



5550 Newbury Street, Suite B
Baltimore, MD 21209
P: 443.921.9441
F: 410.235.1503

February 10, 2022

The Honorable Kumar Barve
Chair, Environment and
Transportation Committee
Room 251
House Office Building
Annapolis, Maryland 21401

The Honorable Maggie McIntosh
Chair, Appropriations Committee
Room 121
House Office Building
Annapolis, Maryland 21401

Re: HB0653 - Conservation Finance Act (CFA)

Dear Chair Barve, Chair McIntosh, and Committee Members:

Founded and headquartered in Baltimore, Maryland, **Ecosystem Investment Partners (EIP)** is proud to be one of the largest sources of private investment capital in the United States dedicated solely to market-based restoration and conservation of wetlands, streams, water quality and wildlife habitat. Since 2007, EIP has invested over \$500 million in projects across the nation that have resulted in the restoration of over 220 miles of streams and 46,000 acres of wetlands. Our investments in Maryland alone have restored over 25 miles of streams and reduced over 6,500 tons of nutrient and sediment pollution into the Chesapeake Bay. HB0653 appropriately recognizes the role of private investment from companies like EIP in accelerating measurable environmental benefits while allowing the public to only pay for actual results.

I wish to acknowledge the leadership of Chair Barve, Vice Chair Stein, and the lead sponsors, Delegates Love and Boyce. I was honored to serve as a member of the workgroup that produced HB0653 led by Vice Chair Stein, the two lead sponsors, and Delegates Chang and Krimm representing the House Appropriations Committee.

By authorizing Pay-for-Success as a competitive procurement practice, the CFA creates the opportunity for the State to buy completed environmental outcomes if it so chooses. If private companies and investors like EIP can engage with the state as a predictable buyer of environmental outcomes, firms like ours will expand our investing into the delivery of water quality and similar outcomes in advance of the State's need. Additionally, the proposed policy changes make it more likely that counties and municipalities adopt Pay-for-Success contracting structures. Pay-for-Success contracts can increase positive environmental outcomes while reducing the cost of the improvements to Marylanders. More restoration projects will increase local jobs and increase the health of the Bay; a rare win-win opportunity for both the environment and the economy.

Further, the legislation encourages the formation of public-private partnerships to aggregate projects for carbon market offset sales. Given the importance of scale for successful carbon development projects, aggregation is critical to reducing transaction costs. Reducing barriers for Maryland landowners to participate in growing carbon markets with provide yet another market-based opportunity to protect critical lands and waters in Maryland, while allowing us to participate in and contribute to the global carbon markets in a meaningful way.

Maryland and the federal government have wisely committed significant and expanded public financial resources toward restoring the Chesapeake Bay. However, public funding will be challenged to keep up with the need for achieving greater scales of ecosystem restoration and resilience if innovative strategies like Pay-for Success are not employed.

EIP believes that the policy changes proposed in HB0653 will help Maryland become a leader in the region—and perhaps the country—in attracting even more private conservation investment.

EIP fully supports swift passage of the CFA as written.

Thank you for your consideration.



Nicholas Dilks
Managing Partner