

112TH CONGRESS  
2D SESSION

# H. R. 4153

To support efforts to reduce pollution of the Chesapeake Bay watershed,  
and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 2012

Mr. GOODLATTE (for himself and Mr. HOLDEN) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committees on Agriculture and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To support efforts to reduce pollution of the Chesapeake  
Bay watershed, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Chesapeake Bay Program Reauthorization and Improve-  
6 ment Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for  
8 this Act is as follows:

- Sec. 1. Short title; table of contents.  
 Sec. 2. Modification of Chesapeake Bay Program under Federal Water Pollution Control Act.  
 Sec. 3. Establishment of independent commission to oversee and administer nitrogen, phosphorus, and sediment trading program for Chesapeake Bay States.  
 Sec. 4. Chesapeake Bay watershed partnerships.  
 Sec. 5. Technical guidelines for environmental services markets.  
 Sec. 6. Chesapeake Bay watershed pilot program for creating environmental service markets.  
 Sec. 7. Offset.

1 **SEC. 2. MODIFICATION OF CHESAPEAKE BAY PROGRAM**  
 2 **UNDER FEDERAL WATER POLLUTION CON-**  
 3 **TROL ACT.**

4 (a) DEFINITIONS.—Section 117(a) of the Federal  
 5 Water Pollution Control Act (33 U.S.C. 1267(a)) is  
 6 amended—

7 (1) by redesignating paragraphs (5) and (6) as  
 8 paragraphs (6) and (10), respectively;

9 (2) by inserting after paragraph (4) the fol-  
 10 lowing new paragraph:

11 “(5) CHESAPEAKE BAY STATE.—The term  
 12 ‘Chesapeake Bay State’ or ‘State’ means Delaware,  
 13 Maryland, New York, Pennsylvania, Virginia, West  
 14 Virginia, and the District of Columbia.”; and

15 (3) by inserting after paragraph (6), as redesign-  
 16 ated, the following new paragraphs:

17 “(7) CHIEF EXECUTIVE.—The term ‘chief execu-  
 18 tive’ means—

1           “(A) in the case of a State or Common-  
2           wealth, the Governor of the State or Common-  
3           wealth; and

4           “(B) in the case of the District of Colum-  
5           bia, the Mayor of the District of Columbia.

6           “(8)   NONINDUSTRIAL   PRIVATE   FOREST  
7           LAND.—The term ‘nonindustrial private forest land’  
8           means rural land, as determined by the Secretary,  
9           that—

10           “(A) has existing tree cover or is suitable  
11           for growing trees; and

12           “(B) is owned by any nonindustrial private  
13           individual, group, association, corporation, In-  
14           dian tribe, or other private legal entity that has  
15           definitive decisionmaking authority over the  
16           land.

17           “(9)   RESTORATION   ACTIVITIES.—The term  
18           ‘restoration activities’ means one or more practices  
19           or programs that directly protect, conserve, or re-  
20           store habitat, water resources, or water quality in  
21           the Chesapeake Bay watershed, including practices  
22           and programs that promote conservation and land  
23           stewardship in the Chesapeake Bay watershed.

24           “(10)   TOTAL MAXIMUM DAILY NUTRIENT OR  
25           SEDIMENT LOAD IN THE CHESAPEAKE BAY.—The

1 term ‘total maximum daily nutrient or sediment load  
2 in the Chesapeake Bay’ means a total maximum  
3 daily load for nitrogen, phosphorus, or sediment es-  
4 tablished under section 303(d) for a segment or trib-  
5 utary of the Chesapeake Bay, whether established  
6 under paragraph (1) of such section by the State in  
7 which the segment or tributary is located or under  
8 paragraph (2) of such section by the Adminis-  
9 trator.”.

10 (b) CHESAPEAKE BAY CROSSCUT FINANCIAL RE-  
11 PORT.—Section 117 of the Federal Water Pollution Con-  
12 trol Act (33 U.S.C. 1267) is amended by striking sub-  
13 section (j) and inserting the following new subsection:

14 “(j) FINANCIAL REPORT.—

15 “(1) FINANCIAL REPORT REQUIRED.—With the  
16 budget submission for each fiscal year, the Director  
17 of the Office of Management and Budget, in con-  
18 sultation with other appropriate Federal agencies  
19 and the chief executive of each Chesapeake Bay  
20 State, shall submit to Congress a financial report  
21 containing—

22 “(A) a summary of an interagency crosscut  
23 budget that displays—

24 “(i) the proposed funding for Federal  
25 restoration activities to be carried out in

1 the succeeding fiscal year, including any  
2 planned interagency or intra-agency trans-  
3 fer, for each of the Federal agencies that  
4 carry out restoration activities;

5 “(ii) to the extent that information is  
6 available, the estimated funding for any  
7 State restoration activities to be carried  
8 out in the succeeding fiscal year;

9 “(iii) all expenditures for Federal res-  
10 toration activities from the preceding 3 fis-  
11 cal years, the current fiscal year, and esti-  
12 mated expenditures for the succeeding fis-  
13 cal year; and

14 “(iv) all expenditures, to the extent  
15 that information is available, for State res-  
16 toration activities during the equivalent  
17 time period described in clause (iii);

18 “(B) a detailed accounting of all funds re-  
19 ceived and obligated by all Federal agencies for  
20 restoration activities during the current and  
21 preceding fiscal years, including the identifica-  
22 tion of funds which were transferred to a  
23 Chesapeake Bay State for restoration activities;

24 “(C) to the extent that information is  
25 available, a detailed accounting from each State

1 of all funds received and obligated from a Fed-  
2 eral agency for restoration activities during the  
3 current and preceding fiscal years; and

4 “(D) a description of each of the proposed  
5 Federal and State restoration activities to be  
6 carried out in the succeeding fiscal year (cor-  
7 responding to those activities listed in clauses  
8 (i) and (ii) of subparagraph (A)).

9 “(2) SUBMISSION.—Not later than 30 days  
10 after the submission by the President of the annual  
11 budget to Congress, the Director shall submit the re-  
12 port required by paragraph (1) to the following con-  
13 gressional committees:

14 “(A) The Committees on Agriculture, Ap-  
15 propriations, Natural Resources, Energy and  
16 Commerce, and Transportation and Infrastruc-  
17 ture of the House of Representatives.

18 “(B) The Committees on Agriculture, Nu-  
19 trition, and Forestry, Appropriations, Environ-  
20 ment and Public Works, and Commerce,  
21 Science, and Transportation of the Senate.”.

