

SENATE BILL 348

M3, P2

(2lr1304)

ENROLLED BILL

— *Budget and Taxation and Education, Health, and Environmental
Affairs/Environment and Transportation* —

Introduced by **Senators Elfreth, Rosapepe, Hester, Guzzone, and Smith**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 circumstances; establishing that it is the policy of the State that the maintenance
2 and repair of certain source watersheds is eligible for certain financial assistance;
3 expanding the purposes for which amounts in the Maryland Water Quality Revolving
4 Loan Fund may be used; altering the terms and authorized uses of the Maryland
5 Drinking Water Revolving Loan Fund; altering the name of the Maryland Water
6 Quality Financing Administration to be the Maryland Water Infrastructure
7 Financing Administration; requiring the Maryland Water Infrastructure Financing
8 Administration to prioritize certain opportunities in creating certain intended use
9 plans; requiring the Maryland Water Infrastructure Financing Administration to
10 establish certain technical assistance subaccounts within the Maryland Water
11 Quality Revolving Loan Fund and the Maryland Drinking Water Revolving Loan
12 Fund for certain purposes; requiring certain financial incentives developed by the
13 State to include allowing landowners to use forests located on State lands for certain
14 purposes; authorizing a certain easement to allow for the potential of economic
15 return from certain uses under certain circumstances; authorizing the Secretary of
16 Natural Resources to purchase certain environmental outcomes from certain projects
17 that are located in the Susquehanna River watershed under certain circumstances;
18 requiring a certain final work and expenditure plan to be informed by a certain
19 analysis beginning with the plan prepared for a certain fiscal year; altering the
20 purposes for which the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund may
21 be used; altering the factors that the BayStat Program must encourage and consider
22 in evaluating certain Trust Fund applications; requiring the BayStat Program
23 Scientific Advisory Panel to analyze and compare certain distributions and
24 strategies and quantify the relative effectiveness of certain distributions and
25 strategies; authorizing the BayStat Subcabinet agencies to maintain a certain
26 amount from the Trust Fund for certain purposes; providing that the use of
27 pay-for-success contracts by the Department of Natural Resources is subject to
28 certain provisions of State procurement law; authorizing the use of pay-for-success
29 contracting at the procurement officer's discretion; authorizing a unit to enter into a
30 pay-for-success contract only under certain circumstances; authorizing certain
31 units to enter into pay-for-success contracts with certain aggregators to procure
32 certain environmental outcomes projects or already certified environmental
33 outcomes; requiring a certain pay-for-success contract to include certain plans,
34 statements, requirements, provisions, and terms; authorizing a certain
35 pay-for-success contract to include certain provisions; requiring the Maryland
36 Environmental Service to review and evaluate the results of certain pay-for-success
37 contracts with a certain frequency; requiring each unit that enters into a
38 pay-for-success contract to execute an agreement with the Maryland Environmental
39 Service to reimburse the Service for its review under this Act; establishing the Green
40 and Blue Infrastructure Policy Advisory Commission to advise the Secretary of the
41 Environment, the BayStat Subcabinet, and local government officials on
42 implementing green and blue infrastructure projects in the State; establishing the
43 Task Force on State and Local Government Accounting for Natural Capital to assist
44 State and local governments to take advantage of certain accounting standards to
45 obtain certain financing for certain purposes; requiring the Department of Natural
46 Resources to study and assess the potential for digital tools and platforms to
47 contribute to Chesapeake Bay restoration and climate solutions in a certain manner

1 and to report certain findings to the General Assembly on or before a certain date;
2 and generally relating to environmental financing and pay-for-success contracting.

3 BY repealing and reenacting, with amendments,
4 Article – Agriculture
5 Section 8–702
6 Annotated Code of Maryland
7 (2016 Replacement Volume and 2021 Supplement)

8 BY repealing and reenacting, without amendments,
9 Article – Environment
10 Section 1–701(a)(1) and (5) and (b) and 5–509(a)
11 Annotated Code of Maryland
12 (2013 Replacement Volume and 2021 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Environment
15 Section 1–701(h) and 5–509(b)
16 Annotated Code of Maryland
17 (2013 Replacement Volume and 2021 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Environment
20 Section 9–1601, 9–1602, 9–1604(c), 9–1605(a)(1), (c), and (d), 9–1605.1(c), (d), and
21 (e), and 9–1622 to be under the amended subtitle “Subtitle 16. Maryland
22 Water Infrastructure Financing Administration”
23 Annotated Code of Maryland
24 (2014 Replacement Volume and 2021 Supplement)

25 BY adding to
26 Article – Environment
27 Section 9–1605(f), 9–1605.1(e) and 9–1617.2
28 Annotated Code of Maryland
29 (2014 Replacement Volume and 2021 Supplement)

30 BY repealing and reenacting, without amendments,
31 Article – Environment
32 Section 9–1605.1(a)(1)
33 Annotated Code of Maryland
34 (2014 Replacement Volume and 2021 Supplement)

35 BY adding to
36 Article – Natural Resources
37 Section 1–110 and 5–9A–05(p)
38 Annotated Code of Maryland
39 (2018 Replacement Volume and 2021 Supplement)

- 1 BY repealing and reenacting, without amendments,
2 Article – Natural Resources
3 Section 3–103(a)
4 Annotated Code of Maryland
5 (2018 Replacement Volume and 2021 Supplement)
- 6 BY repealing and reenacting, with amendments,
7 Article – Natural Resources
8 ~~Section 3–201 and 5–102(b)~~ 3–103(g), 3–201, and 5–102(b)
9 Annotated Code of Maryland
10 (2018 Replacement Volume and 2021 Supplement)
- 11 BY adding to
12 Article – Natural Resources
13 Section 8–203.1 and 8–207
14 Annotated Code of Maryland
15 (2012 Replacement Volume and 2021 Supplement)
- 16 BY repealing and reenacting, with amendments,
17 Article – Natural Resources
18 Section 8–2A–01, 8–2A–03, and 8–2A–04
19 Annotated Code of Maryland
20 (2012 Replacement Volume and 2021 Supplement)
- 21 BY repealing and reenacting, without amendments,
22 Article – State Finance and Procurement
23 Section 10A–101(a)
24 Annotated Code of Maryland
25 (2021 Replacement Volume)
- 26 BY repealing and reenacting, with amendments,
27 Article – State Finance and Procurement
28 Section 10A–101(d), 13–101, and 13–102
29 Annotated Code of Maryland
30 (2021 Replacement Volume)
- 31 BY adding to
32 Article – State Finance and Procurement
33 Section 13–112.1
34 Annotated Code of Maryland
35 (2021 Replacement Volume)
- 36 BY adding to
37 Article – Environment
38 Section 5–1401 through 5–1403 to be under the new subtitle “Subtitle 14. Green and
39 Blue Infrastructure Policy Advisory Commission”
40 Annotated Code of Maryland

1 (2013 Replacement Volume and 2021 Supplement)

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

4 **Article – Agriculture**

5 8–702.

