

# Environment Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-6441

**Title:** AN ACT CONCERNING CLIMATE CHANGE ADAPTATION.

**Vote Date:** 3/29/2021

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/8/2021

**File No.:**

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## **SPONSORS OF BILL:**

Rep. David Michel, 146th Dist.

Rep. Greg S. Howard, 43rd Dist.

Rep. Jennifer Leeper, 132nd Dist.

Rep. Mary M. Mushinsky, 85th Dist.

Rep. Bobby G. Gibson, 15th Dist.

## **REASONS FOR BILL:**

Connecticut will experience the effects of climate change between now and 2050. To address the challenges of rising seas, frequent flooding and drought, Connecticut needs to fund and finance climate adaptation and resilience at the state and local level. With legislation Connecticut is well positioned to take advantage of federal grants for resilience projects.

## **Substitute Language – LCO No. 6092**

Sections 1 to 3 were replaced with the language of HB 6497 concerning stormwater authorities and in section 4, subdivision (2) of subsection (b) was rewritten to restrict the use of such conveyance fee revenues by certain municipalities that do not meet affordable housing requirements or that are not distressed municipalities.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

### **Katie Dykes, Commissioner, Department of Energy and Environmental Protection**

The Governor developed four cornerstone principals recommended by the Governor's Council on Climate Change (GC3) with the input of more than 230 stakeholders.

1. Authorizing the creation of municipal stormwater authorities statewide.

HB6441 expands the stormwater authority from New London to all municipalities statewide. The stormwater authority is charged with establishing a fee considering the amount of impervious surface area on the property, as this generates the stormwater runoff.

2. Enabling municipalities to have the option to adopt a buyer's conveyance fee.

Municipalities given the opportunity could use the conveyance fund to invest in specific climate resiliency projects. The conveyance fee is structured between 0.5% to 1.5%.

3. Adding flood prevention and climate resilience to the purview of municipal flood and erosion control boards and clarifying they can use funds to cover operations and maintenance costs.

Allows boards to undertake greater latitude of projects to utilize nonstructural and nature to include removal, relocation, or modification of structures for restoration and maintenance of open flood plain or other water storage areas.

4. Expanding the Green Bank to include an Environmental Infrastructure Fund to finance adaptation and resilience projects

The Green Bank can utilize bonding authority, seek federal funding and raise capital to make investments in environmental infrastructure, facilities, systems, parks and recreation and other similar projects.

### **Peter Hearn, Executive Director, Council on Environmental Quality**

The Council on Environmental Quality (Council) supports the creation of municipal stormwater boards to enhance the awareness of stormwater management, reducing runoff and minimizing pollution. The Council supports the state acquisition of open space and new financing of projects with the expansion of the Green Bank.

### **Bryan Hurlburt, Commissioner, Department of Agriculture**

The Department of Agriculture (DOAG) supports HB6441. Legislation authorizes a real estate conveyance fee. The dedicated fee is used to fund municipal conservation, climate

resilience and other environmental projects. HB6441 defines "Environmental infrastructure" to include facilities, systems and services related to agriculture. The change increases funding access to farmers.

### **Kevin Dillon, Executive Director, Connecticut Airport Authority**

The Connecticut Airport Authority (CAA) has tried to be a good environmental neighbor at the six airports it runs. The majority of stormwater runoff at the airports is retained and filtered prior to release. Resources are already strained at the airports due to the pandemic, HB6441 Sections 1 to 3 put an undue burden and significant cost to the airports. Municipal stormwater authorities charge fees based upon the area, Connecticut's airports are disproportionately affected. Federal law prohibits revenue diversion from US airports except for limited services rendered. The CAA believes payment for municipal stormwater system constitutes an unlawful revenue diversion. The CAA asks the Environment Committee to exempt CAA airports with JFS language.

### **Connecticut Green Bank**

HB6441 Sections 19 to 23 address Connecticut's Green Bank in climate resilience. Extension of the Green Bank's business practices provide greater flexibility to private investment in the green economy. The bill's changes require no support from taxpayers or a request in state funding. The Green Bank can raise capital through the issuance of bonds and seek federal funding. The Green Bank can use this capital to identify environmental infrastructure.

