



# House of Representatives

**File No. 750**

General Assembly

January Session, 2021

**(Reprint of File No. 470)**

Substitute House Bill No. 6441  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 27, 2021

## **AN ACT CONCERNING CLIMATE CHANGE ADAPTATION.**

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

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 Section 22a-498 of the general statutes is repealed and the  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

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

14 (b) The purposes of the stormwater authority shall be to: (1) Develop  
15 a stormwater management program, including, but not limited to, (A) a  
16 program for construction and post-construction site stormwater runoff  
17 control, including control detention and prevention of stormwater  
18 runoff from development sites; or (B) a program for control and  
19 abatement of stormwater pollution from existing land uses, and the  
20 detection and elimination of connections to the stormwater system that  
21 threaten the public health, welfare or the environment; (2) provide  
22 public education and outreach in the municipality relating to  
23 stormwater management activities and to establish procedures for  
24 public participation; (3) provide for the administration of the  
25 stormwater management program; (4) establish geographic boundaries  
26 of the stormwater authority district; and (5) recommend to the  
27 legislative body of the municipality in which such district is located the  
28 imposition of a [levy] fee upon the [taxable] interests in real property  
29 within such district, subject to the fifteen per cent limitation on, or  
30 alternative election to exempt, properties owned by hospitals described  
31 in subdivision (3) of subsection (c) of this section, the revenues from  
32 which [may] shall be used in carrying out any of the powers of such  
33 district. In accomplishing the purposes of this section, the stormwater  
34 authority may plan, layout, acquire, construct, reconstruct, repair,  
35 maintain, supervise and manage stormwater control systems.

36 (c) (1) Any stormwater authority created by a municipality pursuant  
37 to subsection (a) of this section may levy fees, [from] approved by the  
38 legislative body of the municipality in accordance with the provisions  
39 of subdivision (3) of this subsection, on property owners of the  
40 municipality, except as specified in subdivision (2) of this subsection,  
41 for the purposes described in subsection (b) of this section. In  
42 establishing fees for [any property] properties in its district, the  
43 stormwater authority [may] shall consider criteria, including, but not  
44 limited to, the following: The area of the property containing  
45 impervious surfaces from which stormwater runoff is generated, land  
46 use types that result in higher or lower concentrations of stormwater  
47 pollution and the grand list valuation of the property. [The stormwater

48 authority may reduce or defer such fees for land classified as, or  
49 consisting of, farm, forest or open space land.] In establishing fees for  
50 property in its district, the stormwater authority shall offer partial fee  
51 reduction, in the form of a credit for any property owner in its district  
52 who has installed and is operating and maintaining current stormwater  
53 best management practices that reduce, retain, or treat stormwater  
54 onsite and that are approved by the stormwater authority.

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

61 (3) Each stormwater authority shall present its budget annually to the  
62 legislative body of the municipality for approval. Such budget shall  
63 include the specific programs the authority proposes to undertake  
64 during the fiscal year for which the budget is presented, the projected  
65 expenditures for such programs for the fiscal year and the amount of the  
66 fee or fees the authority proposes to levy to pay for such expenditures.  
67 In no event shall the aggregate amount of the fees proposed for the fiscal  
68 year exceed the aggregate amount of such projected expenditures for  
69 the fiscal year and in no event shall more than fifteen per cent of the  
70 aggregate amount of the fees proposed for any fiscal year prior to July  
71 1, 2026, be generated from properties located in the municipality that  
72 are owned by hospitals that are parties to the settlement agreement with  
73 the state approved pursuant to special act 19-1 of the December 2019  
74 special session. The legislative body of the municipality shall ensure that  
75 the aggregate amount of the fees approved comply with such fifteen per  
76 cent limitation. For each such fiscal year prior to July 1, 2026, the  
77 authority shall, not later than thirty days after the conclusion of the fiscal  
78 year, (A) conduct a review to ensure that not more than fifteen per cent  
79 of the aggregate fees received for such fiscal year were generated from  
80 real property located in the municipality that is owned by one or more  
81 hospitals that are parties to the settlement agreement described in this

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

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

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

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

106 (g) For purposes of this section and sections 22a-498a and 22a-498b,  
107 as amended by this act, "municipality" means any town, city, borough,  
108 consolidated town and city or consolidated town or borough.  
109 "Municipality" does not include any local school district, regional school  
110 district, metropolitan district, district, as defined in section 7-324, or any  
111 other municipal corporation or authority authorized to issue bonds,  
112 notes or other obligations under the provisions of the general statutes or  
113 any special act.

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

116 A municipal stormwater authority created pursuant to section 22a-  
117 498, as amended by this act, and located in a distressed municipality, as  
118 defined in subsection (b) of section 32-9p, having a population of not  
119 more than twenty-eight thousand shall constitute a body politic and  
120 corporate and the ordinance establishing such authority may confer  
121 upon such authority the following powers: (1) To sue and be sued; (2)  
122 to acquire, hold and convey any estate, real or personal; (3) to contract;  
123 (4) to borrow money, including by the issuance of bonds, provided the  
124 issuance of such bonds is approved by the legislative body of the  
125 municipality in which such authority district is located; (5) to  
126 recommend to the legislative body of such municipality the imposition  
127 of [a levy] fees upon the [taxable] interests in real property within such  
128 authority district, subject to the fifteen per cent limitation on, or  
129 alternative election to exempt, properties owned by hospitals described  
130 in subdivision (3) of subsection (c) of section 22a-498, as amended by  
131 this act, the revenues from which [may] shall be used in carrying out  
132 any of the powers of such authority; (6) to deposit and expend funds;  
133 and (7) to enter property to make surveys, soundings, borings and  
134 examinations to accomplish the purposes of section 22a-498, as  
135 amended by this act. Such stormwater authority and legislative body  
136 shall comply with the procedures set forth in subsection (c) of section  
137 22a-498, as amended by this act, concerning the fifteen per cent  
138 limitation on fees imposed upon, and retrospective review and rebate  
139 procedures for fees generated from, properties owned by hospitals  
140 described in subdivision (3) of subsection (c) of said section except if  
141 such legislative body approves exemption of such properties from the  
142 fee until July 1, 2026.

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

145 Any charge due to a municipal stormwater authority and any fee  
146 levied pursuant to section 22a-498, as amended by this act, and not paid

147 [within] in full on or before thirty days [of] after the due date shall  
148 thereupon be delinquent and shall bear interest from the due date at [the  
149 rate charged by the municipality's tax collector for] such rates and in  
150 such manner as provided for delinquent property taxes under section  
151 12-146. Any such unpaid charge or fee, or portion thereof, shall  
152 constitute a lien upon the [real estate] property against which such  
153 charge or fee was levied from the date it became delinquent. Each such  
154 lien may be continued, recorded and released in the manner provided  
155 by the general statutes for continuing, recording and releasing property  
156 tax liens.