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

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

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

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

26 (D) **THE DEPARTMENT MAY ENTER INTO PARTNERSHIPS, THROUGH**
27 **FORMAL CONTRACTS OR MEMORANDA OF UNDERSTANDING, WITH PRIVATE SECTOR**
28 **ORGANIZATIONS WITH EXPERIENCE IN CARBON OFFSET MARKETS OR PROGRAMS IN**
29 **ORDER TO:**

30 (1) **CREATE STATEWIDE OR REGIONAL PARTNERSHIPS FOR THE**
31 **PURPOSE OF MINIMIZING THE COSTS AND MAXIMIZING THE BENEFITS OF**
32 **VOLUNTARY ENROLLMENT OF FARMLAND IN CARBON OFFSET MARKET PROGRAMS;**
33 **AND**

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

4 **Article – Environment**

5 1–701.

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

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

10 (b) There is a Commission on Environmental Justice and Sustainable
11 Communities.

12 (h) The Commission shall:

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

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

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

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

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

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

33 5–509.

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

2 (2) "Asset owner" means the owner or person having control of a water
3 infrastructure asset.

4 (3) "Association" means:

5 (i) A homeowners association, as defined in § 11B-101 of the Real
6 Property Article;

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

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

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

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

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

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

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

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

26 **(II) IF THE DEPARTMENT DETERMINES THAT CHANGES TO THE**
27 **WATER INFRASTRUCTURE ASSET, INCLUDING REMOVAL OF THE ASSET, ARE A**
28 **PRIORITY FOR IMPROVING FISH PASSAGE OR FOR OTHER ENVIRONMENTAL**
29 **BENEFITS, THE DEPARTMENT:**

30 **1. MAY PARTNER WITH THE ASSET OWNER AND AN**
31 **ORGANIZATION THAT PROVIDES RESOURCES AND EXPERTISE TO PLAN, DESIGN, OR**
32 **FINANCE CHANGES TO WATER INFRASTRUCTURE ASSETS FOR THE PURPOSE OF**

1 REPAIRING, REMOVING, OR RETROFITTING THE ASSET IN A MANNER CONSISTENT
2 WITH THE DEPARTMENT'S OBJECTIVES; OR

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

7 (III) FOR THE PURPOSE OF SEEKING FINANCIAL ASSISTANCE
8 UNDER TITLE 5, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE, IF THE
9 DEPARTMENT DETERMINES THAT THE WATER INFRASTRUCTURE ASSET IS NOT A
10 PRIORITY UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH BUT IS A PRIORITY FOR
11 INSTALLATION OF LESS THAN 30 MEGAWATTS OF SMALL HYDROELECTRIC POWER
12 PLANT CAPACITY, THE DEPARTMENT SHALL PROVIDE NOTICE TO THE MARYLAND
13 INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY OF:

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

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

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

21 9-1601.

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

24 (b) "Administration" means the Maryland Water [Quality] INFRASTRUCTURE
25 Financing Administration.

26 (c) "Bay Restoration Fund" means the Bay Restoration Fund established under §
27 9-1605.2 of this subtitle.

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

31 (e) (1) "BLUE INFRASTRUCTURE" MEANS A WATER-BASED NATURAL
32 AREA OR NATURAL FEATURE, OR A SYSTEM OR FEATURE DESIGNED TO PROTECT,
33 MIMIC, OR ENHANCE A NATURAL FUNCTION, THAT:

- 1 (I) ABSORBS AND FILTERS POLLUTANTS;
2 (II) ATTENUATES SHORELINE EROSION;
3 (III) PROTECTS COMMUNITIES FROM FLOODING OR STORM
4 SURGE;
5 (IV) REDUCES EROSION; OR
6 (V) SEQUESTERS CARBON.

7 (2) "BLUE INFRASTRUCTURE" INCLUDES:

- 8 (I) ENHANCED OR RESTORED OYSTER REEFS;
9 (II) ENHANCED OR RESTORED SEAGRASS BEDS;
10 (III) SHELLFISH AQUACULTURE PROJECTS;
11 (IV) FLOATING WETLANDS; AND
12 (V) RESTORED FRESHWATER MUSSEL POPULATIONS.

13 (F) "Board" means the Board of Public Works.

14 [(f)] (G) "Bond" means a bond, note, or other evidence of obligation of the
15 Administration issued under this subtitle, including a bond or revenue anticipation note,
16 notes in the nature of commercial paper, and refunding bonds.

17 [(g)] (H) "Bond resolution" means the resolution or resolutions of the Director,
18 including the trust agreement, if any, authorizing the issuance of and providing for the
19 terms and conditions applicable to bonds.

20 [(h)] (I) "Borrower" means a local government or a person as defined in §
21 1-101(h) of this article who has received a loan.

22 [(i)] (J) "Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund" means
23 the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund established under §
24 9-1605.3 of this subtitle.

25 [(j)] (K) "Community sewerage system" means a publicly or privately owned
26 sewerage system that serves at least two lots.

27 [(k)] (L) "Director" means the Director of the Administration.

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

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

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

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

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

14 (P) “ENVIRONMENTAL OUTCOME” MEANS A COMMODITY THAT IS MODELED
15 OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF
16 IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON
17 BENEFIT.

