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March 30, 2021

The Honorable Kumar P. Barve, Chair  
Environment and Transportation Committee  
Maryland House of Delegates  
251 House Office Building  
6 Bladen Street  
Annapolis, MD 21401

The Honorable Maggie McIntosh, Chair  
Appropriations Committee  
Maryland House of Delegates  
121 House Office Building  
6 Bladen Street  
Annapolis, MD 21401

Dear Chair Barve, Chair McIntosh, and members of the Environment and Transportation Committee and the Appropriations Committee,

On behalf of Chesapeake Conservancy, I would like to express our support for SB 737, the Comprehensive Conservation Finance Act of 2021.

As Maryland, our nation, and our global community face twin environmental crises – global climate change and the projected extinction of 1/8<sup>th</sup> of the world's species by 2100 – we must amplify and accelerate our conservation efforts to protect nature and to protect humanity. To respond to these global challenges, and also to address important local and statewide environmental challenges like restoring the Chesapeake Bay, Maryland must deploy all available resources and explore innovative policy measures to increase incentives for conservation.

Through several changes to state code, SB 737 would allow Maryland to attract greater investment in conservation and environmental outcomes from private capital, including from philanthropic foundations, profit-seeking investors, and from national and multinational corporations acting voluntarily to improve their green footprint.

SB 737 includes a number of innovative policy measures that would put Maryland at the forefront of the effort to further incentivize private capital investments in environmental outcomes. The bill would authorize pay-for-success contracting in Maryland's procurement code and would define environmental outcomes for procurement. As a result, Maryland agencies could purchase environmental outcomes such as 'pounds of nutrient pollution reduced', using pay for success contracts which incentivize performance and shift project risk to investors.

The bill would also expand uses of Maryland's Clean Water and Drinking Water state revolving funds (SRFs) to incentivize green infrastructure and conservation projects as a means to protect source water. SRFs enable a competitive borrowing rate for communities and investors, thereby reducing risk. Changes to state code for Maryland's SRFs would also address environmental justice by prioritizing projects to replace toxic lead pipes, by consolidating small private and failing utilities, and by supporting green infrastructure projects that would benefit disadvantaged communities.

SB 737 would also enable Maryland landowners to take advantage of voluntary carbon markets, including to preserve agricultural lands and deploy conservation practices for soil health. The bill would create a clear authorization for Maryland to purchase soil and forest carbon outcomes, it would authorize the state to partner with expert organizations to support credit aggregation, and it would direct Maryland to implement one forest carbon offset project on state land by 2024.

Collectively, these and other innovative policy provisions would drive greater investment from private capital sources in order to achieve conservation and environmental outcomes in Maryland. My belief is that it would provide an estimated additional \$100 million per year for conservation within five years after the bill is implemented.

SB 737 represents the first comprehensive conservation finance legislation in all the states, and would enable Maryland to amplify and accelerate its conservation and environmental restoration efforts.

Thank you for considering this important legislation, and I urge you to support SB 737.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joel Dunn', with a stylized flourish at the end.

Joel Dunn  
President and CEO  
Chesapeake Conservancy



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March 29, 2021

***The Honorable Kumar P. Barve, Chair, and Members,  
Maryland House Environment and Transportation Committee  
The Honorable Maggie McIntosh, Chair, and Members,  
Maryland House Appropriations Committee  
House Office Building, 6 Bladen Street  
Annapolis, Maryland 21401***

**Re: SB0737 The Comprehensive Conservation Finance Act of 2021 (Hearing on April 1<sup>st</sup>)**

Dear Chair Barve and Chair McIntosh and Committee Members,

The Alliance for the Chesapeake Bay is writing in support of the proposed SB0737, Comprehensive Conservation Finance Act of 2021. For the last 50 years, the Alliance has brought together communities, companies, and conservationists to restore the lands and waters of the Chesapeake Bay. While public and philanthropic funding has helped move the needle on restoration progress over the last few decades, it is critically important to attract private capital and financing to the effort, in order to achieve the most equitable and efficient outcomes for the Chesapeake Bay watershed.

The proposed Comprehensive Conservation Finance Act would place Maryland squarely on the map as a state leading the way in innovative restoration that engages both the public, philanthropic and private sector investments more deeply in this work. The Alliance is supportive of all efforts to increase the capital available to perform restoration work in the Chesapeake Bay watershed.

