and reenacting, with amendments,  
34 Article – Natural Resources  
35 Section 8–2A–01, 8–2A–03, and 8–2A–04  
36 Annotated Code of Maryland  
37 (2012 Replacement Volume and 2021 Supplement)

38 BY repealing and reenacting, without amendments,  
39 Article – State Finance and Procurement  
40 Section 10A–101(a)

1 Annotated Code of Maryland  
2 (2021 Replacement Volume)

3 BY repealing and reenacting, with amendments,  
4 Article – State Finance and Procurement  
5 Section 10A–101(d), 13–101, and 13–102  
6 Annotated Code of Maryland  
7 (2021 Replacement Volume)

8 BY adding to  
9 Article – State Finance and Procurement  
10 Section 13–112.1  
11 Annotated Code of Maryland  
12 (2021 Replacement Volume)

13 BY adding to  
14 Article – Environment  
15 Section 5–1401 through 5–1403 to be under the new subtitle “Subtitle 14. Green and  
16 Blue Infrastructure Policy Advisory Commission”  
17 Annotated Code of Maryland  
18 (2013 Replacement Volume and 2021 Supplement)

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

21 **Article – Agriculture**

22 8–702.

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

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

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

36 (C) THE DEPARTMENT MAY NOT PROHIBIT OR LIMIT, THROUGH ANY  
37 COST-SHARE AGREEMENT, A PARTICIPANT IN THE COST SHARING PROGRAM

1 ESTABLISHED UNDER THIS SUBTITLE FROM PARTICIPATING IN AND RECEIVING  
2 COMPENSATION FROM GREENHOUSE GAS MARKETS, CARBON CREDITS, OR SOIL  
3 CARBON PROGRAMS, IF THE PURPOSE OF THE COMPENSATION IS TO ACHIEVE  
4 ADDITIONAL CONSERVATION BENEFITS THAT ARE CONSISTENT WITH THE STATE'S  
5 CHESAPEAKE BAY CONSERVATION GOALS.

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

10 (1) CREATE STATEWIDE OR REGIONAL PARTNERSHIPS FOR THE  
11 PURPOSE OF MINIMIZING THE COSTS AND MAXIMIZING THE BENEFITS OF  
12 VOLUNTARY ENROLLMENT OF FARMLAND IN CARBON OFFSET MARKET PROGRAMS;  
13 AND

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

#### 17 Article – Environment

18 1-701.

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

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

23 (b) There is a Commission on Environmental Justice and Sustainable  
24 Communities.

25 (h) The Commission shall:

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

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

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

1 (4) Coordinate with the Children’s Environmental Health and Protection  
2 Advisory Council, the Maryland Office of Minority Health and Health Disparities, and the  
3 Commission on Climate Change on recommendations related to environmental justice and  
4 sustainable communities; [and]

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

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

13 5–509.

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

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

17 (3) “Association” means:

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

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

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

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

26 (5) “Water infrastructure asset” means a reservoir, a dam, or any other  
27 waterway construction.

28 (b) (1) On complaint or the Department’s own initiative, the Department may  
29 investigate or examine any water infrastructure asset.

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

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

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

6 (II) IF THE DEPARTMENT DETERMINES THAT CHANGES TO THE  
7 WATER INFRASTRUCTURE ASSET, INCLUDING REMOVAL OF THE ASSET, ARE A  
8 PRIORITY FOR IMPROVING FISH PASSAGE OR FOR OTHER ENVIRONMENTAL  
9 BENEFITS, THE DEPARTMENT:

10 1. MAY PARTNER WITH THE ASSET OWNER AND AN  
11 ORGANIZATION THAT PROVIDES RESOURCES AND EXPERTISE TO PLAN, DESIGN, OR  
12 FINANCE CHANGES TO WATER INFRASTRUCTURE ASSETS FOR THE PURPOSE OF  
13 REPAIRING, REMOVING, OR RETROFITTING THE ASSET IN A MANNER CONSISTENT  
14 WITH THE DEPARTMENT'S OBJECTIVES; OR

15 2. SHALL PRIORITIZE THE USE OF ENVIRONMENTAL  
16 OUTCOMES, AS DEFINED IN § 9-1601 OF THIS ARTICLE, ARISING FROM THE REPAIR,  
17 REMOVAL, OR RETROFIT OF THE WATER INFRASTRUCTURE ASSET IN ANY  
18 ENVIRONMENTAL MITIGATION PROGRAM IDENTIFIED BY THE DEPARTMENT.

