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March 7, 2024

**Support - Written - HB1266 - Clean Water Commerce Account - Contracts for the Purpose of Environmental Outcomes**

Chairman Korman and Members of the Committee:

Maryland LCV supports HB1266 - Clean Water Commerce Account - Contracts for the Purpose of Environmental Outcomes and we thank Del. Stein for sponsoring this legislation.

In the 2021 legislative session, Maryland LCV supported the passage of the Clean Water Commerce Act of 2021. This bill was intended to support projects that reduce pollution into the Chesapeake Bay. The legislation was crafted to provide direct funding to cost-effective pollution reduction practices, especially those with the ability to reduce nitrogen entering the Chesapeake Bay.

In interpreting the bill's language for implementation, the Maryland Department of the Environment (MDE) required payments to approved contracts be paid out equally over the life of the project, rather than a larger portion up front. This has had the unintended consequence of making the project costs higher, thus undermining a main intent of the original legislation.

This bill clarifies the payment schedule to be consistent with common practice with pay-for-performance contracts throughout the country and will allow MDE to accept the most cost-effective proposals. This will bring implementation of the Clean Water Commerce Act back in line with its intended purpose.

For this reason, Maryland LCV urges a favorable report on HB1266.