



Substitute House Bill No. 6441

Public Act No. 21-115

AN ACT CONCERNING CLIMATE CHANGE ADAPTATION.

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

Section 1. Section 22a-498 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) Any municipality [selected by the commissioner to participate in the pilot program established pursuant to section 22a-497] may, by ordinance adopted by its legislative body, designate any existing board or commission or establish a new board or commission as the stormwater authority for such municipality. If a new board or commission is created, such municipality shall, by ordinance, determine the number of members thereof, their compensation, if any, whether such members shall be elected or appointed, the method of their appointment, if appointed, and removal and their terms of office, which shall be so arranged that not more than one-half of such terms shall expire within any one year.

(b) The purposes of the stormwater authority shall be to: (1) Develop a stormwater management program, including, but not limited to, (A) a program for construction and post-construction site stormwater runoff control, including control detention and prevention of stormwater runoff from development sites; or (B) a program for control and

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abatement of stormwater pollution from existing land uses, and the detection and elimination of connections to the stormwater system that threaten the public health, welfare or the environment; (2) provide public education and outreach in the municipality relating to stormwater management activities and to establish procedures for public participation; (3) provide for the administration of the stormwater management program; (4) establish geographic boundaries of the stormwater authority district; and (5) recommend to the legislative body of the municipality in which such district is located the imposition of a [levy] fee upon the [taxable] interests in real property within such district, subject to the fifteen per cent limitation on, or alternative election to exempt, properties owned by hospitals described in subdivision (3) of subsection (c) of this section, the revenues from which [may] shall be used in carrying out any of the powers of such district. In accomplishing the purposes of this section, the stormwater authority may plan, layout, acquire, construct, reconstruct, repair, maintain, supervise and manage stormwater control systems.

(c) (1) Any stormwater authority created by a municipality pursuant to subsection (a) of this section may levy fees, [from] approved by the legislative body of the municipality in accordance with the provisions of subdivision (3) of this subsection, on property owners of the municipality, except as specified in subdivision (2) of this subsection, for the purposes described in subsection (b) of this section. In establishing fees for [any property] properties in its district, the stormwater authority [may] shall consider criteria, including, but not limited to, the following: The area of the property containing impervious surfaces from which stormwater runoff is generated, land use types that result in higher or lower concentrations of stormwater pollution and the grand list valuation of the property. [The stormwater authority may reduce or defer such fees for land classified as, or consisting of, farm, forest or open space land.] In establishing fees for property in its district, the stormwater authority shall offer partial fee

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reduction, in the form of a credit for any property owner in its district who has installed and is operating and maintaining current stormwater best management practices that reduce, retain, or treat stormwater onsite and that are approved by the stormwater authority.

(2) In the case of land classified as, and consisting of, farm, forest or open space land, or property owned by the state government, or any of its political subdivisions or respective agencies, the stormwater authority may only levee such fees on areas of such land that contain impervious surfaces from which stormwater discharges to a municipal separate storm sewer system.

(3) Each stormwater authority shall present its budget annually to the legislative body of the municipality for approval. Such budget shall include the specific programs the authority proposes to undertake during the fiscal year for which the budget is presented, the projected expenditures for such programs for the fiscal year and the amount of the fee or fees the authority proposes to levy to pay for such expenditures. In no event shall the aggregate amount of the fees proposed for the fiscal year exceed the aggregate amount of such projected expenditures for the fiscal year and in no event shall more than fifteen per cent of the aggregate amount of the fees proposed for any fiscal year prior to July 1, 2026, be generated from properties located in the municipality that are owned by hospitals that are parties to the settlement agreement with the state approved pursuant to special act 19-1 of the December 2019 special session. The legislative body of the municipality shall ensure that the aggregate amount of the fees approved comply with such fifteen per cent limitation. For each such fiscal year prior to July 1, 2026, the authority shall, not later than thirty days after the conclusion of the fiscal year, (A) conduct a review to ensure that not more than fifteen per cent of the aggregate fees received for such fiscal year were generated from real property located in the municipality that is owned by one or more hospitals that are parties to the settlement agreement described in this

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subdivision, (B) in the event that the fees received from all such hospitals together exceed fifteen per cent of the aggregate fees received for such fiscal year, the stormwater authority shall rebate any amounts received in excess of fifteen per cent, proportionately, to such hospitals, and (C) provide the results of the stormwater authority's review, in writing to each hospital, regardless of whether a rebate is due. As an alternative to imposing the fee on properties located in the municipality that are owned by hospitals that are parties to such settlement agreement described in this subdivision, the legislative body may approve exemption of such properties from the fee until July 1, 2026. The legislative body of the municipality may approve fee amounts that are less than the amounts proposed by the authority but in no event shall the legislative body of the municipality approve fee amounts that are greater than the amounts proposed by the authority.

(d) Any person aggrieved by the action of a stormwater authority under this section shall have the same rights and remedies for appeal and relief as are provided in the general statutes for taxpayers claiming to be aggrieved by the doings of the assessors or board of assessment appeals.

~~[(d)]~~ (e) The authority may adopt municipal regulations to implement the stormwater management program.

~~[(e)]~~ (f) The authority may, subject to the commissioner's approval, enter into contracts with any municipal or regional entity to accomplish the purposes of this section.

(g) For purposes of this section and sections 22a-498a and 22a-498b, as amended by this act, "municipality" means any town, city, borough, consolidated town and city or consolidated town or borough. "Municipality" does not include any local school district, regional school district, metropolitan district, district, as defined in section 7-324, or any other municipal corporation or authority authorized to issue bonds,

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notes or other obligations under the provisions of the general statutes or any special act.