22 (c) TRANSPARENCY AND ACCOUNTABILITY.—Section  
23 117 of the Federal Water Pollution Control Act (33  
24 U.S.C. 1267) is amended by adding at the end the fol-  
25 lowing new subsection:

1       “(k) TRANSPARENCY AND ACCOUNTABILITY RE-  
2 QUIREMENTS.—

3           “(1) STATE REPORTS.—Not later than October  
4       10 of each year, each State that received funds from  
5       a Federal agency under subsection (n)(1)(B) shall  
6       submit a report to the head of the agency that—

7           “(A) identifies the total amount of funds  
8       received from the agency under such provisions  
9       during the preceding fiscal year;

10          “(B) identifies the amount of funds re-  
11       ceived from the agency under such provisions  
12       that were obligated or expended for projects or  
13       activities during the preceding fiscal year; and

14          “(C) contains a list of all projects or activi-  
15       ties for which the funds were obligated or ex-  
16       pended, except that such list shall not include  
17       personal identifying information of individual  
18       recipients.

19          “(2) AGENCY REPORTS.—Not later than No-  
20       vember 10 of each year, the Secretary of Agriculture  
21       shall provide to the Administrator the information  
22       received in any report submitted to the Secretary  
23       under paragraph (1). The Administrator shall pub-  
24       lish on a publicly available website, in accordance  
25       with paragraph (5), any information submitted to

1 the Administrator under this paragraph or para-  
2 graph (1).

3 “(3) ECONOMIC ANALYSIS.—

4 “(A) IN GENERAL.—The Administrator  
5 shall complete an economic analysis of each  
6 agency statement described in subparagraph  
7 (B) that is issued by the Administrator.

8 “(B) AGENCY STATEMENT DESCRIBED.—  
9 An agency statement described in this subpara-  
10 graph is any guidance, policy, memorandum,  
11 regulation, or statement of general applicability  
12 and future effect that is designed to implement,  
13 interpret, or prescribe law or policy relating to  
14 water quality in the Chesapeake Bay.

15 “(C) CONTENTS OF ANALYSIS.—An eco-  
16 nomic analysis required under subparagraph  
17 (A) shall include—

18 “(i) the impact of the agency state-  
19 ment on the economies and budgets of  
20 States and municipalities;

21 “(ii) the impact of the agency state-  
22 ment on the private sector, including such  
23 impact on small entities and farm income;

1                   “(iii) the availability of Federal fund-  
2                   ing to offset the impacts identified under  
3                   clause (ii); and

4                   “(iv) the benefits of the agency state-  
5                   ment to water quality in the Chesapeake  
6                   Bay.

7                   “(D) CONSULTATION.—In conducting an  
8                   economic analysis required under subparagraph  
9                   (A), the Administrator shall consult with other  
10                  Federal agencies that may be affected by the  
11                  agency statement.

12                  “(4) INITIAL COMPLIANCE.—Not later than 180  
13                  days after the date of enactment of the Chesapeake  
14                  Bay Program Reauthorization and Improvement  
15                  Act, the head of each Federal agency providing  
16                  funds under subsection (n)(1)(B) shall require, as a  
17                  condition of receipt of the funds, a State recipient  
18                  of the funds to provide the information required  
19                  under paragraph (1).

20                  “(5) WEBSITE.—

21                  “(A) WEBSITE REQUIRED.—The Adminis-  
22                  trator shall establish and maintain, not later  
23                  than 30 days after the enactment of the Chesa-  
24                  peake Bay Program Reauthorization and Im-  
25                  provement Act, a user-friendly, publicly avail-

1           able website to promote greater accountability  
2           and transparency regarding the use of funds  
3           provided under subsection (n)(1)(B).

4           “(B) CONTENT AND FUNCTION.—The  
5           website shall provide the following:

6                   “(i) Accountability information, in-  
7                   cluding findings from audits, inspectors  
8                   general, and the Government Account-  
9                   ability Office.

10                   “(ii) Data on relevant economic, fi-  
11                   nancial, grant, and contract information in  
12                   user-friendly visual presentations to en-  
13                   hance public awareness of the use of cov-  
14                   ered funds.

15                   “(iii) Links to other government  
16                   websites where key information relating to  
17                   efforts to improve the water quality of the  
18                   Chesapeake Bay watershed may be found.

19                   “(iv) Printable reports on covered  
20                   funds obligated by month to each State  
21                   and congressional district.

22                   “(v) Links to other government  
23                   websites with information concerning cov-  
24                   ered funds, including Federal agency and  
25                   State websites.

1                   “(C) REVISIONS.—The Administrator shall  
2                   enhance and update the website as necessary.”.

3           (d) INDEPENDENT EVALUATION AND TECHNICAL  
4 ADVISORY COMMITTEE FOR CHESAPEAKE BAY PRO-  
5 GRAM.—Section 117 of the Federal Water Pollution Con-  
6 trol Act (33 U.S.C. 1267) is amended by inserting after  
7 subsection (k), as added by subsection (c), the following  
8 new subsection:

9           “(l) INDEPENDENT EVALUATION AND TECHNICAL  
10 ADVISORY COMMITTEE.—

11                   “(1) ESTABLISHMENT.—There is established an  
12           Independent Evaluation and Technical Advisory  
13           Committee (in this subsection referred to as the ‘Ad-  
14           visory Committee’).

15                   “(2) REVIEW AND REPORT.—Beginning on a  
16           date that is not more than 180 days after the date  
17           of enactment of the Chesapeake Bay Program Reau-  
18           thorization and Improvement Act, and every two  
19           years thereafter, the Advisory Committee shall re-  
20           view and report to Congress on—

21                   “(A) Federal and State, and, to the extent  
22           practicable, other, restoration activities in the  
23           Chesapeake Bay watershed, including relevant  
24           topics suggested by the Chesapeake Executive

1 Council and the Chesapeake Bay Commission;  
2 and

3 “(B) any progress made by such activities  
4 toward reaching applicable water quality goals  
5 of the Chesapeake Bay States.

6 “(3) DUTIES.—

7 “(A) ADMINISTRATION REVIEW.—The du-  
8 ties of the Advisory Committee shall be to pro-  
9 vide recommendations to the Administrator and  
10 Secretary of Agriculture concerning the admin-  
11 istration of this section.