From our perspective, this proposed legislation provides the following opportunities to the state of Maryland and the Chesapeake Bay:

- Defines ‘blue infrastructure’ and puts both blue and green infrastructure on the same footing for state financing as traditional gray infrastructure practices.
- Provides more opportunities for green infrastructure projects such as forest and tree planting by making them eligible for MDE state revolving fund loans, grants, and loan guarantees.
- Helps to accelerate the permitting and installation of green infrastructure projects through the creation of a green infrastructure and restoration commission.

- Expands the ability of many Maryland state agencies to contract for work utilizing competitively procured Pay for Success contracts where private capital is put at risk if environmental outcomes are not achieved, and which helps drive innovation, speed of delivery, and price reduction of projects.
- Enhances many opportunities for land owners to participate in voluntary carbon markets, including creating working groups through DNR and Department of Agriculture to explore programming to assist, and amending state laws to enable easier access to these markets.
- Creates a cross-state funding mechanism for watershed and conservation projects in the Pennsylvania portion of the Susquehanna watershed which will assist in accelerating water pollution improvements there.

We applaud the efforts of this legislation to incorporate equity as a critical piece of restoration work moving forward. This legislation requests the state's Environmental Justice Commission to recommend actions needed to create a human right to affordable, clean water, following California's lead. Recognizing the intersection of equity in this work, this bill prioritizes areas that have been historically marginalized, and seeks to provide co-benefits of on the ground restoration benefits for the benefit of our Maryland communities.

The timing on the introduction of this bill is incredibly important, as State and County revenues are down and the prioritization of increased spending to protect the health of all Marylanders has increased. The Alliance applauds the collective efforts that resulted in the introduction of this bill – it is a critical investment for a brighter future for cleaner water for all Maryland residents, and for those further downstream in the Chesapeake.

The Alliance is appreciative of your efforts on behalf of the residents of the state of Maryland via innovative solutions for protection and restoration of our priceless natural resources. Please reach out with any comments or questions – I can be reached at [KFritz@allianceforthebay.org](mailto:KFritz@allianceforthebay.org) or 443-926-1111 (cell).

Sincerely,

A handwritten signature in blue ink, appearing to read "Kate Fritz".

Kate Fritz, Chief Executive Officer  
Alliance for the Chesapeake Bay



# CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration  
Environmental Education*

## **Senate Bill 737**

### Comprehensive Conservation Finance Act

Date: April 1, 2021

To: House Environment and Transportation and  
Appropriations Committees

Position: **SUPPORT AS AMENDED**

From: Robin Clark, Maryland Staff Attorney

Chesapeake Bay Foundation **SUPPORTS SB 737 AS AMENDED**. This bill considers changes and updates to various elements of the State's environmental laws and financing and envisions new avenues for private investment of environmental policy and programs in Maryland. Leveraging private investment may speed environmental outcomes that help restore the Chesapeake Bay.

In the Senate, CBF supported the legislation with amendments, noting several areas worthy of consideration if the State were to enact the broad changes envisioned in SB 737. Based on amendments to the bill's forest conservation section, CBF is shifting its position to support. However, the **Chesapeake Bay Foundation hopes to continue to be a part of the discussion as the State implements these broad changes in consideration of the following comments.**

This legislation draws several subject matters to the foreground that are worthy of consideration and update. For example, the creation of a Maryland-based carbon market could support environmental work in key areas – including providing ongoing financial resources for conservation practices in agriculture, and stormwater management practices, such as tree plantings in developed areas. The State should investigate and determine what updates to the law, if any, are needed to help that market develop.

The development of an interstate trading program between Pennsylvania and Maryland in the Susquehanna Basin, envisioned in this legislation could help Bay's recovery efforts. While water quality benefits might accrue more substantially to the state where the best management practice is installed, as long as the benefit is in the same basin, the Chesapeake Bay will benefit.

This legislation also seeks to define concepts currently lacking definition. These include blue and green infrastructure. In drafting these definitions, consideration must be made of the ways that blue and green infrastructure fit in current laws, and also the way that they may be emphasized in the future. For example, the definition of green infrastructure includes engineered elements that protects communities from flooding or storm surge or sequesters carbon. Green infrastructure, even when partly engineered, requires a natural tie. And while flood mitigation and carbon sequestration are co-benefits of green infrastructure, they may not merit standalone inclusion in the definitions.

