OFFICE OF FISCAL ANALYSIS

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sHB-6664
AN ACT CONCERNING MANAGING WASTE AND CREATING A WASTE AUTHORITY.

AMENDMENT

LCO No.: 9708
File Copy No.: 580
House Calendar No.: 351

OFA Fiscal Note

See Fiscal Note Details

The amendment removes Section 1 that establishes a stewardship program for handling packaging materials, under certain circumstances. This removes a fee that would have resulted a DEEP cost and commensurate revenue gain beginning in FY 25.

The amendment adjusts the bill's provisions regarding recyclable content in beverage containers (within Section 2 of the underlying bill). The amendment alters the initial registration fee amount and timing. Under the amendment, beverage container producers will pay a $500 fee by April 1, 2026 (FY 26) and then a fee to be determined by the commissioner every five years thereafter. The amount of the General Fund revenue gain due to the initial registration fee is dependent on the number of producers that must pay the fee, as certain lower-volume producers are exempted. The amendment makes other adjustments to this section of the bill, which have no fiscal impact to the state or municipalities.

The amendment eliminates Section 5 of the underlying bill, which removes the potential costs to municipalities in the outyears that in the underlying bill were associated with new municipal food scrap requirements that would have taken effect in FY 29.

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(FN)

The amendment also allows the Connecticut Green Bank to issue bonds for solid waste facilities as environmental infrastructure bonds, under agreements with DEEP. This may result in a potential cost subject to where bonds are issued, and the terms of the bonds in FY 24 and FY 25.

The amendment also increases the Connecticut Green Bank special capital reserve fund (SCRF) bond authorization from $250 million to $500 million. To the extent the additional bonds are issued, there is a potential impact to the state's debt service going forward through the life of any bonds issued. 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. As of November 2022, the Green Bank had outstanding SCRF-backed debt of $46.4 million.[1]

Background: SCRF-backed bonds are a contingent liability of the state. 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.[2]

The amendment makes other changes that are not expected to have a fiscal impact to the state or municipalities.

[1] Source: December 2022 General Obligation Bonds Official Statement

[2] Contingent liabilities do not count against the state's statutory limits on General Obligation bonding.