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

159 (a) (1) Any municipality may, by vote of its legislative body, adopt  
160 the provisions of this section and sections 25-85 to 25-94, inclusive, as  
161 amended by this act, and exercise through a flood prevention, climate  
162 resilience and erosion control board the powers granted thereunder. In  
163 each town, except as otherwise provided by special act, the flood  
164 prevention, climate resilience and erosion control board shall consist of  
165 not less than five nor more than seven members, who shall be electors  
166 of such town and whose method of selection and terms of office shall be  
167 determined by local ordinance, except that in towns having a population  
168 of less than fifty thousand the selectmen may be empowered by such  
169 ordinance to act as such flood prevention, climate resilience and erosion  
170 control board. In each city or borough, except as otherwise provided by  
171 special act, the board of aldermen, council or other board or authority  
172 having power to adopt ordinances for the government of such city or  
173 borough may act as such flood prevention, climate resilience and  
174 erosion control board. The flood prevention, climate resilience and  
175 erosion control board of any town shall have jurisdiction over that part  
176 of the town outside any city or borough contained therein.

177 (2) Two or more municipalities may, by concurrent votes of their  
178 legislative bodies, enter into an agreement to jointly exercise through a  
179 joint flood prevention, climate resilience and erosion control board the

180 powers granted under sections 25-85 to 25-94, inclusive, as amended by  
181 this act. The joint flood prevention, climate resilience and erosion  
182 control board shall have jurisdiction over each municipality subject to  
183 such agreement.

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

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

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

207 (a) Such board shall have authority, within the limits of  
208 appropriations from time to time made by the municipality or  
209 municipalities, as applicable, to plan, lay out, acquire, construct,  
210 reconstruct, repair, maintain, supervise, operate and manage a flood [or]  
211 prevention, climate resilience and erosion control system. As used in

212 sections 25-84 to 25-94, inclusive, as amended by this act, ["flood or  
213 erosion control system"] "flood prevention, climate resilience and  
214 erosion control system" means any dike, berm, dam, piping, groin, jetty,  
215 sea wall, embankment, revetment, tide-gate, water storage area, ditch,  
216 drain or other structure or facility, and any nonstructural and nature-  
217 based measure, including, but not limited to, removal, relocation or  
218 modification of existing structures, restoration and maintenance of open  
219 floodplain or other water storage area and any feasible, less  
220 environmentally damaging alternative, as defined in section 22a-92, that  
221 is useful in preventing or ameliorating damage from floods or erosion,  
222 whether caused by fresh or salt water, [or] any dam forming a lake or  
223 pond that benefits abutting properties or any open space reserved for  
224 future accommodation or establishment of wetlands or watercourses,  
225 and shall include any easements, rights-of-way and riparian rights  
226 which may be required in furtherance of any such system.

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

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

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



245 such case, the court or judge may permit immediate possession of such  
246 property by the board in accordance with the procedure provided by  
247 said chapter.

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

250 At any time after voting to acquire, construct, [or] reconstruct,  
251 operate or maintain any flood [or] prevention, climate resilience and  
252 erosion control system or portion thereof, the board in its discretion may  
253 elect to defray the cost thereof by issuing bonds or other evidences of  
254 debt, [or] from general taxation, special assessment, federal, state or  
255 private grant funds or any combination thereof or by drawing upon a  
256 municipal Climate Change and Coastal Resiliency Reserve Fund created  
257 pursuant to section 7-159d, as amended by this act. If it elects to defray  
258 any part of such cost from special assessment, it may apportion and  
259 assess such part upon the lands and buildings in the municipality  
260 which, in its judgment, are especially benefited thereby, whether they  
261 abut on such flood [or] prevention, climate resilience and erosion  
262 control system or not, and upon the owners of such lands and buildings,  
263 subject to the right of appeal as hereinafter provided. Such assessment  
264 may include a proportionate share of any expenses incidental to the  
265 completion of such flood [or] prevention, climate resilience and erosion  
266 control system, such as fees and expenses of attorneys, engineers,  
267 surveyors, superintendents or inspectors, the cost of any property  
268 purchased or acquired for such work, interest on securities, the cost of  
269 preparing maps, plans and specifications, the cost to reconstruct, repair,  
270 maintain, supervise, operate and manage such system and the cost of  
271 printing, publishing or serving advertisements or notices incidental  
272 thereto. The board may divide the total territory to be benefited by any  
273 flood [or] prevention, climate resilience and erosion control system into  
274 sections and may levy assessments against the property benefited in  
275 each section separately. In assessing benefits against the property in any  
276 section, the board may add to the cost of the part of the flood [or]  
277 prevention, climate resilience and erosion control system located in such  
278 section a proportionate share of the cost of any part of such system

279 located outside the section which is useful for the operation or  
280 effectiveness of that part of such system within the section and of any of  
281 the other items of cost or expense above enumerated.

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

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

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

295 Any flood prevention, climate resilience and erosion control board  
296 established under section 25-84, any such board or commission  
297 established by special act or any district having as one of its powers and  
298 purposes the right to construct or maintain a flood prevention, climate  
299 resilience and erosion control system under chapter 105, acting through  
300 its officers, is authorized to negotiate, cooperate and enter into  
301 agreements with (1) the United States, (2) the United States and the state  
302 of Connecticut, [or] (3) the state of Connecticut, or (4) one or more  
303 municipalities in the state of Connecticut, in order to satisfy the  
304 conditions imposed by the United States or the state of Connecticut in  
305 authorizing any system for the improvement of navigation of any  
306 harbor or river and for [protection of property against damage by floods  
307 or by erosion] constructing, reconstructing, operating or maintaining  
308 any flood prevention, climate resilience and erosion control system,  
309 provided such system shall have been approved by the Commissioner  
310 of Energy and Environmental Protection.

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

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

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

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

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

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

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

345 At such meeting, the voters may establish a district for any or all of  
346 the following purposes: To extinguish fires, to light streets, to plant and  
347 care for shade and ornamental trees, to construct and maintain roads,  
348 sidewalks, crosswalks, drains and sewers, to appoint and employ  
349 watchmen or police officers, to acquire, construct, maintain and regulate  
350 the use of recreational facilities, to plan, lay out, acquire, construct,  
351 reconstruct, repair, maintain, supervise and manage a flood [or]  
352 prevention, climate resilience and erosion control system, to plan, lay  
353 out, acquire, construct, maintain, operate and regulate the use of a  
354 community water system, to collect garbage, ashes and all other refuse  
355 matter in any portion of such district and provide for the disposal of  
356 such matter, to implement tick control measures, to install highway  
357 sound barriers, to maintain water quality in lakes that are located solely  
358 in one town in this state, to establish a zoning commission and a zoning  
359 board of appeals or a planning commission, or both, by adoption of  
360 chapter 124 or chapter 126, excluding section 8-29, or both chapters, as  
361 the case may be, which commissions or board shall be dissolved upon  
362 adoption by the town of subdivision or zoning regulations by the town  
363 planning or zoning commission, to adopt building regulations, which  
364 regulations shall be superseded upon adoption by the town of building  
365 regulations, and to provide ferry service. Any district may contract with  
366 a town, city, borough or other district for carrying out any of the  
367 purposes for which such district was established.

