

# HOUSE BILL 1560

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By: **Delegate Behler**

Introduced and read first time: February 13, 2026

Assigned to: Environment and Transportation and Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Forest Conservation – Incentives – Pilot Program and Fund**

3 FOR the purpose of requiring the Department of Natural Resources to establish and  
4 implement a pilot program for ecosystem value-oriented forest management plans  
5 to provide additional incentives for enrolling in and extending commitments to forest  
6 conservation and management; establishing the Forest Ecosystem Value Incentives  
7 Fund as a special, nonlapsing fund to finance the pilot program; requiring interest  
8 earnings of the Fund to be credited to the Fund; and generally relating to incentives  
9 for forest conservation and management.

10 BY renumbering

11 Article – Natural Resources  
12 Section 5–101(d) through (n)  
13 to be Section 5–101(e) through (o), respectively  
14 Annotated Code of Maryland  
15 (2023 Replacement Volume and 2025 Supplement)

16 BY repealing and reenacting, without amendments,

17 Article – Natural Resources  
18 Section 5–101(a)  
19 Annotated Code of Maryland  
20 (2023 Replacement Volume and 2025 Supplement)

21 BY adding to

22 Article – Natural Resources  
23 Section 5–101(d) and 5–102.2  
24 Annotated Code of Maryland  
25 (2023 Replacement Volume and 2025 Supplement)

26 BY repealing and reenacting, with amendments,

27 Article – Natural Resources

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 Section 5–102(b)  
2 Annotated Code of Maryland  
3 (2023 Replacement Volume and 2025 Supplement)
- 4 BY repealing and reenacting, without amendments,  
5 Article – State Finance and Procurement  
6 Section 6–226(a)(2)(i) and (ii)  
7 Annotated Code of Maryland  
8 (2021 Replacement Volume and 2025 Supplement)
- 9 BY repealing and reenacting, with amendments,  
10 Article – State Finance and Procurement  
11 Section 6–226(a)(2)(iii)212. and 213.  
12 Annotated Code of Maryland  
13 (2021 Replacement Volume and 2025 Supplement)
- 14 BY adding to  
15 Article – State Finance and Procurement  
16 Section 6–226(a)(2)(iii)214.  
17 Annotated Code of Maryland  
18 (2021 Replacement Volume and 2025 Supplement)
- 19 BY repealing and reenacting, with amendments,  
20 Article – Natural Resources  
21 Section 5–102(b) and 5–102.2  
22 Annotated Code of Maryland  
23 (2023 Replacement Volume and 2025 Supplement)  
24 (As enacted by Section 2 of this Act)
- 25 BY repealing and reenacting, with amendments,  
26 Article – State Finance and Procurement  
27 Section 6–226(a)(2)(iii)212. and 213.  
28 Annotated Code of Maryland  
29 (2021 Replacement Volume and 2025 Supplement)  
30 (As enacted by Section 2 of this Act)
- 31 BY repealing  
32 Article – State Finance and Procurement  
33 Section 6–226(a)(2)(iii)214.  
34 Annotated Code of Maryland  
35 (2021 Replacement Volume and 2025 Supplement)  
36 (As enacted by Section 2 of this Act)

37 Preamble

38 WHEREAS, Maryland’s efforts to restore the health of the Chesapeake Bay while  
39 mitigating the devastating impacts of climate change are measurably reliant on a healthy

1 managed forest ecosystem with the derivative ecological value of increased carbon  
2 sequestration, clean air, water quality, reduced stormwater runoff, the filtering of harmful  
3 nutrients, biodiversity, wildlife habitat, renewable energy development, and climate  
4 mitigation; and

5 WHEREAS, These public benefits are essential to the health of Maryland’s citizens  
6 and Maryland’s quality of life; and

7 WHEREAS, The loss of healthy managed forest ecosystems results in a loss of these  
8 public benefits, for which the replacement costs are borne by Maryland taxpayers at great  
9 expense; and

10 WHEREAS, Notable policy achievements realized to date that address the  
11 restoration and expansion of forest ecosystems and their public benefits include the 1998  
12 Water Quality Improvement Act, the Chesapeake 2000 Agreement, the 2007 Forest  
13 Conservation Initiative, the 2010 Chesapeake and Atlantic Coastal Bays Trust Fund, the  
14 2015 establishment of the Maryland Climate Change Commission, the Forest Conservation  
15 Act of 1991, the Renewable Energy Portfolio Standard Act of 2004, the Forest Preservation  
16 Act of 2013, Tree Solutions Now Act of 2021, the Conservation Finance Act of 2022, the  
17 Climate Solutions Now Act of 2022, and the Maryland the Beautiful Act of 2023; and

18 WHEREAS, To achieve Maryland’s 2045 net-zero emissions goal, among other goals,  
19 will require a reassessment of how the State’s 2.4 million acres of forest lands, which are  
20 net greenhouse gas emission sinks, are managed as evidenced by the Department of the  
21 Environment’s 2023 Maryland’s Climate Pollution Reduction Plan, which states that  
22 “[f]urther [Greenhouse Gas] emissions reductions in this sector can be achieved through  
23 the expansion of forestry programs involving forest conservation, improved forest  
24 management, and reforestation facilitated by [the Department of Natural Resources] and  
25 other agency partners . . . Ongoing and increased investment in natural climate solutions  
26 today will help the State maximize its carbon sink by 2045.”; and