19 (III) FOR THE PURPOSE OF SEEKING FINANCIAL ASSISTANCE  
20 UNDER TITLE 5, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE, IF THE  
21 DEPARTMENT DETERMINES THAT THE WATER INFRASTRUCTURE ASSET IS NOT A  
22 PRIORITY UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH BUT IS A PRIORITY FOR  
23 INSTALLATION OF LESS THAN 30 MEGAWATTS OF SMALL HYDROELECTRIC POWER  
24 PLANT CAPACITY, THE DEPARTMENT SHALL PROVIDE NOTICE TO THE MARYLAND  
25 INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY OF:

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

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

32 Subtitle 16. Maryland Water [Quality] INFRASTRUCTURE Financing Administration.

33 9-1601.

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

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

5 (c) “Bay Restoration Fund” means the Bay Restoration Fund established under §  
6 9–1605.2 of this subtitle.

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

10 (e) **(1) “BLUE INFRASTRUCTURE” MEANS A WATER–BASED NATURAL**  
11 **AREA OR NATURAL FEATURE, OR A SYSTEM OR FEATURE DESIGNED TO PROTECT,**  
12 **MIMIC, OR ENHANCE A NATURAL FUNCTION, THAT:**

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

14 **(II) ATTENUATES SHORELINE EROSION;**

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

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

18 **(V) 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;**

23 **(IV) FLOATING WETLANDS; AND**

24 **(V) RESTORED FRESHWATER MUSSEL POPULATIONS.**

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

26 **[(f)] (G)** “Bond” means a bond, note, or other evidence of obligation of the  
27 Administration issued under this subtitle, including a bond or revenue anticipation note,  
28 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

1 established to be equivalent to the average daily flow of wastewater effluent discharged by  
2 a residential dwelling, which may not exceed 250 gallons; or

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

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

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

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

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

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

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

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

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

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

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

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

29 (IV) **SEQUESTERS CARBON.**

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

31 (I) **ENHANCED OR RESTORED NATURAL LANDSCAPE**

1 FEATURES, SUCH AS FORESTS, STREAMS, WETLANDS, RIPARIAN BUFFERS,  
2 HEADWATERS, OR FLOODPLAINS;

3 (II) RAIN GARDENS;

4 (III) PERMEABLE PAVEMENT;

5 (IV) POCKET PARKS;

6 (V) BIOSWALES;

7 (VI) GREEN ROOFS;

8 (VII) INFILTRATION PLANTERS;

9 (VIII) TREE PLANTINGS OR TREE BOXES; AND

10 (IX) RAINWATER HARVESTING.

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

3           **(II) FEDERAL FUNDS DEPOSITED IN THE WATER QUALITY**  
4 **FUND FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE FOR PROJECTS IN**  
5 **RURAL, SMALL, AND TRIBAL COMMUNITIES SHALL BE DISTRIBUTED TO THE**  
6 **TECHNICAL ASSISTANCE SUBACCOUNT.**

7           **(III) THE TECHNICAL ASSISTANCE SUBACCOUNT MAY BE USED**  
8 **TO PROVIDE FINANCIAL ASSISTANCE TO ENTITIES SPECIFIED IN SUBPARAGRAPH**  
9 **(IV) OF THIS PARAGRAPH FOR THE PURPOSE OF PROVIDING TECHNICAL**  
10 **ASSISTANCE FOR PROJECTS IN RURAL, SMALL, AND TRIBAL COMMUNITIES, WITH**  
11 **PRIORITY GIVEN TO ENTITIES PROVIDING TECHNICAL ASSISTANCE FOR PROJECTS**  
12 **IN DISADVANTAGED COMMUNITIES AND COMMUNITIES DISPROPORTIONATELY**  
13 **BURDENED BY ENVIRONMENTAL HARMS AND RISKS, INCLUDING FINANCIAL**  
14 **ASSISTANCE TO SUPPORT THE DEVELOPMENT OF:**

15                   **1. AN APPLICATION FOR FINANCIAL ASSISTANCE UNDER**  
16 **THE WATER QUALITY FUND; OR**

17                   **2. A FINANCING PLAN UNDER THE WATER QUALITY**  
18 **FUND.**

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

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

23                   **2. A STATE, REGIONAL, INTERSTATE, OR MUNICIPAL**  
24 **ENTITY; OR**

25                   **3. A NONPROFIT ORGANIZATION WORKING WITH A**  
26 **RURAL, SMALL, TRIBAL, OR DISADVANTAGED COMMUNITY.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 **(9) TO SUPPORT LONG-TERM OR PERMANENT GREEN OR BLUE**  
33 **INFRASTRUCTURE PROJECTS;**

