

Thursday March 4, 2021

TO: Paul Pinsky, Chair of Senate Education, Health and Environmental Affairs Committee; and Committee Members

FROM: Mark Bryer, The Nature Conservancy, Chesapeake Bay Program Director; and Caitlin Kerr, The Nature Conservancy, Conservation & Climate Policy Analyst

POSITION: Support SB 737 Comprehensive Conservation Finance Act of 2021

The Nature Conservancy (the Conservancy) supports SB 737 offered by Senator Rosapepe. SB 737 is a sweeping piece of legislation that holds the potential to transform how Maryland finances environmental restoration and protection. Critical highlights of the bill include expanded opportunities to use the State's Water Quality Loan Fund, enhance the use of nature-based solutions to clean our waters and to sequester carbon and mitigate climate change, procure environmental outcomes using pay-for-success contracting, and build more equity into that State's environmental investments.

Maryland has demonstrated national leadership in investing in clean water and climate change solutions, including promoting environmental markets. We must now take the next step to scale our solutions for greater impact, so that these investments may continue to pay dividends for years to come. SB 737 can provide a blueprint for Maryland, and the nation, to realize the potential for markets to finance more environmental improvements at lower costs. The bill also includes provisions to increase access to financing for frontline communities that are the most impacted by climate and environmental health risks, through the State's revolving loan fund.

The Conservancy is dedicated to investing in nature-based solutions – also called green and blue infrastructure – both in Maryland and across the globe. These solutions provide long-term carbon storage and nutrient runoff reductions, and also protect biodiversity, restore watersheds, and improve human health. The Conservancy developed foundational science¹ on these solutions, and we know that intense collaboration between frontline communities, governments, large and small non-governmental organizations (NGOs), and private financing is essential to achieve the transformational change that is necessary to combat climate change and improve environmental health. Our experience has shown that these solutions also provide critical, economical co-benefits to communities, such as flood risk reduction, enhanced climate resilience, and job creation. We note and appreciate that this bill expands the opportunity to finance these solutions and deliver benefits to Maryland's citizens and its ecosystems for many years to come.

We also have significant experience here in Maryland and around the world working with private financial institutions to fund critical conservation projects. This bill creates a unique opportunity to engage with and enhance private investors' participation in helping our State to meet our ambitious clean water and climate goals. In particular, the pay-for-success contracting laid out in this legislation could create a culture of entrepreneurship to deliver environmental outcomes and incentivize new private sector investors to engage in environmental restoration and protection. The legislation would also establish guardrails that encourage innovation in project delivery, technology, and financing while transferring risk from the State to the private

¹ <https://www.pnas.org/content/114/44/11645>

sector. As a result, this bill has the potential to attract attention and funding from federal agencies looking to test similar innovations.

The Conservancy commends Senator Rosapepe for recognizing the importance of the Comprehensive Conservation Finance Act and revitalizing the policy to incentivize innovative, cost-effective, equitable projects that can help accelerate progress toward clean water and climate mitigation goals, while reducing costs.

Therefore, we urge a favorable report on SB 737.