



**Maryland**  
Department of  
the Environment

# **The Task Force on State and Local Government Accounting for Natural Capital: Final Report**

September 30, 2023

Prepared by:

The Maryland Department of the Environment  
University of Maryland Environmental Finance Center

Prepared for:

Governor Wes Moore  
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Senate President Bill Ferguson  
House Speaker Adrienne Jones

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Wes Moore, Governor | Aruna Miller, Lt. Governor | Serena McIlwain, Secretary | Suzanne E. Dorsey, Deputy Secretary

## **1.0 Background**

### ***Task Force Establishment and Charge***

Per the Conservation Finance Act of 2022, the Maryland General Assembly tasked the Maryland Department of the Environment (MDE) and the University of Maryland Environmental Finance Center (UMD-EFC) to implement a Task Force to assist State and local governments to take full advantage of Government Accounting Standards Board (GASB) accounting standards, specifically focusing on the installation and maintenance of green and blue infrastructure.

As its charge, the Task Force shall:

1. Document the extent to which GASB standards have been adopted in the State, identify barriers to the adoption of the standards, and make recommendations regarding the increased adoption of the standards;
2. Compile an inventory of the institutions that support natural capital and make recommendations regarding the engagement of land trusts, land banks, and community land trusts to act as green infrastructure institutions and the creation of equity and resilience in disadvantaged communities;
3. Make recommendations regarding public accounting and auditing practices that could help State and local governments to better quantify and value natural capital alongside traditional asset accounting;
4. Develop a communications plan describing natural resources as natural capital assets, including discussing urban tree canopy as a natural asset; and
5. Study and make recommendations regarding any other matter the Task Force considers relevant and timely.

### ***Task Force Membership***

To ensure all parties are represented, the Task Force consists of the following members:

1. The Secretary of the Environment, or the Secretary's designee;
2. The Director of the University of Maryland Environmental Finance Center, or the Director's designee;
3. The Secretary of Agriculture, or the Secretary's designee;
4. The Secretary of Natural Resources, or the Secretary's designee;
5. The Secretary of Budget and Management, or the Secretary's designee;
6. The State Treasurer, or the State Treasurer's designee;
7. The Executive Director of the Chesapeake Bay Commission, or the Executive Director's designee;

8. Two county government representatives with expertise and experience in accounting and budgeting, selected by the Maryland Association of Counties;
9. Two municipal government representatives with expertise and experience in accounting and budgeting, selected by the Maryland Municipal League; and
10. The following members, appointed by the Secretary of the Environment:
  - a. One representative of the Maryland Association of Certified Public Accountants;
  - b. One representative with expertise in sustainability standards and disclosure related to the environmental and social issues relevant to financial performance;
  - c. Two representatives of local water utilities who serve as chief financial officers or their functional equivalents; and
  - d. Two representatives of nonpoint organizations that advocate on behalf of the public's interest in the State's natural resources.

***List of Members***

Secretary of MDE or designee	Jeff Fretwell, co-chair	Director, Water Infrastructure Financing Administration, MDE
Director of the UMD Environmental Finance Center or designee	Jennifer Egan, Ph.D., co-chair	Program Manager, University of Maryland Environmental Finance Center
Secretary of Agriculture, or designee	Jason Keppler	Program Manager, Conservation Grants Program
Secretary of the Dept. of Natural Resources or designee	Dave Goshorn	Deputy Secretary
Secretary of the Dept. of Budget and Management, or designee	Laura Allen	Budget Analyst III, Capital Budget Office
State Treasurer or designee	Jonathan Martin	Chief Deputy Treasurer
Exec Director of the Chesapeake Bay Commission or designee	Mark Hoffman	Maryland Director
County govt representative with expertise in accounting & budgets (MACO's designee)	Chris Trumbauer	Senior Policy Advisor to the County Executive and Budget Officer, Anne Arundel County

