State of Maryland
Procurement Improvement Council (PIC)
September 12, 2023
1:00 PM – 3:00 PM

Meeting ID
meet.google.com/btw-xnwx-est

Phone Numbers
(US)+1 219-654-2435

PIN: 695 295 564#

Agenda

1. Welcome and Introductions of the PIC Members and Attendees 1:00
   Mike Haifley, Acting Chief Procurement Officer (CPO), PIC Chair, and
   Jamie Tomaszewski, Chief Administrative Officer, DGS OSP

2. Topics for Discussion

   A. Request for a "subcommittee" to consider improvement of the Administrative Remedies and Dispute Resolution Procedures under State Finance & Procurement Article (SFP), Title 15 and COMAR 21.10 1:10
   Scott Livingston, Rifkin Weiner Livingston LLC

   B. Pay for Success Procurement Method under SFP §13.112.1 and the Conservation Finance Act of 2022 (see attached) 1:20
   Gabe Cohee, Department of Natural Resources & Jeffrey Fretwell, June Dwyer, & Gabrielle Leach, Maryland Department of the Environment

   C. PIC Workgroups - Updates from the Chairs: 1:45
   Terms & Conditions Workgroup – *Judy Urban*
   Better Vendor Communication Workgroup – *Valerie Radomsky*
   eMMA User Entities Workgroup – *Jamie Tomaszewski*
   MBE Workgroup – *Jamie Tomaszewski & Judy Urban*

D. Maryland Procurement Academy – eMMA Training, Certified Maryland Procurement Officer (CMPO) and Certified Maryland Procurement Associate (CMPA) Training Program Updates – V*ictoria Steeger, Chief Learning Officer, DGS OSP* 2:15

E. Open Discussion 2:30

3. Closing Remarks 2:55

4. Adjournment 3:00

FYI: Maryland Efficient Grant Application (MEGA) Council ***LINK*** *– Nonprofit Organizations that are PIC members should provide updates of any grant issues that may also effect procurements for these entities.*

PIC Members

PIC Member / Title	Organization or Agency	Name of Member or Designee
Chief Procurement Officer (CPO), Chair	Department of General Services (DGS) Office of State Procurement (OSP)	Mike Haifley
State Treasurer or Designee	State Treasurer's Office	Dereck Davis / Jon Martin / Cissy Blasi
Chancellor of USM, Designee	University System of Maryland (USM)	Thomas Hickey
Secretary of DoIT or Designee	Dept. of Information Technology (DoIT)	Carla Thompson
Secretary of Transportation, Designee – Chief of Procurement	Maryland Dept. of Transportation (MDOT)	Valerie Radomsky
Procurement Advisor of the Board	Board of Public Works (BPW)	Gabe Gnall

Special Secretary for GOSBA or Designee	Governor's Office of Small, Minority, and Women Business Affairs (GOSBA)	Maria Martinez / Alison Tavik
Secretary of Juvenile Services, Designee	Dept. of Juvenile Services (DJS)	Kara Aanenson / Michael Debattista
Secretary of Human Services, Designee – Acting Director of Procurement	Dept. of Human Services (DHS)	Nneka Willis-Gray
Secretary of Health, Designee – Director of Procurement	Dept. of Health (MDH)	Calvin Johnson
State Superintendent of Schools, Designee	Maryland State Dept. of Education (MSDE)	Jenna Meinl
Senate Member	Maryland General Assembly	Senator Melany Griffith
House of Delegates Member	Maryland General Assembly	Delegate Nicholas Charles
The Comptroller or Designee *(effective 10/1/2023)*	Office of the Comptroller	Brooke Lierman / Jasmine Clemons
The Attorney General or Designee *(effective 10/1/2023)*	Office of the Attorney General	Anthony Brown / Zenita Hurley
Local Government Member with Expertise in Local Procurement Matters *	Anne Arundel County Public Schools, Supervisor of Purchasing	Avinash (Ash) Shetty Appt. Confirmed 4/7/23 *(Term 1/1/23 - 12/31/25)*
Social Services Member #1 *	501(C) Solutions, Owner	Nancy Hall Appt. Confirmed *(Term 7/1/2021 - 6/30/2025)*
Social Services Member #2 *	The National Center for Children and Families	Sheryl Brissett Chapman, Ed.D. Appt. Confirmed *(Term 7/1/2021 - 6/30/2025)*

Veteran-Owned Business Member *	Project Opportunity, Founder	Joseph Giordano Appt. Confirmed *(Term 7/1/2021 - 6/30/2025)*
1. General Public Member with Expertise in State Procurement Matters **	Dashiell Law Office	Robert Fulton Dashiell
2. Minority-, Women- or Veteran-Owned Business Member **	U.S. Small Business Administration, Office of Government Contracting, Acting Director	Wallace Sermons
3. Minority-, Women- or Veteran-Owned Business Member **	Alaco Consulting	Ed Tay

*Note: * Appointed by Governor with advice and consent of Senate;*
*** Appointed by the Presiding Officers of the General Assembly.*

PIC Statutory Responsibilities

(1) Ensure that the State's procurement system is utilizing the most advanced procurement methods and management techniques, including policies, procedures, and forms for all procurement activity and contract management;

(2) Effect and enhance communication between State units on procurement matters, with an emphasis on disseminating information on current developments and advances in procurement methods and management;

(3) Provide a forum for the discussion of specific procurement issues and problems that arise, including:
   i. Procurement officer training;
   ii. Risk analysis and insurance requirements;
   iii. Management of *eMaryland Marketplace* and other Internet procurement resources;
   iv. Use of *eMaryland Marketplace* and compliance with State Finance and Procurement Article (SFP) §17–502;
   v. Use of intergovernmental cooperative purchasing agreements; ~~and~~
   vi. strategies to increase the participation of small, minority-owned, and women-owned businesses in procurement contracts; and *(effective 10/1/2023)*
   vii. Any other issues or problems identified by the Council;

(4) Advise the Board on problems in the procurement process and make recommendations for improvement of the process;

(5) Review existing procurement regulations to:
   i. determine whether they fulfill the intent and purpose of the law, especially as it relates to fostering broad–based competition; and
   ii. make recommendations on the regulations, if revising and restructuring them will result in easier understanding and use; and

(6) Advise the General Assembly on proposed legislation in order to enhance the efficiency and transparency of State procurement.

Chapter 238

(Senate Bill 348)

AN ACT concerning

Conservation Finance Act

FOR the purpose of providing that the Department of Agriculture, the Department of Natural Resources, and the Maryland Environmental Trust must allow participants in certain programs to participate in and receive compensation from certain markets, credits, or programs under certain circumstances; authorizing the Department of Agriculture and the Department of Natural Resources to enter into certain partnerships for certain purposes; altering the duties of the Commission on Environmental Justice and Sustainable Communities; authorizing the Department of the Environment to take certain actions with respect to certain water infrastructure assets that are priorities for improving fish passage or for other environmental benefits or for installation of certain small hydroelectric power plant capacity; requiring the Department of the Environment to provide a certain notice to the Maryland Industrial Development Financing Authority under certain circumstances; establishing that it is the policy of the State that the maintenance and repair of certain source watersheds is eligible for certain financial assistance; expanding the purposes for which amounts in the Maryland Water Quality Revolving Loan Fund may be used; altering the terms and authorized uses of the Maryland Drinking Water Revolving Loan Fund; altering the name of the Maryland Water Quality Financing Administration to be the Maryland Water Infrastructure Financing Administration; requiring the Maryland Water Infrastructure Financing Administration to prioritize certain opportunities in creating certain intended use plans; requiring the Maryland Water Infrastructure Financing Administration to establish certain technical assistance subaccounts within the Maryland Water Quality Revolving Loan Fund and the Maryland Drinking Water Revolving Loan Fund for certain purposes; requiring certain financial incentives developed by the State to include allowing landowners to use forests located on State lands for certain purposes; authorizing a certain easement to allow for the potential of economic return from certain uses under certain circumstances; authorizing the Secretary of Natural Resources to purchase certain environmental outcomes from certain projects that are located in the Susquehanna River watershed under certain circumstances; requiring a certain final work and expenditure plan to be informed by a certain analysis beginning with the plan prepared for a certain fiscal year; altering the purposes for which the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund may be used; altering the factors that the BayStat Program must encourage and consider in evaluating certain Trust Fund applications; requiring the BayStat Program Scientific Advisory Panel to analyze and compare certain distributions and strategies and quantify the relative effectiveness of certain distributions and strategies; authorizing the BayStat Subcabinet agencies to maintain a certain amount from the Trust Fund for certain purposes; providing that the use of pay–for–success contracts by the Department of Natural Resources is subject to

certain provisions of State procurement law; authorizing the use of pay–for–success contracting at the procurement officer's discretion; authorizing a unit to enter into a pay–for–success contract only under certain circumstances; authorizing certain units to enter into pay–for–success contracts with certain aggregators to procure certain environmental outcomes projects or already certified environmental outcomes; requiring a certain pay–for–success contract to include certain plans, statements, requirements, provisions, and terms; authorizing a certain pay–for–success contract to include certain provisions; *requiring the Maryland Environmental Service to review and evaluate the results of certain pay–for–success contracts with a certain frequency; requiring each unit that enters into a pay–for–success contract to execute an agreement with the Maryland Environmental Service to reimburse the Service for its review under this Act;* establishing the Green and Blue Infrastructure Policy Advisory Commission to advise the Secretary of the Environment, the BayStat Subcabinet, and local government officials on implementing green and blue infrastructure projects in the State; establishing the Task Force on State and Local Government Accounting for Natural Capital to assist State and local governments to take advantage of certain accounting standards to obtain certain financing for certain purposes; requiring the Department of Natural Resources to study and assess the potential for digital tools and platforms to contribute to Chesapeake Bay restoration and climate solutions in a certain manner and to report certain findings to the General Assembly on or before a certain date; and generally relating to environmental financing and pay–for–success contracting.

BY repealing and reenacting, with amendments,
Article – Agriculture
Section 8–702
Annotated Code of Maryland
(2016 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, without amendments,
Article – Environment
Section 1–701(a)(1) and (5) and (b) and 5–509(a)
Annotated Code of Maryland
(2013 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,
Article – Environment
Section 1–701(h) and 5–509(b)
Annotated Code of Maryland
(2013 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,
Article – Environment
Section 9–1601, 9–1602, 9–1604(c), 9–1605(a)(1), (c), and (d), 9–1605.1(c), (d), and (e), and 9–1622 to be under the amended subtitle "Subtitle 16. Maryland Water Infrastructure Financing Administration"

Annotated Code of Maryland
(2014 Replacement Volume and 2021 Supplement)

BY adding to
Article – Environment
Section 9–1605(f), 9–1605.1(e) and 9–1617.2
Annotated Code of Maryland
(2014 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, without amendments,
Article – Environment
Section 9–1605.1(a)(1)
Annotated Code of Maryland
(2014 Replacement Volume and 2021 Supplement)

BY adding to
Article – Natural Resources
Section 1–110 and 5–9A–05(p)
Annotated Code of Maryland
(2018 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, without amendments,
Article – Natural Resources
Section 3–103(a)
Annotated Code of Maryland
(2018 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,
Article – Natural Resources
Section ~~3–201 and 5–102(b)~~ 3–103(g), 3–201, and 5–102(b)
Annotated Code of Maryland
(2018 Replacement Volume and 2021 Supplement)

BY adding to
Article – Natural Resources
Section 8–203.1 and 8–207
Annotated Code of Maryland
(2012 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,
Article – Natural Resources
Section 8–2A–01, 8–2A–03, and 8–2A–04
Annotated Code of Maryland
(2012 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement
Section 10A–101(a)
Annotated Code of Maryland
(2021 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 10A–101(d), 13–101, and 13–102
Annotated Code of Maryland
(2021 Replacement Volume)

BY adding to
Article – State Finance and Procurement
Section 13–112.1
Annotated Code of Maryland
(2021 Replacement Volume)

BY adding to
Article – Environment
Section 5–1401 through 5–1403 to be under the new subtitle "Subtitle 14. Green and Blue Infrastructure Policy Advisory Commission"
Annotated Code of Maryland
(2013 Replacement Volume and 2021 Supplement)

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

Article – Agriculture

8–702.

(a) **(1)** The General Assembly finds and declares that agriculturally related nonpoint sources of water pollution may potentially contribute to the degradation of the water resources of this State and that prevention and control efforts have been hampered because of the cost and lack of income producing potential in many agricultural practices designed to protect water quality.

(2) To assist in the implementation of agricultural practices which minimize water pollution from erosion, animal wastes, nutrients, and agricultural chemicals, a cost sharing program between the State and eligible applicants is established for the public benefit.

