



House of Representatives

General Assembly

File No. 613

February Session, 2024

Substitute House Bill No. 5004

House of Representatives, April 25, 2024

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE IMPLEMENTATION OF CERTAIN CLIMATE CHANGE MEASURES.

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

1 Section 1. (NEW) (*Effective from passage*) The state hereby declares a
2 climate crisis to demonstrate the urgency for enacting meaningful
3 climate legislation and to support increased efforts to secure federal
4 funds to respond to such crisis. Such crisis threatens the resilience of
5 communities in the state, regardless of zip code, multiple aspects of the
6 state's natural resources and infrastructure assets, the state's economy
7 and the quality of life for younger generations of state residents.
8 Accordingly, the state recognizes the urgency to significantly and
9 rapidly decrease greenhouse gas emissions and increase community
10 coping capacities to handle the impacts of climate change. The state
11 recognizes the need and urgency to mitigate climate impacts and
12 prepare for and manage disaster risk from climate change. Such
13 declaration shall not authorize the Governor to utilize the provisions of
14 this section to operate the government of the state through executive

15 order.

16 Sec. 2. (NEW) (*Effective from passage*) Not later than January 1, 2025,
17 the Public Utilities Regulatory Authority shall initiate a docket
18 regarding the future of natural gas use in the state in relation to the
19 provisions of section 22a-200a of the general statutes. Upon completion
20 of such docket, said authority shall submit a report, in accordance with
21 the provisions of section 11-4a of the general statutes, to the joint
22 standing committees of the General Assembly having cognizance of
23 matters relating to the environment and energy on any
24 recommendations for legislative changes necessary to implement the
25 findings of such docket.

26 Sec. 3. Subdivision (3) of subsection (c) of section 32-7t of the 2024
27 supplement to the general statutes is repealed and the following is
28 substituted in lieu thereof (*Effective July 1, 2024*):

29 (3) The commissioner, upon consideration of an application and any
30 additional information, may approve an application in whole or in part
31 or may approve an application with amendments, provided the
32 commissioner shall give preference to applications that: (A) Make
33 significant investments in environmentally sustainable practices,
34 including, but not limited to, zero-carbon energy and energy efficiency,
35 (B) are in sectors of the economy such as renewable energy, energy
36 efficiency and zero-emission vehicles, or (C) are for farming operations
37 that are sustainable from a climate perspective. If the commissioner
38 disapproves an application, the commissioner shall identify the defects
39 in such application and explain the specific reasons for the disapproval.
40 The commissioner shall render a decision on an application not later
41 than ninety days after the date of its receipt by the commissioner.

42 Sec. 4. (NEW) (*Effective from passage*) The Commissioner of Revenue
43 Services, in collaboration with the Commissioner of Economic and
44 Community Development, shall identify business fees that are
45 appropriate for waiver for certified B corporations and farms that are
46 environmentally sustainable. Not later than January 1, 2025, the
47 Commissioner of Revenue Services shall submit a list of such fees to the

48 joint standing committee of the General Assembly having cognizance of
49 matters relating to the environment.

50 Sec. 5. (NEW) (*Effective from passage*) Not later than January 1, 2025,
51 and annually thereafter, Connecticut Innovations, Incorporated shall
52 submit a report, in accordance with the provisions of section 11-4a of the
53 general statutes, to the joint standing committees of the General
54 Assembly having cognizance of matters relating to the environment and
55 energy on investments and assistance provided to companies engaged
56 in matters related to the mitigation of climate change.

57 Sec. 6. (NEW) (*Effective October 1, 2024*) Not later than January 1, 2025,
58 the Commissioner of Energy and Environmental Protection, in
59 accordance with the provisions of section 11-4a of the general statutes,
60 shall submit a report to the joint standing committee of the General
61 Assembly having cognizance of matters relating to the environment on
62 recommendations for amendments to section 16a-48 of the general
63 statutes to provide for the sale and installation in the state of heating,
64 ventilation and air conditioning systems, hot water heating systems and
65 geothermal systems that do not emit greenhouse gases. Such
66 recommendations shall include, but not be limited to, suggested
67 implementation dates for any such requirement and proposed
68 consumer education efforts to inform the public about such systems.

69 Sec. 7. (NEW) (*Effective October 1, 2024*) The Commissioner of Energy
70 and Environmental Protection, in conjunction with the Connecticut
71 Green Bank, shall develop a plan for the installation, within available
72 resources, of not less than three hundred ten thousand heat pumps for
73 residential heating systems in the state, including, but not limited to,
74 through any program established pursuant to section 8-240a, 16a-40b,
75 16a-40l or 16a-46m of the general statutes. Not later than January 1, 2026,
76 the commissioner shall submit a report, in accordance with the
77 provisions of section 11-4a of the general statutes, to the joint standing
78 committees of the General Assembly having cognizance of matters
79 relating to the environment and energy on the status of such plan in
80 reaching such goal and any attendant recommendations for expanding

81 or revising such plan.