27 WHEREAS, A key impediment to further achieving the ecological benefits of  
28 sustainably managed forests is convincing Maryland’s nonindustrial, private forest  
29 landowners, who own an estimated 75% of the State’s 2.4 million acres of forest lands, to  
30 enter into focused forest conservation and management agreements under § 8-211 of the  
31 Tax – Property Article or enhanced forest management plans prepared by a licensed  
32 forester and approved by the local authority and consistent with the best management  
33 practices recommended for enhanced ecological value outcomes; and

34 WHEREAS, Participation in Maryland’s principal land conservation programs –  
35 Program Open Space, the Maryland Agricultural Land Preservation Foundation, the Rural  
36 Legacy Program, and the Maryland Environmental Trust – not only requires adoption of a  
37 forest management plan, if applicable, but an agreement to conserve those forest lands in  
38 perpetuity, which often serves as a deterrent to adoption of a forest management plan by a  
39 forest landowner; and

1 WHEREAS, Compensation incentives for private landowners to retain, manage, and  
2 restore forest ecosystems do not fully recognize the value of the public benefits that these  
3 forest lands provide for free and for which Maryland taxpayers would otherwise have to  
4 pay; and

5 WHEREAS, Envisioned by this Act is the (1) establishment of a science-based  
6 methodology to quantify forest ecosystem value as a foundation for compensating private  
7 landowners and assessing impacts resulting from forest loss, expansion, and retention; (2)  
8 creation of the “Forest Ecosystem Value Investment Fund” to compensate landowners,  
9 receive revenues from various sources, including voluntary contributions, grants, State  
10 appropriations, ecosystem value impact fees, and other sources, and provide program  
11 management support; and (3) enhancement of existing programs and development of new  
12 programs to adequately compensate forest landowners for the ecological value their forest  
13 land provides, including a pilot project to significantly increase the number of forest  
14 landowners in targeted ecological areas agreeing to adopt an ecosystem value-oriented  
15 forest management plan; now, therefore,

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
17 That Section(s) 5–101(d) through (n) of Article – Natural Resources of the Annotated Code  
18 of Maryland be renumbered to be Section(s) 5–101(e) through (o), respectively.

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

21 **Article – Natural Resources**

22 5–101.

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

24 **(D) “ECOLOGICAL VALUE” MEANS THE QUANTITATIVE VALUE OF BENEFITS**  
25 **THAT ECOSYSTEMS PROVIDE TO THE ENVIRONMENT, INCLUDING CLEAN AIR AND**  
26 **WATER, POLLINATION, CARBON SEQUESTRATION, BIODIVERSITY, WILDLIFE**  
27 **HABITAT, STORMWATER AND FLOOD MANAGEMENT, CLIMATE MITIGATION, AND**  
28 **OTHER BENEFITS.**

29 5–102.

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

32 (1) Achieving no net loss of forest;

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

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

4 (4) Developing financial incentives to encourage landowners to retain and  
5 manage their forests sustainably and in a manner that is consistent with a forest  
6 stewardship plan, including by allowing landowners to use forests on State lands that are  
7 reforested or afforested under Subtitle 16 of this title after July 1, 2022, to satisfy buffer or  
8 insurance provisions required by registries or protocols associated with private forest  
9 carbon credit transactions;

10 **(5) ESTABLISHING A SCIENCE-BASED METHODOLOGY TO QUANTIFY**  
11 **THE ECOLOGICAL VALUE OF FOREST ECOSYSTEM BENEFITS AS A FOUNDATION FOR**  
12 **COMPENSATING PRIVATE FOREST LANDOWNERS FOR FOREST EXPANSION,**  
13 **RETENTION, AND PRESERVATION AND ASSESSING IMPACTS RESULTING FROM**  
14 **FOREST LOSS;**

15 **(6) ESTABLISHING AND MANAGING A FOREST ECOSYSTEM VALUE**  
16 **INCENTIVES FUND TO PROVIDE ADDITIONAL FINANCIAL INCENTIVES FOR**  
17 **LONG-TERM EXPANSION, RETENTION, AND PRESERVATION OF FOREST LAND AND**  
18 **THE ADOPTION OF ECOSYSTEM VALUE-ORIENTED FOREST MANAGEMENT PLANS**  
19 **THROUGH EXISTING AND NEW PROGRAMS FOR PRIVATE FOREST LANDOWNERS;**

20 **(7) ENHANCING EXISTING PROGRAMS AND DEVELOPING NEW**  
21 **PROGRAMS TO COMPENSATE FOREST LANDOWNERS FOR PRESERVING, ENHANCING,**  
22 **AND RESTORING THE HIGH-VALUE ECOSYSTEM BENEFITS THAT FOREST LAND**  
23 **PROVIDES, INCLUDING A PILOT PROJECT TO SIGNIFICANTLY INCREASE THE**  
24 **NUMBER OF FOREST LANDOWNERS IN STATE-DESIGNATED TARGETED ECOLOGICAL**  
25 **AREAS AGREEING TO ADOPT A NEW ECOSYSTEM VALUE-ORIENTED FOREST**  
26 **MANAGEMENT PLAN;**

