



# Senate

General Assembly

**File No. 67**

February Session, 2022

Senate Bill No. 119

*Senate, March 22, 2022*

The Committee on Environment reported through SEN. COHEN of the 12th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## **AN ACT CONCERNING CLIMATE RESILIENCY FUNDS AND PROJECTS.**

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

1 Section 1. Subsection (c) of section 7-159d of the 2022 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective from passage*):

4 (c) The budget-making authority of such municipality may, from  
5 time to time, direct the treasurer to invest a portion of such Climate  
6 Change and Coastal Resiliency Reserve Fund as in the opinion of such  
7 authority is advisable, including in any trust fund administered, held or  
8 invested by the State Treasurer pursuant to chapter 32 and for which the  
9 State Treasurer may adopt regulations, in accordance with chapter 54,  
10 to allow for the investment of moneys held in any such reserve fund,  
11 provided: (1) Not more than forty per cent, or with respect to such a  
12 reserve fund for which the budget-making authority has adopted an  
13 asset allocation and investment policy, fifty per cent, of the total amount  
14 of such reserve fund shall be invested in equity securities, and (2) any

15 portion of such reserve fund not invested pursuant to subdivision (1) of  
16 this subsection may be invested in: (A) Bonds or obligations of, or  
17 guaranteed by, the state or the United States, or agencies or  
18 instrumentalities of the United States, (B) certificates of deposit,  
19 commercial paper, savings accounts and bank acceptances, (C) the  
20 obligations of any state of the United States or any political subdivision  
21 thereof or the obligations of any instrumentality, authority or agency of  
22 any state or political subdivision thereof, if, at the time of investment,  
23 such obligations are rated in the top rating categories of any nationally  
24 recognized rating service or of any rating service recognized by the  
25 Banking Commissioner, and applicable to such obligations, (D) the  
26 obligations of any regional school district in this state, of any  
27 municipality in this state or any metropolitan district in this state, if, at  
28 the time of investment, such obligations of such government entity are  
29 rated in one of the top two rating categories of any nationally recognized  
30 rating service or of any rating service recognized by the Banking  
31 Commissioner, and applicable to such obligations, (E) in any fund in  
32 which a trustee may invest pursuant to section 36a-353, (F) investment  
33 agreements with financial institutions whose long-term obligations are  
34 rated in the top two rating categories of any nationally recognized rating  
35 service or of any rating service recognized by the Banking  
36 Commissioner or whose short-term obligations are rated in the top  
37 rating category of any nationally recognized rating service or of any  
38 rating service recognized by the Banking Commissioner, or (G)  
39 investment agreements fully secured by obligations of, or guaranteed  
40 by, the United States or agencies or instrumentalities of the United  
41 States.

42 Sec. 2. Section 3-13c of the 2022 supplement to the general statutes is  
43 repealed and the following is substituted in lieu thereof (*Effective from*  
44 *passage*):

45 Trust funds as used in sections 3-13 to 3-13e, inclusive, and 3-31b shall  
46 be construed to include Connecticut Municipal Employees' Retirement  
47 Fund A, Connecticut Municipal Employees' Retirement Fund B,  
48 Soldiers, Sailors and Marines Fund, Family and Medical Leave

49 Insurance Trust Fund, State's Attorneys' Retirement Fund, Teachers'  
50 Annuity Fund, Teachers' Pension Fund, Teachers' Survivorship and  
51 Dependency Fund, School Fund, State Employees Retirement Fund, the  
52 Hospital Insurance Fund, Policemen and Firemen Survivor's Benefit  
53 Fund, any trust fund described in subdivision (1) of subsection (b) of  
54 section 7-450 that is administered, held or invested by the State  
55 Treasurer, any Climate Change and Coastal Resiliency Reserve Fund  
56 created pursuant to section 7-159d, as amended by this act, that is  
57 administered, held or invested by the State Treasurer and all other trust  
58 funds administered, held or invested by the State Treasurer.