(b) The cost sharing program established under this subtitle shall be implemented in conjunction with the "Agricultural Water Quality Management Program for the Control of Sediment and Animal Wastes" of the State Soil Conservation Committee as well as other State and local programs to control water pollution.

(C) THE DEPARTMENT MAY NOT PROHIBIT OR LIMIT, THROUGH ANY COST–SHARE AGREEMENT, A PARTICIPANT IN THE COST SHARING PROGRAM ESTABLISHED UNDER THIS SUBTITLE FROM PARTICIPATING IN AND RECEIVING COMPENSATION FROM GREENHOUSE GAS MARKETS, CARBON CREDITS, OR SOIL CARBON PROGRAMS, IF THE PURPOSE OF THE COMPENSATION IS TO ACHIEVE ADDITIONAL CONSERVATION BENEFITS THAT ARE CONSISTENT WITH THE STATE'S CHESAPEAKE BAY CONSERVATION GOALS.

(D) THE DEPARTMENT MAY ENTER INTO PARTNERSHIPS, THROUGH FORMAL CONTRACTS OR MEMORANDA OF UNDERSTANDING, WITH PRIVATE SECTOR ORGANIZATIONS WITH EXPERIENCE IN CARBON OFFSET MARKETS OR PROGRAMS IN ORDER TO:

(1) CREATE STATEWIDE OR REGIONAL PARTNERSHIPS FOR THE PURPOSE OF MINIMIZING THE COSTS AND MAXIMIZING THE BENEFITS OF VOLUNTARY ENROLLMENT OF FARMLAND IN CARBON OFFSET MARKET PROGRAMS; AND

(2) ASSIST PRIVATE LANDOWNERS WITH THE AGGREGATION OF PROJECTS TO MAKE THE PROJECTS MORE SALEABLE IN CARBON OFFSET MARKET PROGRAMS.

Article – Environment

1–701.

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

(5) "Environmental justice" means equal protection from environmental and public health hazards for all people regardless of race, income, culture, and social status.

(b) There is a Commission on Environmental Justice and Sustainable Communities.

(h) The Commission shall:

(1) Advise State government agencies on environmental justice and related community issues;

(2) Use data sets and mapping tools to review and analyze the impact of current State and local laws, permits, actions, and policies on the issue of environmental justice and sustainable communities, including cumulative impacts, effects, and exposure;

(3) Assess the adequacy of State and local government laws to address the issue of environmental justice and sustainable communities, including assessing compliance with Title VI of the federal Civil Rights Act of 1964;

(4) Coordinate with the Children's Environmental Health and Protection Advisory Council, the Maryland Office of Minority Health and Health Disparities, and the Commission on Climate Change on recommendations related to environmental justice and sustainable communities; **[**and**]**

(5) Recommend options to the Governor and the General Assembly for addressing issues, concerns, or problems related to environmental justice that surface after reviewing State laws and policies, including prioritizing areas of the State that need immediate attention**; AND**

(6) RECOMMEND OPTIONS TO THE SECRETARY FOR ENSURING THAT THE DEPARTMENT IS MAKING PROGRESS IN ADVANCING THE HUMAN RIGHT TO SAFE, CLEAN, AFFORDABLE, AND ACCESSIBLE WATER FOR CONSUMPTION, COOKING, SANITATION, HEALTH, AND RECREATION PURPOSES.

5–509.

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

(2) "Asset owner" means the owner or person having control of a water infrastructure asset.

(3) "Association" means:

(i) A homeowners association, as defined in § 11B–101 of the Real Property Article;

(ii) A council of unit owners, as defined in § 11–101 of the Real Property Article; or

(iii) Any other entity owning or controlling a water infrastructure asset, the owners or members of which are owners of property adjacent to or benefited by the water infrastructure asset.

(4) "Association member" means an owner or a member of an association.

(5) "Water infrastructure asset" means a reservoir, a dam, or any other waterway construction.

(b) (1) On complaint or the Department's own initiative, the Department may investigate or examine any water infrastructure asset.

(2) If the Department determines that the water infrastructure asset is unsafe, needs repair, or should be removed because the water infrastructure asset is unsafe and not repairable, the Department shall notify the asset owner in writing to repair or remove the water infrastructure asset, as the situation warrants.

(3) The repair or removal work shall be completed within a reasonable time, which time shall be prescribed in the Department's notice.

(4) (I) THIS PARAGRAPH APPLIES TO A WATER INFRASTRUCTURE ASSET THAT THE DEPARTMENT DETERMINES MEETS THE CRITERIA SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION.

(II) IF THE DEPARTMENT DETERMINES THAT CHANGES TO THE WATER INFRASTRUCTURE ASSET, INCLUDING REMOVAL OF THE ASSET, ARE A PRIORITY FOR IMPROVING FISH PASSAGE OR FOR OTHER ENVIRONMENTAL BENEFITS, THE DEPARTMENT:

1. MAY PARTNER WITH THE ASSET OWNER AND AN ORGANIZATION THAT PROVIDES RESOURCES AND EXPERTISE TO PLAN, DESIGN, OR FINANCE CHANGES TO WATER INFRASTRUCTURE ASSETS FOR THE PURPOSE OF REPAIRING, REMOVING, OR RETROFITTING THE ASSET IN A MANNER CONSISTENT WITH THE DEPARTMENT'S OBJECTIVES; OR

2. SHALL PRIORITIZE THE USE OF ENVIRONMENTAL OUTCOMES, AS DEFINED IN § 9–1601 OF THIS ARTICLE, ARISING FROM THE REPAIR, REMOVAL, OR RETROFIT OF THE WATER INFRASTRUCTURE ASSET IN ANY ENVIRONMENTAL MITIGATION PROGRAM IDENTIFIED BY THE DEPARTMENT.

(III) FOR THE PURPOSE OF SEEKING FINANCIAL ASSISTANCE UNDER TITLE 5, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE, IF THE DEPARTMENT DETERMINES THAT THE WATER INFRASTRUCTURE ASSET IS NOT A PRIORITY UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH BUT IS A PRIORITY FOR INSTALLATION OF LESS THAN 30 MEGAWATTS OF SMALL HYDROELECTRIC POWER PLANT CAPACITY, THE DEPARTMENT SHALL PROVIDE NOTICE TO THE MARYLAND INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY OF:

1. ANY WATER INFRASTRUCTURE ASSET IDENTIFIED AS A PRIORITY FOR INSTALLATION OF LESS THAN 30 MEGAWATTS OF SMALL HYDROELECTRIC POWER PLANT CAPACITY UNDER THIS PARAGRAPH; AND

2. THE REPAIR, RETROFIT, OR REMOVAL MEASURES IDENTIFIED FOR THE WATER INFRASTRUCTURE ASSET IN THE NOTICE PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

Subtitle 16. Maryland Water **[**Quality**]** **INFRASTRUCTURE** Financing Administration.

9–1601.

(a) Unless the context clearly requires otherwise, in this subtitle the following words have the meanings indicated.

(b) "Administration" means the Maryland Water **[**Quality**]** **INFRASTRUCTURE** Financing Administration.

(c) "Bay Restoration Fund" means the Bay Restoration Fund established under § 9–1605.2 of this subtitle.

(d) "Biological nutrient removal" means a biological nutrient removal technology capable of reducing the nitrogen in wastewater effluent to not more than 8 milligrams per liter, as calculated on an annually averaged basis.

(e) **(1) "BLUE INFRASTRUCTURE" MEANS A WATER–BASED NATURAL AREA OR NATURAL FEATURE, OR A SYSTEM OR FEATURE DESIGNED TO PROTECT, MIMIC, OR ENHANCE A NATURAL FUNCTION, THAT:**

(I) ABSORBS AND FILTERS POLLUTANTS;

(II) ATTENUATES SHORELINE EROSION;

(III) PROTECTS COMMUNITIES FROM FLOODING OR STORM SURGE;

(IV) REDUCES EROSION; OR

(V) SEQUESTERS CARBON.

(2) "BLUE INFRASTRUCTURE" INCLUDES:

(I) ENHANCED OR RESTORED OYSTER REEFS;

(II) ENHANCED OR RESTORED SEAGRASS BEDS;

(III) SHELLFISH AQUACULTURE PROJECTS;

(IV) FLOATING WETLANDS; AND

(V) RESTORED FRESHWATER MUSSEL POPULATIONS.

(F) "Board" means the Board of Public Works.

[(f)**] (G)** "Bond" means a bond, note, or other evidence of obligation of the Administration issued under this subtitle, including a bond or revenue anticipation note, notes in the nature of commercial paper, and refunding bonds.

[(g)**] (H)** "Bond resolution" means the resolution or resolutions of the Director, including the trust agreement, if any, authorizing the issuance of and providing for the terms and conditions applicable to bonds.

[(h)**] (I)** "Borrower" means a local government or a person as defined in § 1–101(h) of this article who has received a loan.

[(i)**] (J)** "Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund" means the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund established under § 9–1605.3 of this subtitle.

[(j)**] (K)** "Community sewerage system" means a publicly or privately owned sewerage system that serves at least two lots.

[(k)**] (L)** "Director" means the Director of the Administration.

[(l)**] (M)** "Drinking Water Loan Fund" means the Maryland Drinking Water Revolving Loan Fund.

[(m)**] (N)** "Eligible costs" means the costs identified under § 9–1605.2(i) of this subtitle.

[(n)**] (O)** "Enhanced nutrient removal" means:

(1) An enhanced nutrient removal technology that is capable of reducing the nitrogen and phosphorus concentrations in wastewater effluent to concentrations of not more than 3 milligrams per liter total nitrogen and not more than 0.3 milligrams per liter total phosphorus, as calculated on an annually averaged basis; or

(2) If the Department has determined that the concentrations under item (1) of this subsection are not practicable for a wastewater facility, the lowest average annual wastewater effluent nitrogen and phosphorus concentrations that the Department determines are practicable for that facility.

(P) "ENVIRONMENTAL OUTCOME" MEANS A COMMODITY THAT IS MODELED OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON BENEFIT.

[(o)**] (Q)** "Equivalent dwelling unit" means a measure of wastewater effluent where one unit is equivalent to:

(1) If a local government or billing authority for a wastewater facility has established a definition for "equivalent dwelling unit" on or before January 1, 2004, the average daily flow of wastewater effluent that the local government or billing authority has established to be equivalent to the average daily flow of wastewater effluent discharged by a residential dwelling, which may not exceed 250 gallons; or

(2) If a local government or billing authority has not established a definition for "equivalent dwelling unit" on or before January 1, 2004, or if a local government or billing authority has established a definition that exceeds 250 gallons of wastewater effluent per day, an average daily flow of 250 gallons of wastewater effluent.

[(p)**] (R)** "Facility" means a wastewater facility or all or a portion of a water supply system as defined in § 9–201(u) of this title.

[(q)**] (S)** "Federal Safe Drinking Water Act" means Title XIV of the Public Health Service Act, P.L. 93–523, as amended, 42 U.S.C. § 300f, et seq., and the rules and regulations promulgated thereunder.

[(r)**] (T)** "Federal Water Pollution Control Act" means the Water Pollution Control Act of 1972, P.L. 92–500, as amended, 33 U.S.C. § 1251, et seq., and rules and regulations promulgated thereunder.

[(s)**] (U)** "Fund" means a fund established by this subtitle, including the Water Quality Fund, the Drinking Water Loan Fund, the Bay Restoration Fund, and the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund.

[(t)**] (V)** "Grant" means a grant from the Administration to a grantee.

[(u)**] (W)** "Grant agreement" means a written agreement between the Administration and a grantee with respect to a grant.

[(v)**] (X)** "Grantee" means the grant recipient.

(Y) (1) "GREEN INFRASTRUCTURE" MEANS A LAND–BASED NATURAL AREA OR NATURAL FEATURE, OR A SYSTEM OR FEATURE DESIGNED TO PROTECT, MIMIC, OR ENHANCE A NATURAL FUNCTION, THAT:

(I) ABSORBS AND FILTERS POLLUTANTS;

(II) PROTECTS COMMUNITIES FROM FLOODING OR STORM SURGE;

(III) REDUCES EROSION; OR

(IV) SEQUESTERS CARBON.

(2) "GREEN INFRASTRUCTURE" INCLUDES:

(I) ENHANCED OR RESTORED NATURAL LANDSCAPE FEATURES, SUCH AS FORESTS, STREAMS, WETLANDS, RIPARIAN BUFFERS, HEADWATERS, OR FLOODPLAINS;

(II) RAIN GARDENS;

(III) PERMEABLE PAVEMENT;

(IV) POCKET PARKS;

(V) BIOSWALES;

(VI) GREEN ROOFS;

(VII) INFILTRATION PLANTERS;

(VIII) TREE PLANTINGS OR TREE BOXES; AND

(IX) RAINWATER HARVESTING.

