

Chapter 87

(House Bill 235)

AN ACT concerning

Department of Natural Resources – Pay-For-Success Contracts – Procurement Exemption

FOR the purpose of exempting pay-for-success contracts negotiated or entered into by the Department of Natural Resources from certain provisions of the General Procurement Law; and generally relating to pay-for-success contracts.

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 11-203(a)(1)(xviii)
Annotated Code of Maryland
(2021 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 13-112.1(a)(1) and (3) and (b)
Annotated Code of Maryland
(2021 Replacement Volume and 2023 Supplement)

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

Article – State Finance and Procurement

11-203.

(a) Except as provided in subsection (b) of this section, this Division II does not apply to:

(1) procurement by:

(xviii) the Department of Natural Resources, for:

1. negotiating or entering into grants, agreements, or partnerships with nonprofit entities related to conservation service opportunities; and

2. **NEGOTIATING OR ENTERING INTO PAY-FOR-SUCCESS CONTRACTS IN ACCORDANCE WITH § 13-112.1 OF THIS DIVISION II; AND**

13-112.1.

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

(3) “Environmental outcome” means a commodity that is modeled or directly measured as a single, quantifiable, and certified unit of improvement to the environment, including a nutrient or carbon benefit.

(b) The General Assembly finds and declares that:

(1) pay-for-success contracting shifts the risk of performance to the contractor because government payment is made only on achievement of outcomes;

(2) social and environmental impact investment is growing dramatically, and investors are seeking ways to finance and execute pay-for-success contracts in the State to expand the success of Chesapeake Bay restoration efforts and achieve other public outcomes; and

(3) it is in the best interest of the State to include pay-for-success contracting as a procurement option, particularly for units responsible for land conservation and environmental protection, enhancement, and restoration.

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

Approved by the Governor, April 9, 2024.