

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1314 (Delegate Ivey)
Environment and Transportation

Natural Resources - Chesapeake Bay Trust - Urban Trees Program

This bill makes the Urban Trees Program (administered by the Chesapeake Bay Trust (CBT)), and the program’s mandated annual appropriation of \$10.0 million, permanent (the program and mandated appropriation terminate June 30, 2031, under current law). **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: The bill has no effect in FY 2027 through FY 2031. Beginning in FY 2032, special fund (Strategic Energy Investment Fund (SEIF)) expenditures increase by \$10.0 million in accordance with the mandated appropriation, as discussed below. Revenues are not affected. **This bill makes permanent a mandated appropriation beginning in FY 2032.**

Local Effect: Local governments are affected, as eligible recipients of funding under the program, as discussed below.

Small Business Effect: Meaningful.

Analysis

Current Law: Chapter 645 of 2021 (the Tree Solutions Now Act of 2021) established the Urban Trees Program, administered by CBT, to plant native species of trees in underserved areas, in furtherance of the State goal established by Chapter 645 of planting and helping to maintain 5.0 million sustainable trees of species native to the State by the end of calendar 2031, including 500,000 planted in an underserved area (the timeline for the 5.0 million tree goal is not extended by the bill, but the bill continues the program’s purpose

of planting native species of trees in underserved areas). “Underserved area” includes an urban area in the State, as delineated by the U.S. Census Bureau, as well as other areas defined by certain criteria, including unemployment and median household income criteria.

CBT must make grants under the program to qualified organizations for tree-planting projects in underserved areas. “Qualified organization” means (1) a nonprofit organization; (2) a school; (3) a community association; (4) a service, youth, or civic group; (5) an institution of higher education; (6) a county or municipality; or (7) a forest conservancy district board. Eligible program expenses include personnel costs, supplies, site preparation, and other expenses and materials related to planning, implementing, and maintaining tree-planting projects in underserved areas.

In awarding program grants, CBT must prioritize (1) grant applications from qualified organizations located in the underserved areas where the proposed tree-planting projects will be implemented and (2) grant applications that include plans for engaging individuals, organizations, or businesses located in underserved areas to implement and maintain tree-planting projects in their communities.

For fiscal 2024 through 2031, in each year the Governor must include in the annual State budget an appropriation of \$10.0 million for the program.

By October 1 of each year, CBT must report to the Department of Natural Resources and the Maryland Department of the Environment on the grants awarded by the program during the immediately preceding fiscal year.

State Expenditures:

Special Fund Expenditures

Special fund (SEIF) expenditures increase by \$10.0 million beginning in fiscal 2032 pursuant to the mandated appropriation being made permanent by the bill. As noted above, the Urban Trees Program and the mandated appropriation terminate June 30, 2031, under current law, but continue under the bill. It is assumed that SEIF is used to fund the program in fiscal 2032 and beyond because SEIF is currently used to fund the program. However, if SEIF funding is not available, general funds are assumed to be needed to continue funding the program.

The net impact on SEIF expenditures in fiscal 2032 and future years is less than the \$10.0 million increase identified, to the extent the mandated appropriation is accomplished by redirecting a portion or all of the necessary funding away from other purposes (that are otherwise funded with SEIF funding in the absence of the bill) rather than by increasing overall SEIF expenditures to make the mandated appropriation each year.

Strategic Energy Investment Fund (Background)

SEIF is administered by the Maryland Energy Administration (MEA) and primarily receives funds from the sale of carbon dioxide emissions allowances under the Regional Greenhouse Gas Initiative and alternative compliance payment revenues through the State's renewable energy portfolio standard. Additionally, SEIF will receive a portion of corporate income tax revenues from qualified data centers that are operational on or after January 1, 2026.

MEA is required to use SEIF for various specified uses, including investing in the promotion, development, and implementation of (1) cost-effective energy efficiency and conservation programs, projects, or activities; (2) renewable and clean energy resources; (3) climate change programs directly related to reducing or mitigating the effects of climate change; and (4) demand response programs that are designed to promote changes in electric usage by customers. SEIF must also be used to provide targeted programs, projects, activities, and investments to reduce electricity consumption by customers in low-income and moderate-income residential sectors, and to provide supplemental funds for low-income energy assistance administered by the Department of Human Services.

Local/Small Business Effect: Because the bill extends the Urban Trees Program and the associated \$10.0 million mandated appropriation beyond fiscal 2031, local governments and small businesses continue to benefit from funding provided for tree planting initiatives in fiscal 2032 and future years. Local governments, in particular, may continue to receive funding from the program (along with technical support from the State) to reach urban tree canopy goals. Small businesses (including nurseries and farms and businesses involved in green infrastructure) will also continue to benefit from funding provided for tree planting from the program.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Natural Resources; Maryland Department of the Environment; Department of Budget and Management; Harford, Talbot, and Wicomico counties; Baltimore City Community College; University System of Maryland; Morgan State University; Anne Arundel County Public Schools; Wicomico County Public Schools; St. Mary's County Public Schools; Department of Legislative Services

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