[(w)**] (Z)** "Lender" has the meaning stated in § 9–1606.1 of this subtitle.

[(x)**] (AA)** "Linked deposit" has the meaning stated in § 9–1606.1 of this subtitle.

[(y)**] (BB)** "Linked deposit loan" has the meaning stated in § 9–1606.1 of this subtitle.

[(z)**] (CC)** "Linked deposit program" has the meaning stated in § 9–1606.1 of this subtitle.

[(aa)**] (DD)** "Loan" means a loan from the Administration to a borrower for the purpose of financing all or a portion of the cost of a wastewater facility, if the loan is from the Water Quality Fund, or water supply system, if the loan is from the Drinking Water Loan Fund.

[(bb)**] (EE)** "Loan agreement" means a written agreement between the Administration and a borrower with respect to a loan.

[(cc)**] (FF)** "Loan obligation" means a bond, note, or other evidence of obligation, including a mortgage, deed of trust, lien, or other security instrument, issued or executed by a borrower to evidence its indebtedness under a loan agreement with respect to a loan.

[(dd)**] (GG)** (1) "Local government" means a county, municipal corporation, sanitary district, or other State or local public entity that has authority to own or operate a facility.

(2) "Local government" includes any combination of two or more of the public entities under paragraph (1) of this subsection when acting jointly to construct or operate a facility.

[(ee)**] (HH)** (1) "Person" means an individual, corporation, partnership, association, nonprofit entity, the State, any unit of the State, commission, special taxing district, or the federal government.

(2) "Person" does not include a county, municipal corporation, bi–county or multicounty agency under Division II of the Land Use Article or Division II of the Public Utilities Article, housing authority under Division II of the Housing and Community Development Article, school board, community college, or any other unit of a county or municipal corporation, or a local fire department, as defined in § 9–401 of the Public Safety Article.

[(ff)**] (II)** (1) "Residential dwelling" means a room or group of rooms occupied as living quarters by an individual, a single family, or other discrete group of persons with facilities that are used or intended to be used for living, sleeping, cooking, sanitation, and eating, including an apartment unit, condominium unit, cooperative unit, town house unit, mobile home, or house.

(2) "Residential dwelling" does not include a hospital, hotel, motel, inn, boarding house, club, dormitory, school, college, or similar seasonal, institutional, or transient facility.

[(gg)**] (JJ)** "Single site" means a discrete grouping of buildings or structures that are located on contiguous or adjacent property and owned by the same user.

[(hh)**] (KK)** (1) "User" means any person discharging wastewater to:

(i) A wastewater facility that has a State discharge permit or national pollutant discharge elimination system discharge permit;

(ii) An on–site sewage disposal system; or

(iii) A sewage holding tank.

(2) "User" does not include a person whose sole discharge is stormwater under a stormwater permit.

[(ii)**] (LL)** (1) "Wastewater facility" means any equipment, plant, treatment works, structure, machinery, apparatus, interest in land, or any combination of these, which is acquired, used, constructed, or operated:

(i) For the storage, collection, treatment, neutralization, stabilization, reduction, recycling, reclamation, separation, or disposal of wastewater;

(ii) To improve water conservation, reduce energy consumption, or increase security; or

(iii) For the final disposal of residues resulting from the treatment of wastewater.

(2) "Wastewater facility" includes:

(i) Treatment or disposal plants; outfall sewers, interceptor sewers, and collector sewers; pumping and ventilating stations, facilities, and works; and other real or personal property and appurtenances incident to their development, use, or operation;

(ii) Any programs and projects for managing, reducing, treating, recapturing, abating, or controlling nonpoint sources of water pollution, including stormwater or subsurface drainage water; and

(iii) Any programs and projects for improving estuarine conservation and management.

[(jj)**] (MM)** "Water Quality Fund" means the Maryland Water Quality Revolving Loan Fund.

[(kk)**] (NN)** "Water supply system" has the meaning stated in § 9–201(u) of this title.

9–1602.

There is a Maryland Water **[**Quality**] INFRASTRUCTURE** Financing Administration in the Department.

9–1604.

(c) (1) This subsection applies to financial assistance provided by the Administration under:

(i) The Water Quality Fund;

(ii) The Bay Restoration Fund;

(iii) The Biological Nutrient Removal Program; and

(iv) The Supplemental Assistance Program.

(2) The Administration shall ensure the fair and equitable distribution of financial assistance among wastewater treatment facilities with a design capacity of less than 500,000 gallons per day and wastewater treatment facilities with a design capacity of 500,000 gallons or more per day.

(3) IT IS THE POLICY OF THE STATE THAT THE MAINTENANCE AND REPAIR OF SOURCE WATERSHEDS, INCLUDING THE CONSERVATION AND RESTORATION OF FORESTS AND THE INSTALLATION AND MAINTENANCE OF BLUE INFRASTRUCTURE OR GREEN INFRASTRUCTURE THAT CONTRIBUTES TO IMPROVED WATER QUALITY, IS ELIGIBLE FOR THE SAME FORMS OF FINANCIAL ASSISTANCE AS OTHER WATER COLLECTION AND TREATMENT INFRASTRUCTURE.

9–1605.

(a) (1) **(I)** There is a Maryland Water Quality Revolving Loan Fund.

(II) The Water Quality Fund shall be maintained and administered by the Administration in accordance with the provisions of this subtitle and such rules or program directives as the Secretary or the Board may from time to time prescribe.

(c) (1) The Administration may establish accounts and subaccounts within the Water Quality Fund **[**as may be considered desirable**]** to:

(i) Effectuate the purposes of this subtitle;

(ii) Comply with the provisions of any bond resolution;

(iii) Meet the requirements of any federal law, or of any federal grant or award to the Water Quality Fund; or

(iv) Meet any rules or program directives established by the Secretary or the Board.

(2) The accounts and subaccounts established under paragraph (1) of this subsection may include:

(i) A federal receipts account;

(ii) A State receipts account;

(iii) A management and administration expense account;

(iv) A bond proceeds account;

(v) An account to segregate a portion or portions of the revenues or corpus of the Water Quality Fund as security for bonds of the Administration;

(vi) A loan repayment account; and

(vii) An investment earnings account.

(3) (I) THE ADMINISTRATION SHALL ESTABLISH A TECHNICAL ASSISTANCE SUBACCOUNT WITHIN THE WATER QUALITY FUND.

(II) FEDERAL FUNDS DEPOSITED IN THE WATER QUALITY FUND FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE FOR PROJECTS IN RURAL, SMALL, AND TRIBAL COMMUNITIES SHALL BE DISTRIBUTED TO THE TECHNICAL ASSISTANCE SUBACCOUNT.

(III) THE TECHNICAL ASSISTANCE SUBACCOUNT MAY BE USED TO PROVIDE FINANCIAL ASSISTANCE TO ENTITIES SPECIFIED IN SUBPARAGRAPH (IV) OF THIS PARAGRAPH FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE FOR PROJECTS IN RURAL, SMALL, AND TRIBAL COMMUNITIES, WITH PRIORITY GIVEN TO ENTITIES PROVIDING TECHNICAL ASSISTANCE FOR PROJECTS IN DISADVANTAGED COMMUNITIES AND COMMUNITIES DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS, INCLUDING FINANCIAL ASSISTANCE TO SUPPORT THE DEVELOPMENT OF:

1. AN APPLICATION FOR FINANCIAL ASSISTANCE UNDER THE WATER QUALITY FUND; OR

2. A FINANCING PLAN UNDER THE WATER QUALITY FUND.

(IV) THE FOLLOWING ENTITIES ARE ELIGIBLE TO RECEIVE FINANCIAL ASSISTANCE UNDER THIS PARAGRAPH:

1. A PUBLICLY OWNED TREATMENT WORKS THAT PRIMARILY SERVES A RURAL, SMALL, OR TRIBAL COMMUNITY;

2. A STATE, REGIONAL, INTERSTATE, OR MUNICIPAL ENTITY; OR

3. A NONPROFIT ORGANIZATION WORKING WITH A RURAL, SMALL, TRIBAL, OR DISADVANTAGED COMMUNITY.

(d) Amounts in the Water Quality Fund may be used only:

(1) To make loans, on the condition that:

(i) The loans are made at or below market interest rates, including interest free loans, at terms not to exceed the lesser of 30 years or the projected useful life of the project;

(ii) Annual principal and interest payments will commence not later than 1 year after completion of any wastewater facility and all loans will be fully amortized on the expiration of the term of the loan;

(iii) The local government borrower will establish a dedicated source of revenue for repayment of loans;

(iv) In the case of a wastewater facility owned by a borrower other than a local government, the borrower will provide adequate security for repayment of loans; and

(v) The Water Quality Fund will be credited with all payments of principal and interest on all loans;

(2) To buy or refinance debt obligations of local governments at or below market rates, if such debt obligations were incurred after March 7, 1985;

(3) To guarantee, or purchase insurance for, bonds, notes, or other evidences of obligation issued by a local government if such action would improve credit market access or reduce interest rates;

(4) As a source of revenue or security for the payment of principal and interest on bonds issued by the Administration if the proceeds of the sale of such bonds will be deposited in the Water Quality Fund;

(5) To earn interest on Water Quality Fund accounts;

(6) To establish a linked deposit program to promote loans for controlling nonpoint sources of pollution and protecting the quality of the waters of the State**, INCLUDING LOANS FOR FOREST RESTORATION OR THE CONSERVATION OF FOREST LAND BY FEE OR EASEMENT**;

(7) TO PROVIDE LOANS FOR THE PROTECTION OF SOURCE WATER AREAS OR CHESAPEAKE AND ATLANTIC COASTAL BAY WATERSHEDS THROUGH PROPERTY ACQUISITIONS OR EASEMENTS;

(8) TO ESTABLISH A SPONSORSHIP PROGRAM THAT ALLOWS A LOCAL GOVERNMENT TO SERVE AS THE PRIMARY BORROWER AND RECEIVE A LOAN FOR A PUBLICLY OWNED TREATMENT WORKS PROJECT AT A REDUCED INTEREST RATE IF THE LOAN ALSO INCLUDES FINANCING FOR A SPONSORED NONPOINT SOURCE PROJECT MANAGED BY AN ORGANIZATION;

(9) TO SUPPORT LONG–TERM OR PERMANENT GREEN OR BLUE INFRASTRUCTURE PROJECTS:

(I) THAT PROVIDE A WATER QUALITY BENEFIT TO MARYLAND'S PORTION OF THE CHESAPEAKE BAY;

(II) THAT ARE PROPOSED AND CARRIED OUT BY AN ELIGIBLE REGIONAL OR INTERSTATE ENTITY IN THE SUSQUEHANNA RIVER WATERSHED;

(III) ABOUT WHICH THE SECRETARY HAS CONSULTED WITH THE HEAD OF THE ENVIRONMENTAL AGENCY IN WHICH THE PROJECT IS LOCATED; AND

(IV) FOR WHICH THE SECRETARY HAS DETERMINED THE ALLOCATION OF CREDITS FOR THE CHESAPEAKE BAY TOTAL MAXIMUM DAILY LOAD'S WATERSHED IMPLEMENTATION PLANS;

(10) TO ESTABLISH MASTER LEASE PURCHASE AGREEMENTS WITH STATE AGENCIES TO SUPPORT PROJECTS THAT ENHANCE WATER QUALITY ON STATE LANDS;

(11) TO SUPPORT MULTIYEAR INITIATIVES AUTHORIZED UNDER TITLE 8, SUBTITLE 2A OF THE NATURAL RESOURCES ARTICLE THAT ALSO INVOLVE FUNDING FROM:

(I) THE CHESAPEAKE AND ATLANTIC COASTAL BAYS 2010 TRUST FUND;

(II) A HAZARD MITIGATION PROGRAM UNDER THE MARYLAND EMERGENCY MANAGEMENT AGENCY; OR

(III) A CLIMATE RESILIENCE PROGRAM UNDER THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION;

[(7)**] (12)** For the reasonable costs of administering the Water Quality Fund and conducting activities under Title VI of the Federal Water Pollution Control Act;

[(8)**] (13)** For any other purpose authorized by Title VI of the Federal Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act;

[(9)**] (14)** To provide financial assistance in the form of grants, negative interest loans, forgiveness of principal, subsidized interest rates, and any other form of financial assistance as authorized or required by:

(i) The American Recovery and Reinvestment Act of 2009, as may be amended and supplemented;

(ii) Title VI of the Federal Water Pollution Control Act;

(iii) § 302 of the federal Safe Drinking Water Act; or

(iv) Federal appropriations or authorization acts.

[(10)**] (15)** To provide loan guarantees for similar revolving funds established by municipalities or intermunicipal agencies; and

[(11)**] (16)** To serve as guarantee for long–term Pay for Success contracts, green bonds, or environmental impact bonds by any public, private, or nonprofit entity for the purchase of outcomes that provide a water quality benefit.