368 Sec. 14. Subsection (a) of section 7-328 of the general statutes is  
369 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
370 *2021*):

371 (a) The territorial limits of the district shall constitute a separate  
372 taxing district, and the assessor or assessors of the town shall separate  
373 the property within the district from the other property in the town and  
374 shall annually furnish the clerk of the district with a copy of the grand  
375 list of all property in the district after it has been completed by the board

376 of assessment appeals of the town. If the legislative body of the town  
377 elects, pursuant to section 12-62c, to defer all or any part of the amount  
378 of the increase in the assessed value of real property in the year a  
379 revaluation becomes effective and in any succeeding year in which such  
380 deferment is allowed, the grand list furnished to the clerk of the district  
381 for each such year shall reflect assessments based upon such deferment.  
382 When the district meeting has fixed the tax rate, the clerk shall prepare  
383 a rate bill, apportioning to each owner of property his proportionate  
384 share of the taxes, which rate bill, when prepared, shall be delivered to  
385 the treasurer; and the district and the treasurer thereof shall have the  
386 same powers as towns and collectors of taxes to collect and enforce  
387 payment of such taxes, and such taxes when laid shall be a lien upon the  
388 property in the same manner as town taxes, and such liens may be  
389 continued by certificates recorded in the land record office of the town,  
390 and foreclosed in the same manner as liens for town taxes or enforced  
391 in accordance with any provision of the general statutes for the  
392 collection of property taxes. The assessor or board of assessment appeals  
393 shall promptly forward to the clerk of the district any certificate of  
394 correction or notice of any other lawful change to the grand list of the  
395 district. The district clerk shall, within ten days of receipt of any such  
396 certificate or notice, forward a copy thereof to the treasurer, and the  
397 assessment of the property for which such certificate or notice was  
398 issued and the rate bill related thereto shall be corrected accordingly. If  
399 the district constructs any drain, sewer, sidewalk, curb or gutter, such  
400 proportion of the cost thereof as such district determines may be  
401 assessed by the board of directors, in the manner prescribed by such  
402 district, upon the property specially benefited by such drain, sewer,  
403 sidewalk, curb or gutter, and the balance of such costs shall be paid from  
404 the general funds of the district. In the construction of any flood [or]  
405 prevention, climate resilience and erosion control system, the cost to  
406 such district may be assessed and shall be payable in accordance with  
407 sections 25-87 to 25-93, inclusive, as amended by this act. The cost for  
408 the maintenance of water quality in a lake shall be assessed on the land  
409 in a district and payment shall be apportioned equally among the  
410 owners of parcels of property. Subject to the provisions of the general

411 statutes, the district may issue bonds and the board of directors may  
412 pledge the credit of the district for any money borrowed for the  
413 construction of any public works or the acquisition of recreational  
414 facilities authorized by sections 7-324 to 7-329, inclusive, and such board  
415 shall keep a record of all notes, bonds and certificates of indebtedness  
416 issued, disposed of or pledged by the district. All moneys received by  
417 the directors on behalf of the district shall be paid to the treasurer. No  
418 contract or obligation which involves an expenditure in the amount of  
419 (1) ten thousand dollars or more in districts where the grand list is less  
420 than or equal to twenty million dollars, or (2) twenty thousand dollars  
421 or more in districts where the grand list is greater than twenty million  
422 dollars, in any one year shall be made by the board of directors, unless  
423 the same is specially authorized by a vote of the district, nor shall the  
424 directors borrow money without like authority. The clerk of the district  
425 shall give written notice to the treasurer of the town in which the district  
426 is located of any final decision of the board of directors to borrow  
427 money, not later than thirty days after the date of such decision. The  
428 district may adopt ordinances, with penalties to secure their  
429 enforcement, for the purpose of regulating the carrying out of the  
430 provisions of sections 7-324 to 7-329, inclusive, and defining the duties  
431 and compensation of its officers and the manner in which their duties  
432 shall be carried out.

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

435 The commission may review and make recommendations, consistent  
436 with the plan, on any proposal affecting the real property on, in or  
437 contiguous to the harbor that is received by any zoning commission,  
438 planning commission or combined planning and zoning commission,  
439 zoning board of appeals, historic district commissions, flood  
440 prevention, climate resilience and erosion control board, harbor  
441 improvement agency, port authority, redevelopment agency, shellfish  
442 commission, sewer commission, water pollution control authority or  
443 special district with zoning or other land use authority. Such agencies  
444 shall send a copy of any such proposal to the commission upon the

445 request of such commission. The commission shall be notified of any  
446 such proposal at least thirty-five days prior to the commencement of the  
447 hearing thereon or where no hearing is held, at least thirty-five days  
448 prior to the taking of any final action on the proposal. The local agency  
449 authorized to act on the proposal shall consider the recommendations  
450 of the commission. A two-thirds vote of all the members of the local  
451 agency having authority to act on the proposal shall be required to  
452 approve a proposal which has not received a favorable recommendation  
453 from the commission, provided that the provisions of this section shall  
454 not be deemed to alter the authority of the agency having primary  
455 jurisdiction over the proposal to deny, modify or condition the proposal.  
456 Failure of the commission to submit a recommendation shall be deemed  
457 to be approval of the proposal.

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

461 (2) The commissioner may require that any person, firm or  
462 corporation, public, municipal or private, who removes sand, gravel or  
463 other material lying waterward of the mean high water mark of the  
464 tidal, coastal or navigable waters shall make available such sand, gravel  
465 or other material of appropriate grain size and composition to any  
466 coastal municipality or to any district established pursuant to chapter  
467 105 or by special act to plan, lay out, acquire, construct, reconstruct,  
468 repair, maintain, supervise and manage a flood [or] prevention, climate  
469 resilience and erosion control system. Such sand, gravel or other  
470 material shall be offered for the purposes of an appropriately authorized  
471 beach nourishment or habitat restoration project and shall be available  
472 (A) to municipalities for the cost of transporting such sand, gravel or  
473 other material, and (B) to districts for a reasonable fee.

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

476 The Commissioner of Energy and Environmental Protection is

477 authorized to negotiate, cooperate and enter into agreements with the  
478 federal government and with any municipality through its flood  
479 prevention, climate resilience and erosion control board for the purpose  
480 of constructing small flood control systems or tidal and hurricane  
481 protection and navigation projects including dams, dikes, flood walls,  
482 reservoirs, river channel improvements and such other works as are  
483 necessary to reduce or prevent damages due to floods, including  
484 projects constructed under the provisions of Title 33, Chapter 15, Section  
485 701s, of the United States Code, as amended. The commissioner is  
486 authorized to use nonstructural measures of flood control, including but  
487 not limited to, acquisition of real property which the commissioner  
488 determines is reasonably necessary for use in connection with such  
489 systems or projects, by purchase, lease or gift or by condemnation in the  
490 manner provided by part I of chapter 835. The commissioner is  
491 authorized to give assurances to the federal government that the state  
492 will hold and save the United States free from damages due to the  
493 construction works and that the state will pay cash contributions as may  
494 be required as a local contribution for any flood control system or  
495 project undertaken by the federal government or by the state, subject to  
496 reimbursement as provided in sections 25-71 and 25-72, except that, for  
497 tidal and hurricane protection and navigation projects, such  
498 reimbursement shall be not less than fifty per cent.