27 **[(5)] (8)** Promoting renewable energy policies and markets with increased  
28 emphasis on the use of in-State produced woody biomass;

29 **[(6)] (9)** Ensuring dual certification of the State's forests by the Forest  
30 Stewardship Council and the Sustainable Forestry Initiative;

31 **[(7)] (10)** Recognizing the importance of:

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

34 (ii) Continued development of fiber products; and

(iii) Maryland's green infrastructure; and

**[(8)] (11)** 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.

**5-102.2.**

**(A) ON OR BEFORE DECEMBER 1, 2026, THE DEPARTMENT SHALL:**

**(1) COMPLETE AND PUBLISH A FORMAL APPROACH FOR DETERMINING THE ECOLOGICAL VALUE OF FOREST LAND; AND**

**(2) DEMONSTRATE HOW THE APPROACH WILL BE APPLIED TO CREATING LANDOWNER COMPENSATION INCENTIVES, GENERATING ECOSYSTEM VALUE IMPACT FEES, AND CREATING OTHER NEW PROGRAMS FOR FOREST EXPANSION AND RETENTION.**

**(B) (1) (i) THE DEPARTMENT, IN COORDINATION WITH OTHER RELEVANT STATE AGENCIES, SHALL IMMEDIATELY PURSUE LAWS AND POLICIES TO GENERATE FOREST ECOSYSTEM VALUE IMPACT FEE REVENUES FOR ACTIVITIES RESULTING IN THE LOSS OF THE ECOLOGICAL VALUE OF FOREST LAND.**

**(ii) THE DEPARTMENT SHALL CONSIDER PURSUING ASSESSMENTS FOR THE TOTAL LOSS OF FOREST ECOSYSTEM VALUE AGAINST:**

**1. NEW DATA CENTERS AND UTILITY LINE CONSTRUCTION THAT SERVES NEW DATA CENTERS; AND**

**2. OTHER PROJECTS THAT CAUSE A SIGNIFICANT LOSS OF THE ECOLOGICAL VALUE OF FOREST LAND.**

**(2) FOREST ECOSYSTEM VALUE IMPACT FEE REVENUES ASSESSED AND COLLECTED UNDER THIS SUBSECTION SHALL BE REMITTED TO THE FOREST ECOSYSTEM VALUE INCENTIVES FUND ESTABLISHED UNDER SUBSECTION (I) OF THIS SECTION.**

**(C) (1) ON OR BEFORE OCTOBER 1, 2027, THE DEPARTMENT SHALL ESTABLISH AND IMPLEMENT A PILOT PROGRAM FOR ECOSYSTEM VALUE-ORIENTED FOREST MANAGEMENT PLANS TO PROVIDE ADDITIONAL INCENTIVES FOR ENROLLING AND EXTENDING COMMITMENTS TO FOREST CONSERVATION AND MANAGEMENT THROUGH FOREST CONSERVATION AND MANAGEMENT AGREEMENTS.**

1           **(2) THE DEPARTMENT SHALL:**

2                   **(I) DEVELOP THE FRAMEWORK FOR THE PILOT PROGRAM;**

3                   **(II) DESIGNATE TARGETED ECOLOGICAL AREAS THAT ARE**  
4 **PRIORITY AREAS FOR APPLYING ECOSYSTEM VALUE-ORIENTED FOREST**  
5 **MANAGEMENT PLANS;**

6                   **(III) MAKE REGULATORY OR PURSUE LEGISLATIVE**  
7 **ADJUSTMENTS AS NECESSARY; AND**

8                   **(IV) TRANSFER PROGRAM ADMINISTRATION TO THE MARYLAND**  
9 **FOREST FOUNDATION ON OR BEFORE OCTOBER 1, 2030, IF THE PILOT PROGRAM**  
10 **RESULTS IN AN INCREASE IN ENROLLMENT IN FOREST CONSERVATION AND**  
11 **MANAGEMENT AGREEMENTS.**

12           **(3) A FOREST CONSERVATION AND MANAGEMENT AGREEMENT**  
13 **UNDER AN ECOSYSTEM VALUE-ORIENTED FOREST MANAGEMENT PLAN SHALL BE**  
14 **FOR AT LEAST 20 YEARS.**

15           **(4) ELIGIBILITY CRITERIA FOR ENROLLMENT IN AN ECOSYSTEM**  
16 **VALUE-ORIENTED FOREST MANAGEMENT PLAN SHALL INCLUDE THE FOLLOWING:**

17                   **(I) THE PROPERTY SHOULD LARGELY BE LOCATED IN**  
18 **DEPARTMENT-DESIGNATED TARGETED ECOLOGICAL AREAS TO ENSURE THAT**  
19 **FUNDING IS FOCUSED ON THE MOST ECOLOGICALLY VALUABLE FOREST LANDS;**

20                   **(II) THE LANDOWNER SHALL AGREE TO ENROLL IN A LEGALLY**  
21 **BINDING FOREST CONSERVATION AND MANAGEMENT AGREEMENT; AND**