34 **(I) THAT PROVIDE A WATER QUALITY BENEFIT TO**



1 MARYLAND'S PORTION OF THE CHESAPEAKE BAY;

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

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

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

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

12 (11) TO SUPPORT MULTIYEAR INITIATIVES AUTHORIZED UNDER TITLE  
13 8, SUBTITLE 2A OF THE NATURAL RESOURCES ARTICLE THAT ALSO INVOLVE  
14 FUNDING FROM:

15 (I) THE CHESAPEAKE AND ATLANTIC COASTAL BAYS 2010  
16 TRUST FUND;

17 (II) A HAZARD MITIGATION PROGRAM UNDER THE MARYLAND  
18 EMERGENCY MANAGEMENT AGENCY; OR

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

21 [(7)] (12) For the reasonable costs of administering the Water Quality  
22 Fund and conducting activities under Title VI of the Federal Water Pollution Control Act;

23 [(8)] (13) For any other purpose authorized by Title VI of the Federal  
24 Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act;

25 [(9)] (14) To provide financial assistance in the form of grants, negative  
26 interest loans, forgiveness of principal, subsidized interest rates, and any other form of  
27 financial assistance as authorized or required by:

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

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

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

1 (iv) Federal appropriations or authorization acts.

2 [(10)] (15) To provide loan guarantees for similar revolving funds  
3 established by municipalities or intermunicipal agencies; and

4 [(11)] (16) To serve as guarantee for long-term Pay for Success contracts,  
5 green bonds, or environmental impact bonds by any public, private, or nonprofit entity for  
6 the purchase of outcomes that provide a water quality benefit.

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

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

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

14 9-1605.1.

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

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

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

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

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

26 (IV) MEET any rules or program directives established by the  
27 Secretary or the Board.

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

30 (II) FEDERAL FUNDS DEPOSITED IN THE DRINKING WATER

1 LOAN FUND FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE TO SMALL  
2 DRINKING WATER SYSTEMS, AS DEFINED UNDER THE FEDERAL SAFE DRINKING  
3 WATER ACT, SHALL BE DISTRIBUTED TO THE TECHNICAL ASSISTANCE  
4 SUBACCOUNT.

5 (iii) THE TECHNICAL ASSISTANCE SUBACCOUNT MAY BE USED  
6 TO PROVIDE FINANCIAL ASSISTANCE TO ENTITIES SPECIFIED IN SUBPARAGRAPH  
7 (iv) OF THIS PARAGRAPH FOR THE PURPOSE OF PROVIDING TECHNICAL  
8 ASSISTANCE TO SMALL DRINKING WATER SYSTEMS, WITH PRIORITY GIVEN TO  
9 ENTITIES PROVIDING TECHNICAL ASSISTANCE FOR SMALL DRINKING WATER  
10 SYSTEMS IN DISADVANTAGED COMMUNITIES OR COMMUNITIES  
11 DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS,  
12 INCLUDING FINANCIAL ASSISTANCE FOR:

13 1. ASSESSING RISKS FROM WATER PIPES MADE FROM  
14 LEAD;

15 2. SUPPORTING THE DEVELOPMENT OF LEAD PIPE  
16 INVENTORIES;

17 3. SUPPORTING THE DEVELOPMENT OF AN  
18 APPLICATION FOR FINANCIAL ASSISTANCE UNDER THE DRINKING WATER LOAN  
19 FUND; AND

20 4. SUPPORTING THE DEVELOPMENT OF A FINANCING  
21 PLAN UNDER THE DRINKING WATER LOAN FUND.

22 (iv) THE FOLLOWING ENTITIES ARE ELIGIBLE TO RECEIVE  
23 FINANCIAL ASSISTANCE UNDER THIS PARAGRAPH:

24 1. A SMALL DRINKING WATER SYSTEM, AS DEFINED  
25 UNDER THE FEDERAL SAFE DRINKING WATER ACT;

26 2. A MULTI JURISDICTIONAL ENTITY; OR

27 3. A NONPROFIT ORGANIZATION WORKING WITH A  
28 RURAL, SMALL, TRIBAL, OR DISADVANTAGED COMMUNITY.