82 Sec. 8. (NEW) (*Effective from passage*) Not later than October 1, 2024,
83 the Secretary of the Office of Policy and Management, in consultation
84 with the Department of Administrative Services, shall develop a model
85 policy for environmentally sustainable purchasing that municipalities
86 may voluntarily utilize and implement.

87 Sec. 9. Subsection (e) of section 7-536 of the 2024 supplement to the
88 general statutes is repealed and the following is substituted in lieu
89 thereof (*Effective July 1, 2024*):

90 (e) (1) Each municipality may apply to the secretary for project
91 authorization and expense reimbursement of local capital improvement
92 projects.

93 (2) Notwithstanding the deadlines imposed by this section, each
94 municipality that has expended funds in the fiscal year ending June 30,
95 2013, on projects listed in subparagraphs (T) to (X), inclusive, of
96 subdivision (4) of subsection (a) of this section may apply to the
97 secretary for reimbursement of such expenses.

98 (3) (A) Notwithstanding the provisions of subdivision (2) of
99 subsection (f) of this section, the secretary, at the secretary's discretion,
100 may authorize expense reimbursement for a project listed in
101 subparagraphs (T) to (Y), inclusive, of subdivision (4) of subsection (a)
102 of this section prior to such project's inclusion on the local capital
103 improvement plan adopted by a municipality. The secretary may
104 require certification from the municipality that such municipality is
105 taking steps to amend its local capital improvement plan to include such
106 project.

107 (B) (i) Notwithstanding the provisions of subsection (c) of this section,
108 for the period commencing July 1, 2023, and ending June 30, 2025, the
109 secretary shall additionally authorize expense reimbursement for any
110 project listed in subparagraph (Y) of subdivision (4) of subsection (a) of
111 this section from funds appropriated to the Office of Policy and

112 Management for such projects.

113 (ii) Notwithstanding the provisions of subsection (c) of this section,
114 for the period commencing July 1, 2024, and ending June 30, 2025, the
115 secretary shall additionally authorize expense reimbursement for any
116 municipality that implements the Office of Policy and Management's
117 model policy for environmentally sustainable purchasing from funds
118 appropriated to the Office of Policy and Management for such purpose.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>July 1, 2024</i>	32-7t(c)(3)
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>October 1, 2024</i>	New section
Sec. 7	<i>October 1, 2024</i>	New section
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>July 1, 2024</i>	7-536(e)

APP Joint Favorable Subst.

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: None

Municipal Impact: None

Explanation

The bill establishes various requirements related to its Section 1 climate crisis declaration, and results in no fiscal impact to the state or municipalities.

Section 2 requires the Public Utility Regulatory Authority (PURA) to conduct a docket to determine how the state can address future natural gas usage in relation to the state's target emission levels. This is expected to be completed within existing resources.

Section 3, which establishes a preference for certain "green" jobs under the JobsCT tax rebate program, does not result in any fiscal impact as it does not alter the aggregate annual \$40 million cap on the program.

Section 4 requires the Department of Revenue Services commissioner, in collaboration with the Department of Economic and Community Development commissioner, to identify business fees that are appropriate for waiver for environmentally sustainable certified B corporations and farms. This does not result in any fiscal impact as the agencies have the expertise to accomplish this requirement within existing resources.

Section 5 has no fiscal impact by requiring Connecticut Innovations (CI) to annually submit a report on investments and assistance provided

to companies engaged in matters related to the mitigation of climate change. CI has the expertise to accommodate this report within existing resources.

Section 6 requires DEEP to report on recommendations regarding the sale and installation of heating and cooling systems that do not emit greenhouse gases. This results in no fiscal impact as the agency has sufficient expertise to complete this report.

Section 7 requires DEEP in conjunction with the Connecticut Green Bank to develop a plan to install 310,000 heat pumps for residential heating systems resulting in no fiscal impact.

Section 8, which requires the Office of Policy and Management (OPM) to develop a model policy for environmentally sustainable purchasing that municipalities may voluntarily utilize and implement, does not result in a fiscal impact as OPM has the resources necessary to develop the model policy.

Section 9 is not anticipated to result in a fiscal impact, as it requires the Office of Policy and Management to authorize additional reimbursement of eligible expenses under the Local Capital Improvement Program (LoCIP) for FY 25 using any resources appropriated for said purpose. Administration of LoCIP was changed from a reimbursement program to a prospective grant beginning in FY 24 (PA 23-124).