22                   **(III) THE PROGRAM SHALL BE LIMITED TO FOREST LAND TO**  
23 **WHICH:**

24                           **1. A FOREST CONSERVATION MANAGEMENT**  
25 **AGREEMENT DOES NOT APPLY OR IS SIGNIFICANTLY EXPANDED IN SCOPE; OR**

26                           **2. A STANDARD FOREST STEWARDSHIP PLAN APPLIES**  
27 **AND FOR WHICH THE OWNER AGREES TO ADOPT AN ECOSYSTEM VALUE-ORIENTED**  
28 **FOREST MANAGEMENT PLAN.**

1           **(5) (I) THE DEPARTMENT SHALL ESTABLISH CRITERIA FOR AN**  
2 **ECOSYSTEM VALUE-ORIENTED FOREST MANAGEMENT PLAN BY USING A STANDARD**  
3 **FOREST STEWARDSHIP PLAN AS A BASELINE.**

4           **(II) IN ADDITION TO THE CRITERIA UNDER A STANDARD FOREST**  
5 **STEWARDSHIP PLAN, AN ECOSYSTEM VALUE-ORIENTED FOREST MANAGEMENT**  
6 **PLAN SHALL:**

7                   **1. PROVIDE A 20-YEAR ACTION-ORIENTED PLAN FOR**  
8 **CONSERVING, ENHANCING, AND RESTORING ON-SITE ECOLOGICAL ATTRIBUTES**  
9 **AND HIGH-VALUE ECOSYSTEM BENEFITS;**

10                   **2. REDUCE THE IMPACTS OF ECOLOGICAL STRESSORS,**  
11 **INCLUDING ANY INVASIVE SPECIES;**

12                   **3. INCORPORATE A 20-YEAR CLIMATE CHANGE**  
13 **FORECAST; AND**

14                   **4. INCLUDE A COMPLETE CHARACTERIZATION OF**  
15 **THESE AND OTHER RELEVANT FEATURES OF THE FOREST LAND AND PROVIDE A**  
16 **COMPREHENSIVE FOREST STAND INVENTORY.**

17           **(6) ECOSYSTEM VALUE-ORIENTED FOREST MANAGEMENT PLANS**  
18 **SHALL:**

19                   **(I) FOLLOW THE GUIDANCE POLICIES DEVELOPED BY THE**  
20 **DEPARTMENT; AND**

21                   **(II) REQUIRE THAT LANDOWNERS ADHERE TO THE FOREST**  
22 **PRACTICE REGULATIONS ADOPTED BY THE DEPARTMENT AND IN EFFECT AT THE**  
23 **TIME OF THE PLAN'S APPROVAL.**

24           **(7) A COUNTY OR MUNICIPALITY MAY NOT ENACT OR ADOPT**  
25 **ORDINANCES OR REGULATIONS GOVERNING AREAS COVERED BY AN ECOSYSTEM**  
26 **VALUE-ORIENTED FOREST MANAGEMENT PLAN THAT ARE INCONSISTENT WITH, OR**  
27 **LESS STRINGENT THAN, THE FOREST MANAGEMENT REGULATIONS ADOPTED BY THE**  
28 **DEPARTMENT FOR FOREST LAND MANAGED UNDER AN APPROVED ECOSYSTEM**  
29 **VALUE-ORIENTED FOREST MANAGEMENT PLAN.**

30           **(D) (1) (I) PAYMENTS UNDER AN ECOSYSTEM VALUE-ORIENTED**  
31 **FOREST MANAGEMENT PLAN ARE SOLELY INTENDED TO COMPENSATE THE**  
32 **LANDOWNER FOR ADOPTING OR EXTENDING A FOREST CONSERVATION AND**  
33 **MANAGEMENT AGREEMENT.**

1 (II) OPPORTUNITIES TO GENERATE ECOSYSTEM VALUE  
2 CREDITS, INCLUDING THROUGH CONSERVATION MANAGEMENT ACTIONS OR  
3 RESTORATION, AND TO PARTICIPATE IN ECOSYSTEM VALUE MARKETS, MAY NOT BE  
4 LIMITED BY THE IMPLEMENTATION OF AN ECOSYSTEM VALUE-ORIENTED FOREST  
5 MANAGEMENT PLAN.

6 (2) (I) THE DEPARTMENT SHALL DETERMINE THE PAYMENT  
7 MECHANISM FOR ECOSYSTEM VALUE-ORIENTED FOREST MANAGEMENT PLANS ON  
8 OR BEFORE OCTOBER 1, 2027.

9 (II) IN DETERMINING THE PAYMENT MECHANISM, THE  
10 DEPARTMENT SHALL CONSIDER FACTORS INCLUDING:

11 1. WHETHER PAYMENTS ARE TO BE ON A PERIODICAL  
12 OR A LUMP SUM BASIS;

13 2. THE THRESHOLD AMOUNTS NECESSARY TO  
14 INCENTIVIZE LANDOWNER ADOPTION OF AN ECOSYSTEM VALUE-ORIENTED FOREST  
15 MANAGEMENT PLAN; AND

16 3. HOW TO BALANCE PAYMENTS AGAINST FOREST  
17 ECOSYSTEM VALUE INCENTIVES FUND ASSETS.