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

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

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

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

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

1 (VIII) TREE PLANTINGS OR TREE BOXES; AND

2 (IX) RAINWATER HARVESTING.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (iii) A sewage holding tank.

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

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

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

23 (ii) To improve water conservation, reduce energy consumption, or
24 increase security; or

25 (iii) For the final disposal of residues resulting from the treatment of
26 wastewater.

27 (2) “Wastewater facility” includes:

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

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

4 (iii) Any programs and projects for improving estuarine conservation
5 and management.

6 **[(jj)] (MM)** “Water Quality Fund” means the Maryland Water Quality Revolving
7 Loan Fund.

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

10 9–1602.

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

13 9–1604.

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

16 (i) The Water Quality Fund;

17 (ii) The Bay Restoration Fund;

18 (iii) The Biological Nutrient Removal Program; and

19 (iv) The Supplemental Assistance Program.

20 (2) The Administration shall ensure the fair and equitable distribution of
21 financial assistance among wastewater treatment facilities with a design capacity of less
22 than 500,000 gallons per day and wastewater treatment facilities with a design capacity of
23 500,000 gallons or more per day.

24 **(3) IT IS THE POLICY OF THE STATE THAT THE MAINTENANCE AND**
25 **REPAIR OF SOURCE WATERSHEDS, INCLUDING THE CONSERVATION AND**
26 **RESTORATION OF FORESTS AND THE INSTALLATION AND MAINTENANCE OF BLUE**
27 **INFRASTRUCTURE OR GREEN INFRASTRUCTURE THAT CONTRIBUTES TO IMPROVED**
28 **WATER QUALITY, IS ELIGIBLE FOR THE SAME FORMS OF FINANCIAL ASSISTANCE AS**
29 **OTHER WATER COLLECTION AND TREATMENT INFRASTRUCTURE.**

30 9–1605.

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

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

4 (c) (1) The Administration may establish accounts and subaccounts within the
5 Water Quality Fund [as may be considered desirable] to:

6 (i) Effectuate the purposes of this subtitle;

7 (ii) Comply with the provisions of any bond resolution;

8 (iii) Meet the requirements of any federal law, or of any federal grant
9 or award to the Water Quality Fund; or

10 (iv) Meet any rules or program directives established by the
11 Secretary or the Board.

12 (2) The accounts and subaccounts established under paragraph (1) of this
13 subsection may include:

14 (i) A federal receipts account;

15 (ii) A State receipts account;

16 (iii) A management and administration expense account;

17 (iv) A bond proceeds account;

18 (v) An account to segregate a portion or portions of the revenues or
19 corpus of the Water Quality Fund as security for bonds of the Administration;

20 (vi) A loan repayment account; and

21 (vii) An investment earnings account.

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

24 **(II) FEDERAL FUNDS DEPOSITED IN THE WATER QUALITY**
25 **FUND FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE FOR PROJECTS IN**
26 **RURAL, SMALL, AND TRIBAL COMMUNITIES SHALL BE DISTRIBUTED TO THE**
27 **TECHNICAL ASSISTANCE SUBACCOUNT.**

28 **(III) THE TECHNICAL ASSISTANCE SUBACCOUNT MAY BE USED**
29 **TO PROVIDE FINANCIAL ASSISTANCE TO ENTITIES SPECIFIED IN SUBPARAGRAPH**

1 **(IV) OF THIS PARAGRAPH FOR THE PURPOSE OF PROVIDING TECHNICAL**
2 **ASSISTANCE FOR PROJECTS IN RURAL, SMALL, AND TRIBAL COMMUNITIES, WITH**
3 **PRIORITY GIVEN TO ENTITIES PROVIDING TECHNICAL ASSISTANCE FOR PROJECTS**
4 **IN DISADVANTAGED COMMUNITIES AND COMMUNITIES DISPROPORTIONATELY**
5 **BURDENED BY ENVIRONMENTAL HARMS AND RISKS, INCLUDING FINANCIAL**
6 **ASSISTANCE TO SUPPORT THE DEVELOPMENT OF:**

7 1. **AN APPLICATION FOR FINANCIAL ASSISTANCE UNDER**
8 **THE WATER QUALITY FUND; OR**

9 2. **A FINANCING PLAN UNDER THE WATER QUALITY**
10 **FUND.**

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

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

15 2. **A STATE, REGIONAL, INTERSTATE, OR MUNICIPAL**
16 **ENTITY; OR**

17 3. **A NONPROFIT ORGANIZATION WORKING WITH A**
18 **RURAL, SMALL, TRIBAL, OR DISADVANTAGED COMMUNITY.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 **(9) TO SUPPORT LONG-TERM OR PERMANENT GREEN OR BLUE**
25 **INFRASTRUCTURE PROJECTS:**

26 **(I) THAT PROVIDE A WATER QUALITY BENEFIT TO**
27 **MARYLAND'S PORTION OF THE CHESAPEAKE BAY;**

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

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

1 **(IV) FOR WHICH THE SECRETARY HAS DETERMINED THE**
2 **ALLOCATION OF CREDITS FOR THE CHESAPEAKE BAY TOTAL MAXIMUM DAILY**
3 **LOAD'S WATERSHED IMPLEMENTATION PLANS;**

4 **(10) TO ESTABLISH MASTER LEASE PURCHASE AGREEMENTS WITH**
5 **STATE AGENCIES TO SUPPORT PROJECTS THAT ENHANCE WATER QUALITY ON**
6 **STATE LANDS;**

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

10 **(I) THE CHESAPEAKE AND ATLANTIC COASTAL BAYS 2010**
11 **TRUST FUND;**

12 **(II) A HAZARD MITIGATION PROGRAM UNDER THE MARYLAND**
13 **EMERGENCY MANAGEMENT AGENCY; OR**

14 **(III) A CLIMATE RESILIENCE PROGRAM UNDER THE NATIONAL**
15 **OCEANIC AND ATMOSPHERIC ADMINISTRATION;**

16 **[(7)] (12)** For the reasonable costs of administering the Water Quality
17 Fund and conducting activities under Title VI of the Federal Water Pollution Control Act;

18 **[(8)] (13)** For any other purpose authorized by Title VI of the Federal
19 Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act;

20 **[(9)] (14)** To provide financial assistance in the form of grants, negative
21 interest loans, forgiveness of principal, subsidized interest rates, and any other form of
22 financial assistance as authorized or required by:

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

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

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

27 (iv) Federal appropriations or authorization acts.