Additionally, the LoCIP program is bond funded. The bill makes no additional resources available for the program, either through the authorization of bond funds or appropriations. The fiscal impact of any legislation appropriating funds for an expanded purpose would be noted in the fiscal note relevant to the other legislation.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5004****AN ACT CONCERNING THE IMPLEMENTATION OF CERTAIN CLIMATE CHANGE MEASURES.**

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Requires PURA to initiate a related docket on the future of natural gas in the state

§ 3 — JOBSCT TAX REBATE PROGRAM

Requires the DECD commissioner to give a preference to applications under the JobsCT tax rebate program that (1) make significant investments in environmentally sustainable practices; (2) are in economic sectors like renewable energy, energy efficiency, and zero-emission vehicles; or (3) are for sustainable farming operations

§ 4 — DRS FEE WAIVER FOR CERTAIN BUSINESSES

Requires the DRS commissioner to (1) identify business fees that are appropriate to be waived for environmentally sustainable certified B corporations and farms and (2) submit a list of the fees to the Environment Committee by January 1, 2025

§ 5 — CI INVESTMENT REPORT

Requires CI to annually report to the Environment and Energy and Technology committees on investments and assistance for companies engaged in climate change mitigation matters

§ 6 — ENERGY EFFICIENCY PRODUCT STANDARDS REPORT

Requires DEEP to submit a report to the Environment Committee by January 1, 2025, on recommendations for changing the product energy efficiency standards law to provide for the sale and

installation of certain heating and cooling systems that do not emit GHG

§ 7 — RESIDENTIAL HEAT PUMP SYSTEMS PLAN

Requires the DEEP commissioner, with the Green Bank, to develop a plan to install at least 310,000 residential heat pumps, and report on the plan to the Environment and Energy and Technology committees by January 1, 2026

§§ 8 & 9 — ENVIRONMENTALLY SUSTAINABLE PURCHASING MODEL POLICY

Requires OPM to develop a model policy for environmentally sustainable purchasing that municipalities can use; for FY 25, requires the OPM secretary to authorize LoCIP funding to municipalities that implement the model policy

BACKGROUND

SUMMARY

This bill establishes various requirements related to its climate crisis declaration (see § 1), as described in the section-by-section analysis below.

EFFECTIVE DATE: Upon passage, except as noted below.

§ 1 — CLIMATE CRISIS DECLARATION

Declares that there is a climate crisis to (1) show urgency to enact meaningful climate legislation and (2) support efforts for federal funds to respond to the crisis

The bill makes a declaration that there is a climate crisis to (1) show the urgency to enact meaningful climate legislation and (2) support increased efforts to secure federal funds to respond to the crisis. It also states that the state recognizes the (1) urgency and need to mitigate climate impacts and prepare for and manage disaster risk from climate change and (2) urgency to significantly and rapidly decrease greenhouse gas (GHG) emissions and increase community coping capacities to handle climate change impacts.

As part of the declaration, the bill states that the crisis threatens the following:

1. the state's communities' resilience, regardless of zip code;
2. multiple aspects of the state's natural resource and infrastructure assets; and
3. the state's economy and quality of life for younger generations of state residents.

It specifies that the declaration does not permit the governor to use its statements to operate the government by executive order.

§ 2 — PURA DOCKET ON THE FUTURE OF NATURAL GAS

Requires PURA to initiate a related docket on the future of natural gas in the state

The bill requires the Public Utilities Regulatory Authority (PURA) to initiate a docket, by January 1, 2025, on the future of natural gas use in the state in relation to the state's GHG emission level reduction goals. After completing the docket, PURA must submit a report to the Environment and Energy and Technology committees on any recommendations for legislative changes needed to implement its findings.

§ 3 — JOBSCT TAX REBATE PROGRAM

Requires the DECD commissioner to give a preference to applications under the JobsCT tax rebate program that (1) make significant investments in environmentally sustainable practices; (2) are in economic sectors like renewable energy, energy efficiency, and zero-emission vehicles; or (3) are for sustainable farming operations

By law, the Department of Economic and Community Development's (DECD) JobsCT tax rebate program gives companies in specified industries rebates against their insurance premiums, corporation business taxes, and pass-through entity taxes for reaching certain job creation targets.

The bill requires the DECD commissioner to give a preference to applications for the program that:

1. make significant investments in environmentally sustainable practices (e.g., zero-carbon energy and energy efficiency);
2. are in sectors of the economy such as renewable energy, energy

efficiency, and zero-emission vehicles; or

3. are for farming operations that are sustainable from a climate perspective.