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

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

31 (i) The local government borrower will establish a dedicated source  
32 of revenue;

- 1 (ii) In the case of a water supply system owned by a borrower other  
2 than a local government, the borrower shall provide adequate security for the repayment  
3 of the loan;
- 4 (iii) The Drinking Water Loan Fund will be credited with all  
5 payments of the loan;
- 6 (iv) The loans are made at terms not to exceed:
- 7 1. 30 years; or
- 8 2. With respect to disadvantaged communities as defined in  
9 the federal Safe Drinking Water Act, the lesser of 40 years after project completion or the  
10 design life of the project; and
- 11 (v) Annual principal and interest payments will commence not later  
12 than 18 months after completion of any drinking water facility and all loans will be fully  
13 amortized on the expiration of the term of the loan;
- 14 (2) To buy or refinance debt obligations of local governments issued by a  
15 local government for the purposes of financing all or a portion of the cost of a water supply  
16 system at or below market rates, if such debt obligations were incurred after July 1, 1993;
- 17 (3) To guarantee or purchase insurance for bonds, notes, or other evidences  
18 of indebtedness issued by a local government for the purposes of financing all or a portion  
19 of the cost of a water supply system, if such action would improve credit market access or  
20 reduce interest rates;
- 21 (4) As a source of revenue or security for the payment of principal and  
22 interest on bonds issued by the Administration if the proceeds of the sale of such bonds will  
23 be deposited in the Drinking Water Loan Fund;
- 24 (5) To earn interest on Drinking Water Loan Fund accounts;
- 25 (6) For the reasonable costs of administering the Drinking Water Loan  
26 Fund and conducting activities under any federal law that may apply to federal deposits to  
27 the Drinking Water Loan Fund;
- 28 (7) To establish a linked deposit program for loans in accordance with this  
29 subtitle and the federal Safe Drinking Water Act, **INCLUDING LOANS FOR:**
- 30 **(I) CONTROLLING NONPOINT SOURCES OF POLLUTION AND**  
31 **PROTECTING THE QUALITY OF STATE WATERS;**
- 32 **(II) PROTECTING OR ACQUIRING FORESTS OR WETLANDS BY**  
33 **FEE OR EASEMENT; OR**

1                   **(III) RESTORING FORESTS;**

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

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

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

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

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

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

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

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

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

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

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

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

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

8            (iv) Federal appropriations or authorization acts.

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

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

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

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

22            **(4) GREEN INFRASTRUCTURE THAT CONTRIBUTES TO IMPROVED**  
 23 **WATER QUALITY AND REMEDIATES OR MITIGATES ENVIRONMENTAL AND HEALTH**  
 24 **HAZARDS IN DISADVANTAGED COMMUNITIES OR COMMUNITIES**  
 25 **DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS.**

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

31 **9-1617.2.**

32 **ON OR BEFORE NOVEMBER 1 EACH YEAR, BEGINNING IN 2024, THE**

1 ADMINISTRATION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE  
2 WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE AMOUNTS  
3 ALLOCATED BY TYPE OF ASSISTANCE PROVIDED UNDER THE WATER QUALITY FUND  
4 AND THE DRINKING WATER LOAN FUND TO SUPPORT EACH TYPE OF GREEN AND  
5 BLUE INFRASTRUCTURE.

6 9-1622.

7 This subtitle may be cited as the Maryland Water [Quality] INFRASTRUCTURE  
8 Financing Administration Act.

9 **Article – Natural Resources**

10 1-110.

11 (A) THE DEPARTMENT MAY ENTER INTO PARTNERSHIPS, THROUGH  
12 FORMAL CONTRACTS OR MEMORANDA OF UNDERSTANDING, WITH PRIVATE SECTOR  
13 ORGANIZATIONS WITH EXPERIENCE IN CARBON OFFSET MARKETS OR PROGRAMS IN  
14 ORDER TO:

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

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

21 (B) TO LEARN ABOUT ESTABLISHING AND VERIFYING CARBON CREDITS, ON  
22 OR BEFORE JULY 1, 2024, THE DEPARTMENT, IN CONSULTATION WITH  
23 APPROPRIATE EXPERTS, SHALL BEGIN IMPLEMENTATION OF, OR OTHERWISE  
24 SUPPORT:

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

26 (2) AT LEAST ONE CARBON OFFSET PROJECT IN A MARINE OR  
27 ESTUARINE HABITAT.

28 3-201.

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

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

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

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

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

10                           **(i) CLIMATE RESILIENCE;**

11                           **(ii) CARBON SEQUESTRATION;**

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

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

14                           **(v) THE PROTECTION OR RESTORATION OF WETLANDS.**

15           **(2) AN EASEMENT APPROVED BY THE TRUST MAY ALLOW FOR THE**  
16 **POTENTIAL OF ECONOMIC RETURN FROM THE PROTECTION, MANAGEMENT,**  
17 **MAINTENANCE, OR IMPROVEMENT OF ECOSYSTEM SERVICES PROVIDED BY THE**  
18 **PROPERTY, SO LONG AS THE TRUST DETERMINES THOSE USES DO NOT IMPAIR OR**  
19 **INTERFERE WITH THE CONSERVATION VALUES AND PURPOSES OF THE EASEMENT**  
20 **AND ARE OTHERWISE CONSISTENT WITH THE TRUST’S POLICIES RELATED TO**  
21 **ECOSYSTEM SERVICES.**

22 5–102.