499 Sec. 18. Subsection (c) of section 7-159d of the general statutes is  
500 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
501 *2021*):

502 (c) The budget-making authority of such municipality may, from time  
503 to time, direct the treasurer to invest a portion of such Climate Change  
504 and Coastal Resiliency Reserve Fund as in the opinion of such authority  
505 is advisable, provided: (1) Not more than forty per cent, or with respect  
506 to such a reserve fund for which the budget-making authority has  
507 adopted an asset allocation and investment policy, fifty per cent, of the  
508 total amount of such reserve fund shall be invested in equity securities,  
509 and (2) any portion of such reserve fund not invested pursuant to  
510 subdivision (1) of this subsection may be invested in: (A) Bonds or



511 obligations of, or guaranteed by, the state or the United States, or  
512 agencies or instrumentalities of the United States, (B) certificates of  
513 deposit, commercial paper, savings accounts and bank acceptances, (C)  
514 the obligations of any state of the United States or any political  
515 subdivision thereof or the obligations of any instrumentality, authority  
516 or agency of any state or political subdivision thereof, if, at the time of  
517 investment, such obligations are rated in the top rating categories of any  
518 nationally recognized rating service or of any rating service recognized  
519 by the Banking Commissioner, and applicable to such obligations, (D)  
520 the obligations of any regional school district in this state, of any  
521 municipality in this state or any metropolitan district in this state, if, at  
522 the time of investment, such obligations of such government entity are  
523 rated in one of the top two rating categories of any nationally recognized  
524 rating service or of any rating service recognized by the Banking  
525 Commissioner, and applicable to such obligations, (E) in any fund in  
526 which a trustee may invest pursuant to section 36a-353, (F) investment  
527 agreements with financial institutions whose long-term obligations are  
528 rated in the top two rating categories of any nationally recognized rating  
529 service or of any rating service recognized by the Banking  
530 Commissioner or whose short-term obligations are rated in the top  
531 rating category of any nationally recognized rating service or of any  
532 rating service recognized by the Banking Commissioner, or (G)  
533 investment agreements fully secured by obligations of, or guaranteed  
534 by, the United States or agencies or instrumentalities of the United  
535 States.

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

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

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

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

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

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

575       (b) On and after July 1, 2004, the Public Utilities Regulatory Authority

576 shall assess or cause to be assessed a charge of not less than one mill per  
577 kilowatt hour charged to each end use customer of electric services in  
578 this state which shall be deposited into the Clean Energy Fund  
579 established under subsection (c) of this section.

580 (c) (1) There is hereby created a Clean Energy Fund which shall be  
581 within the Connecticut Green Bank. The fund may receive any amount  
582 required by law to be deposited into the fund and may receive any  
583 federal funds as may become available to the state for clean energy  
584 investments. Upon authorization of the Connecticut Green Bank  
585 established pursuant to subsection (d) of this section, any amount in said  
586 fund may be used for expenditures that promote investment in clean  
587 energy in accordance with a comprehensive plan developed by it to  
588 foster the growth, development and commercialization of clean energy  
589 sources, related enterprises and stimulate demand for clean energy and  
590 deployment of clean energy sources that serve end use customers in this  
591 state and for the further purpose of supporting operational  
592 demonstration projects for advanced technologies that reduce energy  
593 use from traditional sources. Such expenditures may include, but not be  
594 limited to, providing low-cost financing and credit enhancement  
595 mechanisms for clean energy projects and technologies, reimbursement  
596 of the operating expenses, including administrative expenses incurred  
597 by the Connecticut Green Bank [and Connecticut Innovations,  
598 Incorporated,] and capital costs incurred by the Connecticut Green Bank  
599 in connection with the operation of the fund, the implementation of the  
600 plan developed pursuant to subsection (d) of this section or the other  
601 permitted activities of the Connecticut Green Bank, disbursements from  
602 the fund to develop and carry out the plan developed pursuant to  
603 subsection (d) of this section, grants, direct or equity investments,  
604 contracts or other actions which support research, development,  
605 manufacture, commercialization, deployment and installation of clean  
606 energy technologies, and actions which expand the expertise of  
607 individuals, businesses and lending institutions with regard to clean  
608 energy technologies.

609 (2) (A) There is hereby created an Environmental Infrastructure Fund

610 which shall be within the Connecticut Green Bank. The fund may  
611 receive any amount required by law to be deposited into the fund and  
612 may receive any federal funds as may become available to the state for  
613 environmental infrastructure investments, except that the fund shall not  
614 receive: (i) Ratepayer or Regional Greenhouse Gas Initiative funds, (ii)  
615 funds that have been deposited in, or are required to be deposited in, an  
616 account of the Clean Water Fund pursuant to sections 22a-475 to 22a-  
617 438f, inclusive, or (iii) funds collected from a water company, as defined  
618 in section 25-32a.

619 (B) Upon authorization of the Connecticut Green Bank established  
620 pursuant to subsection (d) of this section, any amount in said fund may  
621 be used for expenditures that promote investment in environmental  
622 infrastructure in accordance with a comprehensive plan developed by it  
623 to foster the growth, development, commercialization and, where  
624 applicable, preservation of environmental infrastructure and related  
625 enterprises, except any project or purpose eligible for funding pursuant  
626 to sections 22a-475 to 22a-483f, inclusive. Such expenditures may  
627 include, but not be limited to, providing low-cost financing and credit  
628 enhancement mechanisms for projects and technologies,  
629 reimbursement of the operating expenses, including administrative  
630 expenses incurred by the Connecticut Green Bank, and capital costs  
631 incurred by the Connecticut Green Bank in connection with the  
632 operation of the fund, the implementation of the plan developed  
633 pursuant to subsection (d) of this section or the other permitted activities  
634 of the Connecticut Green Bank, disbursements from the fund to develop  
635 and carry out the plan developed pursuant to subsection (d) of this  
636 section, grants, direct or equity investments, contracts or other actions  
637 which support research, development, manufacture,  
638 commercialization, deployment and installation of environmental  
639 infrastructure and actions which expand the expertise of individuals,  
640 businesses and lending institutions with regard to environmental  
641 infrastructure.

642 (d) (1) (A) The Connecticut Green Bank is hereby established and  
643 created as a body politic and corporate, constituting a public

644 instrumentality and political subdivision of the state of Connecticut  
645 established and created for the performance of an essential public and  
646 governmental function. The Connecticut Green Bank shall not be  
647 construed to be a department, institution or agency of the state.

