



February 27, 2023

The Honorable Kumar P. Barve, Chair
House Environment and Transportation Committee
House Office Building, Room 251
6 Bladen St., Annapolis, MD 21401

Favorable: HB 530 – Natural Resources – Forest Mitigation Banks and Forest Conservation Fund - Alterations

Dear, Chair Barve and Committee Members:

The NAIOP Maryland Chapters representing more than 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate, recommend your unfavorable report on House Bill 530.

House Bill 530 would end eligibility for forest retention banks for development projects approved after December 31, 2020. This change eliminates most off-site forest mitigation options for future development projects and removes the incentive to create new forest retention banks by eliminating demand.

Several key policy benefits both for the regulated development community and the public serve as the basis for our support:

- + Current law requires twice as much acreage to be purchased in an off-site forest retention bank than if the mitigation is completed through planting forest on-site or buying into a planted forest conservation bank. This can increase to four times the amount of forest mitigation if a project clears forest below the conservation threshold.
- + Forest retention banks are often located on agricultural land that is exempt from the protections of the Forest Conservation Act. These banks provide a revenue stream to agricultural property owners without clearing forest.
- + Both Maryland's climate and bay restoration strategies depend on containing future growth in the water and sewer service areas of the central Maryland counties. Offsite forest mitigation banks are vital to urban, mixed-use, commercial, and industrial projects that often require more lot coverage to achieve necessary density.
- + Because the mitigation bank is professionally managed and regulated, the air and water quality performance of the forest are increased compared to unmanaged tree stands. On-site planting for projects like those that use forest banks often create isolated forest stands that are difficult to manage and provide limited environmental benefits. Because banks are located adjacent to streams and contiguous to larger forest stands, banking usually results in the preservation of higher quality forest than what is cleared during development.
- + During the 2019 session, the General Assembly prioritized forest mitigation banks over fee in lieu. The removal of access to this mitigation banking option means urban projects will revert to paying fees rather than mitigation through approved forest banks.

For these reasons, NAIOP respectfully recommends your unfavorable report on House Bill 530.

Sincerely,

A handwritten signature in blue ink, appearing to read "T.M. Ballentine".

Tom Ballentine, Vice President for Policy
NAIOP Maryland Chapters -*The Association for Commercial Real Estate*

cc: House Environment and Transportation Committee Members
Nick Manis – Manis, Canning Assoc.