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

25                           (1) Achieving no net loss of forest;

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

30                           (3) Enhancing the retention of privately owned forest lands through  
31 research–based educational outreach efforts to landowners by the State’s forest



1 conservancy district boards;

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

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

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

13 (7) Recognizing the importance of:

14 (i) A viable forest products industry to the economies of rural  
15 Maryland;

16 (ii) Continued development of fiber products; and

17 (iii) Maryland's green infrastructure; and

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

22 5-9A-05.

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

24 **(I) CLIMATE RESILIENCE;**

25 **(II) CARBON SEQUESTRATION;**

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

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

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

29 **(2) AN EASEMENT ACQUIRED UNDER THIS SUBTITLE MAY ALLOW FOR**  
30 **THE POTENTIAL OF ECONOMIC RETURN FROM THE PROTECTION, MANAGEMENT,**

1 MAINTENANCE, OR IMPROVEMENT OF ECOSYSTEM SERVICES PROVIDED BY THE  
2 PROPERTY, SO LONG AS THE DEPARTMENT DETERMINES:

3 (I) THOSE USES AFFIRMATIVELY INCREASE THE  
4 CONSERVATION ATTRIBUTES OF THE PROPERTY BEYOND THE REQUIREMENTS OF  
5 THE EASEMENT; AND

6 (II) ANY CREDITS CREATED IN ACCORDANCE WITH THIS  
7 SUBSECTION ARE USED ONLY:

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

11 2. IN A MANNER THE DEPARTMENT DETERMINES TO BE  
12 CONSISTENT WITH THE APPLICABLE LOCAL COMPREHENSIVE PLAN AND STATE AND  
13 LOCAL OBJECTIVES FOR LAND PROTECTION.

14 **8-203.1.**

15 **THE SECRETARY:**

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

20 (I) IMPROVE THE WATER QUALITY OF MARYLAND'S PORTION  
21 OF THE CHESAPEAKE BAY; AND

22 (II) ARE LOCATED IN THE SUSQUEHANNA RIVER WATERSHED;  
23 AND

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

26 (I) THE STATE SUPPORTS THE PROJECT; AND

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

30 **8-207.**

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

8 8-2A-01.

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

10           (b) **“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) **“BayStat Program” means the program established under § 8-2A-03 of this**  
17 **subtitle.**

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

22           (e) **“EVALUATOR” MEANS A PERSON OTHER THAN AN AGGREGATOR THAT**  
23 **DETERMINES WHETHER ENVIRONMENTAL OUTCOMES HAVE BEEN ACHIEVED BASED**  
24 **ON DEFINED PERFORMANCE MEASURES.**

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

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

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

31                           (ii) **An urban or suburban stormwater practice;**

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

3 (iv) Stream and wetland restoration;

4 (v) Riparian buffer planting;

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

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

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

14 (ix) Strategic monitoring of water quality improvements from  
15 nonpoint source pollution control projects that have been funded, in whole or in part, with  
16 grants from the 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 **[(d)] (H)** "Trust Fund" means the Chesapeake and Atlantic Coastal Bays 2010  
30 Trust Fund.

31 **[(e)] (I)** "Watershed implementation plan" means a plan to achieve the nutrient  
32 and sediment limits required under the Chesapeake Bay total maximum daily load.

1 8-2A-03.

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

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

5 (ii) Administer the Trust Fund.

6 (2) The BayStat Subcabinet shall oversee the administration of the  
7 BayStat Program.

8 (3) The BayStat Subcabinet is composed of:

9 (i) The Secretary of Natural Resources;

10 (ii) The Secretary of the Environment;

11 (iii) The Secretary of Planning;

12 (iv) The Secretary of Agriculture;

13 (v) The President of the University of Maryland Center for  
14 Environmental Science;

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

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

19 (b) The BayStat Program shall:

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

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

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

28 (4) Adopt measurable goals for Chesapeake and Atlantic Coastal Bays  
29 restoration;

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

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

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

6 (c) The BayStat Subcabinet shall:

7 (1) Report annually to the public regarding:

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

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

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

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

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

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

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

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

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

29 8-2A-04.

30 (a) The BayStat Program shall direct the administration of the Trust Fund in

1 accordance with this section.

