

# Leveraging Private Capital:

## The Comprehensive Conservation Finance Act

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# Conservation Finance

The practice of raising and managing capital to support environmental conservation

- Private capital, loans & equity that pays for conservation activities before quantified environmental outcomes are purchased...
  1. By government (through tax- or ratepayer funding and procurement methods)
  2. By private buyers – because businesses have to (regulation), want to (to satisfy consumers, shareholders), or need to (critical to products and services)
- Creative approaches to bring together traditional public funding and private finance to provide the capital to pay for new environmental projects

**What would make conservation, climate, clean water, equity and resilience investable, in Maryland, by someone other than government?**

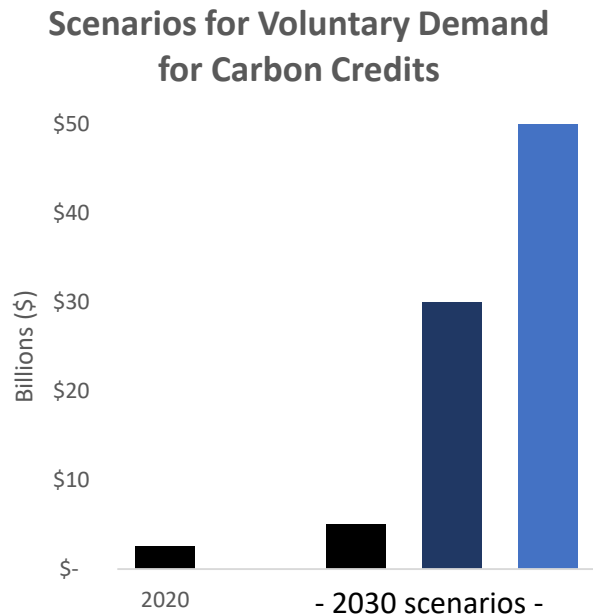
# Global Private Conservation Finance Moving to \$200B per year



Existing, growing \$4.8 billion annual U.S. demand for privately funded wetland and stream restoration and protection “banks”

Projected \$30-50 billion per year in global demand for voluntary carbon offset credits like forest protection and restoration, agriculture and ‘blue carbon’ projects

SB0737 based on policy changes that, if adopted, would lead to a minimum \$100 M/year in investment in Maryland within 5 years



# Process of Developing Comprehensive Conservation Finance Act

- 2016 Annual Meeting of the Chesapeake Conservation Partnership--**Grow the Pie**
- In 2019 CCP, Alliance for the Chesapeake Bay, and Land Trust Alliance co-sponsored a roundtable
  - Focused on Private Capital Investment
  - Recommended a series of policy changes to state statutes
  - Resulted in the formation of 3 working groups
- From mid 2019 to early 2021, workgroups developed priority recommendations for policy changes that would allow MD to attract our “fair share” of rapidly expanding private capital investments to assist in achieving and maintaining our Bay and climate goals.



# Many Opportunities for Land Trusts

- General purpose of the CCFA is to promote conservation and restoration of "natural assets"
- Increases the relationships between land conservation and restoration of land once conserved
- Promotes opportunities for land trusts to partner with restoration companies
- Recognizes "watersheds" as eligible for water quality infrastructure financing programs
- Regarding water quality financing, first state law to define blue infrastructure; expands green infrastructure definition to include climate resilience; both include blue carbon
- Amends the State Revolving Funds for clean water and drinking water to authorize financing for forest conservation and restoration, source water protection zones, and urban tree canopy
- Natural asset accounting—establishes a task force to develop accounting standards and metrics to advance to state and local governments to add natural assets to their balance sheets
- Authorizes DNR and MET easements and MDA cost-share funding agreements to allow landowners to sell carbon offsets into expanding carbon offset markets
- Encourages a new working group to advise DNR on how to achieve forest parcel aggregation policies for private forest lands; and encourages MDA to collaborate with knowledgeable organizations to assist in developing a framework and tools to aggregate and sell carbon offsets on farmlands
- As an incentive to private forestland owners, allow state forest lands restored after 2022, to meet the buffer requirements for selling into carbon markets
- Makes climate resiliency, carbon sequestration, and blue infrastructure "co-benefits" eligible for funding under DNR's Chesapeake and Coastal Bays Trust Fund