The legislation expanded uses for the Drinking Water Revolving fund may allow the fund to support non-point source pollution reduction, forest and wetland protection and restoration so long as they can be tied to drinking water quality. Precedent for this extension may be found in New York's acquisition of the Catskills and Adirondack parks to protect drinking water quality for New York City. This concept seems

Maryland Office | Philip Merrill Environmental Center | 6 Herndon Avenue | Annapolis Maryland 21403 | 410 268-8816 | CBF.ORG

The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With 300,000 members and e-subscribers, including over 109,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Bay and its resources.



# CHESAPEAKE BAY FOUNDATION

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*Environmental Protection and Restoration  
Environmental Education*

worthy of exploration, including the dynamic it would create between existing sources of funding for the Bay's restoration.

Other areas of this legislation that demand further review and consideration include the provisions relating to hydroelectric power and forest conservation. On the latter, the legislation's mandated priorities and contribution rates are piecemeal changes that may create disincentives to forest preservation without broader updates across the Forest Conservation Act. While the original bill allowed landowners to use forests on state properties as the buffer or insurance requirements for private forest transactions, the amended version specifies that only forests restored after July 1, 2021 may be so used.<sup>1</sup>

The challenge with such a broad set of environmental outcomes that can be traded and the complicated blending of funds that could include state grants and loans includes tracking the transactions to make sure environmental outcomes are achieved and loaned money is repaid by offset payments. The "stacking" of several types of environmental outcomes into a single instrument also invites the potential for confusion. If a single action such as planting trees can reduce nitrogen and sequester carbon, stacking is appropriate. However, definitions of commodities in the legislation list multiple environmental outcomes which could be conflated, and if paid for with a grant and reimbursed by offset credits, could lead to miscounting or double dipping.

**CBF urges the Committee's FAVORABLE AS AMENDED report on SB 737.** For more information, please contact Robin Jessica Clark at [rclark@cbf.org](mailto:rclark@cbf.org) and 443.995.8753.

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<sup>1</sup> 2021 General Assembly Session, SB 737 Third Reader Draft, page 22, line 30.

Maryland Office | Philip Merrill Environmental Center | 6 Herndon Avenue | Annapolis Maryland 21403 | 410 268-8816 | CBF.ORG



# THE CONSERVATION FUND

410 Severn Avenue Suite 204  
Annapolis, MD 21403  
Phone: 443-482-2826  
Email: [bcrouch@conservationfund.org](mailto:bcrouch@conservationfund.org)  
[www.conservationfund.org](http://www.conservationfund.org)

March 30, 2021

The Honorable Kumar P. Barve, Chair, and Members,  
Maryland House Environment and Transportation Committee  
The Honorable Maggie McIntosh, Chair, and Members,  
Maryland House Appropriations Committee  
House Office Building  
6 Bladen Street  
Annapolis, Maryland 21401

**Re: SB0737 The Comprehensive Conservation Finance Act of 2021 (Hearing on April 1<sup>st</sup>)**

Dear Chair Barve and Chair McIntosh and Committee Members:

The Conservation Fund believes that protecting valuable, conservable land is essential to America's environmental health and economic vitality. A national 501 c(3) non profit organization, our land conservation efforts make it possible for conservationists, community leaders, land trusts and government to swiftly and efficiently safeguard these properties for wildlife, recreation, historic significance or to help balance our built environment. The Conservation Fund has protected over 8 million acres nationwide. In TCF's Maryland Office, The Conservation Fund has protected close to 150,000 acres since in eighteen years with a staff of five people. We typically focus on the largest and most complex projects. Our *Parks with Purpose* program focuses on some of our most vulnerable urban communities. Through equitable park development projects and a community-centered approach, we work with residents to transform and restore blighted, inner city properties into vibrant new parks. With our sponsorship of the Harriet Tubman Rural Legacy Area, we also work to protect 28,300 acres that served as the setting for Harriet Tubman's struggles and heorism.

In order for our country, the Chesapeake Bay region, and Maryland to meet essential goals to protect thirty percent of our lands by 2030, to store large amounts of greenhouse gases in protected and restored forests, and to build climate resilience for our communities, we need more policy tools that will help us achieve those goals more rapidly and at greater scale. Current sources of funding will not be sufficient to meet and maintain these and related goals such as the Chesapeake Bay restoration. We need to additional sources of financing including those provided by the rapidly expanding private capital and ecosystem investment markets. This proposal if enacted, will make Maryland more attractive to these sources of financing.