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

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

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

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

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

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

17 (i) Through grants to:

18 1. Counties;

19 2. Bicounty agencies;

20 3. Municipalities;

21 4. Forest conservancy district boards;

22 5. Soil conservation districts;

23 6. Academic institutions; and

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

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

28 (iii) To the Maryland Agricultural Cost-Share Program established  
29 under Title 8, Subtitle 7 of the Agriculture Article for nonpoint source pollution control  
30 projects;

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

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

5 (VI) 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 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, 2021.**

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

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

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

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

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

31                   **(d) Any grant OR CONTRACT agreement regarding funds from the Trust Fund**  
32 **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 by November 1 of the next fiscal year.

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

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

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

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

- 20 1. Project location;  
21 2. Description of practices implemented;  
22 3. Timeframes for project completion;  
23 4. Estimated or calculated nutrient reductions; and  
24 5. Provisions for long-term maintenance of practices.

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

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

1           (2)    The Governor shall appoint the chair and members of the BayStat  
2 Program Scientific Advisory Panel.

3           (3)    The BayStat Program Scientific Advisory Panel shall include scientists  
4 and other technical experts with demonstrated expertise in the disciplines related to  
5 protection and restoration of the Chesapeake and Atlantic Coastal Bays.

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

7                   (i)    On or before August 1, annually provide recommendations to the  
8 BayStat Subcabinet on the use of funds of the Trust Fund for the following fiscal year;

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

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

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

15                   (v)    On request by the BayStat Subcabinet, review individual [grant]  
16 **FUNDING** applications; [and]

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

20                   **(VII) ON OR BEFORE JANUARY 31, 2023:**

21                           **1.    ANALYZE AND COMPARE THE FUND DISTRIBUTIONS**  
22 **THROUGH THE COMPETITIVE PROGRAM AND BY EACH BAYSTAT SUBCABINET**  
23 **AGENCY FOR FISCAL YEARS 2012 THROUGH 2023 AND THE STRATEGIES SUPPORTED**  
24 **BY THOSE DISTRIBUTIONS;**

25                           **2.    QUANTIFY THE RELATIVE EFFECTIVENESS OF EACH**  
26 **DISTRIBUTION AND STRATEGY PER DOLLAR OF STATE FUNDING; AND**

27                           **3.    REPORT TO THE BAYSTAT SUBCABINET, THE**  
28 **GOVERNOR, AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT**  
29 **ARTICLE, THE GENERAL ASSEMBLY ON THE RESULTS OF THE ANALYSES REQUIRED**  
30 **UNDER ITEMS 1 AND 2 OF THIS ITEM.**

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

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

4           **(2) MAINTAIN AN AMOUNT, NOT TO EXCEED 2% OF THE TOTAL IN**  
5 **COMPETITIVE GRANTS AND CONTRACTS ADMINISTERED BY THE BAYSTAT**  
6 **SUBCABINET AGENCIES, FOR THE PURPOSE OF MEETING ADDITIONAL PROJECT**  
7 **NEEDS, INCLUDING:**

8                   **(I) THE ADAPTIVE MANAGEMENT, MAINTENANCE, OR**  
9 **CATASTROPHE-INDUCED REPAIR NEEDS OF PROJECTS FUNDED BY THE GRANTS OR**  
10 **CONTRACTS; AND**

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

15                                   **Article – State Finance and Procurement**

16 10A–101.

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

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

21                   **(2) “PUBLIC INFRASTRUCTURE ASSET” INCLUDES BLUE**  
22 **INFRASTRUCTURE AND GREEN INFRASTRUCTURE, AS DEFINED IN § 9–1601 OF THE**  
23 **ENVIRONMENT ARTICLE.**

24 13–101.

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

26           (b) “Designated procurement unit” means:

27                   (1) the Department of Budget and Management;

28                   (2) the Department of General Services;

29                   (3) the Department of Information Technology; or

30                   (4) the Department of Transportation.

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

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

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

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

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

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

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

17 (1) the State;

18 (2) a county, a municipal corporation, or any other political subdivision;  
19 and

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

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

24 13-102.

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

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

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

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

- 1 (4) sole source procurement under § 13–107 of this subtitle;
- 2 (5) emergency or expedited procurement under § 13–108 of this subtitle;
- 3 (6) small procurement under § 13–109 of this subtitle;
- 4 (7) an intergovernmental cooperative purchasing agreement under §  
5 13–110 of this subtitle;
- 6 (8) auction bids under § 13–111 of this subtitle;
- 7 (9) architectural, engineering, and land surveying services qualification  
8 based selection under § 13–112 of this subtitle; [or]
- 9 (10) master contracting under § 13–113 of this subtitle; **OR**
- 10 **(11) PAY-FOR-SUCCESS CONTRACTING UNDER § 13–112.1 OF THIS**  
11 **SUBTITLE.**

12 (b) (1) In awarding a procurement contract for human, social, cultural, or  
13 educational service, the preferred method is by competitive sealed proposals under §  
14 13–104 of this subtitle.