28 **[(10)] (15)** To provide loan guarantees for similar revolving funds
29 established by municipalities or intermunicipal agencies; and

1 [(11)] **(16)** To serve as guarantee for long-term Pay for Success contracts,
 2 green bonds, or environmental impact bonds by any public, private, or nonprofit entity for
 3 the purchase of outcomes that provide a water quality benefit.

4 **(F) IN CREATING AN INTENDED USE PLAN FOR THE WATER QUALITY FUND,**
 5 **THE ADMINISTRATION SHALL PRIORITIZE:**

6 **(1) OPPORTUNITIES TO PROVIDE ASSISTANCE TO DISADVANTAGED**
 7 **COMMUNITIES OR COMMUNITIES DISPROPORTIONATELY BURDENED BY**
 8 **ENVIRONMENTAL HARMS AND RISKS; AND**

9 **(2) GREEN AND BLUE INFRASTRUCTURE, WITH PARTICULAR FOCUS**
 10 **ON NATURAL AREAS OR NATURAL FEATURES.**

11 9-1605.1.

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

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

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

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

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

23 **(IV) MEET** any rules or program directives established by the
 24 Secretary or the Board.

25 **(2) (I) THE ADMINISTRATION SHALL ESTABLISH A TECHNICAL**
 26 **ASSISTANCE SUBACCOUNT WITHIN THE DRINKING WATER LOAN FUND.**

27 **(II) FEDERAL FUNDS DEPOSITED IN THE DRINKING WATER**
 28 **LOAN FUND FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE TO SMALL**
 29 **DRINKING WATER SYSTEMS, AS DEFINED UNDER THE FEDERAL SAFE DRINKING**
 30 **WATER ACT, SHALL BE DISTRIBUTED TO THE TECHNICAL ASSISTANCE**
 31 **SUBACCOUNT.**

1 **(III) THE TECHNICAL ASSISTANCE SUBACCOUNT MAY BE USED**
2 **TO PROVIDE FINANCIAL ASSISTANCE TO ENTITIES SPECIFIED IN SUBPARAGRAPH**
3 **(IV) OF THIS PARAGRAPH FOR THE PURPOSE OF PROVIDING TECHNICAL**
4 **ASSISTANCE TO SMALL DRINKING WATER SYSTEMS, WITH PRIORITY GIVEN TO**
5 **ENTITIES PROVIDING TECHNICAL ASSISTANCE FOR SMALL DRINKING WATER**
6 **SYSTEMS IN DISADVANTAGED COMMUNITIES OR COMMUNITIES**
7 **DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS,**
8 **INCLUDING FINANCIAL ASSISTANCE FOR:**

9 1. **ASSESSING RISKS FROM WATER PIPES MADE FROM**
10 **LEAD;**

11 2. **SUPPORTING THE DEVELOPMENT OF LEAD PIPE**
12 **INVENTORIES;**

13 3. **SUPPORTING THE DEVELOPMENT OF AN**
14 **APPLICATION FOR FINANCIAL ASSISTANCE UNDER THE DRINKING WATER LOAN**
15 **FUND; AND**

16 4. **SUPPORTING THE DEVELOPMENT OF A FINANCING**
17 **PLAN UNDER THE DRINKING WATER LOAN FUND.**

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

20 1. **A SMALL DRINKING WATER SYSTEM, AS DEFINED**
21 **UNDER THE FEDERAL SAFE DRINKING WATER ACT;**

22 2. **A MULTI JURISDICTIONAL ENTITY; OR**

23 3. **A NONPROFIT ORGANIZATION WORKING WITH A**
24 **RURAL, SMALL, TRIBAL, OR DISADVANTAGED COMMUNITY.**

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

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

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

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

1 (iii) The Drinking Water Loan Fund will be credited with all
2 payments of the loan;

3 (iv) The loans are made at terms not to exceed:

4 1. 30 years; or

5 2. With respect to disadvantaged communities as defined in
6 the federal Safe Drinking Water Act, the lesser of 40 years after project completion or the
7 design life of the project; and

8 (v) Annual principal and interest payments will commence not later
9 than 18 months after completion of any drinking water facility and all loans will be fully
10 amortized on the expiration of the term of the loan;

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

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

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

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

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

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

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

29 **(II) PROTECTING OR ACQUIRING FORESTS OR WETLANDS BY**
30 **FEE OR EASEMENT; OR**

31 **(III) RESTORING FORESTS;**

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

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

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

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

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

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

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

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

31 **[(9)] (13) For any other purpose authorized for any federal funds deposited**
32 **in the Drinking Water Loan Fund including, without limitation, any purpose authorized by**
33 **the federal Safe Drinking Water Act, including source water protection expenditures**
34 **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**
33 **ADMINISTRATION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE**

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

5 9-1622.

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

8 **Article – Natural Resources**

9 **1-110.**

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

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

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

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

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

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

27 3-103.

28 (a) (1) There is a body politic and corporate known as the “Maryland
29 Environmental Service”.

30 (2) The Service is an instrumentality of the State and a public corporation
31 by that name, style, and title, and the exercise by the Service of the powers conferred by
32 this subtitle is the performance of an essential governmental function of the State.

1 (g) (1) The Service is exempt from the provisions of Subtitles 3, 4, 5, and 7 of
2 Title 4 of the State Finance and Procurement Article.

3 (2) The Service is exempt from the provisions of Division II of the State
4 Finance and Procurement Article, but is not exempt from Subtitle 3 of Title 14, Subtitle 4
5 of Title 12, Title 16, and Title 17 of the State Finance and Procurement Article.

6 (3) (i) Except as otherwise provided in this paragraph, all
7 procurements by the Service for materials, equipment, services, or supplies performed or
8 furnished in connection with the planning, development, design, equipping, construction,
9 or operation of any project owned or controlled by the Service, shall be awarded in
10 accordance with rules and regulations adopted pursuant to the Administrative Procedure
11 Act.