18 (E) THE DEPARTMENT, IN COORDINATION WITH THE MARYLAND  
19 FORESTRY FOUNDATION AND THE FOREST DISTRICT CONSERVANCY BOARDS,  
20 SHALL ESTABLISH EDUCATIONAL OUTREACH TO FOREST LANDOWNERS ELIGIBLE  
21 FOR ECOSYSTEM VALUE-ORIENTED FOREST MANAGEMENT PLANS TO ENSURE  
22 LANDOWNERS ARE AWARE OF THE AVAILABILITY OF THE PLANS.

23 (F) AFTER THE TRANSFER OF THE PILOT PROGRAM TO THE MARYLAND  
24 FORESTRY FOUNDATION, THE MARYLAND FORESTRY FOUNDATION SHALL REPORT  
25 TO THE DEPARTMENT EVERY 2 YEARS ON:

26 (1) THE ACHIEVEMENTS UNDER THE PILOT PROGRAM;

27 (2) NEW MECHANISMS TO INCREASE THE NUMBER OF FOREST  
28 LANDOWNERS WHO HAVE ADOPTED ECOSYSTEM VALUE-ORIENTED FOREST  
29 MANAGEMENT PLANS; AND

30 (3) AN ESTIMATE OF INCREASED AND PROJECTED CARBON  
31 SEQUESTRATION AND ANY OTHER ECOLOGICAL VALUE BENEFITS.

1           **(G) THE DEPARTMENT SHALL EVALUATE ENHANCEMENTS TO PROGRAMS**  
2 **THAT IMPLEMENT ECOSYSTEM VALUE-ORIENTED FOREST MANAGEMENT PLANS BY**  
3 **PURSUING ADDITIONAL ECOSYSTEM VALUE INCENTIVE PAYMENTS, INCLUDING:**

4           **(1) ADDITIONAL STATE PROPERTY TAX BENEFITS NOT TO EXCEED**  
5 **10% OF THE LANDOWNER'S LOCAL PROPERTY TAX BENEFIT PER ACRE PER YEAR**  
6 **FOR THE LENGTH OF THE ADOPTED ECOSYSTEM VALUE-ORIENTED FOREST**  
7 **MANAGEMENT PLAN;**

8           **(2) CLIMATE RESILIENCE EASEMENTS TO ENSURE THAT ECOSYSTEM**  
9 **VALUE-ORIENTED FOREST MANAGEMENT PLANS ACCOUNT FOR CLIMATE CHANGE;**  
10 **AND**

11           **(3) PAYMENTS UNDER STATE-FUNDED RESTORATION AND**  
12 **CONSERVATION PROGRAMS THAT PROVIDE BONUS PAYMENTS TO FOREST**  
13 **LANDOWNERS ACCEPTING FOREST RESTORATION AND CONSERVATION EASEMENTS**  
14 **TO ACCOUNT FOR ECOSYSTEM VALUE GENERATED, ENHANCED, OR RETAINED.**

15           **(H) THE DEPARTMENT SHALL ENSURE THAT ALL USES OF THE FOREST**  
16 **ECOSYSTEM VALUE INCENTIVES FUND AS PAYMENTS FOR ECOSYSTEM VALUE**  
17 **PRODUCE LONG-TERM ECOLOGICAL BENEFITS AND DO NOT GENERATE**  
18 **UNINTENDED NEGATIVE CONSEQUENCES TO OVERALL FOREST HEALTH.**

19           **(I) (1) IN THIS SUBSECTION, "FUND" MEANS THE FOREST ECOSYSTEM**  
20 **VALUE INCENTIVES FUND.**

21           **(2) THERE IS A FOREST ECOSYSTEM VALUE INCENTIVES FUND.**

22           **(3) THE PURPOSE OF THE FUND IS TO PROVIDE ADDITIONAL**  
23 **FINANCIAL INCENTIVES FOR LONG-TERM RETENTION, EXPANSION, AND**  
24 **PRESERVATION OF FOREST LAND AND FOR THE ADOPTION OF ECOLOGICAL**  
25 **VALUE-ORIENTED FOREST MANAGEMENT PLANS THROUGH EXISTING AND NEW**  
26 **PROGRAMS FOR PRIVATE FOREST LANDOWNERS.**

27           **(4) THE DEPARTMENT SHALL ADMINISTER THE FUND.**

28           **(5) (I) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
29 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

30           **(II) THE STATE TREASURER SHALL HOLD THE FUND**  
31 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

32           **(6) THE FUND CONSISTS OF:**

1 (I) MONEY APPROPRIATED IN THE STATE BUDGET TO THE  
2 FUND;

3 (II) ECOSYSTEM VALUE IMPACT FEES GENERATED UNDER  
4 SUBSECTION (B) OF THIS SECTION;

5 (III) ANY LEGAL SETTLEMENTS DIRECTED TO THE FUND;

6 (IV) VOLUNTARY CONTRIBUTIONS TO THE FUND;

7 (V) GRANTS TO THE FUND;

8 (VI) INTEREST EARNINGS; AND

9 (VII) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED  
10 FOR THE BENEFIT OF THE FUND.