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

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

21 **13–112.1.**

22 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
23 **INDICATED.**

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

25 **(I) PROVIDES OR CONTRACTS FOR ENVIRONMENTAL**  
26 **OUTCOMES; OR**

27 **(II) PROVIDES OR RAISES CAPITAL TO FINANCE DELIVERY OF**  
28 **ENVIRONMENTAL OUTCOMES.**

29 **(3) “ENVIRONMENTAL OUTCOME” MEANS A COMMODITY THAT IS**  
30 **MODELED OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED**

1 UNIT OF IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR  
2 CARBON BENEFIT.

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

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

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

10 (7) "QUANTIFICATION PLAN" MEANS A PLAN IN WHICH AN  
11 AGGREGATOR DESCRIBES:

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

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

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

21 (IV) THE TIMELINE FOR PROPOSED PAYMENTS UNDER THE  
22 PAY-FOR-SUCCESS CONTRACT.

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

24 (1) PAY-FOR-SUCCESS CONTRACTING SHIFTS THE RISK OF  
25 PERFORMANCE TO THE CONTRACTOR BECAUSE GOVERNMENT PAYMENT IS MADE  
26 ONLY ON ACHIEVEMENT OF OUTCOMES;

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

32 (3) IT IS IN THE BEST INTEREST OF THE STATE TO INCLUDE

1 PAY-FOR-SUCCESS CONTRACTING AS A PROCUREMENT OPTION, PARTICULARLY  
2 FOR UNITS RESPONSIBLE FOR LAND CONSERVATION AND ENVIRONMENTAL  
3 PROTECTION, ENHANCEMENT, AND RESTORATION.

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

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

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

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

12 (I) THE DEPARTMENT OF AGRICULTURE;

13 (II) THE DEPARTMENT OF THE ENVIRONMENT;

14 (III) THE DEPARTMENT OF NATURAL RESOURCES;

15 (IV) THE DEPARTMENT OF TRANSPORTATION;

16 (V) THE MARYLAND ENVIRONMENTAL SERVICE; AND

17 (VI) THE DEPARTMENT OF GENERAL SERVICES.

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

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

25 1. DELIVERY OF AN ENVIRONMENTAL OUTCOMES  
26 PROJECT; OR

27 2. ALREADY CERTIFIED ENVIRONMENTAL OUTCOMES.

28 (II) OTHER STATE AND LOCAL ENTITIES MAY PARTICIPATE IN A  
29 PAY-FOR-SUCCESS CONTRACT UNDER THIS SUBSECTION IN ACCORDANCE WITH AN



1 INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENT UNDER § 13-110  
2 OF THIS SUBTITLE.

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

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

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

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

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

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

21 (VI) TERMS ADDRESSING:

22 1. COMPLIANCE WITH STATE LAW;

23 2. NONDISCRIMINATION IN EMPLOYMENT;

24 3. CONTRACTOR INDEMNIFICATION;

25 4. TERMINATION FOR DEFAULT; AND

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

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

30 (I) LONG-TERM MAINTENANCE AND MONITORING OF

1 ENVIRONMENTAL SERVICES, INCLUDING THE ESTABLISHMENT OF A STEWARDSHIP  
2 FUND;

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

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

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

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

13 **Article – Environment**

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

16 **5-1401.**

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

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

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

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

25 **5-1402.**

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

28 (B) THE PURPOSE OF THE COMMISSION IS TO ADVISE THE SECRETARY, THE  
29 BAYSTAT SUBCABINET, AND LOCAL GOVERNMENT OFFICIALS ON WAYS TO  
30 FACILITATE AND ACCELERATE THE SCALE AND PACE OF IMPLEMENTATION OF  
31 GREEN AND BLUE INFRASTRUCTURE PROJECTS IN THE STATE, INCLUDING

1 PROJECTS DESIGNED TO:

2 (1) REDUCE NUTRIENT AND SEDIMENT LOADS ENTERING THE  
3 CHESAPEAKE BAY;

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

5 (3) IMPROVE CLIMATE RESILIENCE;

6 (4) SEQUESTER CARBON;

7 (5) PROTECT AND RESTORE IMPORTANT TERRESTRIAL OR AQUATIC  
8 HABITATS;

9 (6) RESTORE STREAMS OR WETLANDS;

10 (7) BUILD LIVING SHORELINES;

11 (8) AUGMENT OR RESTORE SHELLFISH POPULATIONS; OR

12 (9) RESTORE FOREST OR AGRICULTURAL LANDS.