Sec. 2. Section 22a-498a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

A municipal stormwater authority created pursuant to section 22a-498, as amended by this act, and located in a distressed municipality, as defined in subsection (b) of section 32-9p, having a population of not more than twenty-eight thousand shall constitute a body politic and corporate and the ordinance establishing such authority may confer upon such authority the following powers: (1) To sue and be sued; (2) to acquire, hold and convey any estate, real or personal; (3) to contract; (4) to borrow money, including by the issuance of bonds, provided the issuance of such bonds is approved by the legislative body of the municipality in which such authority district is located; (5) to recommend to the legislative body of such municipality the imposition of [a levy] fees upon the [taxable] interests in real property within such authority district, subject to the fifteen per cent limitation on, or alternative election to exempt, properties owned by hospitals described in subdivision (3) of subsection (c) of section 22a-498, as amended by this act, the revenues from which [may] shall be used in carrying out any of the powers of such authority; (6) to deposit and expend funds; and (7) to enter property to make surveys, soundings, borings and examinations to accomplish the purposes of section 22a-498, as amended by this act. Such stormwater authority and legislative body shall comply with the procedures set forth in subsection (c) of section 22a-498, as amended by this act, concerning the fifteen per cent limitation on fees imposed upon, and retrospective review and rebate procedures for fees generated from, properties owned by hospitals described in subdivision (3) of subsection (c) of said section except if such legislative body approves exemption of such properties from the fee until July 1, 2026.

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Sec. 3. Section 22a-498b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Any charge due to a municipal stormwater authority and any fee levied pursuant to section 22a-498, as amended by this act, and not paid ~~[within]~~ in full on or before thirty days ~~[of]~~ after the due date shall thereupon be delinquent and shall bear interest from the due date at ~~[the rate charged by the municipality's tax collector for]~~ such rates and in such manner as provided for delinquent property taxes under section 12-146. Any such unpaid charge or fee, or portion thereof, shall constitute a lien upon the ~~[real estate]~~ property against which such charge or fee was levied from the date it became delinquent. Each such lien may be continued, recorded and released in the manner provided by the general statutes for continuing, recording and releasing property tax liens.

Sec. 4. Section 25-84 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) (1) Any municipality may, by vote of its legislative body, adopt the provisions of this section and sections 25-85 to 25-94, inclusive, as amended by this act, and exercise through a flood prevention, climate resilience and erosion control board the powers granted thereunder. In each town, except as otherwise provided by special act, the flood prevention, climate resilience and erosion control board shall consist of not less than five nor more than seven members, who shall be electors of such town and whose method of selection and terms of office shall be determined by local ordinance, except that in towns having a population of less than fifty thousand the selectmen may be empowered by such ordinance to act as such flood prevention, climate resilience and erosion control board. In each city or borough, except as otherwise provided by special act, the board of aldermen, council or other board or authority having power to adopt ordinances for the government of such city or borough may act as such flood prevention, climate resilience and

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erosion control board. The flood prevention, climate resilience and erosion control board of any town shall have jurisdiction over that part of the town outside any city or borough contained therein.

(2) Two or more municipalities may, by concurrent votes of their legislative bodies, enter into an agreement to jointly exercise through a joint flood prevention, climate resilience and erosion control board the powers granted under sections 25-85 to 25-94, inclusive, as amended by this act. The joint flood prevention, climate resilience and erosion control board shall have jurisdiction over each municipality subject to such agreement.

(b) Any town, city or borough shall have the power to provide by ordinance for the appointment or election of three alternate members to its flood prevention, climate resilience and erosion control board. Such alternate members shall, when seated as herein provided, have all the powers and duties set forth for such board and its members. Such alternate members shall be electors of such town, city or borough. If a regular member of any of said board is absent or is disqualified, the chairman of the board shall designate an alternate to so act, choosing alternates in rotation so that they shall act as nearly equal a number of times as possible. If any alternate is not available in accordance with such rotation, such fact shall be recorded in the minutes of the meeting.

(c) Each flood prevention, climate resilience and erosion control board shall publish a biannual report on the Internet web site of each municipality under the jurisdiction of such board. Such report shall include, but not be limited to, (1) a current inventory and description of the flood prevention, climate resilience and erosion control system managed by such board, (2) the extent and value of property, infrastructure and natural resources protected by such system, (3) an analysis of the manner in which vulnerable communities, as defined in subsection (a) of section 16-243y, are prioritized and protected by such system, and (4) the revenues and expenditures of such board.

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Sec. 5. Section 25-85 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) Such board shall have authority, within the limits of appropriations from time to time made by the municipality or municipalities, as applicable, to plan, lay out, acquire, construct, reconstruct, repair, maintain, supervise, operate and manage a flood [or] prevention, climate resilience and erosion control system. As used in sections 25-84 to 25-94, inclusive, as amended by this act, ["flood or erosion control system"] "flood prevention, climate resilience and erosion control system" means any dike, berm, dam, piping, groin, jetty, sea wall, embankment, revetment, tide-gate, water storage area, ditch, drain or other structure or facility, and any nonstructural and nature-based measure, including, but not limited to, removal, relocation or modification of existing structures, restoration and maintenance of open floodplain or other water storage area and any feasible, less environmentally damaging alternative, as defined in section 22a-92, that is useful in preventing or ameliorating damage from floods or erosion, whether caused by fresh or salt water, [or] any dam forming a lake or pond that benefits abutting properties or any open space reserved for future accommodation or establishment of wetlands or watercourses, and shall include any easements, rights-of-way and riparian rights which may be required in furtherance of any such system.

(b) In planning for and conducting its activities, such board (1) shall consider all applicable regional and municipal hazard mitigation plans, resilience plans and identifications of vulnerable communities, as defined in subsection (a) of section 16-243y, as well as all applicable municipal plans of conservation and development adopted pursuant to section 8-23, and (2) may consult with the Connecticut Institute for Resilience and Climate Adaptation.

