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**HOUSE BILL NO. 386**

Offered January 14, 2026

Prefiled January 12, 2026

4 *A BILL to amend the Code of Virginia by adding in Article 1 of Chapter 3.1 of Title 62.1 a section numbered*  
 5 *62.1-44.6:2, relating to Chesapeake Bay Pay for Outcomes Fund established.*

6 Patron—Krizek

7 Committee Referral Pending

8 **Be it enacted by the General Assembly of Virginia:**9 **1. That the Code of Virginia is amended by adding in Article 1 of Chapter 3.1 of Title 62.1 a section**  
 10 **numbered 62.1-44.6:2 as follows:**11 **§ 62.1-44.6:2. Chesapeake Bay Pay for Outcomes Fund.**

12 A. There is hereby created in the state treasury a special, permanent, nonreverting fund to be known as  
 13 the Chesapeake Bay Pay for Outcomes Fund, referred to in this section as "the Fund." The Fund shall be  
 14 established on the books of the Comptroller. All funds appropriated for such purpose and any gifts,  
 15 donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and  
 16 credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it.  
 17 Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert  
 18 to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes  
 19 established in subsection B and for program administration, including entering into contracts pursuant to  
 20 subsection E. Expenditures and disbursements from the Fund shall be made by the State Treasurer on  
 21 warrants issued by the Comptroller upon written request signed by the Director.

22 B. The purpose of the Fund shall be to provide outcome-based payments for verified reductions in nutrient  
 23 and sediment pollution from nonpoint sources within the Chesapeake Bay watershed of the Commonwealth.  
 24 Priority shall be given to projects that (i) contribute to meeting Chesapeake Bay Total Maximum Daily Load  
 25 (TMDL) requirements, (ii) contribute to meeting local nutrient impaired stream TMDLs, and (iii) occur in  
 26 high nutrient loss areas. Moneys in the Fund shall be used solely for outcomes-based environmental  
 27 investments that meet the following criteria:

28 1. Projects shall provide evidence of verified, measurable reductions in nutrient and sediment loads that  
 29 are supported by empirical data, monitoring, or third-party validation;

30 2. Projects shall provide evidence of new, incremental outcomes that would not occur under existing  
 31 regulatory, funding, or conservation programs, or in the absence of such projects; and

32 3. Projects shall provide supporting rationale that pollutant reductions are unlikely to be offset by  
 33 corresponding increases elsewhere in the Chesapeake Bay watershed.

34 C. 1. The Department shall establish a competitive solicitation process for awarding payments from the  
 35 Fund. The Department shall develop technical guidelines for quantifying assurance and load reductions and  
 36 verifying projects in consultation with subject matter experts, partner agencies, and stakeholders. The  
 37 Department shall consider innovative restoration techniques not currently recognized under traditional best  
 38 management practices or water quality program protocols.

39 2. Awards shall be based upon a scoring rubric that prioritizes the following criteria in order of greatest  
 40 to least importance: (i) assurance of nutrient load reductions and cost-effectiveness, (ii) the total quantity of  
 41 nutrient load reduction achieved by a project, (iii) the readiness to proceed for a project, and (iv) incentives  
 42 for habitat and resilience benefits.

## 43 3. For the purposes of this subsection:

44 "Additionality" means environmental benefits that would not occur under existing regulatory, funding, or  
 45 conservation programs, or in the absence of a project under this section.

46 "Assurance" means (i) empirical or quantitative evidence that nutrient load reductions are achieved and  
 47 (ii) demonstration of additionality and minimal leakage. Empirical or quantitative evidence that goes beyond  
 48 modeling of nutrient reductions shall constitute a higher level of assurance.

49 "Leakage" means pollutant reductions that risk being offset by corresponding pollutant increases  
 50 elsewhere.

51 D. The Department, in partnership with the Department of Conservation and Recreation, Virginia  
 52 Polytechnic Institute and State University, and other stakeholders as the Department deems necessary, shall  
 53 pursue incorporation of nutrient load reductions resulting from projects funded by the Fund into the  
 54 Chesapeake Bay Program accountability framework for the Chesapeake Bay TMDL.

55 E. The Department may enter into contracts with subject matter experts, academic institutions, nonprofit  
 56 organizations, or third-party verifiers to assist in the design, implementation, monitoring, and evaluation of

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**59**     *projects funded pursuant to this section.*