(F) IN CREATING AN INTENDED USE PLAN FOR THE WATER QUALITY FUND, THE ADMINISTRATION SHALL PRIORITIZE:

(1) OPPORTUNITIES TO PROVIDE ASSISTANCE TO DISADVANTAGED COMMUNITIES OR COMMUNITIES DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS; AND

(2) GREEN AND BLUE INFRASTRUCTURE, WITH PARTICULAR FOCUS ON NATURAL AREAS OR NATURAL FEATURES.

9–1605.1.

(a) (1) There is a Maryland Drinking Water Revolving Loan Fund. The Drinking Water Loan Fund shall be maintained and administered by the Administration in accordance with the provisions of this subtitle and such rules or program directives as the Secretary or the Board may from time to time prescribe.

(c) **(1)** The Administration may **[**from time to time**]** establish accounts and subaccounts within the Drinking Water Loan Fund **[**as may be deemed desirable**]** to **[**effectuate**]:**

(I) EFFECTUATE the purposes of this subtitle**[**, to comply**];**

(II) COMPLY with the provisions of any bond resolution**[**, to meet**];**

(III) MEET the requirements of any federal law, or of any federal grant or award to the Drinking Water Loan Fund**[**, or to meet**]; OR**

(IV) MEET any rules or program directives established by the Secretary or the Board.

(2) (I) THE ADMINISTRATION SHALL ESTABLISH A TECHNICAL ASSISTANCE SUBACCOUNT WITHIN THE DRINKING WATER LOAN FUND.

(II) FEDERAL FUNDS DEPOSITED IN THE DRINKING WATER LOAN FUND FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE TO SMALL DRINKING WATER SYSTEMS, AS DEFINED UNDER THE FEDERAL SAFE DRINKING WATER ACT, SHALL BE DISTRIBUTED TO THE TECHNICAL ASSISTANCE SUBACCOUNT.

(III) THE TECHNICAL ASSISTANCE SUBACCOUNT MAY BE USED TO PROVIDE FINANCIAL ASSISTANCE TO ENTITIES SPECIFIED IN SUBPARAGRAPH (IV) OF THIS PARAGRAPH FOR THE PURPOSE OF PROVIDING TECHNICAL ASSISTANCE TO SMALL DRINKING WATER SYSTEMS, WITH PRIORITY GIVEN TO ENTITIES PROVIDING TECHNICAL ASSISTANCE FOR SMALL DRINKING WATER SYSTEMS IN DISADVANTAGED COMMUNITIES OR COMMUNITIES DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS, INCLUDING FINANCIAL ASSISTANCE FOR:

1. ASSESSING RISKS FROM WATER PIPES MADE FROM LEAD;

2. SUPPORTING THE DEVELOPMENT OF LEAD PIPE INVENTORIES;

3. SUPPORTING THE DEVELOPMENT OF AN APPLICATION FOR FINANCIAL ASSISTANCE UNDER THE DRINKING WATER LOAN FUND; AND

4. SUPPORTING THE DEVELOPMENT OF A FINANCING PLAN UNDER THE DRINKING WATER LOAN FUND.

(IV) THE FOLLOWING ENTITIES ARE ELIGIBLE TO RECEIVE FINANCIAL ASSISTANCE UNDER THIS PARAGRAPH:

1. A SMALL DRINKING WATER SYSTEM, AS DEFINED UNDER THE FEDERAL SAFE DRINKING WATER ACT;

2. A MULTIJURISDICTIONAL ENTITY; OR

3. A NONPROFIT ORGANIZATION WORKING WITH A RURAL, SMALL, TRIBAL, OR DISADVANTAGED COMMUNITY.

(d) Amounts in the Drinking Water Loan Fund may be used only:

(1) To make loans at or below market rates on the condition that:

(i) The local government borrower will establish a dedicated source of revenue;

(ii) In the case of a water supply system owned by a borrower other than a local government, the borrower shall provide adequate security for the repayment of the loan;

(iii) The Drinking Water Loan Fund will be credited with all payments of the loan;

(iv) The loans are made at terms not to exceed:

1. 30 years; or

2. With respect to disadvantaged communities as defined in the federal Safe Drinking Water Act, the lesser of 40 years after project completion or the design life of the project; and

(v) Annual principal and interest payments will commence not later than 18 months after completion of any drinking water facility and all loans will be fully amortized on the expiration of the term of the loan;

(2) To buy or refinance debt obligations of local governments issued by a local government for the purposes of financing all or a portion of the cost of a water supply system at or below market rates, if such debt obligations were incurred after July 1, 1993;

(3) To guarantee or purchase insurance for bonds, notes, or other evidences of indebtedness issued by a local government for the purposes of financing all or a portion

of the cost of a water supply system, if such action would improve credit market access or reduce interest rates;

(4) As a source of revenue or security for the payment of principal and interest on bonds issued by the Administration if the proceeds of the sale of such bonds will be deposited in the Drinking Water Loan Fund;

(5) To earn interest on Drinking Water Loan Fund accounts;

(6) For the reasonable costs of administering the Drinking Water Loan Fund and conducting activities under any federal law that may apply to federal deposits to the Drinking Water Loan Fund;

(7) To establish a linked deposit program for loans in accordance with this subtitle and the federal Safe Drinking Water Act**, INCLUDING LOANS FOR:**

(I) CONTROLLING NONPOINT SOURCES OF POLLUTION AND PROTECTING THE QUALITY OF STATE WATERS;

(II) PROTECTING OR ACQUIRING FORESTS OR WETLANDS BY FEE OR EASEMENT; OR

(III) RESTORING FORESTS;

(8) For loan subsidies for disadvantaged communities as provided by the federal Safe Drinking Water Act, including but not limited to loan forgiveness, provided that such loan subsidies comply with the limitations and requirements set forth in the federal Safe Drinking Water Act and any federal appropriations or authorization acts;

(9) TO ESTABLISH A SPONSORSHIP PROGRAM THAT ALLOWS A LOCAL GOVERNMENT TO SERVE AS THE PRIMARY BORROWER AND RECEIVE A LOAN FOR A PUBLICLY OWNED WATER SUPPLY SYSTEM AT A REDUCED INTEREST RATE IF THE LOAN ALSO INCLUDES FINANCING FOR A SPONSORED NONPOINT SOURCE PROJECT MANAGED BY AN ORGANIZATION;

(10) WITH RESPECT TO ANY FEDERAL FUNDS DEPOSITED IN THE DRINKING WATER LOAN FUND, TO PRIORITIZE SUPPORT FOR LOCAL GOVERNMENTS, COMMUNITY WATER SYSTEMS, AND OTHER ELIGIBLE PARTNERS BY:

(I) SERVING AS A GUARANTEE FOR LONG–TERM PAY–FOR–SUCCESS CONTRACTS FOR THE PURCHASE OF ENVIRONMENTAL OUTCOMES THAT PROVIDE WATER QUALITY BENEFITS;

(II) SUPPORTING THE DELINEATION, ASSESSMENT, OR UPDATED ASSESSMENT OF SOURCE WATER PROTECTION AREAS AND THE

IMPLEMENTATION OF WELL HEAD PROTECTION PROGRAMS, INCLUDING THROUGH GRANTS AND TECHNICAL ASSISTANCE; OR

(III) SUPPORTING LOANS AND LOAN GUARANTEES FOR THE PROTECTION OF SOURCE WATER AREAS OR THE CHESAPEAKE AND ATLANTIC COASTAL BAYS WATERSHEDS THROUGH PROPERTY ACQUISITIONS OR EASEMENTS FOR THE PURPOSE OF CONTROLLING NONPOINT SOURCES OF POLLUTION;

(11) TO SUPPORT MULTIYEAR INITIATIVES AUTHORIZED UNDER TITLE 8, SUBTITLE 2A OF THE NATURAL RESOURCES ARTICLE THAT ALSO INVOLVE FUNDING FROM THE CHESAPEAKE AND ATLANTIC COASTAL BAYS 2010 TRUST FUND;

(12) TO PROVIDE FINANCIAL ASSISTANCE TO DISADVANTAGED COMMUNITIES AS DEFINED IN THE FEDERAL SAFE DRINKING WATER ACT IN THE FORM OF PLANNING PHASE GRANTS OR DESIGN PHASE GRANTS;

[(9)**] (13)** For any other purpose authorized for any federal funds deposited in the Drinking Water Loan Fund including, without limitation, any purpose authorized by the federal Safe Drinking Water Act, including source water protection expenditures eligible for assistance from the Drinking Water Loan Fund; and

[(10)**] (14)** To provide financial assistance in the form of grants, negative interest loans, forgiveness of principal, subsidized interest rates, and any other form of financial assistance as authorized or required by:

(i) The American Recovery and Reinvestment Act of 2009, as may be amended and supplemented;

(ii) §§ 302 and 1452 of the federal Safe Drinking Water Act;

(iii) Title VI of the Federal Water Pollution Control Act; or

(iv) Federal appropriations or authorization acts.

(E) IN CREATING AN INTENDED USE PLAN FOR THE DRINKING WATER LOAN FUND, THE ADMINISTRATION SHALL PRIORITIZE OPPORTUNITIES TO PROVIDE ASSISTANCE TO DISADVANTAGED COMMUNITIES OR COMMUNITIES DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS AND SUPPORT INNOVATIVE FINANCING PARTNERSHIPS TO ADDRESS ENVIRONMENTAL JUSTICE ISSUES AS DEFINED IN § 1–701 OF THIS ARTICLE, INCLUDING THROUGH INVESTMENT IN:

(1) WATER INFRASTRUCTURE LOANS DESIGNED TO ENSURE FAIRER AND MORE JUST OPPORTUNITIES TO IMPROVE COMMUNITY HEALTH THROUGH BETTER WATER SERVICE;

(2) MUNICIPAL CONSOLIDATION EFFORTS UNDER § 9–707 OF THIS TITLE;

(3) TOXIC LEAD SERVICE LINE REPLACEMENT; AND

(4) GREEN INFRASTRUCTURE THAT CONTRIBUTES TO IMPROVED WATER QUALITY AND REMEDIATES OR MITIGATES ENVIRONMENTAL AND HEALTH HAZARDS IN DISADVANTAGED COMMUNITIES OR COMMUNITIES DISPROPORTIONATELY BURDENED BY ENVIRONMENTAL HARMS AND RISKS.

[(e)**] (F)** The costs of administering the Drinking Water Loan Fund shall be paid from federal grants and awards, from bond sale proceeds, and from amounts received from borrowers pursuant to loan agreements, and may not be paid from any State **[**moneys**] MONEY** appropriated to the Drinking Water Loan Fund, except general funds of the State used to match federal grants and awards to the Drinking Water Loan Fund.

9–1617.2.

ON OR BEFORE NOVEMBER 1 EACH YEAR, BEGINNING IN 2024, THE ADMINISTRATION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, ON THE AMOUNTS ALLOCATED BY TYPE OF ASSISTANCE PROVIDED UNDER THE WATER QUALITY FUND AND THE DRINKING WATER LOAN FUND TO SUPPORT EACH TYPE OF GREEN AND BLUE INFRASTRUCTURE.

9–1622.

This subtitle may be cited as the Maryland Water **[**Quality**] INFRASTRUCTURE** Financing Administration Act.

Article – Natural Resources

1–110.

(A) THE DEPARTMENT MAY ENTER INTO PARTNERSHIPS, THROUGH FORMAL CONTRACTS OR MEMORANDA OF UNDERSTANDING, WITH PRIVATE SECTOR ORGANIZATIONS WITH EXPERIENCE IN CARBON OFFSET MARKETS OR PROGRAMS IN ORDER TO:

(1) CREATE STATEWIDE OR REGIONAL PARTNERSHIPS FOR THE PURPOSE OF MINIMIZING THE COSTS AND MAXIMIZING THE BENEFITS OF ENROLLING PRIVATE AND PUBLIC LANDS IN CARBON OFFSET MARKETS; AND

(2) ASSIST PRIVATE LANDOWNERS WITH THE AGGREGATION OF PROJECTS TO MAKE THE PROJECTS MORE SALEABLE IN CARBON OFFSET MARKET PROGRAMS.

(B) TO LEARN ABOUT ESTABLISHING AND VERIFYING CARBON CREDITS, ON OR BEFORE JULY 1, 2024, THE DEPARTMENT, IN CONSULTATION WITH APPROPRIATE EXPERTS, SHALL BEGIN IMPLEMENTATION OF, OR OTHERWISE SUPPORT:

(1) AT LEAST ONE CARBON OFFSET PROJECT ON STATE LAND; AND

(2) AT LEAST ONE CARBON OFFSET PROJECT IN A MARINE OR ESTUARINE HABITAT.