12 (ii) The Service may procure materials, equipment, services, or
13 supplies by utilizing:

14 1. Competitive sealed bids;

15 2. Competitive sealed proposals;

16 3. Sole source procurement;

17 4. Intergovernmental cooperative purchasing agreements;

18 5. A small procurement process, if the procurement is
19 estimated by the Service to result in an expenditure of \$25,000 or less; [or]

20 6. An emergency procurement process, if the procurement is
21 necessary to avoid or to mitigate serious damage to public health, safety, or welfare; OR

22 7. **PAY-FOR-SUCCESS CONTRACTING UNDER § 13-112.1**
23 **OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

24 (4) (i) The approval of the Board shall be required on any
25 nonemergency expenditure that exceeds \$200,000.

26 (ii) The Service shall notify the Board of any nonemergency
27 expenditure that exceeds \$25,000.

28 (5) The Service may adopt rules and regulations to provide a process to
29 resolve disputes between the Service and its contractors, that may include alternative
30 dispute resolution by the parties to the dispute.

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

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

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

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

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

15 (i) **CLIMATE RESILIENCE;**

16 (ii) **CARBON SEQUESTRATION;**

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

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

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

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

27 5–102.

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

30 (1) Achieving no net loss of forest;

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

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

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

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

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

19 (7) Recognizing the importance of:

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

22 (ii) Continued development of fiber products; and

23 (iii) Maryland’s green infrastructure; and

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

28 5-9A-05.

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

30 **(I) CLIMATE RESILIENCE;**

31 **(II) CARBON SEQUESTRATION;**

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

1 (IV) CONTRIBUTIONS TO FOREST HEALTH; AND

2 (V) THE PROTECTION OR RESTORATION OF WETLANDS.

3 (2) AN EASEMENT ACQUIRED UNDER THIS SUBTITLE MAY ALLOW FOR
4 THE POTENTIAL OF ECONOMIC RETURN FROM THE PROTECTION, MANAGEMENT,
5 MAINTENANCE, OR IMPROVEMENT OF ECOSYSTEM SERVICES PROVIDED BY THE
6 PROPERTY, SO LONG AS THE DEPARTMENT DETERMINES:

7 (I) THOSE USES AFFIRMATIVELY INCREASE THE
8 CONSERVATION ATTRIBUTES OF THE PROPERTY BEYOND THE REQUIREMENTS OF
9 THE EASEMENT; AND

10 (II) ANY CREDITS CREATED IN ACCORDANCE WITH THIS
11 SUBSECTION ARE USED ONLY:

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

15 2. IN A MANNER THE DEPARTMENT DETERMINES TO BE
16 CONSISTENT WITH THE APPLICABLE LOCAL COMPREHENSIVE PLAN AND STATE AND
17 LOCAL OBJECTIVES FOR LAND PROTECTION.

18 8-203.1.

19 THE SECRETARY:

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

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

26 (II) ARE LOCATED IN THE SUSQUEHANNA RIVER WATERSHED;
27 AND

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

30 (I) THE STATE SUPPORTS THE PROJECT; AND

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

4 **8-207.**

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

12 **8-2A-01.**

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

14 (b) **"AGGREGATOR" MEANS A PERSON THAT FACILITATES OR COORDINATES**
15 **THE ESTABLISHMENT OF PRACTICES OR PROJECTS THAT:**

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

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

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

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

20 (c) **"BayStat Program" means the program established under § 8-2A-03 of this**
21 **subtitle.**

22 (d) **"ENVIRONMENTAL OUTCOME" MEANS A COMMODITY THAT IS MODELED**
23 **OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF**
24 **IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON**
25 **BENEFIT.**

26 (e) **"EVALUATOR" MEANS A PERSON OTHER THAN AN AGGREGATOR THAT**
27 **DETERMINES WHETHER ENVIRONMENTAL OUTCOMES HAVE BEEN ACHIEVED BASED**
28 **ON DEFINED PERFORMANCE MEASURES.**

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

- 1 (2) “Nonpoint source pollution control project” includes:
- 2 (i) An agricultural best management implementation practice,
3 including cover crops, riparian forested buffer, manure processing, grassed waterways,
4 animal waste storage structures, and livestock fencing;
- 5 (ii) An urban or suburban stormwater practice;
- 6 (iii) A sustainable forest management practice, including a forest
7 stewardship plan or a nonornamental urban and suburban tree planting project;
- 8 (iv) Stream and wetland restoration;
- 9 (v) Riparian buffer planting;
- 10 (vi) A project that demonstrates the effectiveness of an innovative
11 nonpoint source pollution reduction measure provided that the measure is capable of
12 integration into existing nonpoint source pollution programs;
- 13 (vii) Technical assistance necessary to implement a nonpoint source
14 pollution control project;
- 15 (viii) Improvement of a municipal park located on or adjacent to a
16 waterway, provided that the improvement is limited to state-of-the-art and sustainable
17 nonpoint source pollution control measures that demonstrably improve water quality by
18 reducing nitrogen, phosphorus, and sediment pollution; and
- 19 (ix) Strategic monitoring of water quality improvements from
20 nonpoint source pollution control projects that have been funded, in whole or in part, with
21 grants from the Trust Fund.

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

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

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

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

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

3 **[(d)] (H)** “Trust Fund” means the Chesapeake and Atlantic Coastal Bays 2010
4 Trust Fund.

5 **[(e)] (I)** “Watershed implementation plan” means a plan to achieve the nutrient
6 and sediment limits required under the Chesapeake Bay total maximum daily load.
7 8–2A–03.

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

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

11 (ii) Administer the Trust Fund.

12 (2) The BayStat Subcabinet shall oversee the administration of the
13 BayStat Program.

