



**The Maryland Department of the Environment**  
**Secretary Serena McIlwain**

***Senate Bill 426***  
***Procurement Reform Act of 2025***

**Position:** Support

**Committee:** Budget and Taxation

**Date:** February 5, 2025

**From:** Jeremy D. Baker, Director of Government Relations

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The Maryland Department of the Environment (MDE) **SUPPORTS** SB 426.

**Bill Summary**

Effective October 1, 2025, SB 426 would transition authority over to the State's procurement process from the Maryland Department of General Services (DGS) Secretary to the State Chief Procurement Officer.

SB 426 also clarifies that the Maryland Department of the Environment, Maryland Department of Natural Resources, the Maryland Department of Agriculture, the Maryland Department of Transportation, the Maryland Environmental Service, and DGS can enter into a pay-for-success contract if the agency's own procurement officer determines that the contract will have better financial savings and other substantial benefits. Additionally, the bill reiterates that any payment due under the contract will only be paid after specific outcomes have been documented.

**Position Rationale**

SB 426 further enables the goals of the Conservation Finance Act of 2022 and allows more opportunities for pay-for-success contracting related to other State programs. Pay-for-Success contracting is a proven method of procuring quantified and verified environmental outcomes more cost-effectively. By expanding pay-for-success, the State is able to get more projects in the ground quicker and more efficiently. This bill aligns with recommendations from the Maryland Green and Blue Infrastructure Policy Advisory Commission.

Accordingly, MDE asks for a **FAVORABLE** report for SB 426.

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