Sec. 6. Section 25-86 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

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Such board is authorized to enter upon and to take and hold, by purchase, condemnation or otherwise, any real property or interest therein which it determines is necessary for use in connection with the flood [or] prevention, climate resilience and erosion control system. Whenever the board is unable to agree with the owner of any such property as to the compensation to be paid for the taking thereof, the board, in the name of the municipality, may bring condemnation proceedings in accordance with the procedure provided by part I of chapter 835 for condemnation by municipal corporations generally. In such case, the court or judge may permit immediate possession of such property by the board in accordance with the procedure provided by said chapter.

Sec. 7. Section 25-87 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

At any time after voting to acquire, construct, [or] reconstruct, operate or maintain any flood [or] prevention, climate resilience and erosion control system or portion thereof, the board in its discretion may elect to defray the cost thereof by issuing bonds or other evidences of debt, [or] from general taxation, special assessment, federal, state or private grant funds or any combination thereof or by drawing upon a municipal Climate Change and Coastal Resiliency Reserve Fund created pursuant to section 7-159d, as amended by this act. If it elects to defray any part of such cost from special assessment, it may apportion and assess such part upon the lands and buildings in the municipality which, in its judgment, are especially benefited thereby, whether they abut on such flood [or] prevention, climate resilience and erosion control system or not, and upon the owners of such lands and buildings, subject to the right of appeal as hereinafter provided. Such assessment may include a proportionate share of any expenses incidental to the completion of such flood [or] prevention, climate resilience and erosion control system, such as fees and expenses of attorneys, engineers,

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surveyors, superintendents or inspectors, the cost of any property purchased or acquired for such work, interest on securities, the cost of preparing maps, plans and specifications, the cost to reconstruct, repair, maintain, supervise, operate and manage such system and the cost of printing, publishing or serving advertisements or notices incidental thereto. The board may divide the total territory to be benefited by any flood [or] prevention, climate resilience and erosion control system into sections and may levy assessments against the property benefited in each section separately. In assessing benefits against the property in any section, the board may add to the cost of the part of the flood [or] prevention, climate resilience and erosion control system located in such section a proportionate share of the cost of any part of such system located outside the section which is useful for the operation or effectiveness of that part of such system within the section and of any of the other items of cost or expense above enumerated.

Sec. 8. Section 25-92 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The proceeds of such assessments, whether or not pledged for the payment of securities, shall be segregated from other funds of the municipality and shall be used only to pay for the construction, [or] reconstruction, repair, maintenance, supervision, operation or management of the flood [or] prevention, climate resilience and erosion control system or particular portion thereof in respect to which such assessments are made or, as the case may be, for the payment of the interest on or principal of any securities issued to pay for such system or particular portion thereof.

Sec. 9. Section 25-94 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Any flood prevention, climate resilience and erosion control board established under section 25-84, any such board or commission

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established by special act or any district having as one of its powers and purposes the right to construct or maintain a flood prevention, climate resilience and erosion control system under chapter 105, acting through its officers, is authorized to negotiate, cooperate and enter into agreements with (1) the United States, (2) the United States and the state of Connecticut, [or] (3) the state of Connecticut, or (4) one or more municipalities in the state of Connecticut, in order to satisfy the conditions imposed by the United States or the state of Connecticut in authorizing any system for the improvement of navigation of any harbor or river and for [protection of property against damage by floods or by erosion] constructing, reconstructing, operating or maintaining any flood prevention, climate resilience and erosion control system, provided such system shall have been approved by the Commissioner of Energy and Environmental Protection.

Sec. 10. Section 25-95 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The state, acting through the Commissioner of Energy and Environmental Protection, may enter into agreements with such local authority authorized to contract under section 25-94, as amended by this act, for the purpose of constructing projects or systems to prevent, correct and arrest [erosion and] flood damage and impacts of climate change within the boundaries of the state. The plans, specifications, system and construction shall be under the direct control and supervision of the commissioner. The contract shall describe (1) the nature and extent of the system, (2) the amount of the cost to the state, (3) the share to be paid by the district or board, and (4) the method of financing the payment by such local authority, all of which shall be subject to the approval of the commissioner.

Sec. 11. Section 25-97 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

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When any such improvement or protection project or system is located within two or more municipalities, such municipalities, acting by their individual or joint flood prevention, climate resilience and erosion control boards, as applicable, are authorized to undertake jointly any such action as is authorized by sections 25-94 and 25-95, as amended by this act, and the cost to each board shall be determined by [the Commissioner of Energy and Environmental Protection] mutual agreement of the municipalities involved.

Sec. 12. Section 25-98 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

In carrying out the purposes for which it was established, any local authority authorized to contract under section 25-94, as amended by this act, may (1) accept, receive and expend gifts, devises or bequests of money, lands or other properties to be applied and expended in the manner provided herein, and (2) apply for and receive grants from state, federal and private sources.

Sec. 13. Section 7-326 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

At such meeting, the voters may establish a district for any or all of the following purposes: To extinguish fires, to light streets, to plant and care for shade and ornamental trees, to construct and maintain roads, sidewalks, crosswalks, drains and sewers, to appoint and employ watchmen or police officers, to acquire, construct, maintain and regulate the use of recreational facilities, to plan, lay out, acquire, construct, reconstruct, repair, maintain, supervise and manage a flood [or] prevention, climate resilience and erosion control system, to plan, lay out, acquire, construct, maintain, operate and regulate the use of a community water system, to collect garbage, ashes and all other refuse matter in any portion of such district and provide for the disposal of such matter, to implement tick control measures, to install highway

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sound barriers, to maintain water quality in lakes that are located solely in one town in this state, to establish a zoning commission and a zoning board of appeals or a planning commission, or both, by adoption of chapter 124 or chapter 126, excluding section 8-29, or both chapters, as the case may be, which commissions or board shall be dissolved upon adoption by the town of subdivision or zoning regulations by the town planning or zoning commission, to adopt building regulations, which regulations shall be superseded upon adoption by the town of building regulations, and to provide ferry service. Any district may contract with a town, city, borough or other district for carrying out any of the purposes for which such district was established.