3–103.

(a) (1) There is a body politic and corporate known as the "Maryland Environmental Service".

(2) The Service is an instrumentality of the State and a public corporation by that name, style, and title, and the exercise by the Service of the powers conferred by this subtitle is the performance of an essential governmental function of the State.

(g) (1) The Service is exempt from the provisions of Subtitles 3, 4, 5, and 7 of Title 4 of the State Finance and Procurement Article.

(2) The Service is exempt from the provisions of Division II of the State Finance and Procurement Article, but is not exempt from Subtitle 3 of Title 14, Subtitle 4 of Title 12, Title 16, and Title 17 of the State Finance and Procurement Article.

(3) (i) Except as otherwise provided in this paragraph, all procurements by the Service for materials, equipment, services, or supplies performed or furnished in connection with the planning, development, design, equipping, construction, or operation of any project owned or controlled by the Service, shall be awarded in accordance with rules and regulations adopted pursuant to the Administrative Procedure Act.

(ii) The Service may procure materials, equipment, services, or supplies by utilizing:

1. Competitive sealed bids;

2. Competitive sealed proposals;

3. Sole source procurement;

4. Intergovernmental cooperative purchasing agreements;

5. A small procurement process, if the procurement is estimated by the Service to result in an expenditure of $25,000 or less; **[**or**]**

6. An emergency procurement process, if the procurement is necessary to avoid or to mitigate serious damage to public health, safety, or welfare**; OR**

7. PAY–FOR–SUCCESS CONTRACTING UNDER § 13–112.1 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(4) (i) The approval of the Board shall be required on any nonemergency expenditure that exceeds $200,000.

(ii) The Service shall notify the Board of any nonemergency expenditure that exceeds $25,000.

(5) The Service may adopt rules and regulations to provide a process to resolve disputes between the Service and its contractors, that may include alternative dispute resolution by the parties to the dispute.

3–201.

(a) **(1)** There is a Maryland Environmental Trust established to conserve, improve, stimulate, and perpetuate the aesthetic, natural, health and welfare, scenic, and cultural qualities of the environment, including, but not limited to land, water, air, wildlife, scenic qualities, open spaces, buildings or any interest therein, and other appurtenances pertaining in any way to the State.

(2) Through educational and other means, the Trust shall encourage and motivate the populace of the State and others to do so and shall promote continuing interest in and the study of these matters.

(3) The purpose of the Trust is of general benefit to the citizens of the State, and it is charitable in nature.

(b) The Trust has perpetual existence subject to modification or termination by the General Assembly if necessary to effectuate its purpose or when and if its substantial purpose ceases.

(C) (1) IN THIS SUBSECTION, "ECOSYSTEM SERVICES" INCLUDES:

(I) CLIMATE RESILIENCE;

(II) CARBON SEQUESTRATION;

(III) THE PROVISION OF WILDLIFE HABITAT;

(IV) CONTRIBUTIONS TO FOREST HEALTH; AND

(V) THE PROTECTION OR RESTORATION OF WETLANDS.

(2) AN EASEMENT APPROVED BY THE TRUST MAY ALLOW FOR THE POTENTIAL OF ECONOMIC RETURN FROM THE PROTECTION, MANAGEMENT, MAINTENANCE, OR IMPROVEMENT OF ECOSYSTEM SERVICES PROVIDED BY THE PROPERTY, SO LONG AS THE TRUST DETERMINES THOSE USES DO NOT IMPAIR OR INTERFERE WITH THE CONSERVATION VALUES AND PURPOSES OF THE EASEMENT AND ARE OTHERWISE CONSISTENT WITH THE TRUST'S POLICIES RELATED TO ECOSYSTEM SERVICES.

5–102.

(b) It is the policy of the State to encourage the retention and sustainable management of forest lands by:

(1) Achieving no net loss of forest;

(2) Affording due consideration to the protection and retention of forests in the State through existing land conservation programs where they have the highest value in terms of promoting the State's compliance with its clean water goals under the 2014 Chesapeake Bay Watershed Agreement and the 2007 Forestry Conservation Initiative;

(3) Enhancing the retention of privately owned forest lands through research–based educational outreach efforts to landowners by the State's forest conservancy district boards;

(4) Developing financial incentives to encourage landowners to retain and manage their forests sustainably and in a manner that is consistent with a forest stewardship plan**, INCLUDING BY ALLOWING LANDOWNERS TO USE FORESTS ON STATE LANDS THAT ARE REFORESTED OR AFFORESTED UNDER SUBTITLE 16 OF THIS TITLE AFTER JULY 1, 2022, TO SATISFY BUFFER OR INSURANCE PROVISIONS REQUIRED BY REGISTRIES OR PROTOCOLS ASSOCIATED WITH PRIVATE FOREST CARBON CREDIT TRANSACTIONS**;

(5) Promoting renewable energy policies and markets with increased emphasis on the use of in–State produced woody biomass;

(6) Ensuring dual certification of the State's forests by the Forest Stewardship Council and the Sustainable Forestry Initiative;

(7) Recognizing the importance of:

(i) A viable forest products industry to the economies of rural Maryland;

(ii) Continued development of fiber products; and

(iii) Maryland's green infrastructure; and

(8) Developing and enhancing programs with a sustainable forestry component, including a forest mitigation banking system, a carbon credit or carbon sequestration program, a clean water credit trading system, an environmental services credit trading program, and a renewable energy credit trading system.

5–9A–05.

(P) (1) IN THIS SUBSECTION, "ECOSYSTEM SERVICES" INCLUDES:

(I) CLIMATE RESILIENCE;

(II) CARBON SEQUESTRATION;

(III) THE PROVISION OF WILDLIFE HABITAT;

(IV) CONTRIBUTIONS TO FOREST HEALTH; AND

(V) THE PROTECTION OR RESTORATION OF WETLANDS.

(2) AN EASEMENT ACQUIRED UNDER THIS SUBTITLE MAY ALLOW FOR THE POTENTIAL OF ECONOMIC RETURN FROM THE PROTECTION, MANAGEMENT, MAINTENANCE, OR IMPROVEMENT OF ECOSYSTEM SERVICES PROVIDED BY THE PROPERTY, SO LONG AS THE DEPARTMENT DETERMINES:

(I) THOSE USES AFFIRMATIVELY INCREASE THE CONSERVATION ATTRIBUTES OF THE PROPERTY BEYOND THE REQUIREMENTS OF THE EASEMENT; AND

(II) ANY CREDITS CREATED IN ACCORDANCE WITH THIS SUBSECTION ARE USED ONLY:

1. TO MITIGATE OFFSITE ENVIRONMENTAL DAMAGE IN A PRIORITY FUNDING AREA, AS DEFINED IN § 5–7B–02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; OR

2. IN A MANNER THE DEPARTMENT DETERMINES TO BE CONSISTENT WITH THE APPLICABLE LOCAL COMPREHENSIVE PLAN AND STATE AND LOCAL OBJECTIVES FOR LAND PROTECTION.

8–203.1.

THE SECRETARY:

(1) USING ELIGIBLE FUNDING SOURCES, MAY PURCHASE ENVIRONMENTAL OUTCOMES, AS DEFINED IN § 8–2A–01 OF THIS TITLE, THAT PROVIDE FOR COST–EFFECTIVE LONG–TERM OR PERMANENT GREEN OR BLUE INFRASTRUCTURE PROJECTS THAT:

(I) IMPROVE THE WATER QUALITY OF MARYLAND'S PORTION OF THE CHESAPEAKE BAY; AND

(II) ARE LOCATED IN THE SUSQUEHANNA RIVER WATERSHED; AND

(2) SHALL CONSULT WITH THE SECRETARY OF THE ENVIRONMENTAL AGENCY OF THE STATE IN WHICH THE PROJECT IS LOCATED TO ENSURE THAT:

(I) THE STATE SUPPORTS THE PROJECT; AND

(II) FOR THE PURCHASED ENVIRONMENTAL OUTCOMES, THERE IS MUTUAL AGREEMENT AS TO THE ALLOCATION OF CREDITS TO THE CHESAPEAKE BAY TOTAL MAXIMUM DAILY LOAD'S WATERSHED IMPLEMENTATION PLANS.

8–207.

THE DEPARTMENT MAY NOT PROHIBIT OR LIMIT, THROUGH ANY CONTRACT, EASEMENT, OR AGREEMENT, A PARTICIPANT IN A PROGRAM ADMINISTERED BY THE DEPARTMENT FROM PARTICIPATING IN AND RECEIVING COMPENSATION FROM GREENHOUSE GAS MARKETS, CARBON CREDITS, OR SOIL CARBON PROGRAMS, IF THE PURPOSE OF THE COMPENSATION IS TO ACHIEVE ADDITIONAL ENVIRONMENTAL OUTCOMES THAT ARE CONSISTENT WITH THE STATE'S CHESAPEAKE BAY CONSERVATION GOALS.

8–2A–01.

(a) In this subtitle the following words have the meanings indicated.

(b) **"AGGREGATOR" MEANS A PERSON THAT FACILITATES OR COORDINATES THE ESTABLISHMENT OF PRACTICES OR PROJECTS THAT:**

(1) ARE IMPLEMENTED BY THE PERSON OR BY OTHERS;

(2) PRODUCE A QUANTIFIABLE ENVIRONMENTAL OUTCOME;

(3) ARE REGISTERED BY THE PERSON; AND

(4) ARE MADE AVAILABLE FOR PURCHASE BY THE STATE.

(C) "BayStat Program" means the program established under § 8–2A–03 of this subtitle.

(D) "ENVIRONMENTAL OUTCOME" MEANS A COMMODITY THAT IS MODELED OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON BENEFIT.

(E) "EVALUATOR" MEANS A PERSON OTHER THAN AN AGGREGATOR THAT DETERMINES WHETHER ENVIRONMENTAL OUTCOMES HAVE BEEN ACHIEVED BASED ON DEFINED PERFORMANCE MEASURES.

[(c)**] (F)** (1) "Nonpoint source pollution control project" means a project to improve water quality by a reduction of nitrogen, phosphorus, or sediment pollution.

(2) "Nonpoint source pollution control project" includes:

(i) An agricultural best management implementation practice, including cover crops, riparian forested buffer, manure processing, grassed waterways, animal waste storage structures, and livestock fencing;

(ii) An urban or suburban stormwater practice;

(iii) A sustainable forest management practice, including a forest stewardship plan or a nonornamental urban and suburban tree planting project;

(iv) Stream and wetland restoration;

(v) Riparian buffer planting;

(vi) A project that demonstrates the effectiveness of an innovative nonpoint source pollution reduction measure provided that the measure is capable of integration into existing nonpoint source pollution programs;

(vii) Technical assistance necessary to implement a nonpoint source pollution control project;

(viii) Improvement of a municipal park located on or adjacent to a waterway, provided that the improvement is limited to state–of–the–art and sustainable nonpoint source pollution control measures that demonstrably improve water quality by reducing nitrogen, phosphorus, and sediment pollution; and

(ix) Strategic monitoring of water quality improvements from nonpoint source pollution control projects that have been funded, in whole or in part, with grants from the Trust Fund.

(G) "QUANTIFICATION PLAN" MEANS A PLAN IN WHICH AN AGGREGATOR DESCRIBES:

(1) THE METHOD THAT WILL BE USED TO MEASURE OR MODEL ENVIRONMENTAL OUTCOMES AND CO–BENEFITS;

(2) THE COMPLIANCE MONITORING THAT WILL OCCUR TO ENSURE THAT THE PROPOSED ACTIONS ARE TAKEN AND MAINTAINED OVER THE LIFE OF THE PROJECT;

(3) VERIFICATION STEPS THAT WILL BE CARRIED OUT BY THE STATE OR AN EVALUATOR TO CONFIRM MODEL RESULTS OR ACCURATE MEASUREMENT OF ENVIRONMENTAL OUTCOMES; AND

(4) THE TIMELINE FOR PROPOSED PAYMENTS UNDER A CONTRACT WITH THE STATE.

[(d)**] (H)** "Trust Fund" means the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.

[(e)**] (I)** "Watershed implementation plan" means a plan to achieve the nutrient and sediment limits required under the Chesapeake Bay total maximum daily load.

8–2A–03.

(a) (1) There is a BayStat Program to:

(i) Measure and evaluate efforts to restore the Chesapeake and Atlantic Coastal Bays; and

(ii) Administer the Trust Fund.

(2) The BayStat Subcabinet shall oversee the administration of the BayStat Program.

