



# CHESAPEAKE BAY FOUNDATION

---

*Environmental Protection and Restoration  
Environmental Education*

## **House Bill 653**

Conservation Finance Act

Date: February 16, 2022  
To: Environment and Transportation

Position: **Support**  
From: Doug Myers, Maryland Senior Scientist

---

Chesapeake Bay Foundation (CBF) **SUPPORTS** HB 653. 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.

**Pay-for-performance has a potential meaningful, positive role in restoration. This bill takes initial steps to set up a system for the State and local governments in Maryland to purchase environmental outcomes from the private sector.**

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 development of an interstate trading program between Pennsylvania and Maryland in the Susquehanna Basin, envisioned in this legislation could help Bay's recovery efforts. The legislation expands uses for the Drinking Water Revolving fund to allow the fund to support nonpoint 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.

**Environmental outcomes must be measurable to secure progress on climate, equity and water quality.**

While the bill attempts to clarify the types of projects that may be sold in a pay for performance market, the definitions are too broad to guarantee certain outcomes. The examples provided for green and blue infrastructure projects are perhaps the strongest guidance, but even in this case, there are shortcomings. For example, stream restoration projects are an example of green infrastructure in the legislation. These projects are not currently required to meet pollution reduction measures in many cases, rather they are pursued with a undefined aim of achieving “ecological uplift.”

Any practice that a state or local government purchase from the private sector in a pay for performance model needs to perform. Where performance assurances are lacking, CBF recommends the State and local

Maryland Office • Philip Merrill Environmental Center • 6 Herndon Avenue • Annapolis • Maryland • 21403  
Phone (410) 268-8816 • Fax (410) 280-3513

governments consult the Chesapeake Bay Program crediting schemes and guidance, such as the [Unified Guide for Crediting Stream and Floodplain Restoration Projects in the Chesapeake Bay Watershed](#), and Maryland's regulations and best practices and guidance to provide guardrails for project selection, maintenance and monitoring.

**CBF urges the Committee's FAVORABLE report on HB 653.** For more information, please contact Robin Clark, Maryland Staff Attorney at [rclark@cbf.org](mailto:rclark@cbf.org) and 443.995.8753.