February 10, 2021

The Honorable Paul G. Pinsky, Chair and
The Honorable Cheryl C. Kagan, Vice Chair
Maryland Senate Education, Health, and Environmental Affairs Committee
Miller Senate Office Building, 2 West Wing
11 Bladen St., Annapolis, MD 21401 – 1991

Re: SB 0737 Comprehensive Conservation Finance Act of 2021

Dear Chairman Pinsky, Vice Chairwoman Kagan, and Members of the Committee,

The Ecological Restoration Business Association (ERBA) writes to express our support for the Comprehensive Conservation Finance Act (CCFA). ERBA represents ecological restoration and mitigation banking firms located across the country, including a sizeable number with operations growing throughout Maryland. ERBA members operating in Maryland include full service restoration firms, construction contractors, consultants, engineers, wetland scientists and investment firms. At a national scale, America’s ecological restoration industry supports $25 billion in annual economic output and 225,000 jobs. Maryland, with its wealth of aquatic resources and related economic industries from seafood to tourism, is poised to benefit from an expansion of the ecological restoration industry within the state.

ERBA encourages the Committee and the full Senate to vote for passage of the CCFA.

If enacted, the provisions of the draft Comprehensive Conservation Finance legislation would accelerate the industry’s statewide expansion by making three outcomes more likely. First, the legislative changes will lead to more innovation, speed, and progress in achieving the State’s water quality, climate, and forest conservation goals. Second, a number of the provisions in the bill are likely to incentivize contracted projects that deliver significant cost savings to public agencies – and taxpayers – throughout the state because they are carried out in more efficient and entrepreneurial ways. Third, the legislation will lead to more investment flowing into Maryland projects, employment, and purchasing.

**Lead with Pay for Success Contracting**

Private companies are already providing agencies like the State Highway Administration and Department of Transportation with completed stream, wetland, or green infrastructure installations that are certified for their Bay water quality outcomes before contracts are paid. However, the current process for state agencies to benefit from these private contracts is overly complicated and deters progress. The Pay for Success provisions in the CCFA should make it far easier to compete for such contracts, saving administrative costs which in turn will lower bid prices for state agencies. In addition, the CCFA provisions that allow local government to ‘piggy back’ on state or other contracts (as already happens for other services in Maryland) will open up new permit compliance options for local government throughout the state, especially small towns with MS4 or other permits who lack the staff capacity to oversee complex water quality project engineering and planning.
Expand Forest Banking
Forest banking is a unique program to Maryland and our members are still exploring the restoration model. However, we can confirm that the structural changes proposed to this program are similar to those that have made federal wetlands and stream mitigation banking program work extremely well over the last decade – raising the success of ecological restoration and facilitating dramatically faster permitting timelines for projects created wetland/stream impacts. The CCFA changes should increase the pace of forest protection and restoration and incentivize more private investment in efforts to do so.

Incentivize Larger Restoration Projects
Our members are increasingly seeking out large scale restoration projects and initiatives because the scale of investment from pension funds and other investors is hard to put to use in hundreds of small projects. These larger landscape projects also maximize land use efficiencies by producing more environment uplift with multiple ecological benefits when compared to small scale, noncontiguous projects. There are multiple changes in the CCFA that would make much larger scale investment possible and likely. First, the provisions that allow the Department of Transportation to use partnerships to deliver green and blue infrastructure is extremely attractive. This language, put to use through competitive RFPs for multi-year delivery of green infrastructure or compliance outcomes, would likely attract multiple bidders backed by private investment. Second, the new language encouraging multi-year SRF-backed and Bay Trust Fund-backed initiatives would similarly be of interest to competitive private restoration firms and their investors.

Reduce the Cost of Financing These Critical Infrastructure Improvements
Maryland has committed significant public financial resources toward safeguarding the Chesapeake Bay. However, public funding is limited and will be stretched even further to keep up with the growing need in the current economic environment. Markets that encourage conservation and support ecosystem functions on private lands are critical to protecting the Bay and safeguarding natural resources and community health throughout Maryland.

Senator Rosapepe and cosponsors’ introduction of and the Senate’s passage of the CCFA legislation, the first of its kind in the nation, is an opportunity to show leadership on innovative financing and delivery of ecological restoration projects that will support state environmental goals and fuel a sustainable economy. ERBA supports the CCFA and, again, urges passage of the CCFA by the Committee and full Senate. Thank you for your consideration, and please do not hesitate to contact ERBA with any questions.

Sincerely,

Sara Johnson
Executive Director
Ecological Restoration Business Association

CC: Senator Jim Rosapepe
    Senator Guy Guzzone
    Senator Sarah Elfreth
    Senator Mary Washington
    Senator Will Smith
    Senator Ron Young