13 (c) THE COMMISSION CONSISTS OF THE FOLLOWING MEMBERS,  
14 APPOINTED BY THE SECRETARY IN CONSULTATION WITH THE OTHER MEMBERS OF  
15 THE BAYSTAT SUBCABINET:

16 (1) FOUR REPRESENTATIVES OF LOCAL GOVERNMENT WHO  
17 REPRESENT DIFFERENT REGIONS OF THE STATE AND WHO ARE RESPONSIBLE FOR  
18 IMPLEMENTING ECOLOGICAL RESTORATION PROJECTS, OF WHOM TWO SHALL  
19 REPRESENT COUNTY GOVERNMENTS AND TWO SHALL REPRESENT MUNICIPAL  
20 GOVERNMENTS;

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

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

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

28 (5) ONE REPRESENTATIVE OF THE UNIVERSITY OF MARYLAND  
29 ENVIRONMENTAL FINANCE CENTER;

1           **(6) ONE REPRESENTATIVE OF THE PATUXENT ENVIRONMENTAL AND**  
2 **AQUATIC RESEARCH LABORATORY, MORGAN STATE UNIVERSITY, RECOMMENDED**  
3 **BY THE RESEARCH LABORATORY;**

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

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

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

11           **(E) FROM AMONG THE COMMISSION MEMBERS, THE SECRETARY SHALL**  
12 **DESIGNATE:**

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

15           **(2) ONE OF THE LOCAL GOVERNMENT REPRESENTATIVES TO SERVE**  
16 **AS COCHAIR.**

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

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

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

22 **5-1403.**

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

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

27           **(B) THE COMMISSION SHALL STUDY AND MAKE RECOMMENDATIONS**  
28 **REGARDING:**

29           **(1) WAYS TO PRIORITIZE GREEN AND BLUE INFRASTRUCTURE**

1 PROJECTS THROUGH STATE PERMITTING PROCESSES;

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

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

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

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

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

18 (7) BEST PRACTICES FOR STREAMLINING THE PROCUREMENT AND  
19 FINANCING PROCESS FOR ENVIRONMENTAL CREDIT BUYERS AT THE LOCAL LEVEL;  
20 AND

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

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

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

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

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

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

32 (2) the Director of the University of Maryland Environmental Finance

- 1 Center, or the Director's designee;
- 2 (3) the Secretary of Agriculture, or the Secretary's designee;
- 3 (4) the Secretary of Natural Resources, or the Secretary's designee;
- 4 (5) the Secretary of Budget and Management, or the Secretary's designee;
- 5 (6) the State Treasurer, or the State Treasurer's designee;
- 6 (7) the Executive Director of the Chesapeake Bay Commission, or the  
7 Executive Director's designee;
- 8 (8) two county government representatives with expertise and experience  
9 in accounting and budgeting, selected by the Maryland Association of Counties;
- 10 (9) two municipal government representatives with expertise and  
11 experience in accounting and budgeting, selected by the Maryland Municipal League; and
- 12 (10) the following members, appointed by the Secretary of the Environment:
- 13 (i) one representative of the Maryland Association of Certified  
14 Public Accountants;
- 15 (ii) one representative with expertise in sustainability standards  
16 and disclosure related to the environmental and social issues relevant to financial  
17 performance;
- 18 (iii) two representatives of local water utilities who serve as chief  
19 financial officers or their functional equivalents; and
- 20 (iv) two representatives of nonpoint organizations that advocate on  
21 behalf of the public's interest in the State's natural resources.
- 22 (c) The Secretary of the Environment, or the Secretary's designee, and the  
23 Director of the University of Maryland Environmental Finance Center, or the Director's  
24 designee, shall serve as cochairs of the Task Force.
- 25 (d) The Department of the Environment and the University of Maryland  
26 Environmental Finance Center shall provide staff for the Task Force.
- 27 (e) A member of the Task Force:
- 28 (1) may not receive compensation as a member of the Task Force; but
- 29 (2) is entitled to reimbursement for expenses under the Standard State  
30 Travel Regulations, as provided in the State budget.

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

7 (2) The Task Force shall:

8 (i) document the extent to which Government Accounting  
9 Standards Board standards have been adopted in the State, identify barriers to the  
10 adoption of the standards, and make recommendations regarding the increased adoption of  
11 the standards;

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

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

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

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

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

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

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

31 (i) artificial intelligence and machine learning;

32 (ii) blockchain technologies and distributed ledgers;

33 (iii) crowdsourcing platforms;

- 1 (iv) smart sensors;
- 2 (v) the Internet of things; and
- 3 (vi) software and systems.

4 (2) The study shall include:

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

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

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

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

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

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