County govt representative with expertise in accounting & budgets (MACO's designee)	Erin White	Director of Finance, Frederick County
Rep of the Maryland Association of Certified Public Accountants	Jack Reagan	Partner, UHY LLP; Managing Director, UHY Advisors Mid Atlantic MD, Inc.
Rep with expertise in sustainability standards & disclosure related to the environment & social issues relevant to financial performance	Jason Lee	Director, Quantified Ventures
Rep of local water utilities who serves as CFO or equivalent	Rafiu Ighile	Finance Director, Howard County
Rep of local water utilities who serves as CFO or equivalent	Rikki Bruchey, MSA	Finance Manager, City of Brunswick
Rep of non-profit organization that advocates on behalf of the public's interest in state natural resources	Kristin Kirkwood	Executive Director, Harford Land Trust
Rep of non-profit organization that advocates on behalf of the public's interest in state natural resources	Mark Bryer	Chesapeake Bay Program Director, The Nature Conservancy

***Meetings***

Since its enactment, the Task Force met bi-monthly for a total of six times in 2022 and 2023 on November 18, January 20, April 21, May 19, July 21, and September 15. All presentations and agendas can be found on the Task Force website via MDE’s webpage.

**2.0 Introduction**

In 2016, Earth Economics and the WaterNow Alliance profiled accounting standards currently in place that allow utilities to debt-finance “distributed infrastructure,” including urban tree canopy if they: 1) Have the legal authority to set rates; 2) Will set rates at a sufficient level to pay for DI costs over time; and, 3) Are spending funds currently that are not covered by current rates, but can commit to having rates in place in the future to pay for these costs. The utility can create an “asset” under the condition that they set rates to cover the cost of a program over time—even if those programs do not result in traditional assets owned and operated by those agencies. These are referred to as “regulatory assets.”

The standard approach for municipal governments is to acquire rights during a project through contracts or easements. With GASB 62, municipalities and utilities can expand assets to regulated operations, including accounting for conservation programs. One significant advantage of GASB62 is that regulated operations do not require ownership or control over a “tangible asset.” This standard allows for funding projects on private property, like turf replacement, and paying for things not owned or operated by the governmental body. The key is that rates within the control of the governmental body can be designed to cover the project's costs.

**Regulated Operations accounting does not require governmental ownership or control over a tangible asset**

If you meet these criteria,  
costs incurred =  
**Regulatory Assets**

- Rates established by the entity's governing board with legal authority
- Rates designed to recover the cost of specific regulated activities
- Reasonable to assume that rates will recover those costs and can be collected from customers



## 2.1 Examples

The following are real-world and “forward-looking” examples of projects utilizing GASB 62 to finance distributed infrastructure.

- Seattle/King County - RainWise Program
- Los Angeles Department of Power and Water
- Denver Water - Lead Service Line Replacement
- Milwaukee Metropolitan Sewerage District<sup>1</sup>

### Forward-looking examples

- Maryland MS4 Jurisdiction & Local Land Trust

“GASB 62 is a compilation of various standards issued by GASB’s sister agency, the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). GASB 62 paragraphs 476-500 establish the accounting standards for “Regulated Operations,” which is based on FASB’s Statement of Financial Accounting Standards No. 71 from 1982.20 In that statement, FASB pointed out that utility accounting is different enough from simple accounting to require a separate standard. FASB said: “This Statement may require that a cost be accounted for in a different manner from that required by another authoritative pronouncement. In that case, this Statement is to be followed because it reflects the economic effects of the rate-making process—effects not considered in other authoritative pronouncements.” (Earth Economics accessed at <https://www.eartheconomics.org/gasb62>)

<sup>1</sup> Vo, S., Koch, C., Weinfurter, A. (2023). Navigating Green Infrastructure Maintenance with Capitalized Establishment Costs. Environmental Policy Innovation Center & WaterNow Alliance.

