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**Committee: Environment and Transportation**  
**Testimony on: HB507 – “Clean Water Commerce Act of 2021”**  
**Position: Favorable**  
**Hearing Date: February 10, 2021**

The Maryland Sierra Club strongly supports HB507 and urges a favorable report. This bill would extend the existing Clean Water Commerce Act until 2030. The Clean Water Commerce Act enables the State to more cost-effectively meet the nitrogen reduction goals of the Chesapeake Bay Agreement while also achieving significant co-benefits for climate mitigation and resilience as well as water quality. This program would be funded by transferring \$20,000 a year from the Bay Restoration Fund into a new and dedicated Clean Water Commerce Fund. Without this bill, the current Clean Water Commerce Act would sunset in June of this year.

Under this legislation, more cost-effective reduction of nitrogen pollution would be achieved through a competitive procurement process to be used to acquire environmental outcomes that consist of lasting and verifiable reductions that have significant co-benefits. These co-benefits would involve set-asides of 35% for agricultural practices, 20% for communities disproportionately burdened by environmental harm (which may support green infrastructure stormwater management projects), and 10% for non-agricultural landscape restoration. In addition, a modest bonus would be provided for projects that have co-benefits for climate mitigation and resiliency, water quality improvements for locally impaired waters, and reductions of phosphorus and sediment.

These projects would need to have a life expectancy of at least ten years and must be retired rather than being resold or reused. They could occur in any of the sectors that have allocated responsibilities for nutrient reduction and would be credited toward meeting the share of nitrogen reduction obligations of the sector in which they are generated. Benefits also would so be ensured through payment for performance, once milestones towards environmental outcomes have been verified.

This bill would take a critically important step toward meeting the challenge of financing water quality improvements and meeting the State’s obligations for clean-up of the Chesapeake Bay, which go beyond the upgrades of wastewater treatment plants for which the Chesapeake Bay Restoration Fund was originally established. We urge the Committee to issue a favorable report.

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