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

659 (C) The Clean Energy Finance and Investment Authority shall  
660 constitute a successor agency to Connecticut Innovations, Incorporated,  
661 for the purposes of administering the Clean Energy Fund in accordance  
662 with section 4-38d. The Connecticut Green Bank shall constitute a  
663 successor agency to the Clean Energy Finance and Investment Authority  
664 for purposes of administering the Clean Energy Fund in accordance  
665 with section 4-38d. The Connecticut Green Bank shall have all the  
666 privileges, immunities, tax exemptions and other exemptions of  
667 Connecticut Innovations, Incorporated, with respect to said fund. The  
668 Connecticut Green Bank shall administer the Environmental  
669 Infrastructure Fund. The Connecticut Green Bank shall be subject to suit  
670 and liability solely from the assets, revenues and resources of said bank  
671 and without recourse to the general funds, revenues, resources or other  
672 assets of Connecticut Innovations, Incorporated. The Connecticut Green  
673 Bank may provide financial assistance in the form of grants, loans, loan  
674 guarantees or debt and equity investments, as approved in accordance  
675 with written procedures adopted pursuant to section 1-121. The  
676 Connecticut Green Bank may assume or take title to any real property,  
677 convey or dispose of its assets and pledge its revenues to secure any

678 borrowing, convey or dispose of its assets and pledge its revenues to  
679 secure any borrowing, for the purpose of developing, acquiring,  
680 constructing, refinancing, rehabilitating or improving its assets or  
681 supporting its programs, provided each such borrowing or mortgage,  
682 unless otherwise provided by the board or said bank, shall be a special  
683 obligation of said bank, which obligation may be in the form of bonds,  
684 bond anticipation notes or other obligations which evidence an  
685 indebtedness to the extent permitted under this chapter to fund,  
686 refinance and refund the same and provide for the rights of holders  
687 thereof, and to secure the same by pledge of revenues, notes and  
688 mortgages of others, and which shall be payable solely from the assets,  
689 revenues and other resources of said bank and such bonds may be  
690 secured by a special capital reserve fund contributed to by the state,  
691 provided that any bond secured by such special capital reserve fund  
692 shall have a maturity not exceeding twenty-five years. The Connecticut  
693 Green Bank shall have the purposes as provided by resolution of said  
694 bank's board of directors, which purposes shall be consistent with this  
695 section. No further action is required for the establishment of the  
696 Connecticut Green Bank, except the adoption of a resolution for said  
697 bank.

698 (D) In addition to, and not in limitation of, any other power of the  
699 Connecticut Green Bank set forth in this section or any other provision  
700 of the general statutes, said bank shall have and may exercise the  
701 following powers in furtherance of or in carrying out its purposes:

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

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

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

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

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

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

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

724 (viii) To procure insurance against any loss or liability with respect to  
725 its property or business of such types, in such amounts and from such  
726 insurers as it deems desirable;

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

740 (x) To enter into a memorandum of understanding or other  
741 arrangements with Connecticut Innovations, Incorporated, with respect

742 to the provision or sharing of space, office systems or staff  
743 administrative support, on such terms as may be agreed to between said  
744 bank and Connecticut Innovations, Incorporated; and

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

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

757 (ii) No such subsidiary of said bank shall be deemed a quasi-public  
758 agency for purposes of chapter 12. [and no such subsidiary shall] No  
759 such subsidiary of said bank shall have all the privileges, immunities,  
760 tax exemptions and other exemptions of said bank, unless such  
761 subsidiary is a single member limited liability company that is  
762 disregarded as an entity separate from its owner. In no event shall any  
763 such subsidiary have the power to hire or otherwise retain employees.  
764 The governing documents of any such subsidiary shall provide for the  
765 dissolution of such subsidiary upon the completion of the purpose for  
766 which such subsidiary was formed. Each such subsidiary may sue and  
767 shall be subject to suit, provided its liability shall be limited solely to the  
768 assets, revenues and resources of the subsidiary and without recourse  
769 to the general funds, revenues, resources or any other assets of said  
770 bank. Each such subsidiary is authorized to assume or take title to  
771 property subject to any existing lien, encumbrance or mortgage and to  
772 mortgage, convey or dispose of its assets and pledge its revenues to  
773 secure any borrowing, provided each such borrowing or mortgage shall  
774 be a special obligation of the subsidiary, which obligation may be in the



775 form of bonds, bond anticipation notes and other obligations, to fund  
776 and refund the same and provide for the rights of the holders thereof,  
777 and to secure the same by a pledge of revenues, notes and other assets  
778 and which shall be payable solely from the revenues, assets and other  
779 resources of the subsidiary. The Connecticut Green Bank may assign to  
780 a subsidiary any rights, moneys or other assets it has under any  
781 governmental program. No subsidiary of said bank shall borrow  
782 without the approval of the board of directors of said bank.

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

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

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

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

805 (2) (A) The Connecticut Green Bank may seek to qualify as a  
806 Community Development Financial Institution under Section 4702 of

807 the United States Code. If approved as a Community Development  
808 Financial Institution, said bank would be treated as a qualified  
809 community development entity for purposes of Section 45D and Section  
810 1400N(m) of the Internal Revenue Code.

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

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

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

824 (ii) Any federal funds that can be used for the purposes specified in  
825 subsection (c) of this section, provided such funds are not required to be  
826 deposited in the accounts of the Clean Water Fund pursuant to sections  
827 22a-475 to 22a-483f, inclusive;

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

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

834 (v) If and to the extent that the Connecticut Green Bank qualifies as a  
835 Community Development Financial Institution under Section 4702 of  
836 the United States Code, funding from the Community Development

837 Financial Institution Fund administered by the United States  
838 Department of Treasury, as well as loans from and investments by  
839 depository institutions seeking to comply with their obligations under  
840 the United States Community Reinvestment Act of 1977; and

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

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

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

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

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

869 300f et seq., as amended from time to time, without the approval of the  
870 State Treasurer and the Commissioner of Public Health.

871 (3) No director, officer, employee or agent of the Connecticut Green  
872 Bank, while acting within the scope of his or her authority, shall be  
873 subject to any personal liability resulting from exercising or carrying out  
874 any of the Connecticut Green Bank's purposes or powers.

875 Sec. 20. Subsection (f) of section 16-245n of the general statutes is  
876 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
877 *2021*):

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

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

893 (3) Any entity that receives financing for a clean energy or  
894 environmental infrastructure project from the [fund] Clean Energy  
895 Fund or the Environmental Infrastructure Fund shall provide the board  
896 an annual statement, certified as correct by the chief financial officer of  
897 the recipient of such financing, setting forth all sources and uses of funds  
898 in such detail as may be required by the bank for such project. The  
899 Connecticut Green Bank shall maintain any such audits for not less than  
900 five years. Residential projects for buildings with one to four dwelling

901 units are exempt from this and any other annual auditing requirements,  
902 except that residential projects may be required to grant their utility  
903 companies' permission to release their usage data to the Connecticut  
904 Green Bank.