- Maryland Drinking Water Utility - Source Water Protection

### Seattle RainWise Program<sup>2</sup>

Seattle Public Utilities (SPU) offers private property owners rebates for installing rain gardens and cisterns to help manage the rain from their roofs. The goal is to reduce 700 million gallons of runoff by 2025. RainWise rebates cover most or all of the cost of installing cisterns and rain gardens on private properties in eligible combined sewer overflow basins. The average rebate has been around \$4,400. *The distributed infrastructure investments are capitalized as “regulatory assets,” and municipal bond proceeds finance the program as it would other more traditional infrastructure investments.* This has allowed SPU to invest millions of dollars to use water more efficiently and manage stormwater onsite. For example, in 2019 alone, SPU’s conservation budget was \$1.7 million, and its RainWise rebate budget was \$1.1 million.<sup>3</sup>



### Los Angeles Department of Power and Water<sup>4</sup>

The City of Los Angeles Department of Water and Power (LADWP) and the Metropolitan Water District offer a cash rebate program for various water-saving technologies, including high-efficiency toilets, weather-based irrigation controllers, and many industry-specific water conservation devices. This cash rebate program is available to commercial, industrial, and institutional customers and, depending on the rebate, may be used in retrofits or new construction. LADWP’s customers can receive rebates ranging from up to \$50 for rain barrels that hold at least 50 gallons of water and \$300 to \$500 for cisterns ranging in size from 200 to over 1,000 gallons. *Like SPU, the rebates are funded through bond financing and operating revenues.* The program saves approximately 25,000 acre-feet/year and helps with drought and water supply.

### Denver Water<sup>5</sup>

Denver Water is moving rapidly to voluntarily and rapidly replace lead service lines. The lead reduction program will reduce the likelihood of lead getting into drinking water as it passes through the customer's lead-containing household plumbing and service lines. The program will replace 64,000-84,000 lines by 2035 at no charge to the customer. Customers who have or are

<sup>2</sup> <https://kingcounty.gov/services/environment/wastewater/cso/rainwise.aspx>

<sup>3</sup> Water Now Alliance Blog. Seattle Public Utilities: Capitalizing on Localized Efficiency and Stormwater Strategies. <https://waternow.org/2019/11/27/seattle-public-utilities-capitalizing-on-localized-efficiency-and-stormwater-strategies/>

<sup>4</sup> LADWP Expands Water Conservation Rebates. <https://www.ladwpnews.com/ladwp-expands-water-conservation-rebates/>

<sup>5</sup> Denver Water. Lead Reduction Program. <https://www.denverwater.org/your-water/water-quality/lead>

suspected of having a lead service line will receive a free water filter certified to remove lead and replacement cartridges for six months after their line is replaced. Funding is from rates, loans, and grants with future bond financing. In October 2022, the Colorado Water Resources and Power Development Authority Board approved approximately \$76 million for the program.

### **Milwaukee Metropolitan Sewerage District<sup>6</sup>**

The Milwaukee Metropolitan Sewerage District (MMSD) and its Fresh Coast Protection Partnership are implementing green infrastructure to manage half-inch rainfall and capture 11 million gallons of stormwater. The Clean Water SRF can be used for financing specific costs, including establishment costs. *The MMSD's five-year vegetative establishment period is financed as capital project costs.* Establishment periods for green infrastructure are sometimes challenging to fund, and if "...MMSD did not categorize establishment phase costs as capital costs, the utility would not have sufficient funding for GI projects at this scale."<sup>7</sup>

#### *Crucial steps to capitalizing establishment costs*

First, the MMSD sustainability staff collaborated with the finance team to document how previous flood management work included five-year tree and vegetation establishment as a capital cost. Second, landscape architects validated the five-year timeframe, confirming that vegetation establishment would take approximately five years. Third, steering and technical committees, comprised of different department and project managers, the finance team, legal advisors, engineers, and an executive director, helped with procurement practices and implementation of projects that met organizational needs.