59       Sec. 3. (NEW) (*Effective from passage*) The Commissioner of Energy  
60 and Environmental Protection shall maximize the state's receipt of any  
61 federal funds designated for state and municipal projects intended to  
62 increase resiliency to the effects of climate change, including, but not  
63 limited to, coastal resiliency projects. Such maximization shall include,  
64 but not be limited to, the identification of any such federal funds, the  
65 submission of applications or requests for such federal funds on behalf  
66 of the state or any municipality, as applicable, and the provision of  
67 assistance to any municipality in the application process for such federal  
68 funds, including, but not limited to, notification of municipalities  
69 eligible for any such funds identified pursuant to this section. Not later  
70 than January 1, 2023 and biennially thereafter, the commissioner shall  
71 submit a report, in accordance with section 11-4a of the general statutes,  
72 to the joint standing committee of the General Assembly having  
73 cognizance of matters relating to the environment that details the  
74 commissioner's efforts undertaken pursuant to this section, including  
75 any federal funds identified, any application or request for such funds  
76 that the commissioner or any municipality submitted as a result of the  
77 commissioner's efforts, any such funds received by the state or any  
78 municipality and any resiliency project funded, in whole or in part, by  
79 such federal funds. Such report shall include any recommendations for  
80 the state and municipalities to be able to maximize receipt of any such  
81 federal funds.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	7-159d(c)
Sec. 2	<i>from passage</i>	3-13c
Sec. 3	<i>from passage</i>	New section

**ENV**      *Joint Favorable*

*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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 23 \$</b>	<b>FY 24 \$</b>
Department of Energy and Environmental Protection	GF - Potential Cost	367,988	353,946
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Potential Cost	149,146	143,454
Treasurer	Climate Change and Coastal Resiliency Reserve Fund - See Below	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill: (1) authorizes the Treasurer to invest municipal Climate Change and Coastal Resiliency Reserve Funds; and (2) requires the Department of Energy and Environmental Protection (DEEP) to maximize the receipt of federal funds for state and municipal climate change resiliency projects.

This is expected to result in ongoing administrative and investment costs associated with the Climate Change and Coastal Resiliency Reserve Fund. Revenues accrued to the fund will depend on levels of municipal opt-in and subsequent investment return within the fund. The associated costs will be paid using a portion of the investment

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.53% of payroll in FY 23.

return.

Additionally, the bill requires DEEP to maximize receipt of federal funds for state and municipal climate change resiliency projects. The bill stipulates that federal fund maximization includes: (1) identifying federal funds; (2) applying for or requesting funds on the state's or a municipality's behalf; and (3) notifying municipalities of eligibility. This may result in costs to the state of \$517,134 in FY 23 and \$497,400 in FY 24, including fringe benefits, to the extent DEEP retains additional staff to apply for federal grants on behalf of municipalities. This estimate includes the assumption that DEEP hires three new Civil Engineer 1's, two new Research Analysts, and one new Environment Analyst 2 to carry out these duties.

Lastly, the bill requires DEEP to report biennially to the Environment Committee beginning by January 1, 2023 on the maximization efforts of these funds. This has no fiscal impact as DEEP currently has staff with expertise for this purpose.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****SB 119*****AN ACT CONCERNING CLIMATE RESILIENCY FUNDS AND PROJECTS.*****SUMMARY**

This bill authorizes the state treasurer to (1) invest municipal Climate Change and Coastal Resiliency Reserve Funds and (2) adopt regulations to do so. It subjects the treasurer's investments to the same oversight and requirements that the law establishes for other treasurer-administered trust funds.

By law, a municipality may establish a Climate Change and Coastal Resiliency Reserve Fund to pay for property losses, capital projects, and studies related to climate change mitigation. The municipality's budget-making authority may direct the municipal treasurer to invest the reserve funds in specified ways. Under the bill, the municipal treasurer may also invest the reserve fund in any trust fund the state treasurer administers, holds, or invests.

The bill also requires the Department of Energy and Environmental Protection (DEEP) commissioner to maximize the state's receipt of federal funds designated for state and municipal climate change resiliency projects, including coastal resiliency projects. Under the bill, this maximization includes (1) identifying federal funds; (2) applying for or requesting funds on the state's or a municipality's behalf; and (3) helping municipalities apply for federal funds, including notifying them of their eligibility.

Beginning by January 1, 2023, the bill requires the DEEP commissioner to report biennially to the Environment Committee on her maximization efforts. The report must include federal funds identified, applications or requests for funding that DEEP or

municipalities submitted, funds received, projects funded (including those partially funded), and recommendations for the state and municipalities to maximize receiving federal funds.

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Environment Committee

Joint Favorable

Yea 30 Nay 1 (03/04/2022)