



February 7, 2022

**SUPPORT: SB 348 - Conservation Finance Act**

Chairman Pinsky, Chairman Barve, and Members of the Committees:

The below-signed organizations strongly support SB 348: Conservation Finance Act, and we thank Senators Elfreth and Rosapepe for their leadership on this issue.

Maryland is widely recognized for its natural resources and has a long history of working to conserve and protect these resources while also maintaining the industries that rely on them. The State has created a number of funding programs to support these efforts. However, state funds are limited and the funding needed to improve “environmental outcomes” and reduce pollution, especially greenhouse gas emissions, continues to increase. In order to meet this challenge it would be far more effective and efficient to facilitate the engagement of the private investment market. This is exactly what SB 348 accomplishes.

This bill provides a long-term vision and process of how the State will achieve environmental outcomes. The financial systems created by SB 348 provide “signals” to the private investment market that Maryland is prioritizing conservation goals and creating policies to support these goals. Additionally, it creates structures, such as public-private partnerships and procurement and contractual systems that are attractive to private investors. Thereby, enabling and incentivizing more private funds directed at environmental outcomes. SB 348 also allows for mitigation practices to be eligible for financial assistance through the State Revolving Loan Fund, Chesapeake Bay Trust Fund, Drinking Water Loan Fund, and by doing so, provides incentives for the private market to engage through pay-for-success models, green bonds, and environmental impact bonds. The bill also leverages local, state and federal funds thereby creating a more attractive investment opportunity for the private sector. Additional provisions in SB 348 that we strongly support include:

- addressing water infrastructure and water quality needs by allowing and providing financing mechanisms for “blue infrastructure” including filters such as oysters, seagrass and wetlands and “green infrastructure” such as forest, buffers, permeable pavers and green roofs;

- providing a mechanism for funds to be allocated to address pollution from the Susquehanna River watershed;
- allowing for a longer loan repayment period for disadvantaged communities and targeting funds to these communities;
- creating a workgroup that will develop recommendations that create systems for forest carbon sequestration programs;
- creating a task force and working group to assess procedures that could be simplified and barriers that could be removed that will result in future investments.

It is likely that by creating a comprehensive approach and financial opportunities to support environmental outcomes that Maryland could attract private conservation investment funds from a wider geographic area and set Maryland up as a leader in the conservation finance arena as well as make significant strides to protect our natural resources

For all of these reasons, the below-signed organizations urge a favorable report.

Maryland League of Conservation Voters

Clean Water Action

Forever Maryland

Maryland Conservation Council

Maryland Legislative Coalition

MLC/Climate Justice Wing

ShoreRivers

Sierra Club - Maryland

Takoma Park Mobilization Environment Committee

Unitarian Universalist Legislative Ministry of Maryland

WISE