



March 25, 2021

The Honorable Kumar P. Barve, Chair
Maryland House Environment and Transportation Committee
The Honorable Maggie McIntosh, Chair
Maryland House Appropriations Committee
House Office Building Rm 251
6 Bladen Street
Annapolis, Maryland 21401

Re: SB0737 The Comprehensive Conservation Finance Act of 2021

Dear Chair Barve and Chair McIntosh:

We enthusiastically support SB0737, the Comprehensive Conservation Finance Act, and hope that your committee and the legislature pass this bill this year.

Attached to this testimony are numerous other letters of support from investor organizations, conservation organizations, and restoration businesses.

The Environmental Policy Innovation Center (EPIC) is a 4-year-old conservation organization I co-founded after serving as Associate Director for Conservation at the White House Council on Environmental Quality from 2014-2017. At the White House CEQ, I led work on innovative conservation finance, water infrastructure investment, and a diversity of conservation issues. I am also a former, 3-term city councilmember from Takoma Park. The mission of EPIC is to support policy ideas that would allow the speed and scale of conservation to be dramatically increased. Half of our staff and consultants are women, forty percent are people of color, and our largest program is focused on improving equity outcomes in drinking and wastewater services and investment.

The expansion of private investment into conservation is one of the most exciting shifts I have seen in 25 years of conservation work. That investment allows more rapid expansion of conservation and water infrastructure initiatives and the growth of private companies focused on ecological restoration is already delivering national benefits for water resources and habitat restoration. This legislation does not increase the state budget and is likely to bring significantly greater private investment to Maryland and lower taxpayer costs for improvements to the water quality of the Chesapeake Bay.

We want to identify the following parts of the bill that are particularly important:

Climate

We are aware the legislature is considering other important climate legislation, especially HB0583. The proposals in SB0737 are more modest by comparison, but we believe will support the Climate Solutions Now Act and those other legislative efforts. The bill makes carbon outcomes easier to procure (as we mention below). The state would be able to use much simpler supply contracts to purchase sequestered carbon from actions like tree planting much more simply than is currently possible. In the Chesapeake and Coastal Bays Trust Fund, the legislation prioritizes projects that deliver carbon sequestration or

climate resilience co-benefits alongside water quality benefits. It also creates more opportunity for DNR and the Department of Agriculture to support initiatives to help private forest landowners and farmers aggregate carbon credits from land conservation, forest protection, and healthy soils management to sell to voluntary carbon buyers.

Procurement

The federal USDA is talking about defining carbon sequestration outcomes as a 'commodity' allowing new federal funding for conservation practices that store carbon. This legislation put Maryland ahead of Washington, making our state the first state to adopt a definition of carbon, water quality and other environmental outcomes as a commodity. It would also make Maryland the second state in the country (after Louisiana) to adopt Pay for Success as a contracting method for environmental outcomes, although many states have done so for social programs.

These changes are an important opportunity to potential increase access to future federal funding, but it is also important because of the shift it represents in how the state purchases units of environmental progress. Instead of putting taxpayer dollars at risk by paying for projects before they are completed, this approach shifts risk, and the state would only pay for successful work. We have carried out reviews of all similar initiatives and programs we are aware of (at the state level in Louisiana and California and the county level here in Maryland) and the evidence we have seen shows that this approach significantly lowers the cost of contracted work and incentivizes a high rate of success. We have seen how effective Anne Arundel County's outcome procurement and Prince George's County's water quality partnership approach have been, as well as the Department of Transportation's, compared to many in the region. This legislation will make it easier to replicate the success of initiatives across state programs.

Environmental Justice

Maryland Department of Environment's Revolving Loan Funds for water infrastructure are some of the most important financing programs in the state. The legislation makes installation of green infrastructure in burdened communities, replacement of toxic lead water pipes, and support for environmental impact bonds for green infrastructure easier to finance with these programs. The bill also allows a small amount of these program's funding to be used for technical assistance grants to help burdened communities develop loan proposals for water infrastructure projects. And it asks the Environmental Justice Commission to identify steps the state would need to take to establish a human right to water. This idea of a right to water is already established in law in California and is advancing through legislation in Virginia and referendum proposals in New York.

Conclusion

On SB0737, we were pleased to be able to work with a diversity of conservation, finance, and restoration organizations and foundations over the last year in developing high priority ideas for policies that would attract private finance to Chesapeake Bay conservation efforts. We participated in meetings with many career staff from Department of Transportation, Natural Resources, Agriculture, Environment, Maryland Environmental Trust, and the University of Maryland and met with the Bay Cabinet multiple times as they discussed the bill. Those principles are well-reflected in Senator Rosapepe and cosponsors' Comprehensive Conservation Finance Act which passed the Senate unanimously earlier this month.

We feel strongly that it is a budget-neutral bill that will expand private investment and jobs in Maryland while delivering carbon, green infrastructure, climate resilience, environmental justice and water quality benefits throughout the state.

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy Male', with a stylized, cursive script.

Timothy Male, Executive Director
Environmental Policy Innovation Center

cc:

Vice Chair Dana M. Stein, Environment and Transportation Committee

Vice Chair Mark S. Chang, Appropriations Committee

Subcommittee Chair Marc A. Korman, Transportation and Environment Appropriations Subcommittee