### **Maryland MS4 Jurisdiction & Local Land Trust**

The Maryland Department of the Environment (MDE) has delegated authority from the US Environmental Protection Agency to issue NPDES municipal separate storm sewer system (MS4) permits to Phase I (large and medium) and Phase II (small) jurisdictions in Maryland.<sup>8</sup> These permits include requirements to implement best management practices (BMPs) and various programs to reduce pollution discharges and help Maryland reach its Chesapeake Bay total maximum daily load (TMDL) pollution reduction requirements. Currently, MS4 permits cover 11 Phase I jurisdictions and more than 90 Phase II jurisdictions.

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<sup>6</sup> Vo, S., Koch, C., Weinfurter, A. (2023). Navigating Green Infrastructure Maintenance with Capitalized Establishment Costs. Environmental Policy Innovation Center & WaterNow Alliance.[https://static1.squarespace.com/static/611cc20b78b5f677dad664ab/t/64835bfd316c93e2677b796/1686330372197/EPIC\\_WaterNow\\_2023\\_GI\\_Maintenance\\_FINAL2.pdf](https://static1.squarespace.com/static/611cc20b78b5f677dad664ab/t/64835bfd316c93e2677b796/1686330372197/EPIC_WaterNow_2023_GI_Maintenance_FINAL2.pdf)

<sup>7</sup> Ibid, pg. 12.

<sup>8</sup> MDE's MS4 Landing Page.

<https://mde.maryland.gov/programs/water/StormwaterManagementProgram/Pages/MS4-Landing.aspx>

MDE's MS4 Accounting Guidance<sup>9</sup> establishes the specific types of BMPs eligible for pollution reduction credit to meet MS4 permit requirements. The most recent guidance document includes a great deal of flexibility for local jurisdictions in terms of the availability of a variety of different BMP types (structural, nonstructural, alternative surface, and redevelopment), as well as location of BMP implementation (must be within the Chesapeake Bay Watershed that overlaps with the MS4's jurisdictional boundary).

An MS4 jurisdiction could use this flexibility to partner with a local land trust to fund distributed infrastructure. The MS4 jurisdiction could fund BMPs. The local land trust works with private landowners within the MS4's jurisdictional boundaries to implement these BMPs and receive MS4 credit. The BMPs could include forest planting, conservation landscaping, continued forest conservation, or urban tree canopy planting, as some examples. This work could meet the GASB 62 standard of "regulated assets" and be capitalized and paid for by the local jurisdiction using municipal bond proceeds.

### **Maryland Drinking Water Utility - Source Water Protection**

MDE's Water Supply Program has worked with local governments and drinking water utilities to help them develop source water protection programs to improve the safety of each water supply in the State. These assessments of drinking water sources use three main tools - source water delineation, contaminant surveys, and susceptibility analysis. The information gained through these tools is used to evaluate the susceptibility of a water supply source to contaminants that may affect the safety of the drinking water. More than 3,600 water systems have been assessed to date.

The completed source water assessment reports identify structural and nonstructural management practices that can be implemented to protect the source water from contamination. These practices have the added benefit of reducing turbidity and treatment costs for the water utility. Many of these practices happen within the source watershed but upstream of the actual drinking water treatment plant. Retaining undisturbed vegetated buffers is one of the most effective source water protection practices that can be implemented for some drinking water systems.

There are opportunities to invest in best management practices upstream of the water treatment plant to help establish or reinforce these buffer zones. These best management practices can include investing in distributed infrastructure on privately held land, such as land preservation, riparian buffer installation, and tree plantings. The local government or water utility could fund this distributed infrastructure to meet the GASB 62 standard of "regulated assets" and be capitalized and paid for by the local government or water utility using municipal bond proceeds.

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<sup>9</sup> MDE's Stormwater Landing Page.

<https://mde.maryland.gov/programs/water/StormwaterManagementProgram/Documents/Final%20Determination%20Dox%20N5%202021/MS4%20Accounting%20Guidance%20FINAL%2011%2005%202021.pdf>

### **3.0 Task Force Findings**

The Task Force meetings offered an opportunity to engage members and host guest speakers who could share expertise on specific subject matter. Discussions at these meetings explored the four primary topics included in the Task Force’s statutory charge (3.1 - 3.4) and additional issues Task Force members considered relevant and timely. The following findings are based on these discussions and a survey of local government finance and accounting personnel conducted by the Task Force.

