

HOUSE BILL 235

P2, M1

(PRE-FILED)

4r0282
CF SB 253

By: **Chair, Health and Government Operations Committee (By Request –
Departmental – Natural Resources)**

Requested: September 15, 2023

Introduced and read first time: January 10, 2024

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Natural Resources – Pay-For-Success Contracts – Procurement**
3 **Exemption**

4 FOR the purpose of exempting pay-for-success contracts negotiated or entered into by the
5 Department of Natural Resources from certain provisions of the General
6 Procurement Law; and generally relating to pay-for-success contracts.

7 BY repealing and reenacting, with amendments,
8 Article – State Finance and Procurement
9 Section 11–203(a)(1)(xviii)
10 Annotated Code of Maryland
11 (2021 Replacement Volume and 2023 Supplement)

12 BY repealing and reenacting, without amendments,
13 Article – State Finance and Procurement
14 Section 13–112.1(a)(1) and (3) and (b)
15 Annotated Code of Maryland
16 (2021 Replacement Volume and 2023 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
18 That the Laws of Maryland read as follows:

19 **Article – State Finance and Procurement**

20 11–203.

21 (a) Except as provided in subsection (b) of this section, this Division II does not
22 apply to:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) procurement by:

2 (xviii) the Department of Natural Resources, for:

3 1. negotiating or entering into grants, agreements, or
4 partnerships with nonprofit entities related to conservation service opportunities; and

5 2. **NEGOTIATING OR ENTERING INTO PAY-FOR-SUCCESS**
6 **CONTRACTS IN ACCORDANCE WITH § 13-112.1 OF THIS DIVISION II; AND**

7 13-112.1.

8 (a) (1) In this section the following words have the meanings indicated.

9 (3) “Environmental outcome” means a commodity that is modeled or
10 directly measured as a single, quantifiable, and certified unit of improvement to the
11 environment, including a nutrient or carbon benefit.

12 (b) The General Assembly finds and declares that:

13 (1) pay-for-success contracting shifts the risk of performance to the
14 contractor because government payment is made only on achievement of outcomes;

15 (2) social and environmental impact investment is growing dramatically,
16 and investors are seeking ways to finance and execute pay-for-success contracts in the
17 State to expand the success of Chesapeake Bay restoration efforts and achieve other public
18 outcomes; and

19 (3) it is in the best interest of the State to include pay-for-success
20 contracting as a procurement option, particularly for units responsible for land
21 conservation and environmental protection, enhancement, and restoration.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2024.