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

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

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

947 Sec. 22. Subsection (g) of section 16-245mm of the general statutes is  
948 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
949 *2021*):

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

954 Sec. 23. Subsection (c) of section 16-245kk of the general statutes is  
955 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
956 *2021*):

957 (c) The bonds may be issued as serial bonds or as term bonds, or the  
958 Connecticut Green Bank, in its discretion, may issue bonds of both  
959 types. The bonds shall be authorized by resolution of the members of  
960 the board of directors of said bank and shall bear such date or dates,  
961 mature at such time or times, not exceeding [twenty] twenty-five years  
962 for bonds issued for clean energy and fifty years for bonds issued for  
963 environmental infrastructure from their respective dates and in each  
964 case not to exceed the expected useful life of the underlying project or  
965 projects, bear interest at such rate or rates, be payable at such time or  
966 times, be in such denominations, be in such form, either coupon or

967 registered, carry such registration privileges, be executed in such  
 968 manner, be payable in lawful money of the United States at such place  
 969 or places, and be subject to such terms of redemption, as such resolution  
 970 or resolutions may provide. The bonds or notes may be sold at public or  
 971 private sale for such price or prices as said bank shall determine. The  
 972 power to fix the date of sale of bonds, to receive bids or proposals, to  
 973 award and sell bonds, and to take all other necessary action to sell and  
 974 deliver bonds may be delegated to the chairperson or vice-chairperson  
 975 of the board, a subcommittee of the board or other officers of said bank  
 976 by resolution of the board. The exercise of such delegated powers may  
 977 be made subject to the approval of a majority of the members of the  
 978 board which approval may be given in the manner provided in the  
 979 bylaws of said bank. Pending preparation of the definitive bonds, said  
 980 bank may issue interim receipts or certificates which shall be exchanged  
 981 for such definitive bonds.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021</i>	22a-498
Sec. 2	<i>July 1, 2021</i>	22a-498a
Sec. 3	<i>July 1, 2021</i>	22a-498b
Sec. 4	<i>July 1, 2021</i>	25-84
Sec. 5	<i>July 1, 2021</i>	25-85
Sec. 6	<i>July 1, 2021</i>	25-86
Sec. 7	<i>July 1, 2021</i>	25-87
Sec. 8	<i>July 1, 2021</i>	25-92
Sec. 9	<i>July 1, 2021</i>	25-94
Sec. 10	<i>July 1, 2021</i>	25-95
Sec. 11	<i>July 1, 2021</i>	25-97
Sec. 12	<i>July 1, 2021</i>	25-98
Sec. 13	<i>July 1, 2021</i>	7-326
Sec. 14	<i>July 1, 2021</i>	7-328(a)
Sec. 15	<i>July 1, 2021</i>	22a-113p
Sec. 16	<i>July 1, 2021</i>	22a-361(e)(2)
Sec. 17	<i>July 1, 2021</i>	25-76
Sec. 18	<i>July 1, 2021</i>	7-159d(c)
Sec. 19	<i>July 1, 2021</i>	16-245n(a) to (d)

Sec. 20	<i>July 1, 2021</i>	16-245n(f)
Sec. 21	<i>July 1, 2021</i>	16-245n(e)(1)
Sec. 22	<i>July 1, 2021</i>	16-245mm(g)
Sec. 23	<i>July 1, 2021</i>	16-245kk(c)



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 22 \$	FY 23 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Various State Agencies	Various - Cost	Potential Minimal	Potential Minimal

Note: GF=General Fund; Various=Various

**Municipal Impact:**

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	Cost/Savings	See Below	See Below

**Explanation**

The bill allows any municipality to establish a stormwater authority. It also expand these authorities' ability to assess fees, and establish a process for municipalities to approve fees.

In municipalities that establish stormwater authorities, the bill potentially shifts the cost of certain stormwater management projects to stormwater authorities. This results in a savings to those municipalities to the extent that they would have otherwise financed those projects. The bill also results in a cost to the state and municipalities as it requires authorities to assess fees on all property within their jurisdiction. Any state or town owned property located in a stormwater authority's jurisdiction would be subject to such fees, which would vary based on the size of the property.

The bill also expands the scope and authority of municipal flood and erosion control boards. This has no fiscal impact as the bill does not provide any new funding source for these boards or mandate any new

responsibilities for any municipality.

The bill expands the Connecticut Green Bank's authority to include the financing of environmental infrastructure projects and makes several changes to the Green Banks's bonding authority.

The bill increases the Green Banks's special capital reserve fund (SCRF) bond authorization from \$100 million to \$250 million. To the extent that additional bonds are issued, there is a potential minimal impact to the state's debt service going forward through the life of any bonds issued. As of November 2020, the Green Bank had outstanding SCRF-backed debt of \$27.4 million.<sup>1</sup>

In order to issue SCRF-backed bonds, the Green Bank must get approval from the State Treasurer. The State Treasurer is not expected to approve the issuance of SCRF-backed bonds unless the Green Bank can show that it will be able to generate sufficient revenue from its activities to pay the debt service on the bonds and that the useful lifespan of the projects meets or exceeds the bond repayment duration.

The bill increases the allowable maturity date of the Green Bank's SCRF-backed bonds from twenty to twenty-five years. It also increases allowable maturity for non-SCRF-backed bonds from twenty to twenty-five years for clean energy projects and from twenty to fifty years for environmental infrastructure projects. To the extent that bonds with a longer term are issued, there is the potential for increased borrowing cost to the Green Bank associated with extended maturity dates. See background for more information.

These sections also establish an Environmental Infrastructure Fund that may contain funding from existing funding sources that the Bank already utilizes, such as bond funding, charitable gifts, and interest from financing activities. The administrative costs related to these provisions do not result in a fiscal impact.

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<sup>1</sup> Source: January 2021 General Obligation Bonds Official Statement

## Background

**SCRF-backed bonds.** SCRF-backed bonds are a contingent liability of the state.<sup>2</sup> The SCRF provides a higher level of repayment security, which results in a lower rate of interest on the bond issuance than the relevant market rate. In the event that the SCRF is drawn down in part or completely, a draw on the General Fund is authorized and the SCRF is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue until the fund is replenished by the bond issuer or the underlying debt is repaid.

**Extended maturities.** Bonds are typically issued with maturities and debt service payment durations that match the expected useful life of the capital project being financed through the bonds. The state has typically kept maturities at or below 20 years, even when the useful life of projects may exceed the 20-year timeframe.

While bonds issued for longer terms typically have lower annual payments than those bonds issued for shorter terms, the amount of interest paid increases due to slower pay down of the principal balance and because financial markets typically require higher interest rates for longer issuances. An extended use of longer repayment durations may have a deleterious impact on the credit rating of the bonds being issued and/or the organization issuing such bonds. The slower repayment of principal may lead to either less funding being available for projects in the future or increasing debt levels for the life of the bonds.

House "A" eliminates a provision from the underlying bill allowing towns to implement a local real estate conveyance tax. This eliminates a revenue gain to municipalities of approximately \$75.1 million annually.

## *The Out Years*

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<sup>2</sup> Contingent liabilities do not count against the state's statutory limits on General Obligation bonding.

The annualized ongoing fiscal impact identified above would continue into the future subject to the establishment of municipal stormwater authorities, their responsibilities, and the fees they assess.

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**OLR Bill Analysis****sHB 6441 (as amended by House "A")\******AN ACT CONCERNING CLIMATE CHANGE ADAPTATION.*****SUMMARY**

This bill authorizes all municipalities, rather than just certain ones, to establish a municipal stormwater authority. It expands the authorities' powers to assess fees and specifies the process by which municipal legislative bodies approve the fees (§§ 1-3). The bill (1) caps the fees collected on certain hospital-owned properties at 15% of the total fees and allows for the properties to be fully exempt until FY 27; (2) restricts the fees for farm, forest, or open space land, or property owned by state or local governments and their agencies, to impervious surfaces that discharge to a municipal separate storm sewer system; and (3) requires a partial fee reduction for property owners who use certain stormwater best management practices.

