



CHESAPEAKE BAY FOUNDATION

SB 284

Budget Reconciliation and Financing Act of 2026

Date: March 4, 2026

To: Budget & Taxation Committee

Position: FAVORABLE

From: Matt Stegman,
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Chesapeake Bay Foundation (CBF) **SUPPORTS Governor Moore's proposed budget-balancing actions and urges the Committee to resist any additional cuts recommended by the Department of Legislative Services (DLS) to key programs that drive and sustain restoration of the Chesapeake Bay.**

Maryland's Environmental Agencies Drive Bay Restoration Progress:

The Departments of the Environment (MDE), Natural Resources (DNR), and Agriculture (MDA), as well as the Maryland Energy Administration (MEA) - the state agencies collectively tasked with protecting the environment - account for slightly less than 1.5% of state spending and are especially sensitive to additional cuts. Over one-quarter of their total allocation for environmental programming is being impacted by cuts, fund swaps, and other reductions under the FY 2026 budget. Any further reductions put Maryland at risk of backsliding on our commitments to climate resilience and renewable energy development.

Maryland's Budget Supports in Clean Water and Thriving Habitats:

During the 2025 General Assembly session, several foundational environmental programs were considered for reduction or elimination by the General Assembly. As a community, we supported your Administration's decision to prioritize funding for these programs and worked with legislative leaders to preserve that funding in the FY 26 budget. *In FY 27, we respectfully ask you to again make these programs a priority and maintain funding at least at current levels.*

The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund directly supports on-the-ground projects that address nonpoint source pollution in all regions of the state. It is critical in helping farm businesses implement essential nutrient reduction practices that are otherwise difficult for farmers to afford. From FY09 to FY24, Trust Fund investments have leveraged more than \$283 million in outside funds, reduced nitrogen inputs by more than 1.5 million pounds, and prevented more than 200,000 pounds of phosphorus from reaching Bay waters.

The Bay Restoration Fund (BRF) supports upgrades to Maryland's wastewater treatment plants, septic system replacements and upgrades, and other programs that produce tangible improvements to water quality. Diverting funds from or adding new mandates that would oversubscribe the BRF risks slowing down the major progress this Fund is making to improve Bay water quality and can prevent critical resources from reaching communities and residents who need them most. SB 284 authorizes the Governor to swap up to \$70 million in BRF special funds for bond proceeds. Diverting funds from the BRF without replacement or adding new mandates that would oversubscribe the BRF risks slowing down the major progress this Fund is

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The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With over 200,000 members and e-subscribers, including 71,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Chesapeake and its resources.

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The Clean Water Commerce pay-for-performance program ensures intended pollution reduction and climate resiliency outcomes are achieved while promoting greater involvement from businesses in environmental restoration. The \$20 million annual investment in the program is expected to activate over \$191 million in private contributions, supporting Maryland's restoration economy through robust public-private partnerships. A reduction in funding for this cutting-edge initiative would stifle growth in conservation business and limit potential to engage major private investment in water quality solutions.

Continued funding and agency support is needed for implementation of the **Whole Watershed Partnership**. This innovative new model provides opportunities for agencies, local governments, and community and non-profit partners to develop valuable pilot initiatives that streamline and target state investment and maximize the impact of limited restoration dollars. Under your leadership, funding was provided in the current budget to get the partnership started, though it will require sustained investment to deliver the practices and programs that result in water quality improvements that we know the Whole Watershed approach can achieve.

The Healthy Soils Program, administered by MDA, is a small program that does important work to educate and incentivize farmers to adopt regenerative agricultural practices. Regenerative agriculture describes holistic farming systems that, among other benefits, improve water and air quality, improve soil health, enhance ecosystem biodiversity, produce nutrient-dense food, and store carbon to help mitigate the effects of climate change. Regenerative farms span the spectrum from dairies to poultry operations to vegetable growers, but all are designed to work in harmony with nature while maintaining and improving economic viability. Widespread use of conservation practices, like those used in regenerative agriculture, could significantly reduce the amount of pollution flowing into the Bay from farms. The Healthy Soils program is proposed to be cut by \$100,000 if SB 284 is enacted. CBF encourages the committee to reject that recommendation and maintain current levels of support for the program.