14 (3) The BayStat Subcabinet is composed of:

15 (i) The Secretary of Natural Resources;

16 (ii) The Secretary of the Environment;

17 (iii) The Secretary of Planning;

18 (iv) The Secretary of Agriculture;

19 (v) The President of the University of Maryland Center for
20 Environmental Science;

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

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

25 (b) The BayStat Program shall:

26 (1) Provide accurate and timely data to policymakers and the public about
27 the efficacy and cost–effectiveness of local, State, and federal programs to restore the
28 Chesapeake and Atlantic Coastal Bays;

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

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

6 (4) Adopt measurable goals for Chesapeake and Atlantic Coastal Bays
7 restoration;

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

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

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

13 (c) The BayStat Subcabinet shall:

14 (1) Report annually to the public regarding:

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

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

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

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

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

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

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

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

1 C. CARBON SEQUESTRATION;

2 D. CREATION OF WILDLIFE HABITAT;

3 E. LOCAL EMPLOYMENT OPPORTUNITIES;

4 F. THE IMPROVEMENT OR PROVISION OF
5 RECREATIONAL OPPORTUNITIES; OR

6 G. ENVIRONMENTAL JUSTICE BENEFITS; AND

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

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

13 B. USE THE COMBINED SOURCES TO FUND AND
14 ADMINISTER THE IMPLEMENTATION OF MULTIPLE PROJECTS OR PAY FOR
15 ENVIRONMENTAL OUTCOMES FROM MULTIPLE COMPLETED PROJECTS.

16 (4) (I) FUNDS FROM THE TRUST FUND MAY NOT BE USED TO
17 PROCURE ENVIRONMENTAL OUTCOMES ACHIEVED BEFORE JANUARY 1, 2021.

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

22 (5) A BAYSTAT SUBCABINET AGENCY MAY USE FUNDING FROM THE
23 TRUST FUND FOR A MULTI-YEAR AGREEMENT SPECIFIED UNDER PARAGRAPH
24 (3)(II)3 OF THIS SUBSECTION ONLY IF THE AGENCY DETERMINES THAT THE
25 AGREEMENT WILL:

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

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

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

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

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

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

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

11 (3) Include provisions for verification that practices are being
12 implemented.

13 (e) (1) A recipient of funds from the Trust Fund in any fiscal year shall submit
14 an annual report to the BayStat Program by November 1 of the next fiscal year.

15 (2) The report required under paragraph (1) of this subsection shall
16 include:

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

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

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

20 B. Direct expenditures by the agency;

21 2. How funding was leveraged; and

22 3. Estimated or calculated nutrient reductions associated
23 with Trust Fund expenditures.

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

26 1. Project location;

27 2. Description of practices implemented;

28 3. Timeframes for project completion;

1 4. Estimated or calculated nutrient reductions; and

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

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

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

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

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

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

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

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

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

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

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

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

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

27 **1. ANALYZE AND COMPARE THE FUND DISTRIBUTIONS**
28 **THROUGH THE COMPETITIVE PROGRAM AND BY EACH BAYSTAT SUBCABINET**
29 **AGENCY FOR FISCAL YEARS 2012 THROUGH 2023 AND THE STRATEGIES SUPPORTED**
30 **BY THOSE DISTRIBUTIONS;**

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

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

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

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

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

15 **(I) THE ADAPTIVE MANAGEMENT, MAINTENANCE, OR**
 16 **CATASTROPHE-INDUCED REPAIR NEEDS OF PROJECTS FUNDED BY THE GRANTS OR**
 17 **CONTRACTS; AND**

18 **(II) PAYING FOR QUANTIFIED AND VERIFIED WATER**
 19 **QUALITY-RELATED ENVIRONMENTAL OUTCOMES THAT EXCEED THE QUANTITY OF**
 20 **ENVIRONMENTAL OUTCOMES ANTICIPATED UNDER PARTICULAR GRANTS OR**
 21 **CONTRACTS.**

22 **Article – State Finance and Procurement**

23 10A-101.

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

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

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

31 13-101.

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

1 (b) “Designated procurement unit” means:

2 (1) the Department of Budget and Management;

3 (2) the Department of General Services;

4 (3) the Department of Information Technology; or

5 (4) the Department of Transportation.

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

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

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

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

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

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

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

22 (1) the State;

23 (2) a county, a municipal corporation, or any other political subdivision;
24 and

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

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

29 13-102.

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

3 (1) competitive sealed bids under § 13–103 of this subtitle;

4 (2) competitive sealed proposals under § 13–104 or § 13–105 of this
5 subtitle;

6 (3) noncompetitive negotiation under § 13–106 of this subtitle;

7 (4) sole source procurement under § 13–107 of this subtitle;

8 (5) emergency or expedited procurement under § 13–108 of this subtitle;

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

10 (7) an intergovernmental cooperative purchasing agreement under §
11 13–110 of this subtitle;

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

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

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

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

18 (b) (1) In awarding a procurement contract for human, social, cultural, or
19 educational service, the preferred method is by competitive sealed proposals under §
20 13–104 of this subtitle.

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

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

27 **13–112.1.**

28 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
29 **INDICATED.**

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

2 **(I) PROVIDES OR CONTRACTS FOR ENVIRONMENTAL**
3 **OUTCOMES; OR**

4 **(II) PROVIDES OR RAISES CAPITAL TO FINANCE DELIVERY OF**
5 **ENVIRONMENTAL OUTCOMES.**

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

10 **(4) “ENVIRONMENTAL OUTCOMES PROJECT” MEANS A PROJECT**
11 **DESIGNED TO SECURE ENVIRONMENTAL OUTCOMES.**

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

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

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

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

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

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

28 **(IV) THE TIMELINE FOR PROPOSED PAYMENTS UNDER THE**
29 **PAY-FOR-SUCCESS CONTRACT.**

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

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

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

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

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

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

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

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

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

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

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

24 **(IV) THE DEPARTMENT OF TRANSPORTATION;**

25 **(V) THE MARYLAND ENVIRONMENTAL SERVICE; AND**

26 **(VI) THE DEPARTMENT OF GENERAL SERVICES.**

27 **(2) THIS SUBSECTION DOES NOT APPLY TO THE PURCHASE OF**
28 **NITROGEN LOAD REDUCTIONS WITH FUNDS FROM THE CLEAN WATER COMMERCE**
29 **ACCOUNT OF THE BAY RESTORATION FUND ESTABLISHED UNDER § 9-1605.2 OF**
30 **THE ENVIRONMENT ARTICLE.**