Sec. 14. Subsection (a) of section 7-328 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) The territorial limits of the district shall constitute a separate taxing district, and the assessor or assessors of the town shall separate the property within the district from the other property in the town and shall annually furnish the clerk of the district with a copy of the grand list of all property in the district after it has been completed by the board of assessment appeals of the town. If the legislative body of the town elects, pursuant to section 12-62c, to defer all or any part of the amount of the increase in the assessed value of real property in the year a revaluation becomes effective and in any succeeding year in which such deferment is allowed, the grand list furnished to the clerk of the district for each such year shall reflect assessments based upon such deferment. When the district meeting has fixed the tax rate, the clerk shall prepare a rate bill, apportioning to each owner of property his proportionate share of the taxes, which rate bill, when prepared, shall be delivered to the treasurer; and the district and the treasurer thereof shall have the same powers as towns and collectors of taxes to collect and enforce payment of such taxes, and such taxes when laid shall be a lien upon the

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property in the same manner as town taxes, and such liens may be continued by certificates recorded in the land record office of the town, and foreclosed in the same manner as liens for town taxes or enforced in accordance with any provision of the general statutes for the collection of property taxes. The assessor or board of assessment appeals shall promptly forward to the clerk of the district any certificate of correction or notice of any other lawful change to the grand list of the district. The district clerk shall, within ten days of receipt of any such certificate or notice, forward a copy thereof to the treasurer, and the assessment of the property for which such certificate or notice was issued and the rate bill related thereto shall be corrected accordingly. If the district constructs any drain, sewer, sidewalk, curb or gutter, such proportion of the cost thereof as such district determines may be assessed by the board of directors, in the manner prescribed by such district, upon the property specially benefited by such drain, sewer, sidewalk, curb or gutter, and the balance of such costs shall be paid from the general funds of the district. In the construction of any flood [or] prevention, climate resilience and erosion control system, the cost to such district may be assessed and shall be payable in accordance with sections 25-87 to 25-93, inclusive, as amended by this act. The cost for the maintenance of water quality in a lake shall be assessed on the land in a district and payment shall be apportioned equally among the owners of parcels of property. Subject to the provisions of the general statutes, the district may issue bonds and the board of directors may pledge the credit of the district for any money borrowed for the construction of any public works or the acquisition of recreational facilities authorized by sections 7-324 to 7-329, inclusive, and such board shall keep a record of all notes, bonds and certificates of indebtedness issued, disposed of or pledged by the district. All moneys received by the directors on behalf of the district shall be paid to the treasurer. No contract or obligation which involves an expenditure in the amount of (1) ten thousand dollars or more in districts where the grand list is less than or equal to twenty million dollars, or (2) twenty thousand dollars

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or more in districts where the grand list is greater than twenty million dollars, in any one year shall be made by the board of directors, unless the same is specially authorized by a vote of the district, nor shall the directors borrow money without like authority. The clerk of the district shall give written notice to the treasurer of the town in which the district is located of any final decision of the board of directors to borrow money, not later than thirty days after the date of such decision. The district may adopt ordinances, with penalties to secure their enforcement, for the purpose of regulating the carrying out of the provisions of sections 7-324 to 7-329, inclusive, and defining the duties and compensation of its officers and the manner in which their duties shall be carried out.

Sec. 15. Section 22a-113p of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The commission may review and make recommendations, consistent with the plan, on any proposal affecting the real property on, in or contiguous to the harbor that is received by any zoning commission, planning commission or combined planning and zoning commission, zoning board of appeals, historic district commissions, flood prevention, climate resilience and erosion control board, harbor improvement agency, port authority, redevelopment agency, shellfish commission, sewer commission, water pollution control authority or special district with zoning or other land use authority. Such agencies shall send a copy of any such proposal to the commission upon the request of such commission. The commission shall be notified of any such proposal at least thirty-five days prior to the commencement of the hearing thereon or where no hearing is held, at least thirty-five days prior to the taking of any final action on the proposal. The local agency authorized to act on the proposal shall consider the recommendations of the commission. A two-thirds vote of all the members of the local agency having authority to act on the proposal shall be required to

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approve a proposal which has not received a favorable recommendation from the commission, provided that the provisions of this section shall not be deemed to alter the authority of the agency having primary jurisdiction over the proposal to deny, modify or condition the proposal. Failure of the commission to submit a recommendation shall be deemed to be approval of the proposal.

Sec. 16. Subdivision (2) of subsection (e) of section 22a-361 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(2) The commissioner may require that any person, firm or corporation, public, municipal or private, who removes sand, gravel or other material lying waterward of the mean high water mark of the tidal, coastal or navigable waters shall make available such sand, gravel or other material of appropriate grain size and composition to any coastal municipality or to any district established pursuant to chapter 105 or by special act to plan, lay out, acquire, construct, reconstruct, repair, maintain, supervise and manage a flood [or] prevention, climate resilience and erosion control system. Such sand, gravel or other material shall be offered for the purposes of an appropriately authorized beach nourishment or habitat restoration project and shall be available (A) to municipalities for the cost of transporting such sand, gravel or other material, and (B) to districts for a reasonable fee.

