

The BAY BANK

A Marketplace of Opportunity

The Bay Bank will be a regional, multi-credit, online ecosystem service marketplace that facilitates farm and forest landowner access to multiple national, state, and local ecosystem markets, including carbon sequestration, water quality protection, forest conservation, habitat conservation, and traditional conservation programs. Landowners will be able to easily determine what markets and programs they are eligible for and then efficiently generate and trade credits for various ecosystem services. By accelerating and increasing the amount of private lands conservation, the Bay Bank will improve the health of the region's streams, forests, farms, wetlands, and the Chesapeake Bay itself.

The Bay Bank is a collaborative, stakeholder-driven project. Over the next year, protocols that allow a landowner to participate in markets and conservation programs will be developed through a workgroup process. This process will engage a variety of experts in each of the targeted markets. Other work that is complete or underway includes:

- Assessment of existing market drivers in each of the Bay states (complete)
- Assessment of supply and demand for water quality credits (December 2008)
- Development of the Spatial Land Registry, an online mapping and educational tool designed to evaluate market opportunities for landowners (January 2009)

Market Opportunities in Focus

Forest Conservation

Maryland's Forest Conservation Act provides an opportunity for certain forest landowners to sell mitigation credits to developers unable to comply with the Act's on-site re- and afforestation requirements. The Bay Bank will provide an online platform to connect willing buyers and sellers of forest mitigation credits and ensure only legal and high-quality credits are transacted. For counties where forest mitigation banks currently are not allowed, the Bay Bank will facilitate off-site mitigation between landowners willing to plant trees and county in-lieu fee programs or developers. States without a regulatory driver for forest mitigation can encourage voluntary mitigation systems through the Bay Bank.

Habitat Conservation

The Bay Bank will follow existing habitat banking policy to link landowners willing to protect and manage species of concern to developers and regulatory agencies. By connecting developers and landowners through the registry, transaction costs are lowered and market assurances are created for both parties. Target species include the Delmarva fox squirrel and Indiana bat. Creating approved conservation banks will still require significant up-front capital and planning. Therefore, the Bay Bank will also provide a platform to create voluntary habitat banks that pool resources for pro-active conservation of rare, threatened, or endangered species and ecosystems. Because Endangered Species Act mitigation is not needed, a voluntary program could provide more flexibility and ease landowner involvement. An additional habitat conservation opportunity exists in harmonizing requirements of multiple federal, state, and private programs to ease entry by private landowners.