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

4 **1. DELIVERY OF AN ENVIRONMENTAL OUTCOMES**
5 **PROJECT; OR**

6 **2. ALREADY CERTIFIED ENVIRONMENTAL OUTCOMES.**

7 **(II) OTHER STATE AND LOCAL ENTITIES MAY PARTICIPATE IN A**
8 **PAY-FOR-SUCCESS CONTRACT UNDER THIS SUBSECTION IN ACCORDANCE WITH AN**
9 **INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENT UNDER § 13-110**
10 **OF THIS SUBTITLE.**

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

13 **(I) A QUANTIFICATION PLAN APPROVED BY THE UNIT;**

14 **(II) A STATEMENT OF THE ENVIRONMENTAL OUTCOMES TO BE**
15 **PROCURED UNDER THE CONTRACT AND A DESCRIPTION OF HOW DEFINED**
16 **PERFORMANCE MEASURES WILL DEMONSTRATE PROGRESS IN ACHIEVING THESE**
17 **OUTCOMES;**

18 **(III) REQUIREMENTS REGARDING THE CONTENT AND**
19 **FREQUENCY OF PROGRESS REPORTS REGARDING THE ACHIEVEMENT OF**
20 **ENVIRONMENTAL OUTCOMES;**

21 **(IV) A METHODOLOGY FOR CALCULATING THE AMOUNT AND**
22 **TIMING OF OUTCOME PAYMENTS TO AN AGGREGATOR WHEN THE EVALUATOR**
23 **DETERMINES THAT THE AGGREGATOR HAS ACHIEVED A DEFINED PERFORMANCE**
24 **MEASURE;**

25 **(V) A STATEMENT THAT THE BASIS OF PAYMENT IS THE**
26 **DETERMINATION OF ACHIEVEMENT OF ENVIRONMENTAL OUTCOMES BY THE**
27 **EVALUATOR AND THAT PAYMENTS FOR THOSE OUTCOMES DO NOT REQUIRE**
28 **ITEMIZED BILLING OR COST DOCUMENTATION BY THE AGGREGATOR; AND**

29 **(VI) TERMS ADDRESSING:**

30 **1. COMPLIANCE WITH STATE LAW;**

31 **2. NONDISCRIMINATION IN EMPLOYMENT;**

- 1 3. CONTRACTOR INDEMNIFICATION;
- 2 4. TERMINATION FOR DEFAULT; AND
- 3 5. THE UNIT’S RIGHT TO INSPECT THE ENVIRONMENTAL
- 4 OUTCOMES PROJECT.

5 (5) A PAY-FOR-SUCCESS CONTRACT EXECUTED UNDER THIS

6 SUBSECTION MAY INCLUDE PROVISIONS REGARDING:

7 (I) LONG-TERM MAINTENANCE AND MONITORING OF

8 ENVIRONMENTAL SERVICES, INCLUDING THE ESTABLISHMENT OF A STEWARDSHIP

9 FUND;

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

11 IN A RESERVE ACCOUNT FOR OUTCOME PAYMENTS;

12 (III) FOR AGRICULTURE SERVICES, PAYMENT FOR

13 ACHIEVEMENT OF BASELINE WATER QUALITY REQUIREMENTS FOR NITROGEN,

14 PHOSPHORUS, OR SEDIMENT; OR

15 (IV) TERMINATIONS PRIOR TO THE FIRST PAYMENT UNDER THE

16 CONTRACT FOR THE PURPOSE OF SELLING ENVIRONMENTAL OUTCOMES WITHOUT

17 PENALTY TO ANOTHER ENTITY OR FOR ANY OTHER REASON.

18 (E) (1) (I) BEGINNING JULY 2025 AND EVERY 3 YEARS THEREAFTER,

19 THE MARYLAND ENVIRONMENTAL SERVICE SHALL REVIEW AND EVALUATE THE

20 RESULTS OF ALL PAY-FOR-SUCCESS CONTRACTS COMPLETED UNDER THIS SECTION

21 FOR THE PREVIOUS 3 FISCAL YEARS.

22 (II) THE FIRST REVIEW CONDUCTED UNDER SUBPARAGRAPH (I)

23 OF THIS PARAGRAPH SHALL INCLUDE A REVIEW OF ALL PAY-FOR-SUCCESS

24 CONTRACTS COMPLETED UNDER THIS SECTION BETWEEN JULY 1, 2022, AND JUNE

25 30, 2025.

26 (2) THE REVIEW CONDUCTED UNDER PARAGRAPH (1) OF THIS

27 SUBSECTION SHALL INCLUDE:

28 (I) THE COST OF EACH PROJECT PERFORMED UNDER A

29 CONTRACT;

30 (II) THE LENGTH OF TIME TAKEN TO COMPLETE THE PROJECT,

31 FROM THE DATE OF NOTICE TO PROCEED UNTIL COMPLETION;

1 (III) THE AVERAGE COST AND PROJECT DURATION FOR EACH
 2 PROJECT TYPE; AND

3 (IV) WHETHER EACH PROJECT MET THE TERMS OF ITS
 4 CONTRACT.

5 (3) EACH UNIT THAT ENTERS INTO A PAY-FOR-SUCCESS CONTRACT
 6 UNDER THIS SECTION SHALL EXECUTE AN AGREEMENT WITH THE MARYLAND
 7 ENVIRONMENTAL SERVICE TO REIMBURSE THE SERVICE FOR EACH OF THE UNIT'S
 8 COMPLETED CONTRACTS THE SERVICE REVIEWS UNDER THIS SECTION.

9 (4) THE MARYLAND ENVIRONMENTAL SERVICE SHALL PROVIDE
 10 COPIES OF EACH REVIEW CONDUCTED UNDER THIS SUBSECTION TO:

11 (I) EACH UNIT FOR WHICH THE SERVICE REVIEWED AND
 12 EVALUATED A CONTRACT; AND

13 (II) IN ACCORDANCE WITH § 2-1257 OF THE STATE
 14 GOVERNMENT ARTICLE, THE SENATE EDUCATION, HEALTH, AND ENVIRONMENTAL
 15 AFFAIRS COMMITTEE, THE SENATE BUDGET AND TAXATION COMMITTEE, THE
 16 HOUSE ENVIRONMENT AND TRANSPORTATION COMMITTEE, AND THE HOUSE
 17 APPROPRIATIONS COMMITTEE.