The bill broadens the authority of municipal flood and erosion control boards to include flood prevention and climate resilience and allows municipalities to enter into agreements to form joint boards (§§ 4-17).

Thirdly, the bill expands the Connecticut Green Bank's duties to include developing separate programs to finance and otherwise support environmental infrastructure and establishes an Environmental Infrastructure Fund within the Green Bank for this purpose (§§ 19-23).

With respect to the Green Bank, the bill increases, from \$100 million to \$250 million, the amount of bonds the Green Bank may issue that are backed by a special capital reserve fund (SCRF). SCRF-backed bonds are contingent liabilities of the state; if a SCRF is exhausted, the General

Fund automatically replenishes it, regardless of the state spending cap (§ 22).

The bill also makes minor, technical, and conforming changes.

\*House Amendment "A" (1) eliminates a provision establishing a municipal option conveyance fee on real property sales; (2) limits to impervious surfaces on farm, forest, and open space land areas that may be subject to the stormwater fee; and (3) adds the stormwater fee provisions for hospital-owned property, property owned by the state or local governments or their agencies, and property owners who use onsite stormwater best management practices.

EFFECTIVE DATE: July 1, 2021

## **§§ 1-3 — MUNICIPAL STORMWATER AUTHORITIES**

### ***Eligible Municipalities***

This bill authorizes all municipalities to establish a municipal stormwater authority, rather than just the three municipalities (New Haven, New London, and Norwalk) that participated in the Department of Energy and Environmental Protection's (DEEP) municipal stormwater authority pilot program (authorized under PA 07-154).

The bill applies to any town, city, borough, consolidated town and city, or consolidated town or borough. It does not apply to local or regional school districts; municipal fire, sewer, fire and sewer, lighting, village, beach, improvement association, or other districts or associations wholly within a town that have the power to levy taxes; metropolitan districts; or other municipal corporations or authorities that may issue bonds, notes, or other obligations.

### ***Fee Assessment***

Under current law, stormwater authorities created under the pilot program must, among other things, recommend to the municipality's legislative body a levy on taxable real property in the stormwater district. The bill instead requires stormwater authorities to recommend a fee to be imposed on all real property in the district except as described

below. The bill explicitly requires, rather than authorizes, the authorities to use the revenue generated to carry out any of the district's powers. It makes conforming changes to an existing provision about a stormwater authority created under the DEEP pilot program and located in a distressed municipality with a population of 28,000 or fewer (i.e., New London).

Under the bill, each stormwater authority must present its budget annually to the municipality's legislative body for approval. The budget must include (1) the specific programs the authority proposes to undertake during the fiscal year, (2) its projected expenditures for the programs, and (3) the fee amount it proposes to levy to pay for the expenditures.

The total fees proposed for the fiscal year may not exceed the total projected expenditures. Under the bill, the legislative body may approve fee amounts that are less than the authority's proposed amounts. In setting fees, the bill requires, rather than allows, authorities to consider (1) the amount of impervious surface generating stormwater runoff, (2) land use types that result in higher concentrations of stormwater pollution, and (3) the property's grand list valuation. The bill additionally requires them to consider land use types that result in lower concentrations of stormwater pollution.

The bill also caps at 15% the amount of the total fees that may be generated from properties owned by hospitals that are parties to the settlement agreement approved by Special Act 19-1, December Special Session (see *Fee Limitations and Restrictions*, below).

### ***Fee Limitations and Restrictions***

***Hospital-Owned Properties.*** The bill caps at 15% the amount of the total stormwater authority fees that may generated from properties owned by hospitals that are parties to the settlement agreement approved by Special Act 19-1, December Special Session, concerning certain hospital fees and payments. The cap applies until FY 27 and a municipality's legislative body is responsible for ensuring that the

approved fees does not exceed the cap. The bill also enables a municipality to fully exempt the hospital properties from the fee until FY 27.

Under the bill, a municipal stormwater authority must, within 30 days after the end of each fiscal year, conduct a review to ensure that not more than 15% of the total collected fees were generated from real property of the covered hospitals in the municipality. If the fees exceed the cap, the bill requires the authority to rebate the excess fees proportionally to the hospitals. Regardless, the stormwater authority must provide the results of its review, in writing, to each hospital.

***Farm, Forest, or Open Space Land and Government or Agency Properties.*** Current law authorizes the authorities to reduce or defer stormwater fees for land classified as, or consisting of, farm, forest, or open space. The bill reduces the area of these lands that may be subject to the fee by limiting it to areas with impervious surfaces from which stormwater discharges to a municipal separate storm sewer system.

The bill also applies this limitation to properties owned by the state or local governments, or their respective agencies.

***On-site Stormwater Best Management Practices.*** The bill also requires a stormwater authority to offer a partial fee reduction, as a credit, for property owners in its district who have installed and are operating and maintaining current stormwater best management practices that the authority approves and reduce, retain, or treat stormwater onsite.

### ***Delinquent Fees***

Under the bill, fees that are not paid in full on or before 30 days after they are due are subject to the same interest rate as delinquent property taxes (i.e., 1.5% per month). Unpaid fees and interest are a lien on the property owner's real or personal property on which the fee was levied and may be recorded and released just like property tax liens.

Under the bill, someone aggrieved by an authority's action has the



same rights and remedies for appeal and relief as the law provides for property taxpayers aggrieved by an assessor's or a board of assessment appeal's action.

## **§§ 4-17 — FLOOD PREVENTION, CLIMATE RESILIENCE, AND EROSION CONTROL BOARDS**

### ***Scope of Authority***

Current law authorizes municipalities to (1) establish a flood and erosion control board to prevent potential hazards from flooding, stream bank erosion, or beach erosion and (2) establish a separate taxing district for these purposes. These boards may plan, acquire, construct, repair, maintain, and manage a system, which may include such things as dikes, dams, piping, sea walls, jetties, tide-gates, water storage areas, or other structures or facilities.

The bill (1) increases the scope of these boards to include flood prevention and climate resilience; (2) allows them to also operate the systems; and (3) includes nonstructural and nature-based measures (e.g., altering or removing existing structures, maintaining open floodplain, and other less environmentally damaging alternatives) and open space for future accommodations or to establish wetlands or watercourses, as part of the system. It correspondingly renames these boards "flood prevention, climate resilience and erosion control boards."

The bill extends to the boards' broader scope of authority existing law's authorizations related to entering and taking property; issuing bonds; and taxing or assessing property owners, among other things.

The bill allows the boards to (1) apply for and use public or private grant funding; (2) draw upon a municipal Climate Change and Coastal Resilience Reserve Fund; and (3) additionally enter into contracts with municipalities to further the boards' purposes when related to navigation improvement projects, instead of only with the state and the federal government. The boards may also enter into agreements with the DEEP commissioner to construct projects or systems to prevent

climate change impacts, as the current boards may do for their purposes.