12 “(B) PROGRAM AND ACTIVITIES RE-  
13 VIEW.—The Advisory Committee shall, after re-  
14 viewing the Chesapeake Bay Program, provide  
15 to the Administrator and the Secretary of Agri-  
16 culture a report evaluating whether—

17 “(i) funds authorized for restoration  
18 activities are being distributed and used to  
19 improve water quality in the Chesapeake  
20 Bay watershed;

21 “(ii) mechanisms to track restoration  
22 activities are in place and restoration ac-  
23 tivities are being properly implemented;

24 “(iii) mechanisms are in place to  
25 evaluate progress toward achieving water

1 quality goals for the Chesapeake Bay wa-  
2 tershed;

3 “(iv) the allocation of funds among  
4 Chesapeake Bay States reflects the respon-  
5 sibility and contribution towards achieving  
6 water quality goals of each Chesapeake  
7 Bay State;

8 “(v) restoration activities are being  
9 carried out in accordance with this section;

10 “(vi) the factual information and as-  
11 sumptions incorporated in Chesapeake Bay  
12 modeling efforts are accurate;

13 “(vii) implementation of restoration  
14 activities is being adequately tracked and  
15 accounted for in Chesapeake Bay modeling  
16 efforts, including tracking of privately  
17 funded and government-funded practices;  
18 and

19 “(viii) the achievability and practica-  
20 bility of water quality goals are being con-  
21 sidered in the implementation of the Pro-  
22 gram.

23 “(4) MEMBERSHIP.—

24 “(A) NUMBER AND APPOINTMENT.—The  
25 Advisory Committee shall be composed of 16

1 members appointed by the Administrator and  
2 the Secretary of Agriculture, composed of the  
3 following:

4 “(i) Two individuals who are engi-  
5 neers or scientists who worked for the Gov-  
6 ernment or in academia and have technical  
7 expertise in water quality modeling.

8 “(ii) One individual who has an affili-  
9 ation with an institution of higher edu-  
10 cation and technical expertise in water  
11 quality.

12 “(iii) Nine individuals, of whom at  
13 least one shall have professional experience  
14 and expertise in each of the following  
15 areas:

16 “(I) Urban storm water issues.

17 “(II) Agricultural storm water  
18 issues.

19 “(III) Urban and suburban de-  
20 velopment.

21 “(IV) Water quality modeling.

22 “(V) Economics.

23 “(VI) Agronomy, crop science, or  
24 soil science.

1                   “(VII) Wastewater treatment  
2 systems.

3                   “(VIII) Marine biology or fish  
4 and wildlife habitats.

5                   “(IX) Applying for and com-  
6 plying with building permits.

7                   “(iv) Four individuals, at least one of  
8 whom shall be affiliated with each of the  
9 following:

10                   “(I) An environmental or con-  
11 servation organization.

12                   “(II) A fishing, hunting, or out-  
13 door sporting organization operating  
14 in the Chesapeake Bay watershed.

15                   “(III) Nongovernmental agri-  
16 culture producer associations or other  
17 groups of producers related to live-  
18 stock.

19                   “(IV) Agricultural conservation  
20 organizations with an established his-  
21 tory of working cooperatively with  
22 producers on agricultural lands.

23                   “(B) TERM.—Each member of the Advi-  
24 sory Committee shall be appointed for a term of

1 two years. No member may be appointed for  
2 more than three terms.

3 “(C) MEETINGS.—The Advisory Com-  
4 mittee shall meet on a quarterly basis.

5 “(5) BYLAWS.—The Advisory Committee shall  
6 establish any bylaws necessary for the advisory com-  
7 mittee to carry out its duties under this subsection.  
8 Such bylaws shall include provisions to prevent any  
9 conflict of interest or the appearance of any conflict  
10 of interest in the actions taken or recommendations  
11 made by the Advisory Committee or by any member  
12 of the Advisory Committee.

13 “(6) ADMINISTRATIVE SUPPORT.—The Sec-  
14 retary of Agriculture shall provide to the Advisory  
15 Committee any administrative support services nec-  
16 essary for the Advisory Committee to carry out its  
17 responsibilities under this section.

18 “(7) COORDINATION.—To avoid duplication of  
19 effort, the Advisory Committee shall coordinate ac-  
20 tivities with other Federal advisory committees  
21 working in related areas.

22 “(8) NO REGULATORY AUTHORITY.—The Advi-  
23 sory Committee does not have the authority to rec-  
24 ommend or promulgate regulations.”.

1 (e) NITROGEN, PHOSPHORUS, AND SEDIMENT TRAD-  
2 ING TECHNICAL GUIDELINES.—Section 117 of the Fed-  
3 eral Water Pollution Control Act (33 U.S.C. 1267) is  
4 amended by inserting after subsection (l) (as added by  
5 subsection (d)), the following new subsection:

6 “(m) NITROGEN, PHOSPHORUS, AND SEDIMENT  
7 TRADING TECHNICAL GUIDELINES.—

8 “(1) ESTABLISHMENT.—Not later than 14  
9 months after the date of enactment of the Ches-  
10 apeake Bay Program Reauthorization and Improve-  
11 ment Act, the Administrator, in consultation with  
12 the Secretary of Agriculture and the Chesapeake  
13 Bay States, shall establish technical guidelines to be  
14 used by the Chesapeake Bay Nutrient and Sediment  
15 Trading Commission in establishing a voluntary  
16 interstate nitrogen, phosphorus, and sediment trad-  
17 ing program for the Chesapeake Bay.

18 “(2) LIMITATION ON APPLICATION.—Technical  
19 guidelines established under this subsection shall not  
20 apply to agricultural nonpoint sources or nonindus-  
21 trial private forest lands except to the extent that  
22 such guidelines consist of guidelines issued under  
23 section 1245 of the Food Security Act of 1985 (16  
24 U.S.C. 3845).

1           “(3) ELEMENTS.—The technical guidelines es-  
2           tablished under this subsection shall, at a min-  
3           imum—

4                   “(A) define and standardize nitrogen,  
5                   phosphorus, and sediment credits and establish  
6                   procedures or standards for ensuring equivalent  
7                   water quality benefits for all credits;

8                   “(B) establish procedures or standards for  
9                   credit practices, for both point sources and  
10                  nonpoint sources (except as provided in para-  
11                  graph (2)), that measure reductions in nitrogen,  
12                  phosphorus, and sediment from credit-gener-  
13                  ating practices;

14                  “(C) establish procedures or standards for  
15                  generating, quantifying, trading, banking, and  
16                  applying credits to meet regulatory require-  
17                  ments;

18                  “(D) establish baseline requirements, rel-  
19                  evant to the credit being traded, that a credit  
20                  seller must meet before becoming eligible to  
21                  generate saleable credits; and

22                  “(E) develop and incorporate an approach,  
23                  consistent with subsection (o), that creates a  
24                  general approval for trading, thereby avoiding  
25                  the need to reopen or reissue permits issued

1           under section 402 to incorporate individual  
2           trades.”.

3           (f) AUTHORIZATION OF APPROPRIATIONS AND  
4 GRANT AUTHORITY.—Section 117 of the Federal Water  
5 Pollution Control Act (33 U.S.C. 1267) is amended by in-  
6 serting after subsection (m) (as added by subsection (e))  
7 the following new subsection:

8           “(n) FUNDING.—

9           “(1) AUTHORIZATION OF APPROPRIATIONS.—  
10          There are authorized to be appropriated to the Ad-  
11 ministrators for each of fiscal years 2013 through  
12 2018, to remain available until expended—

13                   “(A) \$50,000,000 to carry out this section;  
14                   and

15                   “(B) \$40,000,000 to support the Ches-  
16 apeake Bay States in carrying out activities re-  
17 lated to a total maximum daily nutrient or sedi-  
18 ment load in the Chesapeake Bay.