SB 0737, the Comprehensive Conservation Finance Act, is exactly the kind of policy proposal that will give us those tools. The Fund strongly supports passage of this legislation in part because It really focuses on green and blue infrastructure and other nature-based policies.


While being budget neutral, the legislation creates new ways for Maryland to protect and restore carbon-storing and water-purifying forests.

For example, other states including Pennsylvania, Virginia, and California have already been using state revolving loan funds to protect forests in the headwaters of essential drinking water supplies. This legislation would give Maryland that same flexibility. Revolving loan funds can also be used for loan guarantees. Essentially a loan guarantee allows a project to get a less expensive loan from lenders; however, Maryland has almost never used its existing guarantee program. This legislation would expand the guarantee so it can be used to backstop forest protection loans and so that nonprofits and other organizations are eligible for those loan guarantees for environmental impact bonds or green bonds. The Conservation Fund is the largest nonprofit holder of a green revolving loan fund for forest protection. There is much greater demand for our fund than we can ever meet and we know that if Maryland's program is expanded in this way, it will help partners finance more forest protection throughout the state.

The Comprehensive Conservation Finance Act also expands ways the state can attract voluntary carbon finance projects to Maryland. As compared to other states like PA and VA, MD has no viable or growing voluntary carbon offset markets. The legislation encourages DNR to create a working group on forest carbon that will help private landowners aggregate carbon credits across multiple properties to be able to sell those credits to voluntary buyers and takes a similar step for the MDA. The bill also allows reforestation of Maryland state forests to be used to meet the insurance or buffering requirements of voluntary carbon protocols, which will provide a small amount of private funding for forest restoration on public lands and help private landowners enhance forest protection through carbon projects.

As one of the nation's largest conservation nonprofits, we hope your committee and the General Assembly will enact SB 0737 and in so doing, establish greater priority for nature based solutions and allow our great state to capture its fair share of growing private capital investment markets.

Sincerely,



Bill Crouch  
Maryland State Director  
The Conservation Fund





March 30, 2021

The Honorable Kumar P. Barve, Chair, and Members  
Maryland House Environment and Transportation Committee  
The Honorable Maggie McIntosh, Chair, and Members  
Maryland House Appropriations Committee  
House Office Building Rm 251  
6 Bladen Street  
Annapolis, Maryland 21401

Re: SB0737 The Comprehensive Conservation Finance Act of 2021

Dear Chair Barve, Chair McIntosh and Committee Members:

GreenVest is a 24-year-old company engaged in the restoration of environmentally sensitive land throughout the eastern part of the United States. Our company has completed or in the process of carrying out almost \$150 million in restoration work in our Bay region and throughout the Atlantic Seaboard. I know you are aware of our work throughout the Chesapeake Bay Program (CBP) area and our involvement in helping advance innovative strategies to enhance the efficiency of advancing restoration work. You also are aware of the significant costs faced by all responsible parties in Maryland who are trying to comply with CBP mandates.

With this communication I am writing to thank you for advancing this Bill through your Committees. It makes very good sense, particularly at this time when all State and County budgets are strained by reduced revenues and increased spending to protect the health of Maryland citizens. The fact that the Maryland Senate voted unanimously 45-0 to pass this Act speaks volumes about its significance.

This letter and the two summaries attached I believe will answer all questions and provide a compelling mandate to vote for its passage.

The Act recognizes the significant growth in private investment of companies like GreenVest, with the goal of generating both a financial return and a measurable environmental result. It is not a lack of initiative by companies like GreenVest or access to capital holding back conservation investing, its policy. The lack of guidance, and better yet, rules have a critical role to play in unlocking the potential for conservation investing. The policies and rules do not exist at the level we need them. If put in place, changes like the ones in this proposal will signal market stability, bolstering demand, improving transaction efficiencies, and reducing risk. The net result will be more low-cost funds to get restoration projects in the ground faster.

