



House of Representatives

File No. 744

General Assembly

February Session, 2016

(Reprint of File No. 286)

Substitute House Bill No. 5481
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 27, 2016

**AN ACT CONCERNING PHOSPHORUS REDUCTION
REIMBURSEMENTS TO MUNICIPALITIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (6) of subsection (c) of section 22a-478 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (6) Any contract entered into by a municipality prior to, on or after
5 the effective date of this section but before July 1, [2018] 2019, that is
6 eligible for financing as a project undertaken for phosphorus removal
7 to at or below [two-tenths] thirty-one one-hundredths milligrams per
8 liter, [effluent discharge] provided such amount is specified as the
9 average monthly effluent total phosphorous limit in a discharge permit
10 issued to such municipality by the commissioner pursuant to section
11 22a-430, shall receive (A) a project grant of fifty per cent of the cost of
12 the project associated with such phosphorus removal, (B) except as
13 provided in subdivision (3) of this subsection, a twenty per cent grant
14 for the balance of the cost of the project, and (C) a loan for the

15 remainder of the costs of the project, not exceeding one hundred per
 16 cent of the eligible water quality project costs, [In providing funding
 17 under this subdivision, the commissioner shall give priority, first to
 18 projects with the lowest permitted limit of phosphorus discharge as
 19 contained in a valid discharge permit issued pursuant to section 22a-
 20 430, and then to those that remove the greatest amount of phosphorus,
 21 as measured in pounds per year] provided nothing in this subdivision
 22 shall effect any requirement or schedule in any discharge permit
 23 issued by the commissioner pursuant to said section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	22a-478(c)(6)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$
Various Municipalities	Potential Savings	See Below	See Below

Explanation

The bill expands eligibility criteria for certain water quality projects to receive funding from the Clean Water Fund.

To the extent that additional grants and loans are made under these expanded criteria, the state, through the Treasury's debt service account, will realize increased debt service costs. The size and timing of such increase would be dependent upon the eligible projects that receive funding. Municipalities that receive such grants and loans would realize a corresponding savings.

House "A" strikes the underlying bill and associated fiscal impact resulting in the fiscal impact identified above.

The Out Years

The fiscal impact identified above is anticipated to continue into the out years subject to inflation and the number of additional projects made eligible for grants and loans.

OLR Bill Analysis**sHB 5481 (as amended by House "A")******AN ACT CONCERNING PHOSPHORUS REDUCTION REIMBURSEMENTS TO MUNICIPALITIES.*****SUMMARY:**

This bill expands eligibility for increased Clean Water Fund grants to eligible municipal phosphorus removal projects meeting certain criteria.

Under current law, municipalities that enter into contracts for eligible phosphorus removal projects by July 1, 2018 qualify for a Clean Water Fund grant of 50% of phosphorus removal costs, rather than 30% for other nutrient removal projects (i.e., nitrogen or phosphorus removal). The bill extends eligibility for these increased grants to municipalities entering into eligible phosphorus removal projects (1) any time prior to the bill's effective date or (2) before July 1, 2019.

Under current law, eligible projects are those that result in phosphorus levels at or below 0.2 milligrams per liter of effluent discharge. The bill instead requires that an eligible project result in a level (1) at or below 0.031 milligrams per liter and (2) specified as the municipality's permitted average monthly effluent total phosphorus limit. Under the bill, these funding provisions do not affect any discharge permit requirements or schedules.

The bill also eliminates a requirement that the Department of Energy and Environmental Protection prioritize project funding based on permitted phosphorus discharge limits and the amount of phosphorus removed each year.

*House Amendment "A" replaces the original bill, which extended eligibility for the increased grants to municipalities entering into phosphorus removal project contracts by July 1, 2025, rather than July 1, 2018.

EFFECTIVE DATE: Upon passage

BACKGROUND

Clean Water Fund

The Clean Water Fund provides financial aid to municipalities through grants and loans for planning, designing, and constructing water pollution control facilities. It is financed through a combination of federal funding, state general obligation bonds for the grant portion, and state revenue bonds for the loan portion.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/14/2016)