19           “(2) INCENTIVE PAYMENTS.—

20                   “(A) RESERVATION OF FUNDS.—Of the  
21 amounts appropriated under paragraph (1)(B),  
22 the Administrator shall reserve the following  
23 percentages for allocation in accordance with  
24 subparagraph (B):

1           “(i) Ten percent in each of fiscal  
2 years 2013 and 2014.

3           “(ii) Twenty percent in each of fiscal  
4 years 2015 and 2016.

5           “(iii) Fifty percent in each of fiscal  
6 years 2017 and 2018.

7           “(B) ALLOCATION TO CHESAPEAKE BAY  
8 STATES.—

9           “(i) DETERMINATION.—For each fis-  
10 cal year, the Administrator, in consultation  
11 with the Secretary of Agriculture and  
12 using information provided in the report of  
13 the Advisory Committee required under  
14 subsection (l), shall determine whether  
15 each Chesapeake Bay State has made suf-  
16 ficient progress toward meeting water  
17 quality goals and is properly managing fi-  
18 nancial resources intended to enable the  
19 State to meet such goals.

20           “(ii) ALLOCATION.—The Adminis-  
21 trator, in consultation with the Secretary  
22 of Agriculture, shall allocate the amounts  
23 reserved under subparagraph (A) in each  
24 fiscal year among the Chesapeake Bay  
25 States the Administrator has determined

1           under clause (i) have made sufficient  
2           progress toward meeting water quality  
3           goals and are properly managing financial  
4           resources intended to enable the State to  
5           meet such goals.

6           “(C) USE OF FUNDS.—A State may use  
7           amounts allocated under this paragraph for car-  
8           rying out activities related to a total maximum  
9           daily nutrient or sediment load in the Ches-  
10          apeake Bay.

11          “(3) GRANTS.—Of the amounts authorized to  
12          be appropriated under paragraph (1)(B), after the  
13          reservation of funds under paragraph (2)—

14                 “(A) 30 percent shall be used for grants to  
15                 any municipal, intermunicipal, or State agency  
16                 in a Chesapeake Bay State, or to any interstate  
17                 agency in two or more Chesapeake Bay States,  
18                 for the construction, operation, and mainte-  
19                 nance of publicly owned treatment works, as de-  
20                 fined in section 212;

21                 “(B) 35 percent shall be used for grants to  
22                 any municipality in a Chesapeake Bay State for  
23                 the construction, operation, and maintenance of  
24                 a municipal separate storm sewer system sub-  
25                 ject to regulation under section 402(p); and

1           “(C) 35 percent shall be distributed to the  
2           Secretary of Agriculture to carry out section  
3           1240Q(i) of the Food Security Act of 1985  
4           (which amounts shall be in addition to funding  
5           provided under such Act).

6           “(4) DISTRIBUTION.—

7           “(A) PRIORITY.—The Administrator shall  
8           distribute amounts under paragraphs (2),  
9           (3)(A), and (3)(B) with priority given to Mary-  
10          land, Virginia, Pennsylvania, and the District of  
11          Columbia.

12          “(B) MINIMUM AMOUNT.—The Adminis-  
13          trator shall distribute to each Chesapeake Bay  
14          State not less than 7 percent of the amounts  
15          under paragraphs (3)(A) and (3)(B).”.

16          (g) TOTAL MAXIMUM DAILY LOADS FOR NITROGEN,  
17          PHOSPHORUS, OR SEDIMENT IN THE CHESAPEAKE  
18          BAY.—Section 117 of the Federal Water Pollution Control  
19          Act (33 U.S.C. 1267) is amended by inserting after sub-  
20          section (n) (as added by subsection (f)), the following new  
21          subsection:

22          “(o) TOTAL MAXIMUM DAILY LOADS FOR NITRO-  
23          GEN, PHOSPHORUS, OR SEDIMENT IN THE CHESAPEAKE  
24          BAY.—

1           “(1) TOTAL MAXIMUM DAILY NUTRIENT OR  
2           SEDIMENT LOAD IN THE CHESAPEAKE BAY DURA-  
3           TION.—Any total maximum daily nutrient or sedi-  
4           ment load in the Chesapeake Bay shall use time-  
5           frames other than daily (such as annual, monthly, or  
6           seasonal) for certain economic sectors, including ag-  
7           riculture, in which a nondaily timeframe is appro-  
8           priate.

9           “(2) USE OF TRADING.—In any case in which  
10          a point source is subject to an effluent limit in a  
11          permit issued under section 402 for nitrogen, phos-  
12          phorus, or sediment, such point source may meet  
13          that permit limit in whole or in part through a trade  
14          administered by the Chesapeake Bay Nutrient and  
15          Sediment Trading Commission established by section  
16          117A.

17          “(3) CORRESPONDING LOAD REDUCTIONS.—  
18          For any total maximum daily nutrient or sediment  
19          load in the Chesapeake Bay, a process shall be de-  
20          veloped—

21                 “(A) to account for reductions in loadings  
22                 to the Chesapeake Bay watershed of nitrogen,  
23                 phosphorus, and sediment, including those  
24                 achieved by entities that do not have a total  
25                 maximum daily load allocation for such pollut-

1           ants, and including reductions achieved by res-  
2           toration activities implemented by private enti-  
3           ties, local governments, States, and Federal  
4           agencies, including the Department of Agri-  
5           culture; and

6                   “(B) to increase wasteload and load alloca-  
7           tions on a proportional basis by the amount of  
8           such reductions.

9                   “(4) STATE IMPLEMENTATION.—Powers are re-  
10          served solely to the States to implement a total max-  
11          imum daily nutrient or sediment load in the Chesa-  
12          peake Bay, including authority to assign load and  
13          waste load allocations to individual sources and  
14          source sectors to achieve a total maximum daily nu-  
15          trient or sediment load in the Chesapeake Bay. At  
16          the request of a Chesapeake Bay State, the Adminis-  
17          trator may review a State implementation plan and  
18          offer non-binding recommendations for consideration  
19          by the State, but may not take any action to super-  
20          sede any such State implementation.