Our analysis of the Comprehensive Conservation Finance Act (CCFA) suggests that the proposed legislation strengthens enabling conditions and would significantly attract private investment capital for conservation in Maryland. We think the most important ways this Act will trigger more investment in the CBP are as follows:

## **Signaling Market Stability**

The CCFA helps expand investment by allowing the Bay Trust fund to pay for water quality outcomes through Pay for Success contracts and to prioritize and price other co-benefits. The legislation also expressly encourages and supports larger scale, multi-year, nonpoint source water quality and co-benefit initiatives through the Chesapeake Trust Fund. These changes and the backing by state contracts help signal market risk for private investors.

## **Bolster Demand**

Government policy can encourage private investment by signaling consistent and dependable demand for conservation outcomes. By authorizing Pay-for-Success more broadly for DOT and four other agencies as a competitive procurement practice, the CCFA creates the opportunity for the state to buy completed environmental outcomes, for example to meet stormwater permit requirements for road projects. If private investors perceive the state as a predictable buyer of environmental commodities, they will start investing in the delivery of water quality and similar outcomes in advance of the state's need. The proposed policy changes make it more likely that investors, banks, and other capital sources will want to provide us with even higher levels of support which in turn allow us to carry out more restoration projects, support more local jobs, and advance more of the state's goals. In addition, by setting a preference for third-party forest banks, the CCFA also decreases the level of risk in market-based investments and establishes a secure and stable footing for these investments to occur.

## **Improving Transaction Efficiency**

The CCFA seeks to improve transaction efficiency in several ways. By defining "environmental outcome" as a commodity, it creates a way for agencies to use commodity or supply contracting authorities, which should dramatically simplify the paperwork needed for them. The legislation encourages the formation of public/private partnerships to aggregate projects for carbon market offset sales. Given the importance of scale for successful carbon development projects, aggregation is critical to reducing transaction costs. The Green and Blue Infrastructure Policy Advisory Commission created by the CCFA is, among other things, tasked with identifying overlapping areas of state and local procedures that could be simplified to make restoration easier. Similarly, the working group on carbon offset sales is charged with reducing barriers for Maryland landowners to participate in growing carbon markets.

## **Reducing Risk**

Publicly funded mechanisms that reduce risk have the potential to leverage significant private capital. The CCFA proposes changes to the state revolving funds for drinking water and clean water to clarify all the ways these funds can be used for source water protection. These federally backed programs provide very low interest rate financing (typically less than 2% and as low as 0% for certain projects) that has largely been used for traditional water infrastructure. Out of the \$2.5 billion provided over the last 20 years in Maryland, only \$130 million has gone toward green infrastructure. State revolving funds have been critical to large conservation efforts in other states because they reduce risk to private partners by offering them access to concessionary rate financing.

## **Private Investment in Maryland**

Maryland has committed significant public financial resources toward safeguarding the Chesapeake Bay. However, public funding is limited and will be stretched even further to keep up with the growing need in the current economic environment. Markets that encourage conservation and support ecosystem functions on private lands are critical to protecting the Bay and safeguarding natural resources and community health throughout Maryland.

Billions of dollars are now flowing into sustainable and green investment initiatives and that flow has not stopped during this pandemic. The CCFA will help Maryland become a leader in the region—and perhaps the country—in attracting private conservation dollars. Maryland would be the first state in the country to introduce comprehensive legislation like this and we hope others will follow its lead.

### **Enhanced Access to Federal Dollars**

There is a strong connection between the pronounced agendas of some of the new Biden Administration appointments at FEEMA, EPA and OMB and what would be accomplished with this bill. If passed, many provisions track very closely to these new agency agendas and therefore the State can become an enabler of some of the Executive Orders and policies being advocated at the Federal level.

Here is the rationale. COVID 19, the economy, racial inequality and climate change are among the highest priorities of the Biden Administration. COVID work is a function of resecuring a healthy standard of living and maintaining it. Water quality, enhanced air quality and the environmental restoration work we seek to do is important to this goal. We are also seeking more and more opportunities to do work in or near more burdened communities so site selection for our stream restoration projects is better targeted to creating community co-benefits and environmental justice ones too. Getting jobs permitted and funded in a timely manner puts more people back to work. And last but not least, all of the work we do helps negate an accelerated level of climate change.

If we secure passage of this legislation our industry will aggressively seek to implement the benefits being espoused. Maryland can become a national thought leader and advocate nationally for this type of creative work and thus the environment as a whole can be positively impacted. However, Maryland's passage of this legislation may also make it far easier for the state to compete for new federal funds or initiatives that are aligned with the same priorities covered by this legislation and that would already be built-in to state law in advance.