Sec. 17. Section 25-76 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The Commissioner of Energy and Environmental Protection is authorized to negotiate, cooperate and enter into agreements with the federal government and with any municipality through its flood prevention, climate resilience and erosion control board for the purpose of constructing small flood control systems or tidal and hurricane protection and navigation projects including dams, dikes, flood walls,

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reservoirs, river channel improvements and such other works as are necessary to reduce or prevent damages due to floods, including projects constructed under the provisions of Title 33, Chapter 15, Section 701s, of the United States Code, as amended. The commissioner is authorized to use nonstructural measures of flood control, including but not limited to, acquisition of real property which the commissioner determines is reasonably necessary for use in connection with such systems or projects, by purchase, lease or gift or by condemnation in the manner provided by part I of chapter 835. The commissioner is authorized to give assurances to the federal government that the state will hold and save the United States free from damages due to the construction works and that the state will pay cash contributions as may be required as a local contribution for any flood control system or project undertaken by the federal government or by the state, subject to reimbursement as provided in sections 25-71 and 25-72, except that, for tidal and hurricane protection and navigation projects, such reimbursement shall be not less than fifty per cent.

Sec. 18. Subsection (c) of section 7-159d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(c) The budget-making authority of such municipality may, from time to time, direct the treasurer to invest a portion of such Climate Change and Coastal Resiliency Reserve Fund as in the opinion of such authority is advisable, provided: (1) Not more than forty per cent, or with respect to such a reserve fund for which the budget-making authority has adopted an asset allocation and investment policy, fifty per cent, of the total amount of such reserve fund shall be invested in equity securities, and (2) any portion of such reserve fund not invested pursuant to subdivision (1) of this subsection may be invested in: (A) Bonds or obligations of, or guaranteed by, the state or the United States, or agencies or instrumentalities of the United States, (B) certificates of

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deposit, commercial paper, savings accounts and bank acceptances, (C) the obligations of any state of the United States or any political subdivision thereof or the obligations of any instrumentality, authority or agency of any state or political subdivision thereof, if, at the time of investment, such obligations are rated in the top rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations, (D) the obligations of any regional school district in this state, of any municipality in this state or any metropolitan district in this state, if, at the time of investment, such obligations of such government entity are rated in one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations, (E) in any fund in which a trustee may invest pursuant to section 36a-353, (F) investment agreements with financial institutions whose long-term obligations are rated in the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner or whose short-term obligations are rated in the top rating category of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, or (G) investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States.

Sec. 19. Subsections (a) to (d), inclusive, of section 16-245n of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) For purposes of this section: [, "clean energy"]

(1) "Carbon offsets" means any activity that compensates for the emission of carbon dioxide or other greenhouse gases by providing for an emission reduction elsewhere;

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(2) "Clean energy" means solar photovoltaic energy, solar thermal, geothermal energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydropower that meets the low-impact standards of the Low-Impact Hydropower Institute, hydrogen production and hydrogen conversion technologies, low emission advanced biomass conversion technologies, alternative fuels, used for electricity generation including ethanol, biodiesel or other fuel produced in Connecticut and derived from agricultural produce, food waste or waste vegetable oil, provided the Commissioner of Energy and Environmental Protection determines that such fuels provide net reductions in greenhouse gas emissions and fossil fuel consumption, usable electricity from combined heat and power systems with waste heat recovery systems, thermal storage systems, other energy resources and emerging technologies which have significant potential for commercialization and which do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste or nuclear fission, financing of energy efficiency projects, projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure, any related storage, distribution, manufacturing technologies or facilities and any Class I renewable energy source, as defined in section 16-1; [.]

(3) "Ecosystem services" means benefits obtained from ecosystems, including, but not limited to, (A) provisioning services such as food and water, (B) regulating services such as regulation of floods, drought, land degradation and disease, and (C) supporting services such as soil formation and nutrient cycling; and

(4) "Environmental infrastructure" means structures, facilities, systems, services and improvement projects related to (A) water, (B) waste and recycling, (C) climate adaptation and resiliency, (D) agriculture, (E) land conservation, (F) parks and recreation, and (G) environmental markets, including, but not limited to, carbon offsets and

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ecosystem services.

(b) On and after July 1, 2004, the Public Utilities Regulatory Authority shall assess or cause to be assessed a charge of not less than one mill per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited into the Clean Energy Fund established under subsection (c) of this section.

(c) (1) There is hereby created a Clean Energy Fund which shall be within the Connecticut Green Bank. The fund may receive any amount required by law to be deposited into the fund and may receive any federal funds as may become available to the state for clean energy investments. Upon authorization of the Connecticut Green Bank established pursuant to subsection (d) of this section, any amount in said fund may be used for expenditures that promote investment in clean energy in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand for clean energy and deployment of clean energy sources that serve end use customers in this state and for the further purpose of supporting operational demonstration projects for advanced technologies that reduce energy use from traditional sources. Such expenditures may include, but not be limited to, providing low-cost financing and credit enhancement mechanisms for clean energy projects and technologies, reimbursement of the operating expenses, including administrative expenses incurred by the Connecticut Green Bank [and Connecticut Innovations, Incorporated,] and capital costs incurred by the Connecticut Green Bank in connection with the operation of the fund, the implementation of the plan developed pursuant to subsection (d) of this section or the other permitted activities of the Connecticut Green Bank, disbursements from the fund to develop and carry out the plan developed pursuant to subsection (d) of this section, grants, direct or equity investments, contracts or other actions which support research, development,

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manufacture, commercialization, deployment and installation of clean energy technologies, and actions which expand the expertise of individuals, businesses and lending institutions with regard to clean energy technologies.