#### **Topic 3.1 GASB Adoption Survey**

**Document the extent to which GASB standards have been adopted in the State, identify barriers to adopting the standards, and make recommendations regarding the increased adoption of the standards.**

The Task Force created a Google survey shared through the University of Maryland's Sustainable Maryland Newsletter, Maryland Association of Counties, and Maryland Municipal League current networks. The survey enabled the Task Force to understand better the extent to which local governments were aware of GASB 62 and using the standard.

Thirteen responses were received. The respondents had various roles, including overseeing grant/loan applications, budgeting, capital improvement planning, municipal finance, utility finance, and individual tenure ranging from 4 months to 15 years. Seven respondents answered “no” when asked, “Have you heard of the Governmental Accounting Standards Board (GASB) 62? Specifically, the provisions for Regulated Operations (paragraphs 476 – 500) which may allow public entities to account for and finance distributed assets and infrastructure (DI), such as urban trees and green stormwater infrastructure?” None of the respondents had used the accounting standard. Some knew that stormwater projects could be considered distributed infrastructure with regulatory assets. However, the responses indicated a significant knowledge gap that can be filled through training and education about the standard's benefits.

#### **Recommendations**

- Direct technical assistance to work with local jurisdictions to consider this financing option.
  - Emphasis on the technical assistance being able to translate the information to counties, municipalities, land trusts, etc.
- Funding to contract GASB 62 expert to educate, promote, and participate in relevant conversations to encourage implementation
  - Education on GASB 62 itself and how it can be applied;
  - Promotion of case studies documented in this summary;
  - Examples of implementation and how it can benefit a jurisdiction; and,
  - Development of educational/communication material to present and provide jurisdictions.
- Develop a pilot where the State partners with local jurisdictions to assess the feasibility of

applying GASB 62.

### **Topic 3.2 Inventory of Natural Capital Supporting Institutions**

**Compile an inventory of the institutions that support natural capital and make recommendations regarding the engagement of land trusts, land banks, and community land trusts to act as green infrastructure institutions and create equity and resilience in disadvantaged communities.**

In coordination with a sister Commission, the Green and Blue Infrastructure Policy Advisory Commission, staff are working to create a “matchmaking” tool on the Maryland Department of the Environment’s website. This tool will have lists of organizations ranging from non-profits, technical assistance entities, private financiers, environmental justice groups, community organizations, and other relevant organizations and institutions. This tool is intended to minimize awareness barriers between these groups, encouraging greater communication and partnerships that allow greater adoption of green and blue infrastructure projects. The Match-Making tool should be live by the end of the year.

#### **Recommendations**

- Once developed, user group feedback will inform the tool's improvements. While this tool is intended to be created internally without additional funding, funding may become necessary if significant upgrades are needed, for example, to improve customer-friendliness.

### **Topic 3.3 Recommendations for Public Accounting and Auditing**

**Make recommendations regarding public accounting and auditing practices that could help State and local governments to better quantify and value natural capital alongside traditional asset accounting.**

The Task Force reviewed current accounting practices available to State and local governments to quantify and value natural capital alongside traditional asset accounting. Some currently available accounting practices, with some limitations, could be used for this purpose. However, the currently developed practices are not explicitly tailored to natural capital. Other governing agencies and boards (such as the Governmental Accounting Standards Board) set the accounting and auditing standards.