21                   “(5) ADAPTIVE MANAGEMENT.—

22                   “(A) IN GENERAL.—If a Chesapeake Bay  
23          State develops a plan to implement a total max-  
24          imum daily nutrient or sediment load in the  
25          Chesapeake Bay that provides for reductions in

1 loading through an iterative process that em-  
2 ploys adaptive management principles, permits  
3 may be issued under section 402 for new or ex-  
4 isting point source discharges that—

5 “(i) include wasteload allocations con-  
6 sistent with such plan; and

7 “(ii) demonstrate progress towards  
8 achieving the wasteload allocation specified  
9 in such plan by treatment, trading, or  
10 other means, in accordance with the sched-  
11 ule provided in such plan, as determined  
12 by the permit issuing authority.

13 “(B) ASSESSMENT OF PROGRESS.—In as-  
14 sessing sufficient progress by municipal dis-  
15 chargers and other point sources toward meet-  
16 ing water quality goals and plans, the avail-  
17 ability, cost, effectiveness, and appropriateness  
18 of practices, techniques, methods, or other pro-  
19 visions for the control of such pollutants shall  
20 be considered.

21 “(6) OPTIONS FOR OFFSETTING OF  
22 STORMWATER MANAGEMENT REQUIREMENTS.—An  
23 individual or entity undertaking land development  
24 activities may meet the applicable stormwater man-  
25 agement requirements by offsetting such activities

1 through the establishment of stormwater manage-  
2 ment practices off-site within the Chesapeake Bay  
3 watershed. Offsetting stormwater management prac-  
4 tices shall include, at a minimum, the establishment  
5 of riparian forest buffers, streambank fencing, or  
6 other best management practices on agricultural  
7 lands.

8 “(7) RELATION TO WATERSHED PARTNER-  
9 SHIPS.—A Chesapeake Bay State may use funds  
10 made available to the State under section 319 for  
11 activities related to reducing losses of nitrogen,  
12 phosphorus, or sediment from agricultural or non-  
13 industrial private forest land through a watershed  
14 partnership developed under section 1240Q(i) of the  
15 Food Security Act of 1985. Use of funds in such  
16 manner shall have no effect on the availability to the  
17 State of other funds under this Act.”

18 **SEC. 3. ESTABLISHMENT OF INDEPENDENT COMMISSION**  
19 **TO OVERSEE AND ADMINISTER NITROGEN,**  
20 **PHOSPHORUS, AND SEDIMENT TRADING PRO-**  
21 **GRAM FOR CHESAPEAKE BAY STATES.**

22 The Federal Water Pollution Control Act is amended  
23 by inserting after section 117 (33 U.S.C. 1267) the fol-  
24 lowing new section:

1 **“SEC. 117A. CHESAPEAKE BAY NUTRIENT AND SEDIMENT**  
2 **TRADING COMMISSION.**

3 “(a) DEFINITIONS.—In this section:

4 “(1) COMMISSION.—The term ‘Commission’  
5 means the Chesapeake Bay Nutrient and Sediment  
6 Trading Commission established in subsection (b).

7 “(2) CHESAPEAKE BAY STATE.—The term  
8 ‘Chesapeake Bay State’ means Delaware, Maryland,  
9 New York, Pennsylvania, Virginia, West Virginia,  
10 and the District of Columbia.

11 “(3) CHESAPEAKE EXECUTIVE COUNCIL.—The  
12 term ‘Chesapeake Executive Council’ means the sig-  
13 natories to the Chesapeake Bay Agreement.

14 “(4) CHESAPEAKE BAY AGREEMENT.—The  
15 term ‘Chesapeake Bay Agreement’ means the for-  
16 mal, voluntary agreements executed to achieve the  
17 goal of restoring and protecting the Chesapeake Bay  
18 ecosystem and the living resources of the Chesa-  
19 peake Bay ecosystem and signed by the Chesapeake  
20 Executive Council.

21 “(b) ESTABLISHMENT OF COMMISSION; PURPOSE.—

22 “(1) IN GENERAL.—There is established a  
23 Chesapeake Bay Nutrient and Sediment Trading  
24 Commission to oversee and administer a nitrogen,  
25 phosphorus, and sediment trading program for the  
26 Chesapeake Bay States to ensure credits are gen-

1 erated to attract market participants and facilitate  
2 trading mechanisms among and within such States  
3 to meet water quality goals.

4 “(2) INDEPENDENT ESTABLISHMENT.—The  
5 Commission shall be an independent establishment,  
6 as defined in section 104 of title 5, United States  
7 Code.

8 “(3) LOCATION.—The Commission shall be  
9 housed at the Office of the Chesapeake Bay Pro-  
10 gram directed by the Chesapeake Executive Council  
11 in accordance with the Chesapeake Bay Agreement.

12 “(c) DUTIES.—

13 “(1) CREDITS FOR WATER QUALITY TRAD-  
14 ING.—In consultation with market developers,  
15 Chesapeake Bay States, and appropriate Federal  
16 agencies, the Commission shall develop a system to  
17 facilitate and generate credits for interstate water  
18 quality trading among and within the Chesapeake  
19 Bay States.

20 “(2) WATER QUALITY TRADING REGISTRY.—  
21 The Commission shall obtain information from the  
22 Administrator, the Secretary of Agriculture, and  
23 other Federal agencies to operate and oversee a reg-  
24 istry for interstate water quality trading in the  
25 Chesapeake Bay States.

1           “(3) TRADE RECORDKEEPING.—The Commis-  
2           sion shall develop and maintain a system to record  
3           specific interstate water quality trades among and  
4           within the Chesapeake Bay States.

5           “(4) POINT SOURCE AND NONPOINT SOURCE  
6           TRADES.—In consultation with market developers  
7           and appropriate Federal agencies, the Commission  
8           shall develop a system to allow for trading to occur  
9           between point sources and nonpoint sources, and  
10          any combination thereof, among and within the  
11          Chesapeake Bay States.

12          “(5) CONSISTENCY WITH STATE PROGRAM.—  
13          The Commission shall not establish or operate a pro-  
14          gram that conflicts with or modifies a State program  
15          for intrastate trading.

16          “(6) DEADLINE; PUBLICATION.—Not later than  
17          2 years after the date of enactment of the Chesa-  
18          peake Bay Program Reauthorization and Improve-  
19          ment Act, the Commission shall promulgate rules for  
20          interstate water quality trading among and within  
21          the Chesapeake Bay States, and shall publish such  
22          rules in the Federal Register.

23          “(d) USE OF TECHNICAL GUIDELINES.—The Com-  
24          mission shall rely on the Administrator to provide tech-  
25          nical guidelines under section 117(m) and the Secretary

1 of Agriculture to provide technical guidelines under sec-  
2 tion 1245(b) of the Food Security Act of 1985.

