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February 7, 2022

**The Honorable Guy Guzzone, Chair**  
Budget and Taxation Committee  
Maryland Senate  
Miller Senate Office Building 3 West Wing  
11 Bladen Street  
Annapolis, MD 21401

**The Honorable Jim Rosapepe, Vice Chair**  
Budget and Taxation Committee  
Maryland Senate  
Miller Senate Office Building 3 West Wing  
11 Bladen Street  
Annapolis, MD 21401

Dear Chair Guzzone and Vice Chair Rosapepe,

On behalf of Chesapeake Conservancy, I would like to express our support for SB 348, the Conservation Finance Act of 2022.

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 348 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 348 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 348 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 348 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 348.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joel Dunn', with a large, stylized initial 'J'.

Joel Dunn  
President and CEO  
Chesapeake Conservancy