11 (7) THE FUND MAY BE USED ONLY FOR:

12 (I) USING \$2,000,000 OF THE APPROPRIATION REQUIRED  
13 UNDER PARAGRAPH (11) OF THIS SUBSECTION:

14 1. TO DEVELOP A PLAN FOR INVESTMENT MANAGEMENT  
15 THAT WILL GENERATE ANNUAL REVENUE THROUGH BOTH TRADITIONAL MARKET  
16 INVESTMENTS AND EMERGING CONSERVATION FINANCING OPPORTUNITIES;

17 2. TO DEVELOP A BLUEPRINT FOR ECOSYSTEM  
18 VALUE-ORIENTED FORESTRY MANAGEMENT PLANS; AND

19 3. TO DEVELOP AND REVIEW ADDITIONAL  
20 OPPORTUNITIES TO COMPENSATE FOREST LANDOWNERS FOR FOREST ECOLOGICAL  
21 VALUE BENEFITS; AND

22 (II) TO FINANCE IMPLEMENTATION OF ECOSYSTEM  
23 VALUE-ORIENTED FORESTRY MANAGEMENT PLANS AND ADDITIONAL  
24 OPPORTUNITIES TO COMPENSATE FOREST LANDOWNERS FOR FOREST ECOLOGICAL  
25 VALUE BENEFITS.

26 (8) (I) THE STATE TREASURER SHALL INVEST THE MONEY OF THE  
27 FUND JOINTLY WITH AN INVESTMENT FUND MANAGEMENT ENTITY WITH  
28 EXPERIENCE WITH CONSERVATION FINANCING.

1                   **(II) ANY INTEREST EARNINGS OF THE FUND SHALL BE**  
 2 **CREDITED TO THE FUND.**

3                   **(9) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN**  
 4 **ACCORDANCE WITH THE STATE BUDGET.**

5                   **(10) MONEY EXPENDED FROM THE FUND FOR ECOSYSTEM**  
 6 **VALUE-ORIENTED FORESTRY MANAGEMENT PLANS AND ADDITIONAL**  
 7 **OPPORTUNITIES TO COMPENSATE FOREST LANDOWNERS FOR FOREST ECOLOGICAL**  
 8 **VALUE BENEFITS IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE**  
 9 **OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR FOREST**  
 10 **CONSERVATION MANAGEMENT AGREEMENTS AND OTHER FOREST CONSERVATION**  
 11 **FINANCING PROGRAMS.**

12                   **(11) FOR FISCAL YEAR 2028, THE GOVERNOR SHALL INCLUDE IN THE**  
 13 **ANNUAL BUDGET BILL AN APPROPRIATION OF \$10,000,000 TO THE FUND.**

14                   **Article – State Finance and Procurement**

15 6–226.

16           (a)   (2)   (i)   This paragraph does not apply in fiscal years 2024 through 2028.

17                   (ii) Notwithstanding any other provision of law, and unless  
 18 inconsistent with a federal law, grant agreement, or other federal requirement or with the  
 19 terms of a gift or settlement agreement, net interest on all State money allocated by the  
 20 State Treasurer under this section to special funds or accounts, and otherwise entitled to  
 21 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General  
 22 Fund of the State.

23                   (iii) The provisions of subparagraph (ii) of this paragraph do not  
 24 apply to the following funds:

25                                   212. the Department of Social and Economic Mobility Special  
 26 Fund; [and]

27                                   213. the Population Health Improvement Fund; AND

28                                   **214. THE FOREST ECOSYSTEM VALUE INCENTIVES FUND.**

29           SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
 30 as follows:

31                   **Article – Natural Resources**

1 5–102.

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

4 (1) Achieving no net loss of forest;

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

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

12 (4) Developing financial incentives to encourage landowners to retain and  
13 manage their forests sustainably and in a manner that is consistent with a forest  
14 stewardship plan, including by allowing landowners to use forests on State lands that are  
15 reforested or afforested under Subtitle 16 of this title after July 1, 2022, to satisfy buffer or  
16 insurance provisions required by registries or protocols associated with private forest  
17 carbon credit transactions;

18 (5) Establishing a science–based methodology to quantify the ecological  
19 value of forest ecosystem benefits as a foundation for compensating private forest  
20 landowners for forest expansion, retention, and preservation and assessing impacts  
21 resulting from forest loss;

22 (6) [Establishing and managing a Forest Ecosystem Value Incentives Fund  
23 to provide additional financial incentives for long–term expansion, retention, and  
24 preservation of forest land and the adoption of ecosystem value–oriented forest  
25 management plans through existing and new programs for private forest landowners;

26 (7)] Enhancing existing programs and developing new programs to  
27 compensate forest landowners for preserving, enhancing, and restoring the high–value  
28 ecosystem benefits that forest land provides, including a pilot project to significantly  
29 increase the number of forest landowners in State–designated targeted ecological areas  
30 agreeing to adopt a new ecosystem value–oriented forest management plan;

31 [(8)] (7) Promoting renewable energy policies and markets with increased  
32 emphasis on the use of in–State produced woody biomass;

33 [(9)] (8) Ensuring dual certification of the State’s forests by the Forest  
34 Stewardship Council and the Sustainable Forestry Initiative;

35 [(10)] (9) Recognizing the importance of:

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

3 (ii) Continued development of fiber products; and

4 (iii) Maryland's green infrastructure; and

5 [(11)] (10) Developing and enhancing programs with a sustainable forestry  
6 component, including a forest mitigation banking system, a carbon credit or carbon  
7 sequestration program, a clean water credit trading system, an environmental services  
8 credit trading program, and a renewable energy credit trading system.

