

# SECTION 319 AND NUTRIENT CREDITS

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# §319 ROLE IN NPS AND NUTRIENT REDUCTION

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- States set priorities and strategies for addressing nonpoint source (NPS) pollution concerns in 5-year NPS Management Plans.
- Nutrient reduction strategies are a common NPS priority
  - 70% of §319 projects directly address nutrient parameters.
  - An additional 10% address sediments or pathogens and these projects often co-control nutrients.
- States have flexibility to tailor NPS work to their water quality concerns and program structure, including innovative financing or market approaches to achieve results.

# §319 FUNDS HAVE BEEN USED TO SUPPORT NUTRIENT MARKET ACTIVITY

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About a dozen states have utilized §319 funds to evaluate or implement market-based activities. Examples include:

- Evaluating trading as an option
- Supporting staff to develop state-wide trading strategy or policy
- Supporting staff to develop watershed trading/market plan, engage landowners
- Developing a catalog of acceptable BMPs for a trading market
- Providing monitoring to establish baseline for nutrient, temperature trading

# §319 FUNDS CAN BE USED TO PURCHASE OR GENERATE WATER QUALITY CREDITS

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- A state may choose to purchase water quality credits with §319 funds from a third-party aggregator or other source
- Credits purchased with §319 funds should be verified to result in environmental outcomes, consistent with §319 program requirements
- A state may retire purchased credits for NPS water quality benefit or to make progress toward a state nutrient reduction goal

# §319 FUNDS CAN BE USED TO PURCHASE OR GENERATE WATER QUALITY CREDITS

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- Using §319 funds to purchase water quality credits may jumpstart a new trading program or support an existing trading program
- States may use §319 funds to pay for NPS conservation practices that *generate* water quality credits for use in a NPS trading framework.

# STATUTORY AND GRANT CONSIDERATIONS

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- CWA §319(h) funds are “for the purpose of assisting the state in implementing its NPS Management program.”
- *Entities eligible for funding:* Catalog of Federal Domestic Assistance identifies eligible entities for federal grants and subgrants: generally government, research, or nonprofit organizations.
  - Farmers and others that implement NPS conservation practices can be compensated with §319 funds as “program participants”
- *Environmental Outcomes:* EPA grant rules require that funds deliver environmental results; for §319 these are the outcomes in the state NPS management plan.

# SUMMARY

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- §319 program experience and the scenarios described in this presentation illustrate that states can purchase water quality credits with §319 funds and incorporate other innovative market-based approaches into NPS programs and watershed plans.
- All uses of §319 funds must adhere to statutory and federal grant regulation sideboards, but there is flexibility to use §319 funds to support an array of market-based approaches.