(2) (A) There is hereby created an Environmental Infrastructure Fund which shall be within the Connecticut Green Bank. The fund may receive any amount required by law to be deposited into the fund and may receive any federal funds as may become available to the state for environmental infrastructure investments, except that the fund shall not receive: (i) Ratepayer or Regional Greenhouse Gas Initiative funds, (ii) funds that have been deposited in, or are required to be deposited in, an account of the Clean Water Fund pursuant to sections 22a-475 to 22a-438f, inclusive, or (iii) funds collected from a water company, as defined in section 25-32a.

(B) Upon authorization of the Connecticut Green Bank established pursuant to subsection (d) of this section, any amount in said fund may be used for expenditures that promote investment in environmental infrastructure in accordance with a comprehensive plan developed by it to foster the growth, development, commercialization and, where applicable, preservation of environmental infrastructure and related enterprises, except any project or purpose eligible for funding pursuant to sections 22a-475 to 22a-483f, inclusive. Such expenditures may include, but not be limited to, providing low-cost financing and credit enhancement mechanisms for projects and technologies, reimbursement of the operating expenses, including administrative expenses incurred by the Connecticut Green Bank, and capital costs incurred by the Connecticut Green Bank in connection with the operation of the fund, the implementation of the plan developed pursuant to subsection (d) of this section or the other permitted activities of the Connecticut Green Bank, disbursements from the fund to develop and carry out the plan developed pursuant to subsection (d) of this

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section, grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of environmental infrastructure and actions which expand the expertise of individuals, businesses and lending institutions with regard to environmental infrastructure.

(d) (1) (A) The Connecticut Green Bank is hereby established and created as a body politic and corporate, constituting a public instrumentality and political subdivision of the state of Connecticut established and created for the performance of an essential public and governmental function. The Connecticut Green Bank shall not be construed to be a department, institution or agency of the state.

(B) The Connecticut Green Bank shall (i) develop separate programs to finance and otherwise support clean energy and environmental infrastructure investment in residential, municipal, small business and larger commercial projects and such others as the Connecticut Green Bank may determine; (ii) support financing or other expenditures that promote investment in clean energy sources and environmental infrastructure in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources, environmental infrastructure and related enterprises; and (iii) stimulate demand for clean energy and the deployment of clean energy sources within the state that serve end use customers in the state.

(C) The Clean Energy Finance and Investment Authority shall constitute a successor agency to Connecticut Innovations, Incorporated, for the purposes of administering the Clean Energy Fund in accordance with section 4-38d. The Connecticut Green Bank shall constitute a successor agency to the Clean Energy Finance and Investment Authority for purposes of administering the Clean Energy Fund in accordance with section 4-38d. The Connecticut Green Bank shall have all the privileges, immunities, tax exemptions and other exemptions of

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Connecticut Innovations, Incorporated, with respect to said fund. The Connecticut Green Bank shall administer the Environmental Infrastructure Fund. The Connecticut Green Bank shall be subject to suit and liability solely from the assets, revenues and resources of said bank and without recourse to the general funds, revenues, resources or other assets of Connecticut Innovations, Incorporated. The Connecticut Green Bank may provide financial assistance in the form of grants, loans, loan guarantees or debt and equity investments, as approved in accordance with written procedures adopted pursuant to section 1-121. The Connecticut Green Bank may assume or take title to any real property, convey or dispose of its assets and pledge its revenues to secure any borrowing, convey or dispose of its assets and pledge its revenues to secure any borrowing, for the purpose of developing, acquiring, constructing, refinancing, rehabilitating or improving its assets or supporting its programs, provided each such borrowing or mortgage, unless otherwise provided by the board or said bank, shall be a special obligation of said bank, which obligation may be in the form of bonds, bond anticipation notes or other obligations which evidence an indebtedness to the extent permitted under this chapter to fund, refinance and refund the same and provide for the rights of holders thereof, and to secure the same by pledge of revenues, notes and mortgages of others, and which shall be payable solely from the assets, revenues and other resources of said bank and such bonds may be secured by a special capital reserve fund contributed to by the state, provided that any bond secured by such special capital reserve fund shall have a maturity not exceeding twenty-five years. The Connecticut Green Bank shall have the purposes as provided by resolution of said bank's board of directors, which purposes shall be consistent with this section. No further action is required for the establishment of the Connecticut Green Bank, except the adoption of a resolution for said bank.

(D) In addition to, and not in limitation of, any other power of the

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Connecticut Green Bank set forth in this section or any other provision of the general statutes, said bank shall have and may exercise the following powers in furtherance of or in carrying out its purposes:

(i) To have perpetual succession as a body corporate and to adopt bylaws, policies and procedures for the regulation of its affairs and the conduct of its business;

(ii) To make and enter into all contracts and agreements that are necessary or incidental to the conduct of its business;

(iii) To invest in, acquire, lease, purchase, own, manage, hold, sell and dispose of real or personal property or any interest therein;

(iv) To borrow money or guarantee a return to investors or lenders;

(v) To hold patents, copyrights, trademarks, marketing rights, licenses or other rights in intellectual property;

(vi) To employ such assistants, agents and employees as may be necessary or desirable, who shall be exempt from the classified service and shall not be employees, as defined in subsection (b) of section 5-270; establish all necessary or appropriate personnel practices and policies, including those relating to hiring, promotion, compensation and retirement, and said bank shall not be an employer, as defined in subsection (a) of section 5-270; and engage consultants, attorneys, financial advisers, appraisers and other professional advisers as may be necessary or desirable;

(vii) To invest any funds not needed for immediate use or disbursement pursuant to investment policies adopted by said bank's board of directors;

(viii) To procure insurance against any loss or liability with respect to its property or business of such types, in such amounts and from such

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insurers as it deems desirable;

(ix) To enter into joint ventures and invest in, and participate with any person, including, without limitation, government entities and private corporations, in the formation, ownership, management and operation of business entities, including stock and nonstock corporations, limited liability companies and general or limited partnerships, formed to advance the purposes of said bank, provided members of the board of directors or officers or employees of said bank may serve as directors, members or officers of any such business entity, and such service shall be deemed to be in the discharge of the duties or within the scope of the employment of any such director, officer or employee, as the case may be, so long as such director, officer or employee does not receive any compensation or financial benefit as a result of serving in such role;

(x) To enter into a memorandum of understanding or other arrangements with Connecticut Innovations, Incorporated, with respect to the provision or sharing of space, office systems or staff administrative support, on such terms as may be agreed to between said bank and Connecticut Innovations, Incorporated; and

(xi) To do all other acts and things necessary or convenient to carry out the purposes of said bank.