9 5-102.2.

10 (a) On or before December 1, 2026, the Department shall:

11 (1) Complete and publish a formal approach for determining the ecological  
12 value of forest land; and

13 (2) Demonstrate how the approach will be applied to creating landowner  
14 compensation incentives, generating ecosystem value impact fees, and creating other new  
15 programs for forest expansion and retention.

16 (b) (1) (i) The Department, in coordination with other relevant State  
17 agencies, shall immediately pursue laws and policies to generate forest ecosystem value  
18 impact fee revenues for activities resulting in the loss of the ecological value of forest land.

19 (ii) The Department shall consider pursuing assessments for the  
20 total loss of forest ecosystem value against:

21 1. New data centers and utility line construction that serves  
22 new data centers; and

23 2. Other projects that cause a significant loss of the ecological  
24 value of forest land.

25 (2) Forest ecosystem value impact fee revenues assessed and collected  
26 under this subsection shall be remitted to the [Forest Ecosystem Value Incentives Fund  
27 established under subsection (i) of this section] **DEPARTMENT TO PROVIDE ADDITIONAL  
28 FINANCIAL INCENTIVES FOR LONG-TERM EXPANSION, RETENTION, AND  
29 PRESERVATION OF FOREST LAND AND THE ADOPTION OF ECOSYSTEM  
30 VALUE-ORIENTED FOREST MANAGEMENT PLANS THROUGH EXISTING AND NEW  
31 PROGRAMS FOR PRIVATE FOREST LANDOWNERS.**

32 (c) (1) On or before October 1, 2027, the Department shall establish and  
33 implement a pilot program for ecosystem value-oriented forest management plans to

1 provide additional incentives for enrolling and extending commitments to forest  
2 conservation and management through forest conservation and management agreements.

3 (2) The Department shall:

4 (i) Develop the framework for the pilot program;

5 (ii) Designate targeted ecological areas that are priority areas for  
6 applying ecosystem value-oriented forest management plans;

7 (iii) Make regulatory or pursue legislative adjustments as necessary;

8 (iv) Transfer program administration to the Maryland Forest  
9 Foundation on or before October 1, 2030 if the pilot program results in an increase in  
10 enrollment in forest conservation and management agreements.

11 (3) A forest conservation and management agreement under an ecosystem  
12 value-oriented forest management plan shall be for at least 20 years.

13 (4) Eligibility criteria for enrollment in an ecosystem value-oriented forest  
14 management plan shall include as follows:

15 (i) The property should largely be located in  
16 Department-designated targeted ecological areas to ensure that funding is focused on the  
17 most ecologically valuable forest lands;

18 (ii) The landowner shall agree to enroll in a legally binding forest  
19 conservation and management agreement; and

20 (iii) The program shall be limited to forest land to which:

21 1. A forest conservation management agreement does not  
22 apply or is significantly expanded in scope; or

23 2. A standard forest stewardship plan applies and for which  
24 the owner agrees to adopt an ecosystem value-oriented forest management plan.

25 (5) (i) The Department shall establish criteria for an ecosystem  
26 value-oriented forest management plan by using a standard forest stewardship plan as a  
27 baseline.

28 (ii) In addition to the criteria under a standard forest stewardship  
29 plan, an ecosystem value-oriented forest management plan shall:

30 1. Provide a 20-year action-oriented plan for conserving,  
31 enhancing, and restoring on-site ecological attributes and high-value ecosystem benefits;



1 (e) The Department, in coordination with the Maryland Forestry Foundation and  
2 the forest district conservancy boards, shall establish educational outreach to forest  
3 landowners eligible for ecosystem value-oriented forest management plans to ensure  
4 landowners are aware of the availability of the plans.

5 (f) After the transfer of the pilot program to the Maryland Forestry Foundation,  
6 the Maryland Forestry Foundation shall report to the Department every 2 years on:

7 (1) The achievements under the pilot program;

8 (2) New mechanisms to increase the number of forest landowners who have  
9 adopted ecosystem value-oriented forest management plans; and

10 (3) An estimate of increased and projected carbon sequestration and any  
11 other ecological value benefits.

12 (g) The Department shall evaluate enhancements to programs that implement  
13 ecosystem value-oriented forest management plans by pursuing additional ecosystem  
14 value incentive payments, including:

15 (1) Additional State property tax benefits not to exceed 10% of the  
16 landowner's local property tax benefit per acre per year for the length of the adopted  
17 ecosystem value-oriented forest management plan;

18 (2) Climate resilience easements to ensure that ecosystem value-oriented  
19 forest management plans account for climate change; and

20 (3) Payments under State-funded restoration and conservation programs  
21 that provide bonus payments to forest landowners accepting forest restoration and  
22 conservation easements to account for ecosystem value generated, enhanced, or retained.