Maryland has adopted some of the strongest and most ambitious clean energy and climate resiliency goals in the country. In addition to advancing climate pollution reduction and renewable energy, In addition to being the primary funding source for Maryland's climate resiliency efforts, the **Strategic Energy Investment Fund (SEIF)** is a critical source of support for addressing systemic environmental injustices throughout the State.

At a time of soaring energy prices, SEIF supports critical programs that reduce costs for families, including both energy efficiency and weatherization upgrades that reduce the amount of energy used to heat and cool homes, as well as the Energy Assistance programs that help those in need to afford their monthly energy bills. The SEIF supports the critical infrastructure needed for vehicle electrification, including school buses. Reducing exposure to diesel fumes emitted by buses and other sources can reduce the risk of childhood asthma and other negative health impacts. Maryland already fails to meet Federally mandated air quality standards impacting the health of millions of Marylanders. Since the SEIF is funded primarily through the interstate Regional Greenhouse Gas Initiative (RGGI) program and Alternative Compliance Payments from utilities, this critical work that protects human health and supports households and communities across the state is done without drawing on taxpayer dollars.

Under the adopted FY 26 budget, the SEIF contributed over \$300 million in one-time general fund relief, as well as ongoing contributions of accumulated interest. While these transfers are understandable considering the enormity of the budget challenge you faced, additional transfers would undermine the SEIF's ability to fulfill its intended purpose to support clean energy development, building electrification, climate resiliency, and savings for Maryland families.

The Governor's FY 2027 budget plan relies on yet another large transfer from the SEIF to the General Fund. While this recommendation is understandable in light of the balance in the fund and the enormity of the FY 27 budget crunch, we would ask the committee to please carefully consider the impact any additional transfers or new mandates funded from the SEIF may have on the ability of the SEIF to fulfill its intended purpose of supporting long-term clean energy development and climate resiliency in the state.

Investments in Clean Air, Soil, and Water Pay Dividends and Grow Our Economy:

Investments in healthy soil, clean water, and breathable air are investments in Maryland's economy and quality of life. Protecting air and water quality promotes public health, saves lives, and reduces economic stress for families. For example, agriculture remains Maryland's leading industry sector, accounting for over \$8 billion in total economic activity and \$3 billion in total farm product sales. Our seafood industry is vital to coastal communities and contributes nearly \$600 million to the state's economy annually. Every acre of oyster reef restored provides more than \$40,000 annually in non-harvest benefit. Robust recreation, hunting and fishing opportunities supported by DNR result in nearly \$20 billion in economic impacts every year. Visitation to Maryland's public lands reached 18.7 million per year from 2020-2024, which is nearly double that of the preceding decade.

Beyond indirect economic benefits, these programs directly support Maryland jobs through the "restoration economy." Restoration projects employ a broad range of different trades and skilled workers from scientist, landscapers, heavy equipment operators, boat captains, and others. For every \$1M invested in restoration, 15 to 30 new jobs are created, which is more than twice as many jobs as the oil and gas and road construction industries combined.¹ Therefore, pausing funding on these critical programs actually stunts Maryland's economic growth.

Every community in Maryland is improved and sustained by a healthy environment and preserved spaces. However, these benefits cannot be fully realized unless agency service delivery, program investment, and enforcement capacities are fully funded.

In light of the tremendous fiscal challenge ahead, and the continued uncertainty surrounding environmental policies and investments under the current federal administration, it is more critical than ever that this year's budget delivers on Maryland's commitments to the Bay and our watershed's natural resources. **For these reasons, CBF urges the Committee's SUPPORT for Senate Bill 284 as submitted by Governor Moore and request you reject any DLS-recommended cuts to programs that sustain Chesapeake Bay restoration.**

For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

¹ https://estuaries.org/wp-content/uploads/2019/01/Jobs-and-Dollars_2011.pdf