(E) (i) The Connecticut Green Bank may form one or more subsidiaries to carry out the purposes of said bank, as described in subparagraph (B) of subdivision (1) of this subsection, and may transfer to any such subsidiary any moneys and real or personal property of any kind or nature. Any subsidiary may be organized as a stock or nonstock corporation or a limited liability company. Each such subsidiary shall have and may exercise such powers of said bank, as set forth in the resolution of the board of directors of said bank prescribing the purposes for which such subsidiary is formed, and such other powers

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provided to it by law.

(ii) No such subsidiary of said bank shall be deemed a quasi-public agency for purposes of chapter 12. [and no such subsidiary shall] No such subsidiary of said bank shall have all the privileges, immunities, tax exemptions and other exemptions of said bank, unless such subsidiary is a single member limited liability company that is disregarded as an entity separate from its owner. In no event shall any such subsidiary have the power to hire or otherwise retain employees. The governing documents of any such subsidiary shall provide for the dissolution of such subsidiary upon the completion of the purpose for which such subsidiary was formed. Each such subsidiary may sue and shall be subject to suit, provided its liability shall be limited solely to the assets, revenues and resources of the subsidiary and without recourse to the general funds, revenues, resources or any other assets of said bank. Each such subsidiary is authorized to assume or take title to property subject to any existing lien, encumbrance or mortgage and to mortgage, convey or dispose of its assets and pledge its revenues to secure any borrowing, provided each such borrowing or mortgage shall be a special obligation of the subsidiary, which obligation may be in the form of bonds, bond anticipation notes and other obligations, to fund and refund the same and provide for the rights of the holders thereof, and to secure the same by a pledge of revenues, notes and other assets and which shall be payable solely from the revenues, assets and other resources of the subsidiary. The Connecticut Green Bank may assign to a subsidiary any rights, moneys or other assets it has under any governmental program. No subsidiary of said bank shall borrow without the approval of the board of directors of said bank.

(iii) Each such subsidiary shall act through its board of directors or managing members, at least one-half of which shall be members of the board of directors of said bank or their designees or officers or employees of said bank.

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(iv) The provisions of section 1-125 and this subsection shall apply to any officer, director, designee or employee appointed as a member, director or officer of any such subsidiary. Any such person so appointed shall not be personally liable for the debts, obligations or liabilities of any such subsidiary as provided in section 1-125. The subsidiary shall, and said bank may, save harmless and indemnify such officer, director, designee or employee as provided by section 1-125.

(v) The Connecticut Green Bank, or such subsidiary, may take such actions as are necessary to comply with the provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, to qualify and maintain any such subsidiary as a corporation exempt from taxation under said code.

(vi) The Connecticut Green Bank may make loans to each such subsidiary from its assets and the proceeds of its bonds, notes and other obligations, provided the source and security for the repayment of such loans is derived from the assets, revenues and resources of the subsidiary.

(2) (A) The Connecticut Green Bank may seek to qualify as a Community Development Financial Institution under Section 4702 of the United States Code. If approved as a Community Development Financial Institution, said bank would be treated as a qualified community development entity for purposes of Section 45D and Section 1400N(m) of the Internal Revenue Code.

(B) Before making any loan, loan guarantee, or such other form of financing support or risk management for a clean energy or environmental infrastructure project, the Connecticut Green Bank shall develop standards to govern the administration of said bank through rules, policies and procedures that specify borrower eligibility, terms and conditions of support, and other relevant criteria, standards or

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procedures.

(C) Funding sources specifically authorized include, but are not limited to:

(i) Funds repurposed from existing programs providing financing support for clean energy projects, provided any transfer of funds from such existing programs shall be subject to approval by the General Assembly and shall be used for expenses of financing, grants and loans;

(ii) Any federal funds that can be used for the purposes specified in subsection (c) of this section, provided such funds are not required to be deposited in the accounts of the Clean Water Fund pursuant to sections 22a-475 to 22a-483f, inclusive;

(iii) Charitable gifts, grants, contributions as well as loans from individuals, corporations, university endowments and philanthropic foundations;

(iv) Earnings and interest derived from financing support activities for clean energy and environmental infrastructure projects backed by the Connecticut Green Bank;

(v) If and to the extent that the Connecticut Green Bank qualifies as a Community Development Financial Institution under Section 4702 of the United States Code, funding from the Community Development Financial Institution Fund administered by the United States Department of Treasury, as well as loans from and investments by depository institutions seeking to comply with their obligations under the United States Community Reinvestment Act of 1977; and

(vi) The Connecticut Green Bank may enter into contracts with private sources to raise capital. The average rate of return on such debt or equity shall be set by the board of directors of said bank.

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(D) The Connecticut Green Bank may provide financing support under this subsection if said bank determines that the amount to be financed by said bank and other nonequity financing sources do not exceed [eighty] one hundred per cent of the cost to develop and deploy a clean energy project or [up to one hundred per cent of the cost of financing an energy efficiency] an environmental infrastructure project.