3 “(e) MEMBERS OF COMMISSION.—

4 “(1) COMPOSITION.—The Commission shall  
5 consist of five members, of which—

6 “(A) one member shall be appointed by the  
7 Secretary of Agriculture;

8 “(B) one member shall be appointed by the  
9 Administrator; and

10 “(C) three members shall be appointed  
11 jointly by the Administrator and the Secretary  
12 of Agriculture from among persons nominated  
13 by the Governors of each of the signatory  
14 States of the Chesapeake Bay Agreement.

15 “(2) SPECIAL CONSIDERATIONS.—Of the mem-  
16 bers of the Commission—

17 “(A) one member shall be a representative  
18 of the general public;

19 “(B) not more than two of the members  
20 may have similar professional experience or ex-  
21 pertise in the same field;

22 “(C) at least one of the members shall be  
23 experienced in a market-based pollutant trading  
24 mechanism; and

1           “(D) not more than three of the members  
2           may be of the same political party.

3           “(3) TERMS.—The members of the Commission  
4           shall serve a term of five years and may be re-  
5           appointed.

6           “(4) CHAIRPERSON.—The members of the  
7           Commission shall designate one of the members to  
8           serve as chairperson.

9           “(5) MEETINGS.—The Commission shall meet  
10          at the call of the chairperson or a majority of its  
11          members, and shall hold public meetings at intervals  
12          as are necessary to carry out the functions of the  
13          Commission, but not less frequently than 2 times  
14          per year.

15          “(f) OFFICERS AND STAFF.—The Commission may  
16          appoint, employ, fix the pay of, and provide other allow-  
17          ances and benefits for such officers and employees of the  
18          Commission as the members determine to be appropriate.

19          “(g) RELATIONSHIP WITH OTHER ENTITIES.—

20                  “(1) LIAISONS.—

21                          “(A) COMMISSION LIAISONS.—

22                                  “(i) IN GENERAL.—The Commission  
23                                  shall, in cooperation with the Adminis-  
24                                  trator and the Secretary of Agriculture,  
25                                  maintain—

1                   “(I) a liaison between the Com-  
2                   mission and the Environmental Pro-  
3                   tection Agency; and

4                   “(II) a liaison between the Com-  
5                   mission and the Department of Agri-  
6                   culture.

7                   “(ii) EFFECTIVE MAINTENANCE.—  
8                   The Administrator and Secretary of Agri-  
9                   culture shall take such steps as may be  
10                  necessary to enable the Commission to ob-  
11                  tain information and utilize such services  
12                  and facilities of the Environmental Protec-  
13                  tion Agency and Department of Agri-  
14                  culture as may be necessary in order to  
15                  maintain effectively such liaisons.

16                  “(B) AGENCY LIAISON OFFICERS.—The  
17                  Administrator and Secretary of Agriculture  
18                  shall each appoint a liaison officer, who shall be  
19                  an employee of the Environmental Protection  
20                  Agency and the Department of Agriculture, re-  
21                  spectively, for the purpose of communicating  
22                  with the liaison maintained under subparagraph  
23                  (A) and the Commission.

24                  “(C) ATTENDANCE.—The Commission  
25                  shall allow the liaisons and liaison officers to at-

1           tend and observe all deliberations and pro-  
2           ceedings of the Commission.

3           “(2) MAINTENANCE OF COMMUNICATIONS.—

4           The Commission shall maintain communications  
5           with the Chesapeake Executive Council and the  
6           Chesapeake Bay States for the purposes of—

7                   “(A) keeping such entities fully informed  
8                   of Commission activities that relate to the re-  
9                   sponsibilities of those entities;

10                   “(B) seeking views of those entities on  
11                   such activities; and

12                   “(C) consultation with such entities re-  
13                   garding the relationships between Commission  
14                   activities and the jurisdiction of such entities.

15           “(h) DURATION.—The Commission shall terminate  
16           on September 30, 2018.”.

17   **SEC. 4. CHESAPEAKE BAY WATERSHED PARTNERSHIPS.**

18           Section 1240Q of the Food Security Act of 1985 (16  
19           U.S.C. 3839bb–4) is amended—

20                   (1) by striking subsection (a) and inserting the  
21                   following:

22                   “(a) DEFINITIONS.—In this section:

23                           “(1) CHESAPEAKE BAY STATE.—The term  
24                           ‘Chesapeake Bay State’ or ‘State’ means Delaware,

1 Maryland, New York, Pennsylvania, Virginia, West  
2 Virginia, and the District of Columbia.

3 “(2) CHESAPEAKE BAY WATERSHED.—The  
4 term ‘Chesapeake Bay watershed’ means all tribu-  
5 taries, backwaters, and side channels, including their  
6 watersheds, draining into the Chesapeake Bay.

7 “(3) CHIEF EXECUTIVE.—The term ‘chief execu-  
8 tive’ means—

9 “(A) in the case of a State or Common-  
10 wealth, the Governor of the State or Common-  
11 wealth; and

12 “(B) in the case of the District of Colum-  
13 bia, the Mayor of the District of Columbia.”;  
14 and

15 (2) by adding at the end the following new sub-  
16 section:

17 “(i) CHESAPEAKE BAY WATERSHED PARTNER-  
18 SHIPS.—

19 “(1) IN GENERAL.—At the request of the chief  
20 executive of a Chesapeake Bay State, the Secretary  
21 shall enter into a memorandum of understanding  
22 with such chief executive establishing a partnership  
23 between the Secretary and the State (in this sub-  
24 section referred to as a ‘watershed partnership’) in  
25 accordance with this subsection.

1           “(2) WATERSHED STRATEGY.—Each watershed  
2 partnership may establish a watershed strategy for  
3 demonstrating aggregate reductions in losses of ni-  
4 trogen, phosphorus, and sediment, on a basin or  
5 subbasin scale in the Chesapeake Bay watershed,  
6 from agricultural or nonindustrial private forest land  
7 in the State, including developing processes for—

8           “(A) identifying basins or subbasins in  
9 which implementation of enhanced conservation  
10 practices could significantly impact water qual-  
11 ity;

12           “(B) identifying achievable and cost-effec-  
13 tive conservation practices that result in such  
14 reductions to improve water quality;

15           “(C) statistically validating and verifying  
16 conservation practices;

17           “(D) establishing methods of estimating  
18 such reductions that are statistically valid and  
19 accurate, based on field- and farm-level surveys  
20 conducted by the Secretary, to the extent prac-  
21 ticable using existing data collection methods;  
22 and

23           “(E) collecting other relevant information  
24 on practices that demonstrate such reductions,

1 as determined by the Secretary and the chief  
2 executive of the State.

