



Maryland Grain Producers Association
118 Dundee Ave, Chester, MD 21619
Lindsay.mdag@gmail.com (p) 443-262-8491
www.marylandgrain.com

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House Bill 1266 - Clean Water Commerce Account - Contracts for the Purchase of Environmental Outcomes

Committee: Education, Energy and Environment

MGPA Position: Support

The Maryland Grain Producers Association (MGPA) serves as the voice of grain farmers growing corn, wheat, barley and sorghum across the state. MGPA supports House Bill 1266 which would require the Maryland Department of Environment to all for non-uniform payment schedules and include pay-for-performance incentive payments.

MGPA was supportive of the initial authorizing legislation for the Clean Water Commerce Fund and advocated for a carve out of 35% for agricultural projects as a cost-effective option for nutrient reduction. Many of these large scale agricultural conservation implementation projects, while cost effective in terms of dollar per pound of nutrient reduced, require large upfront investments in construction. Allowing for a payment schedule that would allow a modified payment schedule to provide a substantial payment following completion of construction and then a smaller amount paid out over the project's life based on performance, and ongoing maintenance for the lifetime of the project.

Our understanding is that many of the most cost-effective proposals were not funded during the most recent funding round of Clean Water Commerce Fund awards due to their request for this alternative funding arrangement. This is contrary to the purpose of the fund, to achieve the most cost-effective nutrient reductions. Allowing for these types of payment contracts would benefit Maryland's water quality in the long term with cost effective solutions and we urge your favorable report.