



Maryland

Department of the Environment

Larry Hogan
Governor

Boyd Rutherford
Lieutenant Governor

Ben Grumbles
Secretary

February 9, 2022

The Honorable Guy Guzzone, Chair
Budget & Taxation Committee
Miller Senate Office Building, 3W
Annapolis, Maryland 21401

Re: Senate Bill 348 – Conservation Finance Act

Dear Chair Guzzone and Members of the Committee:

The Maryland Department of the Environment (MDE or the Department) has reviewed SB 348, entitled *Conservation Finance Act* and would like to offer our support for this bill.

The Department believes this legislation is the first conservation finance act of its kind nationally and sets the stage for Maryland to be even more of a national climate and environmental leader on issues such as the restoration of the Chesapeake Bay and mitigating and adapting to the effects of climate change. The bill contains multiple provisions that promote financial investment in environmental projects and markets, while also meeting other important goals like environmental justice. While the Department already makes these provisions a priority, this bill will allow MDE to further strengthen our programs. The bill also promotes pay-for-success procurement for conservation and environmental projects.

The key features of this legislation are:

- Greater flexibility and more opportunities to use the Clean Water and Drinking Water State Revolving Funds to match recent changes in federal law;
- Pay-for-success procurement that allows state agencies to buy environmental outcomes, which will bring down costs for environmental restoration and compliance while increasing investment in environmental projects;
- Removing barriers to and encouraging participation in carbon markets;
- Promoting investment in environmental justice and disadvantaged communities and establishing a human right to safe, clean, affordable and accessible water; and
- Encouraging the use of state funding to purchase environmental outcomes from long-term or permanent projects located in the portion of the Susquehanna River Basin outside of Maryland if Maryland receives credit for those outcomes.

Engaging the conservation finance sector makes sense at this time of increased fiscal stewardship. There is growing interest and demand for sustainable and green investment, which can generate a financial return as well as measurable environmental results. By improving Maryland's conservation finance laws, policy, and markets, we will be able to attract more private capital and investment in Maryland's environment and natural resources. This is essential for the state to meet and maintain our clean water and clean air goals.

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The necessary changes in SB 348 will drive greater efficiencies, bring down overall costs, and accelerate the delivery of environmental restoration projects.

Thank you for your consideration. We will continue to support SB 348 during the committee's deliberations, and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or tyler.abbott@maryland.gov.

Sincerely,



Tyler Abbott

cc: The Honorable Sarah K. Elfreth
Terri Wilson, Director, Office of Budget & Infrastructure Financing