3 “(3) ASSURANCE.—

4 “(A) ESTABLISHMENT OF ASSURANCE  
5 PROCESS.—Each watershed strategy established  
6 by a watershed partnership shall require the  
7 chief executive of the State, in collaboration  
8 with the Secretary, to establish an assurance  
9 process in which producers or owners of non-  
10 industrial private forest land in the State may  
11 participate if such producers or owners of non-  
12 industrial forest land are qualified under sub-  
13 paragraph (B) by implementing and maintain-  
14 ing conservation practices, on agricultural or  
15 nonindustrial forest land in the Chesapeake  
16 Bay watershed, that are designed to reduce  
17 losses of nitrogen, phosphorus, and sediment  
18 from such land, as determined by the State.

19 “(B) QUALIFIED PRODUCERS AND OWN-  
20 ERS.—For the purposes of this paragraph, a  
21 qualified producer or owner of nonindustrial  
22 private forest land is a producer or owner of  
23 nonindustrial private forest land that imple-  
24 ments and maintains conservation practices, on  
25 agricultural or nonindustrial forest land in the

1 Chesapeake Bay watershed, that are designed  
2 to reduce losses of nitrogen, phosphorus, and  
3 sediment from such land, as determined by the  
4 State.

5 “(C) EFFECT OF PARTICIPATION IN AS-  
6 SURANCE PROCESS.—

7 “(i) IN GENERAL.—A qualified pro-  
8 ducer or owner of nonindustrial private  
9 forest land that participates in an assur-  
10 ance process under this paragraph shall be  
11 considered to be in full compliance with  
12 applicable water quality requirements, if  
13 any, regarding nitrogen, phosphorus, and  
14 sediment in the Chesapeake Bay water-  
15 shed, with respect to such land, such that  
16 no additional water quality-related con-  
17 servation practices may be required on  
18 such land during the period of time in  
19 which the producer or owner of nonindus-  
20 trial private forest land participates in the  
21 assurance process.

22 “(ii) OPERATIONS ON LAND.—Oper-  
23 ations on such land conducted by such a  
24 qualified producer or owner shall not be  
25 considered to be a significant contributor

1           of nitrogen, phosphorus, or sediment to  
2           waters in the Chesapeake Bay watershed.

3           “(D) VERIFICATION.—The chief executive  
4           of the State shall verify conservation practices  
5           maintained by qualified producers and owners  
6           participating in an assurance process under this  
7           paragraph.

8           “(4) USE OF EXISTING PROGRAMS RE-  
9           QUIRED.—In accordance with subsection (e)(1), a  
10          watershed partnership shall use existing programs,  
11          including for risk assessment, conservation planning,  
12          measurement and assessment of progress in improv-  
13          ing water quality, and validation and verification of  
14          practices in the State to reduce losses of nitrogen,  
15          phosphorus, and sediment from agricultural or non-  
16          industrial private forest land in the Chesapeake Bay  
17          watershed.

18          “(5) STATE WATER QUALITY GOALS.—The chief  
19          executive of a State that has entered into a water-  
20          shed partnership under this subsection shall ensure  
21          that any watershed strategy established under para-  
22          graph (2) is incorporated into the overall water qual-  
23          ity goals established by the State, on a basin or  
24          subbasin level, for agricultural and nonindustrial pri-  
25          vate forest land in the State.

1 “(6) ASSESSMENTS OF PROGRESS.—

2 “(A) ASSESSMENT.—Not later than 5  
3 years after the date on which a watershed part-  
4 nership is established under paragraph (1), and  
5 every 5 years thereafter, the chief executive of  
6 the Chesapeake Bay State shall make public an  
7 assessment of the progress in the State in re-  
8 ducing losses of nitrogen, phosphorus, and sedi-  
9 ment from agricultural and nonindustrial pri-  
10 vate forest land in the Chesapeake Bay water-  
11 shed, on a basin or subbasin level, in accord-  
12 ance with the water quality goals of the State  
13 described in paragraph (5). Such assessment  
14 shall incorporate an analysis of data developed  
15 and published under subparagraph (B).

16 “(B) DEVELOPMENT AND PUBLICATION OF  
17 DATA.—The Secretary shall publish in a con-  
18 servation assessment report issued by the Nat-  
19 ural Resources Conservation Service data devel-  
20 oped by the Secretary for incorporation into as-  
21 sessments required under subparagraph (A).

22 “(C) EFFECT OF ASSESSMENT.—If the  
23 chief executive of a Chesapeake Bay State de-  
24 termines, in an assessment required under sub-  
25 paragraph (A), that aggregate reductions in

1 losses of nitrogen, phosphorus, and sediment  
2 from agricultural and nonindustrial private for-  
3 est land in a basin or subbasin of the Ches-  
4 peake Bay watershed in the State have been  
5 achieved in accordance with the water quality  
6 goals of the State described in paragraph (5)—

7 “(i) during a period determined by the  
8 chief executive of the State, no further re-  
9 ductions in losses of nitrogen, phosphorus,  
10 or sediment may be required by the State  
11 or Federal Government from agricultural  
12 or nonindustrial private forest land in the  
13 basin or subbasin; and

14 “(ii) during such period, no operations  
15 conducted on agricultural or nonindustrial  
16 private forest land in the basin or subbasin  
17 shall be considered to be a significant con-  
18 tributor of nitrogen, phosphorus, or sedi-  
19 ment to waters in the Chesapeake Bay wa-  
20 tershed.

21 “(7) ASSISTANCE FROM SECRETARY.—

22 “(A) TECHNICAL ASSISTANCE.—In car-  
23 rying out a watershed partnership, the Sec-  
24 retary shall provide technical assistance—

1           “(i) to the State to assist in devel-  
2           oping the water quality goals of the State  
3           to result in reductions in losses of nitro-  
4           gen, phosphorus, and sediment from agri-  
5           cultural or nonindustrial private forest  
6           land in the Chesapeake Bay watershed to  
7           improve water quality in the Chesapeake  
8           Bay watershed; and

9           “(ii) to producers and owners of non-  
10          industrial private forest land in the  
11          State—

12                   “(I) for education regarding ac-  
13                   tivities they can undertake to reduce  
14                   losses of nitrogen, phosphorus, and  
15                   sediment from such land in the  
16                   Chesapeake Bay watershed; and

17                   “(II) for assistance with con-  
18                   servation planning, implementation,  
19                   and maintenance to reduce losses of  
20                   nitrogen, phosphorus, and sediment  
21                   from such land in the Chesapeake  
22                   Bay watershed.

23           “(B) ECONOMIC ANALYSIS.—In providing  
24           assistance under this paragraph, the Secretary  
25           shall consider the practicability and economic

1           achievability of the conservation practices that  
2           may be needed to reduce losses of nitrogen,  
3           phosphorus, and sediment from agricultural or  
4           nonindustrial private forest land in the Chesapeake  
5           Bay watershed to improve water quality  
6           in the Chesapeake Bay watershed.