One Task Force member, Jack Reagan of UHY Advisors, Inc., did significant outreach to GASB to determine whether refinements to GASB 62 were planned or if further development of a dedicated accounting standard for natural capital accounting that would help modernize accounting practices to better fit the increased emphasis on quantifying and valuing natural capital would occur. Based on those discussions, the Task Force learned:

In May 2022, GASB issued a white paper on the intersection of environmental, social, and governance (ESG) matters with governmental accounting standards. While acknowledging that a single consistent definition of ESG is not currently prevalent in practice concerning

governmental accounting and reporting matters, GASB has established the following working definitions:

- Environmental matters relate to how nature impacts a government or how a government performs as a steward of nature.
- Social matters relate to how a government manages relationships with its employees, suppliers, resource providers (such as taxpayers and customers), and the community.
- Governance matters relate to the structure and processes of managing and controlling a government.

The following table includes broad examples of topics that interested governmental parties commonly consider as ESG matters (but is not intended to be all-inclusive):

<b>Environmental</b>	<b>Social</b>	<b>Governance</b>
<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Ecological impacts, such as pollution</li> <li>• Energy management, such as energy-efficient buildings</li> <li>• Greenhouse gas emissions</li> <li>• Litigation risk (for example, environmental contamination)</li> <li>• Policies and regulations</li> <li>• Raw material sourcing</li> <li>• Renewable energy</li> <li>• Water and waste management</li> </ul>	<ul style="list-style-type: none"> <li>• Community relations</li> <li>• Diversity, equity, and inclusion</li> <li>• Employee health and safety</li> <li>• Human capital development</li> <li>• Labor management</li> <li>• Privacy and data security</li> <li>• Service quality and citizen safety</li> </ul>	<ul style="list-style-type: none"> <li>• Antibribery and anticorruption</li> <li>• Management ethics</li> <li>• Leadership</li> <li>• Organizational resiliency</li> <li>• Compensation and benefits</li> <li>• Management structure</li> <li>• Audits</li> <li>• Internal controls</li> <li>• Transparency</li> </ul>

GASB continues to evaluate the utility of its existing accounting standards concerning ESG matters; however, it still needs to add something to its technical agenda. The International Public Sector Accounting Standards Board (IPSASB) has recently added sustainability standards to its technical agenda. IPSASB believes that developing public sector-specific sustainability standards will equip governments, other public sector entities, and users of those financial statements with better transparency, accountability, and comparability of their efforts to combat the climate crisis and other sustainability challenges.

In addition to sustainability standards, IPSASB has a project on its agenda to consider the accounting and financial reporting for natural resources, broadly defined as resources that exist without the actions of humankind. Such natural resources must be capable of generating economic benefits and/or service potential, are naturally occurring, and are in a natural state (not subject to human intervention). The framework they have developed will likely result in the

recognition, measurement, presentation, and disclosure of natural resources such as subsoil, water, and other living resources.

While IPSASB standards do not apply to US governmental entities, it is expected that GASB and IPSASB standards will likely converge in the near future.

### ***Natural Capital Accounting at the Federal Level***

This approach to accounting for distributed infrastructure aligns with recent federal guidance and accounting. President Biden (2022, EO 14072) established “... government-wide natural capital accounts that would measure the economic value that natural assets provide to society and connect changes in nature with changes in economic performance. This new Natural Capital Accounts (NCA) system will put nature on the nation’s balance sheet. The NCA initiative is part of a broader agenda to conserve and restore nature for the U.S., essential to measuring and monitoring our progress.” The [National Strategy to Develop Statistics for Environmental-Economic Decisions on January 19, 2023](#), is a plan for implementing and institutionalizing natural capital accounting to align with global “categories of use.” Using the regulatory asset approach for natural capital aligns with natural capital accounting where in the next few decades, the US will include accounting for “capitals” such as Air Emissions, Land, Marine Capital, Water, Environmental Jobs, Forests, Minerals and Pollinators and Urban Green Space. If utilities and municipalities “count” green infrastructure as assets, this will lead to ease in reporting what supports the natural capital approach.

### **Recommendations**

- Commission staff and/or members will continue to monitor GASB 62 and its implementation across the country (i.e., Seattle, Denver, etc.)
- If a pilot were to occur, barriers to GASB 62 implementation could be identified.