(3) The BayStat Subcabinet is composed of:

(i) The Secretary of Natural Resources;

(ii) The Secretary of the Environment;

(iii) The Secretary of Planning;

(iv) The Secretary of Agriculture;

(v) The President of the University of Maryland Center for Environmental Science;

(vi) The Dean of the College of Agriculture and Natural Resources at the University of Maryland, College Park Campus; and

(vii) The chair of the Critical Area Commission for the Chesapeake and Atlantic Coastal Bays.

(b) The BayStat Program shall:

(1) Provide accurate and timely data to policymakers and the public about the efficacy and cost–effectiveness of local, State, and federal programs to restore the Chesapeake and Atlantic Coastal Bays;

(2) Track and assess the progress of State and federal programs to improve the health of the Chesapeake and Atlantic Coastal Bays;

(3) Assess the effectiveness of enforcement programs in curbing pollution and achieving Chesapeake and Atlantic Coastal Bays restoration goals and institute actions to improve the effectiveness of enforcement programs;

(4) Adopt measurable goals for Chesapeake and Atlantic Coastal Bays restoration;

(5) Identify new threats to the health of the Chesapeake and Atlantic Coastal Bays;

(6) Increase public awareness of, and participation in, efforts to restore the vitality of the Chesapeake and Atlantic Coastal Bays; and

(7) Direct the administration of the Trust Fund.

(c) The BayStat Subcabinet shall:

(1) Report annually to the public regarding:

(i) The health of the Chesapeake Bay tributary basin;

(ii) The health of the Atlantic Coastal Bays and their tributaries;

(iii) The status of local, State, and federal programs to restore the Chesapeake and Atlantic Coastal Bays; and

(iv) Estimated nutrient reductions achieved through projects financed by the Trust Fund; and

(2) (i) Develop an annual work plan that identifies the planned work to be funded with money from the Trust Fund for the next fiscal year, including annual nutrient and sediment reduction targets, performance measures, and accountability criteria; and

(ii) Develop an annual expenditure plan that identifies planned expenditures for the work plan and includes an accounting of all **[**moneys**]** **MONEY** distributed from the Trust Fund in the previous fiscal year.

(d) The Governor shall submit the annual work and expenditure plans to the General Assembly as part of the annual budget submission.

(e) **(1)** On an annual basis the BayStat Subcabinet shall prepare a final work and expenditure plan based on the budget approved by the General Assembly.

(2) BEGINNING WITH THE PLAN PREPARED FOR FISCAL YEAR 2024, THE PLAN SHALL BE INFORMED BY THE ANALYSIS CARRIED OUT BY THE BAYSTAT PROGRAM SCIENTIFIC ADVISORY PANEL UNDER § 8–2A–04(G)(4)(VII) OF THIS SUBTITLE.

8–2A–04.

(a) The BayStat Program shall direct the administration of the Trust Fund in accordance with this section.

(b) (1) The BayStat Program shall implement nonpoint source pollution reduction measures to:

(i) Support State and local watershed implementation plans by targeting limited financial resources on the most effective nonpoint source pollution control projects; and

(ii) Improve the health of the Atlantic Coastal Bays and their tributaries by targeting funds, geographically and by practice, to proven, scientifically based projects that provide the most cost–effective and measurable water quality benefits to the Atlantic Coastal Bays and their tributaries.

(2) To the maximum extent practicable, the BayStat Program shall distribute the Trust Fund **[**moneys**]** **MONEY** on a competitive basis.

(c) (1) The BayStat Program shall distribute funds from the Trust Fund to the BayStat Subcabinet agencies in accordance with the final work and expenditure plans.

(2) The BayStat Subcabinet agencies shall administer the funds in accordance with the final work and expenditure plans, including the distribution of funds:

(i) Through grants to:

1. Counties;

2. Bicounty agencies;

3. Municipalities;

4. Forest conservancy district boards;

5. Soil conservation districts;

6. Academic institutions; and

7. Nonprofit organizations having a demonstrated ability to implement nonpoint source pollution control projects;

(ii) To the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund established under § 9–1605.3 of the Environment Article;

(iii) To the Maryland Agricultural Cost–Share Program established under Title 8, Subtitle 7 of the Agriculture Article for nonpoint source pollution control projects;

(iv) To the Green Shores Program established under § 5–429 of this article; **[**and**]**

(v) To the Mel Noland Woodland Incentives Fund established under § 5–307 of this article**; AND**

(VI) SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, THROUGH THE PROCUREMENT OF NUTRIENT– OR SEDIMENT–RELATED ENVIRONMENTAL OUTCOMES UNDER A PAY–FOR–SUCCESS CONTRACT OR ANY OTHER PROCUREMENT METHOD AUTHORIZED UNDER DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(3) **[**(i)**]** The BayStat Program shall **[**develop**]:**

(I) DEVELOP solicitations, guidelines, and applications for Trust Fund grants **AND CONTRACTS** that shall include consideration of the extent to which a proposed project, both geographically and by practice, will deliver the greatest, most cost–effective, and measurable nonpoint source pollution reduction per Trust Fund dollar**[**.**]; AND**

(ii) **[**The BayStat Program shall**] IN EVALUATING TRUST FUND APPLICATIONS,** encourage and consider **[**multi–year**]:**

1. MULTI–YEAR, multi–partner proposals, local match or cost–share agreements, or similar actions proposed by **[**a grant**] AN** applicant **[**in evaluating a Trust Fund grant application**];**

2. PROJECTS THAT, IN ADDITION TO PROVIDING COST–EFFECTIVE AND MEASURABLE NONPOINT SOURCE POLLUTION REDUCTIONS, PROVIDE CO–BENEFITS INCLUDING:

A. THE RESTORATION OF AQUATIC RESOURCES, SUCH AS SEAGRASS BEDS OR OYSTER REEFS;

B. CLIMATE RESILIENCE;

C. CARBON SEQUESTRATION;

D. CREATION OF WILDLIFE HABITAT;

E. LOCAL EMPLOYMENT OPPORTUNITIES;

F. THE IMPROVEMENT OR PROVISION OF RECREATIONAL OPPORTUNITIES; OR

G. ENVIRONMENTAL JUSTICE BENEFITS; AND

3. SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, MULTI–YEAR AGREEMENTS WHEREBY AN AGGREGATOR PROPOSES TO:

A. COMBINE FUNDING FROM THE TRUST FUND WITH REVOLVING LOAN FUNDS AUTHORIZED UNDER §§ 9–1605 AND 9–1605.1 OF THE ENVIRONMENT ARTICLE, FEDERAL EMERGENCY MANAGEMENT AGENCY HAZARD MITIGATION SUPPORT, OR PRIVATE SOURCES OF FUNDING; AND

B. USE THE COMBINED SOURCES TO FUND AND ADMINISTER THE IMPLEMENTATION OF MULTIPLE PROJECTS OR PAY FOR ENVIRONMENTAL OUTCOMES FROM MULTIPLE COMPLETED PROJECTS.

(4) (I) FUNDS FROM THE TRUST FUND MAY NOT BE USED TO PROCURE ENVIRONMENTAL OUTCOMES ACHIEVED BEFORE JANUARY 1, 2021.

(II) PAYMENT UNDER A PAY–FOR–SUCCESS CONTRACT MAY BE MADE ONLY AFTER AN EVALUATOR HAS CERTIFIED TO THE CONTRACTING AGENCY THAT THE ENVIRONMENTAL OUTCOMES HAVE BEEN MEASURED OR MODELED CONSISTENT WITH AN APPROVED QUANTIFICATION PLAN.

(5) A BAYSTAT SUBCABINET AGENCY MAY USE FUNDING FROM THE TRUST FUND FOR A MULTI–YEAR AGREEMENT SPECIFIED UNDER PARAGRAPH (3)(II)3 OF THIS SUBSECTION ONLY IF THE AGENCY DETERMINES THAT THE AGREEMENT WILL:

(I) PROVIDE COST–EFFECTIVE NUTRIENT AND SEDIMENT REDUCTIONS IN A MANNER CONSISTENT WITH THE COST–EFFECTIVENESS OF OTHER PROJECTS SUPPORTED THROUGH THE TRUST FUND;

(II) DELIVER BENEFITS CONSISTENT WITH THOSE REQUIRED BY REVOLVING LOAN FUNDS AUTHORIZED UNDER §§ 9–1605 AND 9–1605.2 OF THE ENVIRONMENT ARTICLE;

(III) REQUIRE NOT MORE THAN 20% OF TOTAL RESOURCES IN THE TRUST FUND; AND

(IV) DELIVER CO–BENEFITS AS DESCRIBED IN PARAGRAPH (3)(II)2 OF THIS SUBSECTION.

(d) Any grant **OR CONTRACT** agreement regarding funds from the Trust Fund shall:

(1) Specify the use of the funds provided under the grant, accountability measures, and performance requirements;

(2) Take into account the need for efficient, multi–year funding and administration; and

(3) Include provisions for verification that practices are being implemented.

(e) (1) A recipient of funds from the Trust Fund in any fiscal year shall submit an annual report to the BayStat Program by November 1 of the next fiscal year.

(2) The report required under paragraph (1) of this subsection shall include:

(i) For agencies receiving **[**moneys**]** **MONEY** from the Trust Fund:

1. A description of how the funds were allocated, including:

A. The number and amounts of grants awards; and

B. Direct expenditures by the agency;

2. How funding was leveraged; and

3. Estimated or calculated nutrient reductions associated with Trust Fund expenditures.

(ii) For recipients of competitive grants **OR PAY–FOR–SUCCESS CONTRACTS** from the Trust Fund, a description of funded projects, including:

1. Project location;

2. Description of practices implemented;

3. Timeframes for project completion;

4. Estimated or calculated nutrient reductions; and

5. Provisions for long–term maintenance of practices.

(f) Funds from the Trust Fund may not be used to enable an individual cited for noncompliance with a nonpoint source pollution control law or regulation to achieve compliance.

(g) (1) There is a BayStat Program Scientific Advisory Panel.

(2) The Governor shall appoint the chair and members of the BayStat Program Scientific Advisory Panel.

(3) The BayStat Program Scientific Advisory Panel shall include scientists and other technical experts with demonstrated expertise in the disciplines related to protection and restoration of the Chesapeake and Atlantic Coastal Bays.

(4) The BayStat Program Scientific Advisory Panel shall:

(i) On or before August 1, annually provide recommendations to the BayStat Subcabinet on the use of funds of the Trust Fund for the following fiscal year;

(ii) Monitor the distribution of funds from the Trust Fund;

(iii) Review the categories of grants **AND CONTRACTS** made in the previous year to assess nutrient loading reduction estimates and cost efficiencies and the effectiveness of any innovative nonpoint source pollution reduction measure;

(iv) Review the proposed annual work plan and advise the BayStat Subcabinet of any recommended changes;

(v) On request by the BayStat Subcabinet, review individual **[**grant**] FUNDING** applications; **[**and**]**

(vi) Annually review any Trust Fund **[**moneys**] MONEY** that **[**are**] IS** not distributed on a competitive basis to assess whether **[**those moneys**] THAT MONEY** may be distributed on a competitive basis**; AND**

(VII) ON OR BEFORE JANUARY 31, 2023:

1. ANALYZE AND COMPARE THE FUND DISTRIBUTIONS THROUGH THE COMPETITIVE PROGRAM AND BY EACH BAYSTAT SUBCABINET AGENCY FOR FISCAL YEARS 2012 THROUGH 2023 AND THE STRATEGIES SUPPORTED BY THOSE DISTRIBUTIONS;

2. QUANTIFY THE RELATIVE EFFECTIVENESS OF EACH DISTRIBUTION AND STRATEGY PER DOLLAR OF STATE FUNDING; AND

3. REPORT TO THE BAYSTAT SUBCABINET, THE GOVERNOR, AND, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE RESULTS OF THE ANALYSES REQUIRED UNDER ITEMS 1 AND 2 OF THIS ITEM.

(h) The BayStat Subcabinet agencies may **[**distribute**]:**

(1) DISTRIBUTE to an administrative cost account the amount that is necessary to administer grant programs, not to exceed 1.5% of the allocations to the BayStat Subcabinet agencies**; AND**

(2) MAINTAIN AN AMOUNT, NOT TO EXCEED 2% OF THE TOTAL IN COMPETITIVE GRANTS AND CONTRACTS ADMINISTERED BY THE BAYSTAT SUBCABINET AGENCIES, FOR THE PURPOSE OF MEETING ADDITIONAL PROJECT NEEDS, INCLUDING:

(I) THE ADAPTIVE MANAGEMENT, MAINTENANCE, OR CATASTROPHE–INDUCED REPAIR NEEDS OF PROJECTS FUNDED BY THE GRANTS OR CONTRACTS; AND

(II) PAYING FOR QUANTIFIED AND VERIFIED WATER QUALITY–RELATED ENVIRONMENTAL OUTCOMES THAT EXCEED THE QUANTITY OF ENVIRONMENTAL OUTCOMES ANTICIPATED UNDER PARTICULAR GRANTS OR CONTRACTS.

