



House of Representatives

File No. 722

General Assembly

January Session, 2023

(Reprint of File No. 154)

Substitute House Bill No. 6479
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 5, 2023

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 general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

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

42 (2) Notwithstanding the provisions of subdivision (1) of this
43 subsection, if such reserve fund is invested in any trust fund
44 administered, held or invested by the State Treasurer pursuant to
45 chapter 32, the asset allocation of such reserve fund shall be determined
46 in accordance with the provisions of section 3-13d.

47 Sec. 2. Section 3-13c of the general statutes is repealed and the

48 following is substituted in lieu thereof (*Effective from passage*):

49 Trust funds as used in sections 3-13 to 3-13e, inclusive, and 3-31b shall
50 be construed to include Connecticut Municipal Employees' Retirement
51 Fund A, Connecticut Municipal Employees' Retirement Fund B,
52 Soldiers, Sailors and Marines Fund, Family and Medical Leave
53 Insurance Trust Fund, State's Attorneys' Retirement Fund, Teachers'
54 Annuity Fund, Teachers' Pension Fund, Teachers' Survivorship and
55 Dependency Fund, School Fund, State Employees Retirement Fund, the
56 Hospital Insurance Fund, Policemen and Firemen Survivor's Benefit
57 Fund, any trust fund described in subdivision (1) of subsection (b) of
58 section 7-450 that is administered, held or invested by the State
59 Treasurer, any Climate Change and Coastal Resiliency Reserve Fund
60 created pursuant to section 7-159d, as amended by this act, that is
61 administered, held or invested by the State Treasurer and all other trust
62 funds administered, held or invested by the State Treasurer.

63 Sec. 3. (NEW) (*Effective from passage*) The Commissioner of Energy
64 and Environmental Protection shall maximize the state's receipt of any
65 federal funds designated for state projects intended to increase
66 resiliency to the effects of climate change, including, but not limited to,
67 coastal resiliency projects. Such maximization shall include, but not be
68 limited to, the identification of any such federal funds. Not later than
69 January 1, 2024, and biennially thereafter, the commissioner shall
70 submit a report, in accordance with section 11-4a of the general statutes,
71 to the joint standing committee of the General Assembly having
72 cognizance of matters relating to the environment that details the
73 commissioner's efforts undertaken pursuant to this section, including
74 any federal funds identified, any application or request for such funds
75 that the commissioner submitted, any such funds received by the state
76 and any resiliency project funded, in whole or in part, by such federal
77 funds. Such report shall include any recommendations for the state to
78 be able to maximize receipt of any such 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

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 24 \$	FY 25 \$
Treasurer	Climate Change and Coastal Resiliency Reserve Fund - See Below	See Below	See Below

Municipal Impact: None

Explanation

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

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

House "A" removes the requirement that DEEP assist municipalities in identifying and applying for federal funds for local climate change resiliency projects, resulting in the impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in investments.

OLR Bill Analysis**sHB 6479 (as amended by House "A")*****AN ACT CONCERNING CLIMATE RESILIENCY FUNDS AND PROJECTS.****SUMMARY**

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. This bill also authorizes the municipal treasurer to invest the reserve fund in any trust fund the state treasurer administers, holds, or invests.

The bill authorizes the state treasurer to (1) invest municipal Climate Change and Coastal Resiliency Reserve Funds and (2) adopt regulations to do so. It generally subjects the treasurer's investments to the same oversight that the law establishes for other treasurer-administered trust funds. And it requires these investments to follow the asset allocation outlined for treasurer-administered funds, instead of that for municipal investments, meaning that up to 60% of the investments may be in equities, rather than 40%.

Additionally, the bill requires the Department of Energy and Environmental Protection (DEEP) commissioner to maximize the state's receipt of federal funds designated for state climate change resiliency projects (e.g., coastal resiliency projects) by taking actions that at least include identifying these funds. Beginning by January 1, 2024, the bill requires the commissioner to report biennially to the Environment Committee on her maximization efforts. The report must include federal funds identified, any application or request for funding that DEEP submitted, funds the state received, projects funded (in whole or in

part), and recommendations for the state to maximize receiving federal funds.

*House Amendment "A" removes the DEEP commissioner's responsibility to help municipalities identify and apply for federal funds for local climate change resiliency projects.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 32 Nay 0 (03/03/2023)