### **Topic 3.4      Communications Plan**

#### **Develop a communications plan describing natural resources as natural capital assets, including discussing urban tree canopy as a natural asset.**

The survey results clearly show that developing a communications plan is essential to local governments' larger-scale adoption of GASB 62 to implement additional green and blue infrastructure. The Task Force discussed the need for a multi-pronged, multimedia communications plan which includes a one-pager directed toward local government officials and utility leadership, a more detailed handout, a dedicated webpage, webinars, and outreach at conferences, such as MACo, MML, and MDGFOA. The plan should coordinate with land trusts and the Conservation Finance Network to leverage resources and case studies. The Task Force members thought framing GASB 62 as a “financing tool” would make the concept more appealing.

Should the implementation of the communications plan prove successful, broader adoption of the GASB 62 standard will also likely require direct technical assistance to utilities and local governments to develop green and blue infrastructure plans that utilize distributed infrastructure

financed using GASB 62. Investing in a Technical Assistance Provider (TAP) to work with one or two pilot jurisdictions (targeted one-on-ones )would allow refinements to this process and offer lessons learned and an overall framework that could be used by others interested in this approach.

### **Recommendations**

- Development of a communications plan including:
  - One pager
  - More detailed handout
  - Dedicated webpage
  - Webinars
  - Outreach at conferences
- Engage a TAP to work with interested local governments, potentially starting with one or two pilot jurisdictions.
- Based on the work of the TAP, develop a playbook and overall framework as a resource for other local jurisdictions to follow.
- The TAP could also continue to help other interested jurisdictions.

## **4.0 Conclusion**

Over the past year, the Task Force on State and Local Government Accounting for Natural Capital has had a series of meetings designed to understand better the opportunities these accounting standards offer related to natural assets, which included presentations from local governments, State entities, non-profits, and private sector representatives. Based on these discussions, the Task Force members agreed that continued education and resource sharing to encourage GASB and other financing tools was greatly needed.

Task Force members found specific examples from other states shared and made a clear case that GASB 62 could be utilized to finance increased implementation of distributed green and blue infrastructure in Maryland. However, GASB 62 is currently underutilized by Maryland's local governments and utilities. Key barriers to greater utilization identified by the Task Force are awareness of the accounting standard and the benefits of its application and support for communities interested in applying this approach.

The development and implementation of a multi-faceted communications plan and the identification and engagement of a technical assistance provider will raise the profile of GASB 62 as an effective financing tool for local governments and utilities in their efforts to expand natural assets and offer the support communities will need to take this approach. In addition, an investment in piloting this approach would allow MDE, UMD-EFC, and a partner community to

develop a framework and playbook that would expand adoption and encourage replication of best practices.

The Task Force's final report and recommendations will be shared with the Green and Blue Infrastructure Policy Advisory Commission to identify connection points. Some Task Force members will continue to participate in the Advisory Commission to provide insight on GASB and other accounting standards and to help finance more green and blue infrastructure projects in Maryland.

## Appendix A.

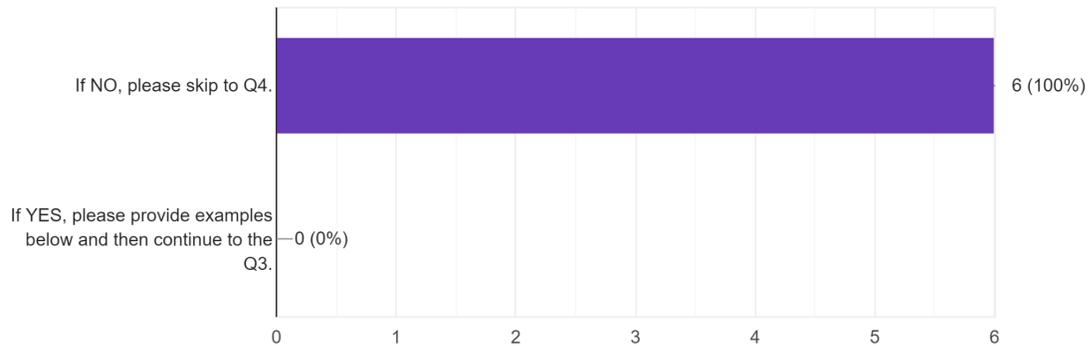
Q1. Have you heard of Governmental Accounting Standards Board (GASB) 62? Specifically the provisions for Regulated Operations (paragraphs 47...urban trees and green storm water infrastructure)?