(E) The Connecticut Green Bank may assess reasonable fees on its financing activities to cover its reasonable costs and expenses, as determined by the board.

(F) The Connecticut Green Bank shall make information regarding the rates, terms and conditions for all of its financing support transactions available to the public for inspection, including formal annual reviews by both a private auditor conducted pursuant to subdivision (2) of subsection (f) of this section and the Comptroller, and providing details to the public on the Internet, provided public disclosure shall be restricted for patentable ideas, trade secrets, proprietary or confidential commercial or financial information, disclosure of which may cause commercial harm to a nongovernmental recipient of such financing support and for other information exempt from public records disclosure pursuant to section 1-210.

(G) The Connecticut Green Bank shall not apply, directly or through a subsidiary, to be eligible for grants under (i) the Clean Water Act, 33 USC 1251 et seq., as amended from time to time, without the approval of the State Treasurer and the Commissioner of Energy and Environmental Protection, or (ii) the Safe Drinking Water Act, 42 USC 300f et seq., as amended from time to time, without the approval of the State Treasurer and the Commissioner of Public Health.

(3) No director, officer, employee or agent of the Connecticut Green Bank, while acting within the scope of his or her authority, shall be subject to any personal liability resulting from exercising or carrying out

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any of the Connecticut Green Bank's purposes or powers.

Sec. 20. Subsection (f) of section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(f) (1) The board shall issue annually a report to the Department of Energy and Environmental Protection reviewing the activities of the Connecticut Green Bank in detail and shall provide a copy of such report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy, the environment, banking and commerce. The report shall include a description of the programs and activities undertaken during the reporting period jointly or in collaboration with the Conservation and Load Management Plan established pursuant to section 16-245m.

(2) The Clean Energy Fund and the Environmental Infrastructure Fund shall be audited annually. Such audits shall be conducted with generally accepted auditing standards by independent certified public accountants certified by the State Board of Accountancy. Such accountants may be the accountants for the Connecticut Green Bank.

(3) Any entity that receives financing for a clean energy or environmental infrastructure project from the [fund] Clean Energy Fund or the Environmental Infrastructure Fund shall provide the board an annual statement, certified as correct by the chief financial officer of the recipient of such financing, setting forth all sources and uses of funds in such detail as may be required by the bank for such project. The Connecticut Green Bank shall maintain any such audits for not less than five years. Residential projects for buildings with one to four dwelling units are exempt from this and any other annual auditing requirements, except that residential projects may be required to grant their utility companies' permission to release their usage data to the Connecticut

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Green Bank.

Sec. 21. Subdivision (1) of subsection (e) of section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(e) (1) The powers of the Connecticut Green Bank shall be vested in and exercised by a board of directors, which shall consist of ~~[eleven]~~ twelve voting members and ~~[two]~~ one nonvoting ~~[members]~~ member each with knowledge and expertise in matters related to the purpose and activities of said bank appointed as follows: The Treasurer or the Treasurer's designee, the Commissioner of Energy and Environmental Protection or the commissioner's designee, ~~[and]~~ the Commissioner of Economic and Community Development or the commissioner's designee, and the Secretary of the Office of Policy and Management or the secretary's designee, each serving ex officio, one member who shall represent a residential or low-income group appointed by the speaker of the House of Representatives for a term of four years, one member who shall have experience in investment fund management appointed by the minority leader of the House of Representatives for a term of three years, one member who shall represent an environmental organization appointed by the president pro tempore of the Senate for a term of four years, and one member who shall have experience in the finance or deployment of renewable energy appointed by the minority leader of the Senate for a term of four years. Thereafter, such members of the General Assembly shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The Governor shall appoint four members to the board as follows: Two for two years who shall have experience in the finance of renewable energy; one for four years who shall be a representative of a labor organization; and one for four years who shall have experience in research and development or

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manufacturing of clean energy. Thereafter, the Governor shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The president of the Connecticut Green Bank shall be elected by the members of the board. The president of the Connecticut Green Bank shall serve on the board in an ex-officio, nonvoting capacity. The Governor shall appoint the chairperson of the board. The board shall elect from its members a vice chairperson and such other officers as it deems necessary and shall adopt such bylaws and procedures it deems necessary to carry out its functions. The board may establish committees and subcommittees as necessary to conduct its business.

Sec. 22. Subsection (g) of section 16-245mm of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(g) Notwithstanding any other provision contained in this section, the aggregate amount of bonds secured by such special capital reserve fund authorized to be created and established by this section shall not exceed [one hundred] two hundred fifty million dollars.

Sec. 23. Subsection (c) of section 16-245kk of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(c) The bonds may be issued as serial bonds or as term bonds, or the Connecticut Green Bank, in its discretion, may issue bonds of both types. The bonds shall be authorized by resolution of the members of the board of directors of said bank and shall bear such date or dates, mature at such time or times, not exceeding [twenty] twenty-five years for bonds issued for clean energy and fifty years for bonds issued for environmental infrastructure from their respective dates and in each case not to exceed the expected useful life of the underlying project or

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projects, bear interest at such rate or rates, be payable at such time or times, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States at such place or places, and be subject to such terms of redemption, as such resolution or resolutions may provide. The bonds or notes may be sold at public or private sale for such price or prices as said bank shall determine. The power to fix the date of sale of bonds, to receive bids or proposals, to award and sell bonds, and to take all other necessary action to sell and deliver bonds may be delegated to the chairperson or vice-chairperson of the board, a subcommittee of the board or other officers of said bank by resolution of the board. The exercise of such delegated powers may be made subject to the approval of a majority of the members of the board which approval may be given in the manner provided in the bylaws of said bank. Pending preparation of the definitive bonds, said bank may issue interim receipts or certificates which shall be exchanged for such definitive bonds.

Approved July 6, 2021