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

20 Article – Environment

21 SUBTITLE 14. GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY
 22 COMMISSION.

23 5-1401.

24 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
 25 INDICATED.

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

28 (C) “COMMISSION” MEANS THE GREEN AND BLUE INFRASTRUCTURE
 29 POLICY ADVISORY COMMISSION.

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

1 5-1402.

2 (A) THERE IS A GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY
3 COMMISSION.

4 (B) THE PURPOSE OF THE COMMISSION IS TO ADVISE THE SECRETARY, THE
5 BAYSTAT SUBCABINET, AND LOCAL GOVERNMENT OFFICIALS ON WAYS TO
6 FACILITATE AND ACCELERATE THE SCALE AND PACE OF IMPLEMENTATION OF
7 GREEN AND BLUE INFRASTRUCTURE PROJECTS IN THE STATE, INCLUDING
8 PROJECTS DESIGNED TO:

9 (1) REDUCE NUTRIENT AND SEDIMENT LOADS ENTERING THE
10 CHESAPEAKE BAY;

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

12 (3) IMPROVE CLIMATE RESILIENCE;

13 (4) SEQUESTER CARBON;

14 (5) PROTECT AND RESTORE IMPORTANT TERRESTRIAL OR AQUATIC
15 HABITATS;

16 (6) RESTORE STREAMS OR WETLANDS;

17 (7) BUILD LIVING SHORELINES;

18 (8) AUGMENT OR RESTORE SHELLFISH POPULATIONS; OR

19 (9) RESTORE FOREST OR AGRICULTURAL LANDS.

20 (C) THE COMMISSION CONSISTS OF THE FOLLOWING MEMBERS,
21 APPOINTED BY THE SECRETARY IN CONSULTATION WITH THE OTHER MEMBERS OF
22 THE BAYSTAT SUBCABINET:

23 (1) FOUR REPRESENTATIVES OF LOCAL GOVERNMENT WHO
24 REPRESENT DIFFERENT REGIONS OF THE STATE AND WHO ARE RESPONSIBLE FOR
25 IMPLEMENTING ECOLOGICAL RESTORATION PROJECTS, OF WHOM TWO SHALL
26 REPRESENT COUNTY GOVERNMENTS AND TWO SHALL REPRESENT MUNICIPAL
27 GOVERNMENTS;

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

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

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

6 **(5) ONE REPRESENTATIVE OF THE UNIVERSITY OF MARYLAND**
7 **ENVIRONMENTAL FINANCE CENTER;**

8 **(6) ONE REPRESENTATIVE OF THE PATUXENT ENVIRONMENTAL AND**
9 **AQUATIC RESEARCH LABORATORY, MORGAN STATE UNIVERSITY, RECOMMENDED**
10 **BY THE RESEARCH LABORATORY;**

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

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

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

18 **(E) FROM AMONG THE COMMISSION MEMBERS, THE SECRETARY SHALL**
19 **DESIGNATE:**

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

22 **(2) ONE OF THE LOCAL GOVERNMENT REPRESENTATIVES TO SERVE**
23 **AS COCHAIR.**

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

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

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

29 **5-1403.**

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

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

5 **(B) THE COMMISSION SHALL STUDY AND MAKE RECOMMENDATIONS**
6 **REGARDING:**

7 **(1) WAYS TO PRIORITIZE GREEN AND BLUE INFRASTRUCTURE**
8 **PROJECTS THROUGH STATE PERMITTING PROCESSES;**

9 **(2) CHANGES TO LOCAL DEVELOPMENT POLICIES AND REGULATIONS**
10 **THAT WOULD FACILITATE THE TIMELY REVIEW AND APPROVAL OF GREEN AND BLUE**
11 **INFRASTRUCTURE PROJECTS;**

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

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

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

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

25 **(7) BEST PRACTICES FOR STREAMLINING THE PROCUREMENT AND**
26 **FINANCING PROCESS FOR ENVIRONMENTAL CREDIT BUYERS AT THE LOCAL LEVEL;**
27 **AND**

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

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

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

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

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

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

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

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

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

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

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

12 (7) the Executive Director of the Chesapeake Bay Commission, or the
13 Executive Director's designee;

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

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

18 (10) the following members, appointed by the Secretary of the Environment:

19 (i) one representative of the Maryland Association of Certified
20 Public Accountants;

21 (ii) one representative with expertise in sustainability standards
22 and disclosure related to the environmental and social issues relevant to financial
23 performance;

24 (iii) two representatives of local water utilities who serve as chief
25 financial officers or their functional equivalents; and

26 (iv) two representatives of nonpoint organizations that advocate on
27 behalf of the public's interest in the State's natural resources.

1 (c) The Secretary of the Environment shall ensure that, to the extent practicable,
2 the membership of the Task Force reflects the geographic, racial, gender, and cultural
3 diversity of the State.

4 ~~(e)~~ (d) The Secretary of the Environment, or the Secretary's designee, and the
5 Director of the University of Maryland Environmental Finance Center, or the Director's
6 designee, shall serve as cochairs of the Task Force.

7 ~~(d)~~ (e) The Department of the Environment and the University of Maryland
8 Environmental Finance Center shall provide staff for the Task Force.

9 ~~(e)~~ (f) A member of the Task Force:

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

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

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

19 (2) The Task Force shall:

20 (i) document the extent to which Government Accounting
21 Standards Board standards have been adopted in the State, identify barriers to the
22 adoption of the standards, and make recommendations regarding the increased adoption of
23 the standards;

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

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

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

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

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

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

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

9 (i) artificial intelligence and machine learning;

10 (ii) blockchain technologies and distributed ledgers;

11 (iii) crowdsourcing platforms;

12 (iv) smart sensors;

13 (v) the Internet of things; and

14 (vi) software and systems.

15 (2) The study shall include:

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

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

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

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

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

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

1 remain effective for a period of 2 years and, at the end of June 30, 2024, Section 3 of this
2 Act, with no further action required by the General Assembly, shall be abrogated and of no
3 further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.