Tech innovations have transformed our lives in unimaginable ways and it has happened fast. Why do we embrace and accept that pace of change but accept so little innovation in government policies and rules that hinder our ability to have clean water, clean our streams, rivers and bays? This legislation helps address a significant barrier to efficiency and sends an important message at a critical time.

I have attached two exhibits that might be helpful to advance your support and that of others. First is a two-page summary of the legislation and second some key statements of support from many stakeholders.

We thank you for your support and also appreciate the support of the Departments of Environment, Natural Resources, and Transportation. We encourage other members of the House to support this bill and pass it this session.

Thank you for your consideration. Please feel free to call me at 301-529-1592 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Doug Lashley', with a long horizontal flourish extending to the right.

Doug Lashley  
Managing Member GreenVest, LLC

Cc:

Vice Chair Dana M. Stein, Environment and Transportation Committee

Vice Chair Mark S. Chang, Appropriations Committee

Subcommittee Chair Marc A. Korman, Transportation and Environment Appropriations  
Subcommittee



MARYLAND LEAGUE  
OF CONSERVATION VOTERS

April 1, 2021

## **SUPPORT SB 737 - Comprehensive Conservation Finance Act**

Chair Barve, Chair McIntosh and Members of the Committees:

### **Maryland League of Conservation Voters**

Lynn Heller, Board Chair  
Maris St. Cyr, Vice Chair  
Michael Davis, Treasurer  
Hon. Virginia Clagett  
Stuart Clarke  
Candace Dodson-Reed  
Verna Harrison  
Melanie Hartwig-Davis  
Ed Hatcher  
Hon. Steve Lafferty  
Bonnie Norman  
Katharine Thomas

Kim Coble  
Executive Director

30 West Street  
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Annapolis, MD 21401

410.280.9855  
mdlcv.org  
marylandconservation.org

The Maryland League of Conservation Voters strongly supports SB 737 - Comprehensive Conservation Finance Act, and thanks Senator Rosapepe for his leadership on this issue.

Maryland is widely recognized for its natural resources and has a long history of working to conserve and protect these resources while also maintaining the industries that rely on them. The State has created a number of funding programs to support these efforts. However, state funds are limited and the needs to improve “environmental outcomes” and reduce pollution, especially greenhouse gas emissions, continues to increase. What has become evident is that a far more effective and efficient mechanism is to facilitate the engagement of the private investment market. This is exactly what SB 737 accomplishes. It provides a long-term vision and process of how the State will achieve environmental outcomes. The financial systems created by SB 737 provide “signals” to the private investment market that Maryland is prioritizing conservation goals and creating policies to support these goals. Additionally, it creates structures, such as public-private partnerships and procurement and contractual systems that are attractive to private investors. Thereby, enabling and incentivizing more private funds directed at environmental outcomes. SB 737 also allows for mitigation practices to be eligible for financial assistance through the State Revolving Loan Fund, Chesapeake Bay Trust Fund, Drinking Water Loan Fund, and by doing so, provides incentives for the private market to engage through pay-for-success models, green bonds, and environmental impact bonds. The bill also leverages local, state and federal funds thereby creating a more attractive investment opportunity for the private sector. Additional provisions in SB 737 that we strongly support include:

- addressing water infrastructure and water quality needs by allowing and providing financing mechanisms for “blue infrastructure” including filters such as oysters, seagrass and marshes and “green infrastructure” such as forest, buffers, permeable pavers and green roofs;
- providing a mechanism for funds to be allocated to address pollution from the Susquehanna River watershed;

- allowing for a longer loan repayment period for disadvantaged communities and targeting funds to these communities;
- creating a workgroup that will develop recommendations that create systems for forest carbon sequestration programs;
- creating a task force and working group to assess procedures that could be simplified and barriers that could be removed that will result in future investments.

It is likely that by creating a comprehensive approach and financial opportunities to support environmental outcomes that Maryland could attract private conservation investment funds from a wider geographic area and set Maryland up as a leader in the conservation finance arena as well as make significant strides to protect our natural resources.

Maryland LCV urges a favorable report on SB737.



**Thursday April 1, 2021**

**TO:** Kumar Barve, Chair of the House Environment & Transportation Committee; Maggie McIntosh, Chair of the House Appropriations 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 science<sup>1</sup> 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

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<sup>1</sup> <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.**