23 (h) The Department shall ensure that all [uses of the Forest Ecosystem Value  
24 Incentives Fund as] payments for ecosystem value produce long-term ecological benefits  
25 and do not generate unintended negative consequences to overall forest health.

26 [(i) (1) In this subsection, "Fund" means Forest Ecosystem Value Incentives  
27 Fund.

28 (2) There is an Forest Ecosystem Value Incentives Fund.

29 (3) The purpose of the Fund is to provide additional financial incentives for  
30 long-term retention, expansion, and preservation of forest land and for the adoption of  
31 ecological value-oriented forest management plans through existing and new programs for  
32 private forest landowners.

33 (4) The Department shall administer the Fund.

1                   (5)   (i)    The Fund is a special, nonlapsing fund that is not subject to §  
2 7–302 of the State Finance and Procurement Article.

3                   (ii)   The State Treasurer shall hold the Fund separately, and the  
4 Comptroller shall account for the Fund.

5                   (6)   The Fund consists of:

6                   (i)    Money appropriated in the State budget to the Fund;

7                   (ii)   Ecosystem value impact fees generated under subsection (b) of  
8 this section;

9                   (iii)  Any legal settlements directed to the Fund;

10                  (iv)   Voluntary contributions to the Fund;

11                  (v)    Grants to the Fund;

12                  (vi)   Interest earnings; and

13                  (vii)  Any other money from any other source accepted for the benefit  
14 of the Fund.

15                  (7)   The Fund may be used only for:

16                  (i)    Using \$2 million of the appropriation required under paragraph  
17 (11) of this section:

18                               1.    To develop a plan for investment management that will  
19 generate annual revenue through both traditional market investments and emerging  
20 conservation financing opportunities;

21                               2.    To develop a blueprint for ecosystem value–oriented  
22 forestry management plans; and

23                               3.    To develop and review of additional opportunities to  
24 compensate forest landowners for forest ecological value benefits; and

25                               (ii)   To finance implementation of ecosystem value–oriented forestry  
26 management plans and additional opportunities to compensate forest landowners for forest  
27 ecological value benefits.

28                  (8)   (i)    The State Treasurer shall invest the money of the Fund jointly  
29 with an investment fund management entity with experience with conservation financing.

30                  (ii)   Any interest earnings of the Fund shall be credited to the Fund.

1 (9) Expenditures from the Fund may be made only in accordance with the  
2 State budget.

3 (10) Money expended from the Fund for ecosystem value-oriented forestry  
4 management plans and additional opportunities to compensate forest landowners for forest  
5 ecological value benefits is supplemental to and is not intended to take the place of funding  
6 that otherwise would be appropriated for forest conservation management agreements and  
7 other forest conservation financing programs.

8 (11) For fiscal year 2028, the Governor shall include in the annual budget  
9 bill an appropriation of \$10,000,000 to the Fund.]

### 10 Article – State Finance and Procurement

11 6–226.

12 (a) (2) (i) This paragraph does not apply in fiscal years 2024 through 2028.

13 (ii) Notwithstanding any other provision of law, and unless  
14 inconsistent with a federal law, grant agreement, or other federal requirement or with the  
15 terms of a gift or settlement agreement, net interest on all State money allocated by the  
16 State Treasurer under this section to special funds or accounts, and otherwise entitled to  
17 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General  
18 Fund of the State.

19 (iii) The provisions of subparagraph (ii) of this paragraph do not  
20 apply to the following funds:

21 212. the Department of Social and Economic Mobility Special  
22 Fund; AND

23 213. the Population Health Improvement Fund[; and]

24 [214. the Forest Ecosystem Value Incentives Fund].

25 SECTION 4. AND BE IT FURTHER ENACTED, That, on or before December 31,  
26 2027, the Maryland Forestry Foundation, in cooperation with the Department of Natural  
27 Resources, shall report to the General Assembly, in accordance with § 2–1257 of the State  
28 Government Article, on methods of increasing the number of forest landowners entering  
29 into a forest conservation and management agreement under § 8–211 of the Tax – Property  
30 Article or in an ecosystem value-oriented forest management plan to assist in achieving  
31 Maryland’s land conservation goals under the Maryland the Beautiful Act of 2023 and  
32 Maryland’s climate change mitigation goals under the Climate Solutions Now Act of 2022.

33 SECTION 5. AND BE IT FURTHER ENACTED, That, on or before December 1,  
34 2050, the Department of Natural Resources, in consultation with the Maryland Forestry

1 Foundation, shall report to the General Assembly, in accordance with § 2–1257 of the State  
2 Government Article, on the effectiveness of the Forest Ecosystem Value Incentives Fund,  
3 including a recommendation on whether an extension of the Forest Ecosystem Value  
4 Incentives Fund is warranted.

5 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take  
6 effect October 1, 2051.

7 SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in Section  
8 6 of this Act, this Act shall take effect October 1, 2026.