

Fundamentals of Trading

Best management practices (BMPs) can improve water quality by removing nutrients (nitrogen and phosphorus) and sediment that would otherwise end up in local water bodies.

Farmers who have reached a baseline compliance can implement additional BMPs to generate credits.

The credits can be traded to entities that are required to reduce pollution; credits may also be purchased by corporations, not-for-profit organizations, or even individuals to be retired to help meet overall Bay environmental goals.

Trading provides financial incentives for the farmer to implement BMPs. In Maryland, credits can be sold pending implementation.



Grassed waterway



Riparian buffer



Mixed and no-till cover crops

Contacts and Websites with More Information

Maryland Nutrient Trading/Tracking Tool

This platform provides access to the online Calculator, Registry, and Marketplace
mdnutrienttrading.com

Maryland Department of Agriculture (MDA)

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Water Quality Trading in Maryland



**What to know
and where to find
more information**

How To Get Started

- Visit your local Soil Conservation District (SCD) Office with your Nutrient Management Plan, Soil Conservation and Water Quality Plan, and if applicable, Animal Waste Management System Plan.
- Ask the SCD staff to help determine if you have met the baseline compliance for trading using the Maryland Nutrient Tracking/Tracking Tool (MNTT).
- If the baseline is met, you can either find out how many credits you are currently generating or discuss best management practices that could be implemented in order to generate more credits (*Note: BMPs funded with cost-share typically don't qualify*).
- Submit to the Maryland Department of Agriculture (MDA) a Credit Certification and Registration Form, as well as a copy of the Farm Summary Worksheet created by the MNTT, copies of relevant plans, including maps, and the specifics of any credit-generation proposal.
- Upon approval by MDA, each credit will be assigned a unique registration number that will be registered in the online trading registry.

How To Trade

- **Find a trading partner** — *Partners can be found through the online marketplace, your local SCD, aggregators or brokers, or personal connections.*
- **Either sell to a direct trading partner or sell to an aggregator**
- **Develop a trade agreement** — *A model agreement is available through the Agricultural Law Education Initiative.*
- **Get credits verified** — *Prior to certification, MDA or its designee will conduct a site visit to verify that baseline requirements have been met and the applicant's credit-generation proposal is effective and appropriate. After sale of the credits, independent verification by certified third parties is mandatory, and depending on the practice, may be annual or biannual.*
- **Credits may be suspended or revoked for any violation of the Trading Program regulations or local, state or federal law.**

Frequently Asked Questions

Q: Do I have to trade with someone in the same watershed?

A: Yes, trades must be traded within your region. The regions are: Potomac River Basin, Patuxent River Basin and Everywhere Else, which includes the Eastern Shore and Western Shore River Basins and the Maryland portion of the Susquehanna watershed.

Q: How long are credits good for?

A: According to COMAR 15.20.12.06, credits may be certified for more than one year but shall only be applied annually.

Q: Can landowners convert farmland for credit generation?

A: No, credit generation cannot result in the idling of whole or substantial portions of productive farmland. Water quality trading is not intended to accelerate the loss of productive farmland, and MDA will consider land conversion proposals on a case-by-case basis and use location, soil type, slope, and potential soil loss or erodibility in making a determination.

Q: Can BMPs be implemented using cost-share generate credits?

A: Cost-share funded practices may be used to meet baseline eligibility and generate credits after a cost-share contract has expired as long as the practices have continued to be maintained.