### **NATURE AND SOURCES OF SUPPORT:**

#### **David Bingham, Co-Chair, CT League of Conservation Voters**

HB6441 Section 3 starts immediate action to provide local level statewide help for disaffected communities. Section 3 enhances the effectiveness of climate resilience of climate change and provides local employment opportunities.

Alicea Charamut, Executive Director, Rivers Alliance of Connecticut

SB6441 provides a "toolbox of options" to directly or indirectly fund several recommendations made by the Working and Natural Lands Report. Legislation addresses stormwater management to establish infrastructure and nature-based solutions. Municipalities can choose to establish a conveyance fee to fund local resilience programs. HB6441 provides flexibility to establish regional flood and erosion control boards, climate change doesn't know borders. The establishment of an environmental infrastructure fund to provide clean and plentiful water is an investment in nature-based solutions.

**Danielle Chesebrough, First Selectman, Town of Stonington**

HB6441 offers municipalities the tools to address climate resilience. The bill provides an array of options to directly address climate related projects. The addition of the Connecticut's Green Bank for clean energy investments, land conservation and agriculture, can attract private and federal investments to the state. Under legislation, municipalities can create stormwater authorities to address stormwater pollution and address MS4 requirements.

**Lori Vitigliano, Government and Public Relations Specialist, Regional Water Authority**

Connecticut's water authorities are responsible for infrastructure for the delivery of reliable, safe drinking water. The Regional Water Authority (RWA) has approximately 1700 miles of pipe and annually invests millions of dollars for infrastructure improvements. Enabling water utilities to access funds improves RWA's ability to improve water quality, distribution and service. Improvements state wide preserve the environment, support manufacturing and create jobs.

**David Mann, Deputy Mayor, Town of Bloomfield**

Municipalities are short of funding for climate resilience and environmental maintenance is hard to compete with other local priorities. Mr. Mann supports the actions of a limited conveyance fee option, to set aside funds for a variety of environmental maintenance projects.

*The Environment Committee received more than 150 testimonials in support of HB6441.*

**NATURE AND SOURCES OF OPPOSITION:**

**Connecticut Realtors Association / CT Realtors (over 2300 signed the letter)**

HB6441 Section 3 is a new real estate tax (conveyance fee) on Connecticut's real estate buyers. The tax ranges from .5% for homes that exceed \$150,000 and goes to 1.5% based on the sales price. The new tax raises several issues:

1. Connecticut has an affordable housing problem. A new tax will put homes for first-time home buyers out of the market.
2. Purchasers that cannot afford the new tax would add the tax to their mortgage and they may not be able to.

3. Real estate owners pay high costs for a home, inclusive of high property taxes. Shoreline home owners pay high flood insurance costs. Do not add to home purchase fees.
4. Connecticut has insufficient home inventory, inclusive of sellers who move within their own community. People are less likely to move due to this new tax.

Real estate is important to Connecticut's economy. Municipalities already have the means to fund climate initiatives and open space. The tax burden unfairly targets the home buyer where municipalities choose to implement.

### **Jim Perras, CEO, Home Builders and Remodelers Association of Connecticut**

The Home Builders and Remodelers Association of Connecticut (HBRA-CT) opposes HB6441 Section 3. The HBRA-CT opposes a new tax and process for municipal open space acquisition. Current processes already exist for the purchase of open space by municipalities. HB6441 circumvents the town meeting for community to speak about concerns to acquisition of open space purchases by the municipality. New buyers should not have to pay the cost for open space acquisitions for the benefit of the municipality. The tax would start with tax on the land purchased, cost passed on to the buyer and the buyer pays an additional tax for the purchase of the home. The subsequent tax structure burdens the residential construction industry leads to increased prices across the board and creates more housing affordability issues. Housing affordability in Connecticut already affects the poor and disenfranchised, this causes an increase in the existing affordability crisis. Connecticut needs to address the issue of new fees that could put the state at economic disadvantage with other states.

### **Connecticut Hospital Association**

The Connecticut Hospital Association opposes HB6441 Sections 1 and 2. Hospitals that are currently exempt under from taxation would need to pay the fees under these sections. Payment of fees is contrary to the settlement agreement approved by the General Assembly on December 19, 2019. Under the Agreement, Connecticut agreed not to impose any new taxes or repeal or modify any tax exemptions per effective date of the agreement.

**Reported by: Steve Smith**

**Date: 4/6/2021**