EFFECTIVE DATE: July 1, 2024

§ 4 — DRS FEE WAIVER FOR CERTAIN BUSINESSES

Requires the DRS commissioner to (1) identify business fees that are appropriate to be waived for environmentally sustainable certified B corporations and farms and (2) submit a list of the fees to the Environment Committee by January 1, 2025

The bill requires the Department of Revenue Services (DRS) commissioner, in collaboration with the DECD commissioner, to identify business fees that are appropriate for waiver for environmentally sustainable certified B corporations and farms. The DRS commissioner must submit a list of these fees to the Environment Committee by January 1, 2025.

§ 5 — CI INVESTMENT REPORT

Requires CI to annually report to the Environment and Energy and Technology committees on investments and assistance for companies engaged in climate change mitigation matters

By January 1, 2025, the bill requires Connecticut Innovations, Inc. (CI) to begin annually reporting to the Environment and Energy and Technology committees on investments and assistance given to companies that are engaged in climate change mitigation matters. CI is a quasi-public agency that gives financing and support to businesses in the state.

§ 6 — ENERGY EFFICIENCY PRODUCT STANDARDS REPORT

Requires DEEP to submit a report to the Environment Committee by January 1, 2025, on recommendations for changing the product energy efficiency standards law to provide for the sale and installation of certain heating and cooling systems that do not emit GHG

The bill requires the Department of Energy and Environmental Protection (DEEP) commissioner to submit a report to the Environment Committee by January 1, 2025, on recommendations for changing the product energy efficiency standards law to provide for the sale and installation of heating, ventilation, and air conditioning systems, hot water heating systems, and geothermal systems that do not emit GHGs.

The recommendations must include suggested implementation dates and proposed consumer education efforts.

EFFECTIVE DATE: October 1, 2024

§ 7 — RESIDENTIAL HEAT PUMP SYSTEMS PLAN

Requires the DEEP commissioner, with the Green Bank, to develop a plan to install at least 310,000 residential heat pumps, and report on the plan to the Environment and Energy and Technology committees by January 1, 2026

The bill requires the DEEP commissioner, together with the Connecticut Green Bank, to develop a plan to install, within available resources, at least 310,000 heat pumps for residential heating systems through the existing multifamily retrofit pilot program for homes in environmental justice communities and low interest energy efficiency loan, residential heating equipment financing, and affordable housing energy efficiency retrofit grant programs.

Under the bill, the commissioner must submit a report to the Environment and Energy and Technology committees by January 1, 2026, on the plan's status in reaching the goal and any related recommendations to expand or revise the plan.

EFFECTIVE DATE: October 1, 2024

§§ 8 & 9 — ENVIRONMENTALLY SUSTAINABLE PURCHASING MODEL POLICY

Requires OPM to develop a model policy for environmentally sustainable purchasing that municipalities can use; for FY 25, requires the OPM secretary to authorize LoCIP funding to municipalities that implement the model policy

The bill requires the Office of Policy and Management (OPM), in consultation with the Department of Administrative Services, to develop a model policy for environmentally sustainable purchasing that municipalities can use and implement.

By law, the Local Capital Improvement Program (LoCIP), administered by OPM, provides funding to municipalities for the cost of eligible local capital improvement projects. OPM distributes LoCIP funds to municipalities based on a statutory formula. In addition to the distribution, the bill requires OPM, for FY 25, to authorize funding for

municipalities that implement the model policy from funds appropriated to OPM for this purpose.

EFFECTIVE DATE: Upon passage, except the LoCIP provision is effective July 1, 2024.

BACKGROUND

Legislative History

The House referred the bill (File 321) to the Appropriations Committee, which reported a substitute that eliminates provisions in the bill on (1) GHG emission reduction goals, (2) permits for fossil-fueled electricity generators, (3) electricity and electric vehicle power source and cost posting requirements for DEEP, (4) a new Connecticut Clean Economy Council, (5) PURA’s energy storage program, (6) school building project grant percentages, (7) local plans of conservation and development, (8) state building electrical systems, and (9) a report about nature-based solutions to support climate mitigation and adaptation.

Related Bill

sHB 5356 (File 363), favorably reported by the Energy and Technology Committee, among other things, requires the DEEP commissioner to study the state’s natural gas capacity, including ways to expand it, and report her findings and recommendations to the Energy and Technology Committee by January 1, 2025.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute
Yea 23 Nay 11 (03/20/2024)

Appropriations Committee

Joint Favorable Substitute
Yea 37 Nay 16 (04/22/2024)