7           “(8) RULE OF CONSTRUCTION.—Nothing in  
8           this subsection may be construed as a grant of regu-  
9           latory authority to the Secretary.”.

10 **SEC. 5. TECHNICAL GUIDELINES FOR ENVIRONMENTAL**  
11 **SERVICES MARKETS.**

12           (a) TYPES OF GUIDELINES REQUIRED.—

13           (1) IMPAIRED WATERSHED GUIDELINES.—Sec-  
14           tion 1245(a) of the Food Security Act of 1985 (16  
15           U.S.C. 3845(a)) is amended by adding at the end  
16           “‘In addition, not later than 14 months after the  
17           date of the enactment of the Chesapeake Bay Pro-  
18           gram Reauthorization and Improvement Act, the  
19           Secretary shall establish guidelines for farmer,  
20           rancher, and forest landowner participation in vol-  
21           untary nutrient and sediment trading systems estab-  
22           lished for the purpose of addressing impaired water-  
23           sheds.”.

24           (2) ADDITIONAL GUIDELINES.—Section  
25           1245(b) of the Food Security Act of 1985 (16

1 U.S.C. 3845(b)) is amended by striking paragraphs  
2 (1), (2), and (3) and inserting the following new  
3 paragraphs:

4 “(1) Methodologies for quantifying environ-  
5 mental service benefits.

6 “(2) Baseline methodologies for environmental  
7 service benefits.

8 “(3) Methodologies to account for reversals and  
9 leakage for environmental services markets.

10 “(4) Methodologies for verification of the envi-  
11 ronmental service benefits.

12 “(5) A protocol to report environmental service  
13 benefits.

14 “(6) A registry to collect, record, and maintain  
15 the benefits measured.

16 “(7) A procedure to verify and ensure that envi-  
17 ronmental service benefits comply with Federal and  
18 State regulations.”.

19 (3) CONFORMING AMENDMENTS.—Section  
20 1245(e)(1) of the Food Security Act of 1985 (16  
21 U.S.C. 3845(e)(1)) is amended—

22 (A) by striking “paragraph (2)” and in-  
23 serting “paragraph (5)”; and

24 (B) by striking “paragraph (3)” and in-  
25 serting “paragraph (6)”.

1 (b) ADDITIONAL REQUIREMENTS.—Section 1245 of  
2 the Food Security Act of 1985 (16 U.S.C. 3845) is  
3 amended by adding at the end the following new sub-  
4 sections:

5 “(f) LIST OF ELIGIBLE ACTIVITIES.—

6 “(1) LIST REQUIRED.—The Secretary shall  
7 publish a list of eligible domestic agricultural and  
8 forestry activities that result in environmental serv-  
9 ice benefits.

10 “(2) DEADLINE; PUBLICATION.—Not later than  
11 14 months after the date of the enactment of the  
12 Chesapeake Bay Program Reauthorization and Im-  
13 provement Act, the Secretary shall publish in the  
14 Federal Register the list of domestic agricultural  
15 and forestry activities that are eligible for trading  
16 under the guidelines established under subsection  
17 (a).

18 “(3) RECOMMENDATIONS.—In preparing the  
19 list under this subsection, the Secretary shall take  
20 into consideration the recommendations of the enti-  
21 ties referred to in subsection (e).

22 “(4) ADDITIONS AND REVISIONS.—Not later  
23 than 4 years after the date of the enactment of the  
24 Chesapeake Bay Program Reauthorization and Im-  
25 provement Act, and every two years thereafter, the

1 Secretary shall update and revise the list prepared  
2 under this subsection. The updates and revisions  
3 shall be made only after the Secretary provides an  
4 opportunity for public notice of and an opportunity  
5 for comment on the proposed updates and revisions.

6 “(g) GUIDELINES FOR PROVISION OF TECHNICAL  
7 ASSISTANCE.—

8 “(1) VERIFICATION GUIDELINES.—The Sec-  
9 retary shall establish guidelines for, and provide,  
10 technical assistance under this section to ensure  
11 that—

12 “(A) environmental service benefits have  
13 been implemented properly; and

14 “(B) the quantification of such benefits  
15 has resulted in an environmental benefit.

16 “(2) TECHNICAL ASSISTANCE PROVIDER AC-  
17 CREDITATION.—As part of the guidelines established  
18 under this section, the Secretary shall develop a  
19 process and requirements for periodic accreditation  
20 of certified technical assistance providers for envi-  
21 ronmental service benefits to ensure that such pro-  
22 viders are professionally qualified and have no con-  
23 flicts of interest. Each technical service provider  
24 meeting the requirements for accreditation in ac-  
25 cordance with this paragraph shall be listed in a

1 publicly accessible database, which shall be main-  
2 tained and updated by the Secretary.”.

3 **SEC. 6. CHESAPEAKE BAY WATERSHED PILOT PROGRAM**  
4 **FOR CREATING ENVIRONMENTAL SERVICE**  
5 **MARKETS.**

6 Section 1240Q of the Food Security Act of 1985 (16  
7 U.S.C. 3839bb-4) is amended by inserting after sub-  
8 section (i) (as added by section 4), the following new sub-  
9 section:

10 “(j) PILOT PROGRAM FOR CREATING ENVIRON-  
11 MENTAL SERVICE MARKETS.—

12 “(1) ESTABLISHMENT.—The Secretary shall es-  
13 tablish a pilot program for the Chesapeake Bay wa-  
14 tershed, for the facilitation of creating environmental  
15 service markets based on the guidelines outlined in  
16 section 1245(g), that does not result in removing eli-  
17 gible land wholly from agricultural production or  
18 eliminating the economic viability of such agricul-  
19 tural production. The Secretary shall ensure that the  
20 pilot program is consistent with local government  
21 rules and the policies, protocols, and regulations es-  
22 tablished under existing environmental service mar-  
23 kets and State trading programs in the Chesapeake  
24 Bay watershed.

1           “(2) TRANSMISSION OF DATA TO CHESAPEAKE  
2           BAY NUTRIENT AND SEDIMENT TRADING COMMIS-  
3           SION.—The Secretary shall transmit to the Ches-  
4           apeake Bay Nutrient and Sediment Trading Commis-  
5           sion established under section 117A of the Federal  
6           Water Pollution Control Act, any data the Secretary  
7           determines is necessary to the effective administra-  
8           tion of nutrient and sediment trading programs ad-  
9           ministered by such Commission.”.

10 **SEC. 7. OFFSET.**

11           There is authorized to be appropriated to the Envi-  
12           ronmental Protection Agency for the Environmental Pro-  
13           grams and Management account for each of fiscal years  
14           2013 through 2018 the amount that is \$40,000,000 less  
15           than the amount appropriated for such account for fiscal  
16           year 2012, to be derived from amounts available for ad-  
17           ministrative expenses.

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