13 responses



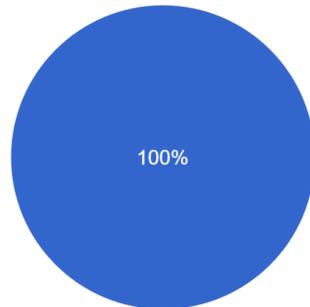
Q2. Have you utilized GASB 62 guidance for Regulated Operations to finance DI?

6 responses



Q3. If you have utilized GASB 62, did this open up new and/or increased funding opportunities?

1 response



- If NO, please skip to Q4.
- If YES, please provide examples below and then continue to Q4.

Q4. What barriers exist, in your jurisdiction, to use GASB 62 to account for and finance DI?

6 responses

none

Education and knowing understand how to utilize. Merging the worlds of DPW/Planning with Finance.

We have not look into it at all.

Political

We do not have regulated operations reported in business-type activities

I do not know enough about it to answer

Q5. What could the State do to help facilitate your use of GASB 62 guidance for DI?

6 responses

none

Provide education. Whether it be through MACo or through trainings.

Providing more information to municipal government on the benefits and cost of borrowing.

Implement quidelines reflecting the interests of the community

N/A

Same as Q4

Q6. If you are aware of GASB 62 but have not used it for DI, can you think of any projects or programs in your jurisdiction that could benefit from its application?

5 responses

No

Yes.

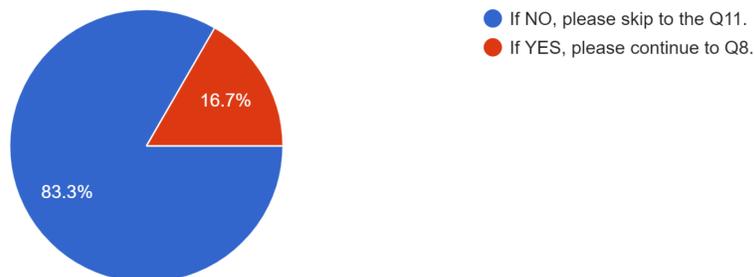
storm water management

Possibly Stormwater management, but this is not reported as a business-type activity.

Same as previous response

Q7. Are you aware if there is infrastructure or assets identified and tracked that may be considered "natural assets" in your jurisdiction?

12 responses



Q8. How do you describe the assets?

3 responses

Trees and storm water infrastructure.

natural parks and water reserves, forestation

Trees

Q9. Are you aware if these assets are required, implemented, or maintained as part of an overarching climate, sustainability, stormwater (MS4), or some other plan? 3 responses

No

yes

Part of our Forest Conservation Fund and some Stormwater

Q10. What plan(s) (if any) is your jurisdiction implementing related to climate, sustainability, or stormwater?

3 responses

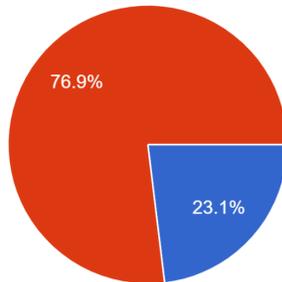
We have an office of Sustainability and division of stormwater management

stormwater management

Pursuing highest level of Sustainable Maryland Certification, implemented Stormwater Management Fund and Forest Conservation Fund.

Q11. Would you like to know more about the opportunities to utilize this accounting standard to finance/fund DI and natural assets and infrastructure?

13 responses



- If NO please provide the best reason why below.
- If YES, please provide your email below.