### ***Joint Boards***

The bill allows municipalities to enter into agreements to have joint boards, but they must be approved by concurrent votes of the municipalities' legislative bodies. A joint board has authority over each municipality that is a party to the agreement.

### ***Biannual Report***

The bill establishes a biannual reporting requirement for flood prevention, climate resilience, and erosion control boards. The report must be published on the website of each municipality that is subject to the board's authority. The report must include the following:

1. an inventory and description of the flood prevention, climate resilience, and erosion control system the board manages;
2. the extent and value of property, infrastructure, and natural resources the system protects;
3. an analysis of how the system prioritizes and protects vulnerable communities, which are populations that may be disproportionately affected by climate change; and
4. the board's revenue and expenses.

### ***Other Provisions***

The bill requires the boards to consider regional and municipal hazard mitigation plans, resilience plans, identified vulnerable communities, and municipal conservation and development plans when planning for and doing their work. It also allows the boards to consult with the Connecticut Institute for Resilience and Climate Adaption for this purpose.

## **§§ 19-23 — CONNECTICUT GREEN BANK**

### ***Environmental Infrastructure***

***Green Bank Authority.*** The Green Bank's current duties include

developing programs for, and promoting investment in, clean energy. The bill expands the Green Bank's duties to include (1) developing separate programs to finance and otherwise support environmental infrastructure and (2) promoting investment in the infrastructure.

By law, the Green Bank has standards governing its administration, including rules, policies, and procedures for such things as borrower eligibility, terms, and conditions. The law required these standards to be in place before the bank financially supported clean energy projects and the bill extends this requirement to environmental infrastructure projects. The bill applies existing requirements for clean energy funding to environmental infrastructure projects (e.g., fees, several funding sources).

**Project Types.** The bill expands the types of projects the Green Bank can promote investment in to include environmental infrastructure, which, under the bill, is structures, facilities, systems, services, and improvement projects related to water, waste and recycling, climate adaptation and resiliency, agriculture, land conservation, parks and recreation, and environmental markets such as carbon offsets and ecosystem services.

Under the bill, "carbon offsets" are an activity that compensates for greenhouse gas (GHG) emissions through an emission reduction. "Ecosystem services" are ecosystem benefits such as (1) provisioning services (e.g., food and water), (2) regulating services (e.g., regulating floods, drought, land degradation, and disease), and (3) supporting services (e.g., soil formation and nutrient cycling).

**Environmental Infrastructure Fund Purpose.** The bill requires the Green Bank's comprehensive plan to include growth, development, commercialization, and, where applicable, preservation of environmental infrastructure and related enterprises. Current law requires similar planning for clean energy purposes. The bill allows the bank to use the Environmental Infrastructure Fund to pay for expenses to promote environmental infrastructure investment, but not projects

eligible for Clean Water Fund funding.

The bill allows an environmental infrastructure project to receive financing support from the Green Bank if the bank determines that the amount it and other nonequity financing sources provide does not exceed 100% of the project's cost.

As it does under existing law for clean energy, the bill requires the Green Bank to (1) develop separate programs to finance and support environmental infrastructure investment in residential, municipal, small business, and larger commercial projects, and others the Green Bank determines and (2) support financing or other expenses that promote environmental infrastructure investment, which must be done according to its comprehensive plan.

The expenses may include costs related to such things as:

1. low-cost financing and credit enhancement mechanisms for projects and technologies;
2. grants;
3. contracts or other actions to support research, development, manufacture, commercialization, deployment, and installation of environmental infrastructure;
4. actions to expand the expertise of individuals, businesses, and lending institutions regarding environmental infrastructure;
5. direct or equity investments;
6. reimbursements of operating expenses; and
7. disbursements to develop and carry out the Green Bank's comprehensive plan.

Under the bill, operating expenses may include the Green Bank's (1) administrative expenses, (2) capital costs related to fund operation, (3)

plan implementation, and (4) other permitted activities.

**Funding Sources.** The bill's expansion of the Green Bank's duties enables the bank to use its existing bonding authority to provide financing for environmental infrastructure projects (see *Bonding*, below). As is available under existing law for clean energy projects, similar funding sources are available for financing environmental infrastructure, including such things as:

1. charitable gifts, grants, contributions, and loans from individuals, corporations, university endowments, and philanthropic foundations;
2. earnings and interest from financing support activities backed by the Green Bank; and
3. private sources, pursuant to contract.

The bill also allows the fund to receive any (1) amount required by law to be deposited into the fund and (2) federal funds that may become available to the state for environmental infrastructure investments. But it explicitly prohibits from being deposited into the fund: (1) ratepayer or Regional Greenhouse Gas Initiative funds that under existing law are used for clean energy projects, (2) funds in the state's Clean Water Fund account or that must be deposited into the account, and (3) funds collected from water companies.

The bill also prohibits the Green Bank from applying for federal clean water or safe drinking water grants without approval from the state treasurer and the DEEP or public health commissioners, respectively.

**Audits and Certified Statements.** The bill requires the Environmental Infrastructure Fund, like the existing Clean Energy Fund, to be annually audited. Entities receiving environmental infrastructure project funding, unless exempt under existing law (i.e., certain residential projects), must provide annual certified statements to the Green Bank's Board of Directors.

### **Other Provisions**

**Board Membership.** The bill adds the Office of Policy and Management secretary, or her designee, as a voting member of the Green Bank's Board of Directors.

**Bonding.** The bill limits the term of bonds secured by the Green Bank's SCRF to 25 years. The bill generally (1) increases, from 20 to 25 years, the maximum term of bonds issued for clean energy projects and (2) sets the maximum term of bonds issued for environmental infrastructure projects at 50 years. But in neither case can the bond's maturity date exceed an underlying project's expected useful life.

**Funding Qualification.** The bill allows any eligible project, including environmental infrastructure projects (see above), to receive financing support from the Green Bank if the bank determines that the amount it and other nonequity financing sources provide does not exceed 100% of the project's cost. Current law restricts funding for clean energy projects to those for which the Green Bank and other nonequity sources provide no more than 80% of the cost.

**Quasi-Public Subsidiaries.** Current law prohibits Green Bank subsidiaries from being deemed quasi-public agencies with the bank's privileges, immunities, and tax and other exemptions. The bill creates an exception from this prohibition for single member limited liability companies (LLCs) that are disregarded as entities separate from their owner.

**Reporting.** The bill adds the Banking and Environment committees to the legislative committees to which the Green Bank's board must submit its annual activity report, instead of only the Energy and Technology and Commerce committees.

## **BACKGROUND**

### **Related Bills**

sSB 971 (File 559), favorably reported by the Planning and Development Committee, authorizes municipalities to invest their

Climate Change and Coastal Resiliency Reserve Funds in any trust fund administered, held, or invested by the state treasurer.

HB 6497 (File 205), favorably reported by the Environment Committee, also authorizes all municipalities to have a stormwater authority, but limits the available fee exemptions to pervious farm, forest, or open space land.

**COMMITTEE ACTION**

Environment Committee

Joint Favorable Substitute

Yea 21 Nay 11 (03/29/2021)