Article – State Finance and Procurement

10A–101.

(a) In this title the following words have the meanings indicated.

(d) **(1)** "Public infrastructure asset" means a capital facility or structure, including systems and equipment related to the facility or structure intended for public use.

(2) "PUBLIC INFRASTRUCTURE ASSET" INCLUDES BLUE INFRASTRUCTURE AND GREEN INFRASTRUCTURE, AS DEFINED IN § 9–1601 OF THE ENVIRONMENT ARTICLE.

13–101.

(a) In this subtitle the following words have the meanings indicated.

(b) "Designated procurement unit" means:

(1) the Department of Budget and Management;

(2) the Department of General Services;

(3) the Department of Information Technology; or

(4) the Department of Transportation.

(c) "eMaryland Marketplace" means the Internet–based procurement system managed by the Department of General Services.

(d) "Evaluated bid price" means the price of a bid after adjustment in accordance with objective measurable criteria.

(e) "Master contracting" means a streamlined procurement method that provides for the qualification of bidders and offerors for the procurement of services, supplies, or commodities.

(f) (1) "Objective measurable criteria" means standards that enable the State to compare the economy, effectiveness, or value of the subject of the bids.

(2) "Objective measurable criteria" includes standards of reliability, operational costs, maintainability, useful life, and residual value.

(g) **"PAY–FOR–SUCCESS CONTRACTING" MEANS A PERFORMANCE–BASED PROCUREMENT METHOD THROUGH WHICH A UNIT CONTRACTS WITH AN ORGANIZATION TO DELIVER SERVICES OR COMMODITIES IN EXCHANGE FOR PAYMENT BASED ON THE ACHIEVEMENT OF OUTCOMES.**

(H) "Person" includes, unless the context requires otherwise:

(1) the State;

(2) a county, a municipal corporation, or any other political subdivision; and

(3) any unit of the State government or a political subdivision.

[(h)**] (I)** "Task order" means a procurement process in which only those vendors with master contracts may compete to provide the services, supplies, or commodities under the procurement.

13–102.

(a) The following procurement methods are authorized at the procurement officer's discretion, where applicable:

(1) competitive sealed bids under § 13–103 of this subtitle;

(2) competitive sealed proposals under § 13–104 or § 13–105 of this subtitle;

(3) noncompetitive negotiation under § 13–106 of this subtitle;

(4) sole source procurement under § 13–107 of this subtitle;

(5) emergency or expedited procurement under § 13–108 of this subtitle;

(6) small procurement under § 13–109 of this subtitle;

(7) an intergovernmental cooperative purchasing agreement under § 13–110 of this subtitle;

(8) auction bids under § 13–111 of this subtitle;

(9) architectural, engineering, and land surveying services qualification based selection under § 13–112 of this subtitle; **[**or**]**

(10) master contracting under § 13–113 of this subtitle**; OR**

(11) PAY–FOR–SUCCESS CONTRACTING UNDER § 13–112.1 OF THIS SUBTITLE.

(b) (1) In awarding a procurement contract for human, social, cultural, or educational service, the preferred method is by competitive sealed proposals under § 13–104 of this subtitle.

(2) In awarding a procurement contract for a lease of real property, the preferred method is by competitive sealed proposals under § 13–105 of this subtitle.

(3) Procurement under an intergovernmental cooperative purchasing agreement is appropriate in situations where the State is expected to achieve a better price as the result of economies of scale or to otherwise benefit by purchasing in cooperation with another governmental entity.

13–112.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "AGGREGATOR" MEANS A PERSON THAT:

(I) PROVIDES OR CONTRACTS FOR ENVIRONMENTAL OUTCOMES; OR

(II) PROVIDES OR RAISES CAPITAL TO FINANCE DELIVERY OF ENVIRONMENTAL OUTCOMES.

(3) "ENVIRONMENTAL OUTCOME" MEANS A COMMODITY THAT IS MODELED OR DIRECTLY MEASURED AS A SINGLE, QUANTIFIABLE, AND CERTIFIED UNIT OF IMPROVEMENT TO THE ENVIRONMENT, INCLUDING A NUTRIENT OR CARBON BENEFIT.

(4) "ENVIRONMENTAL OUTCOMES PROJECT" MEANS A PROJECT DESIGNED TO SECURE ENVIRONMENTAL OUTCOMES.

(5) "EVALUATOR" MEANS A PERSON OTHER THAN AN AGGREGATOR THAT DETERMINES WHETHER ENVIRONMENTAL OUTCOMES HAVE BEEN ACHIEVED BASED ON DEFINED PERFORMANCE MEASURES.

(6) "OUTCOME PAYMENT" MEANS THE MONEY PAID WHEN A PAY–FOR–SUCCESS CONTRACT PERFORMANCE MEASURE IS MET.

(7) "QUANTIFICATION PLAN" MEANS A PLAN IN WHICH AN AGGREGATOR DESCRIBES:

(I) THE METHOD THAT WILL BE USED TO MEASURE OR MODEL ENVIRONMENTAL OUTCOMES AND CO–BENEFITS UNDER A PAY–FOR–SUCCESS CONTRACT;

(II) THE COMPLIANCE MONITORING THAT WILL OCCUR TO ENSURE THAT THE ACTIONS PROPOSED IN THE PAY–FOR–SUCCESS CONTRACT ARE TAKEN AND MAINTAINED OVER THE LIFE OF THE PROJECT;

(III) VERIFICATION STEPS THAT WILL BE CARRIED OUT BY THE STATE TO CONFIRM MODEL RESULTS OR ACCURATE MEASUREMENT OF ENVIRONMENTAL OUTCOMES; AND

(IV) THE TIMELINE FOR PROPOSED PAYMENTS UNDER THE PAY–FOR–SUCCESS CONTRACT.

(B) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(1) PAY–FOR–SUCCESS CONTRACTING SHIFTS THE RISK OF PERFORMANCE TO THE CONTRACTOR BECAUSE GOVERNMENT PAYMENT IS MADE ONLY ON ACHIEVEMENT OF OUTCOMES;

(2) SOCIAL AND ENVIRONMENTAL IMPACT INVESTMENT IS GROWING DRAMATICALLY, AND INVESTORS ARE SEEKING WAYS TO FINANCE AND EXECUTE PAY–FOR–SUCCESS CONTRACTS IN THE STATE TO EXPAND THE SUCCESS OF CHESAPEAKE BAY RESTORATION EFFORTS AND ACHIEVE OTHER PUBLIC OUTCOMES; AND

(3) IT IS IN THE BEST INTEREST OF THE STATE TO INCLUDE PAY–FOR–SUCCESS CONTRACTING AS A PROCUREMENT OPTION, PARTICULARLY FOR UNITS RESPONSIBLE FOR LAND CONSERVATION AND ENVIRONMENTAL PROTECTION, ENHANCEMENT, AND RESTORATION.

(C) A UNIT MAY ENTER INTO A PAY–FOR–SUCCESS CONTRACT ONLY IF THE PROCUREMENT OFFICER OF THE UNIT DETERMINES THAT:

(1) THE CONTRACT WILL PRODUCE ESTIMATED FINANCIAL SAVINGS OR OTHER QUANTIFIABLE PUBLIC BENEFITS FOR THE STATE; AND

(2) A SUBSTANTIAL PORTION OF THE OUTCOME PAYMENT DUE UNDER THE CONTRACT WILL BE PAID ONLY AFTER SPECIFIC OUTCOMES HAVE BEEN DOCUMENTED.

(D) (1) THIS SUBSECTION APPLIES ONLY TO PROCUREMENTS BY:

(I) THE DEPARTMENT OF AGRICULTURE;

(II) THE DEPARTMENT OF THE ENVIRONMENT;

(III) THE DEPARTMENT OF NATURAL RESOURCES;

(IV) THE DEPARTMENT OF TRANSPORTATION;

(V) THE MARYLAND ENVIRONMENTAL SERVICE; AND

(VI) THE DEPARTMENT OF GENERAL SERVICES.

(2) THIS SUBSECTION DOES NOT APPLY TO THE PURCHASE OF NITROGEN LOAD REDUCTIONS WITH FUNDS FROM THE CLEAN WATER COMMERCE ACCOUNT OF THE BAY RESTORATION FUND ESTABLISHED UNDER § 9–1605.2 OF THE ENVIRONMENT ARTICLE.

(3) (I) A UNIT SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION MAY ENTER INTO A PAY–FOR–SUCCESS CONTRACT WITH AN AGGREGATOR TO PROCURE:

1. DELIVERY OF AN ENVIRONMENTAL OUTCOMES PROJECT; OR

2. ALREADY CERTIFIED ENVIRONMENTAL OUTCOMES.

(II) OTHER STATE AND LOCAL ENTITIES MAY PARTICIPATE IN A PAY–FOR–SUCCESS CONTRACT UNDER THIS SUBSECTION IN ACCORDANCE WITH AN INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENT UNDER § 13–110 OF THIS SUBTITLE.

(4) A PAY–FOR–SUCCESS CONTRACT EXECUTED UNDER THIS SUBSECTION SHALL INCLUDE:

(I) A QUANTIFICATION PLAN APPROVED BY THE UNIT;

(II) A STATEMENT OF THE ENVIRONMENTAL OUTCOMES TO BE PROCURED UNDER THE CONTRACT AND A DESCRIPTION OF HOW DEFINED PERFORMANCE MEASURES WILL DEMONSTRATE PROGRESS IN ACHIEVING THESE OUTCOMES;

(III) REQUIREMENTS REGARDING THE CONTENT AND FREQUENCY OF PROGRESS REPORTS REGARDING THE ACHIEVEMENT OF ENVIRONMENTAL OUTCOMES;

(IV) A METHODOLOGY FOR CALCULATING THE AMOUNT AND TIMING OF OUTCOME PAYMENTS TO AN AGGREGATOR WHEN THE EVALUATOR DETERMINES THAT THE AGGREGATOR HAS ACHIEVED A DEFINED PERFORMANCE MEASURE;

(V) A STATEMENT THAT THE BASIS OF PAYMENT IS THE DETERMINATION OF ACHIEVEMENT OF ENVIRONMENTAL OUTCOMES BY THE EVALUATOR AND THAT PAYMENTS FOR THOSE OUTCOMES DO NOT REQUIRE ITEMIZED BILLING OR COST DOCUMENTATION BY THE AGGREGATOR; AND

(VI) TERMS ADDRESSING:

1. COMPLIANCE WITH STATE LAW;

2. NONDISCRIMINATION IN EMPLOYMENT;

3. CONTRACTOR INDEMNIFICATION;

4. TERMINATION FOR DEFAULT; AND

5. THE UNIT'S RIGHT TO INSPECT THE ENVIRONMENTAL OUTCOMES PROJECT.

(5) A PAY–FOR–SUCCESS CONTRACT EXECUTED UNDER THIS SUBSECTION MAY INCLUDE PROVISIONS REGARDING:

(I) LONG–TERM MAINTENANCE AND MONITORING OF ENVIRONMENTAL SERVICES, INCLUDING THE ESTABLISHMENT OF A STEWARDSHIP FUND;

(II) A REQUIREMENT THAT THE UNIT HOLD CONTRACT FUNDS IN A RESERVE ACCOUNT FOR OUTCOME PAYMENTS;

(III) FOR AGRICULTURE SERVICES, PAYMENT FOR ACHIEVEMENT OF BASELINE WATER QUALITY REQUIREMENTS FOR NITROGEN, PHOSPHORUS, OR SEDIMENT; OR

(IV) TERMINATIONS PRIOR TO THE FIRST PAYMENT UNDER THE CONTRACT FOR THE PURPOSE OF SELLING ENVIRONMENTAL OUTCOMES WITHOUT PENALTY TO ANOTHER ENTITY OR FOR ANY OTHER REASON.

(E) (1) (I) BEGINNING JULY 2025 AND EVERY 3 YEARS THEREAFTER, THE MARYLAND ENVIRONMENTAL SERVICE SHALL REVIEW AND EVALUATE THE RESULTS OF ALL PAY–FOR–SUCCESS CONTRACTS COMPLETED UNDER THIS SECTION FOR THE PREVIOUS 3 FISCAL YEARS.

(II) THE FIRST REVIEW CONDUCTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE A REVIEW OF ALL PAY–FOR–SUCCESS CONTRACTS COMPLETED UNDER THIS SECTION BETWEEN JULY 1, 2022, AND JUNE 30, 2025.

(2) THE REVIEW CONDUCTED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE:

(I) THE COST OF EACH PROJECT PERFORMED UNDER A CONTRACT;

(II) THE LENGTH OF TIME TAKEN TO COMPLETE THE PROJECT, FROM THE DATE OF NOTICE TO PROCEED UNTIL COMPLETION;

(III) THE AVERAGE COST AND PROJECT DURATION FOR EACH PROJECT TYPE; AND

(IV) WHETHER EACH PROJECT MET THE TERMS OF ITS CONTRACT.

(3) EACH UNIT THAT ENTERS INTO A PAY–FOR–SUCCESS CONTRACT UNDER THIS SECTION SHALL EXECUTE AN AGREEMENT WITH THE MARYLAND

ENVIRONMENTAL SERVICE TO REIMBURSE THE SERVICE FOR EACH OF THE UNIT'S COMPLETED CONTRACTS THE SERVICE REVIEWS UNDER THIS SECTION.

(4) THE MARYLAND ENVIRONMENTAL SERVICE SHALL PROVIDE COPIES OF EACH REVIEW CONDUCTED UNDER THIS SUBSECTION TO:

(I) EACH UNIT FOR WHICH THE SERVICE REVIEWED AND EVALUATED A CONTRACT; AND

(II) IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, THE SENATE EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS COMMITTEE, THE SENATE BUDGET AND TAXATION COMMITTEE, THE HOUSE ENVIRONMENT AND TRANSPORTATION COMMITTEE, AND THE HOUSE APPROPRIATIONS COMMITTEE.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Environment

SUBTITLE 14. GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY COMMISSION.

5–1401.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "BLUE INFRASTRUCTURE" HAS THE MEANING STATED IN § 9–1601 OF THIS ARTICLE.

(C) "COMMISSION" MEANS THE GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY COMMISSION.

(D) "GREEN INFRASTRUCTURE" HAS THE MEANING STATED IN § 9–1601 OF THIS ARTICLE.

5–1402.

(A) THERE IS A GREEN AND BLUE INFRASTRUCTURE POLICY ADVISORY COMMISSION.

(B) THE PURPOSE OF THE COMMISSION IS TO ADVISE THE SECRETARY, THE BAYSTAT SUBCABINET, AND LOCAL GOVERNMENT OFFICIALS ON WAYS TO

FACILITATE AND ACCELERATE THE SCALE AND PACE OF IMPLEMENTATION OF GREEN AND BLUE INFRASTRUCTURE PROJECTS IN THE STATE, INCLUDING PROJECTS DESIGNED TO:

(1) REDUCE NUTRIENT AND SEDIMENT LOADS ENTERING THE CHESAPEAKE BAY;

(2) SEQUESTER NUTRIENTS ALREADY IN THE CHESAPEAKE BAY;

(3) IMPROVE CLIMATE RESILIENCE;

(4) SEQUESTER CARBON;

(5) PROTECT AND RESTORE IMPORTANT TERRESTRIAL OR AQUATIC HABITATS;

(6) RESTORE STREAMS OR WETLANDS;

(7) BUILD LIVING SHORELINES;

(8) AUGMENT OR RESTORE SHELLFISH POPULATIONS; OR

(9) RESTORE FOREST OR AGRICULTURAL LANDS.

(C) THE COMMISSION CONSISTS OF THE FOLLOWING MEMBERS, APPOINTED BY THE SECRETARY IN CONSULTATION WITH THE OTHER MEMBERS OF THE BAYSTAT SUBCABINET:

(1) FOUR REPRESENTATIVES OF LOCAL GOVERNMENT WHO REPRESENT DIFFERENT REGIONS OF THE STATE AND WHO ARE RESPONSIBLE FOR IMPLEMENTING ECOLOGICAL RESTORATION PROJECTS, OF WHOM TWO SHALL REPRESENT COUNTY GOVERNMENTS AND TWO SHALL REPRESENT MUNICIPAL GOVERNMENTS;

(2) TWO REPRESENTATIVES OF PRIVATE ECOLOGICAL RESTORATION COMPANIES THAT REGULARLY WORK IN THE STATE;

(3) TWO REPRESENTATIVES OF COMPANIES THAT INVEST PRIVATE CAPITAL IN ECOLOGICAL RESTORATION PROJECTS;

(4) TWO REPRESENTATIVES OF NONPROFIT ORGANIZATIONS THAT ARE KNOWLEDGEABLE ABOUT GREEN OR BLUE INFRASTRUCTURE AND ADVOCATE ON BEHALF OF THE PUBLIC'S INTEREST IN THE STATE'S NATURAL RESOURCES;

(5) ONE REPRESENTATIVE OF THE UNIVERSITY OF MARYLAND ENVIRONMENTAL FINANCE CENTER;

(6) ONE REPRESENTATIVE OF THE PATUXENT ENVIRONMENTAL AND AQUATIC RESEARCH LABORATORY, MORGAN STATE UNIVERSITY, RECOMMENDED BY THE RESEARCH LABORATORY;

(7) TWO MEMBERS OF THE PUBLIC WHO HAVE A DOCUMENTED AND CONTINUING INTEREST IN ECOLOGICAL RESTORATION; AND

(8) TWO REPRESENTATIVES OF STATE AGENCIES WHO ARE RESPONSIBLE FOR IMPLEMENTING GREEN OR BLUE INFRASTRUCTURE PROJECTS.

(D) THE SECRETARY SHALL ENSURE THAT, TO THE EXTENT PRACTICABLE, THE MEMBERSHIP OF THE COMMISSION REFLECTS THE GEOGRAPHIC, RACIAL, GENDER, AND CULTURAL DIVERSITY OF THE STATE.

(E) FROM AMONG THE COMMISSION MEMBERS, THE SECRETARY SHALL DESIGNATE:

(1) ONE OF THE STATE AGENCY REPRESENTATIVES TO SERVE AS COCHAIR; AND

(2) ONE OF THE LOCAL GOVERNMENT REPRESENTATIVES TO SERVE AS COCHAIR.

(F) A MEMBER OF THE COMMISSION:

(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE COMMISSION; BUT

(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

5–1403.

(A) (1) THE COMMISSION SHALL MEET AT LEAST THREE TIMES PER YEAR.

(2) MEETINGS MAY BE HELD VIRTUALLY OR AT A LOCATION DESIGNATED BY THE SECRETARY.

(B) THE COMMISSION SHALL STUDY AND MAKE RECOMMENDATIONS REGARDING:

(1) WAYS TO PRIORITIZE GREEN AND BLUE INFRASTRUCTURE PROJECTS THROUGH STATE PERMITTING PROCESSES;

(2) CHANGES TO LOCAL DEVELOPMENT POLICIES AND REGULATIONS THAT WOULD FACILITATE THE TIMELY REVIEW AND APPROVAL OF GREEN AND BLUE INFRASTRUCTURE PROJECTS;

(3) WAYS TO PHASE IN LIFE CYCLE COSTING REQUIREMENTS FOR LONG–TERM MONITORING AND REPAIR OF STATE AND LOCAL GOVERNMENT–FUNDED GREEN AND BLUE INFRASTRUCTURE PROJECTS;

(4) STRATEGIES AND POLICIES TO PRIORITIZE GREEN AND BLUE INFRASTRUCTURE PROJECTS THAT BOTH CONTRIBUTE TOWARD THE ACHIEVEMENT OF CHESAPEAKE BAY RESTORATION GOALS AND CREATE LOCAL ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS FOR DISADVANTAGED COMMUNITIES;

(5) POLICIES TO ALLOW THE STATE AND LOCAL GOVERNMENTS TO ATTRACT SOURCES OF PRIVATE CAPITAL INVESTMENT AND MAXIMIZE PUBLIC SECTOR FUNDING FOR GREEN AND BLUE INFRASTRUCTURE PROJECTS;

(6) CIRCUMSTANCES IN WHICH VOLUNTEER–BASED GREEN AND BLUE INFRASTRUCTURE PROJECTS SHOULD BE PRIORITIZED BECAUSE OF COST–SAVING BENEFITS;

(7) BEST PRACTICES FOR STREAMLINING THE PROCUREMENT AND FINANCING PROCESS FOR ENVIRONMENTAL CREDIT BUYERS AT THE LOCAL LEVEL; AND

(8) OTHER POLICIES TO ACHIEVE THE INCREASED SCOPE AND SCALE OF ECOLOGICAL RESTORATION.

(C) ON OR BEFORE JANUARY 1 EACH YEAR, THE COMMISSION SHALL REPORT TO THE SECRETARY, THE GOVERNOR, AND, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON ITS FINDINGS AND RECOMMENDATIONS.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) There is a Task Force on State and Local Government Accounting for Natural Capital.

(b) The Task Force consists of the following members:

(1) the Secretary of the Environment, or the Secretary's designee;

(2) the Director of the University of Maryland Environmental Finance Center, or the Director's designee;

(3) the Secretary of Agriculture, or the Secretary's designee;

(4) the Secretary of Natural Resources, or the Secretary's designee;

(5) the Secretary of Budget and Management, or the Secretary's designee;

(6) the State Treasurer, or the State Treasurer's designee;

(7) the Executive Director of the Chesapeake Bay Commission, or the Executive Director's designee;

(8) two county government representatives with expertise and experience in accounting and budgeting, selected by the Maryland Association of Counties;

(9) two municipal government representatives with expertise and experience in accounting and budgeting, selected by the Maryland Municipal League; and

(10) the following members, appointed by the Secretary of the Environment:

(i) one representative of the Maryland Association of Certified Public Accountants;

(ii) one representative with expertise in sustainability standards and disclosure related to the environmental and social issues relevant to financial performance;

(iii) two representatives of local water utilities who serve as chief financial officers or their functional equivalents; and

(iv) two representatives of nonpoint organizations that advocate on behalf of the public's interest in the State's natural resources.

(c) The Secretary of the Environment shall ensure that, to the extent practicable, the membership of the Task Force reflects the geographic, racial, gender, and cultural diversity of the State.

~~(c)~~ (d) The Secretary of the Environment, or the Secretary's designee, and the Director of the University of Maryland Environmental Finance Center, or the Director's designee, shall serve as cochairs of the Task Force.

~~(d)~~ (e) The Department of the Environment and the University of Maryland Environmental Finance Center shall provide staff for the Task Force.

~~(e)~~ (f) A member of the Task Force:

(1) may not receive compensation as a member of the Task Force; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

~~(f)~~ (g) (1) The purpose of the Task Force is to assist State and local governments to take full advantage of Government Accounting Standards Board accounting standards in order to unlock the financing needed to scale up the installation and maintenance of green and blue infrastructure and other conservation and restoration projects capable of contributing to a net reduction in the use of public funding while improving community health and resilience.

(2) The Task Force shall:

(i) document the extent to which Government Accounting Standards Board standards have been adopted in the State, identify barriers to the adoption of the standards, and make recommendations regarding the increased adoption of the standards;

(ii) compile an inventory of the institutions that support natural capital and make recommendations regarding the engagement of land trusts, land banks, and community land trusts to act as green infrastructure institutions and the creation of equity and resilience in disadvantaged communities;

(iii) make recommendations regarding public accounting and auditing practices that could help State and local governments to better quantify and value natural capital alongside traditional asset accounting;

(iv) develop a communications plan describing natural resources as natural capital assets, including discussing urban tree canopy as a natural asset; and

(v) study and make recommendations regarding any other matter the Task Force considers relevant and timely.

~~(g)~~ (h) On or before September 30, 2023, the Task Force shall report its findings and recommendations under subsection ~~(f)~~ (g) of this section to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly.

SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) (1) In consultation with the BayStat Subcabinet agencies and appropriate experts and using funding received through State or federal grant programs, the Department of Natural Resources shall study and assess the potential for digital tools and platforms to contribute to Chesapeake Bay restoration and climate solutions, including:

(i) artificial intelligence and machine learning;

(ii) blockchain technologies and distributed ledgers;

(iii) crowdsourcing platforms;

(iv) smart sensors;

(v) the Internet of things; and

(vi) software and systems.

(2) The study shall include:

(i) as practicable, an inventory and assessment of digital tools and platforms based on the Digital Climate Solutions Report required under § 40433 of the federal Infrastructure Investment and Jobs Act;

(ii) an analysis of the likely applications of the digital tools and platforms assessed under item (i) of this paragraph for drinking water management;

(iii) the potential cost savings associated with the adoption of any digital tools or platforms; and

(iv) a summary of opportunities for the State to incentivize the deployment of promising technologies by the private sector in the State in ways that support State programs and services.

(b) On or before December 1, 2023, the Department of Natural Resources shall report the findings of the study required under subsection (a) of this section to the General Assembly, in accordance with § 2–1257 of the State Government Article.

SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022. Section 2 of this Act shall remain effective for a period of 3 years and, at the end of June 30, 2025, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect. Section 3 of this Act shall remain effective for a period of 2 years and, at the end of June 30, 2024, Section 3 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

Approved by the Governor, April 21, 2022.