

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sHB-5356

AN ACT CONCERNING MODIFICATIONS TO THE RENEWABLE PORTFOLIO STANDARD.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Department of Energy and Environmental Protection	GF - Cost	Up to 500,000	None

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Grand List Reduction	None	See Below
All Municipalities	Potential Revenue Loss	See Below	See Below

Explanation

This bill (1) expands the type of projects considered Class I renewable energy sources to include certain fuel cell, hydropower, and nuclear facilities; and (2) removes the sunset requirement on electric distribution companies purchasing 5% of their power from Class III renewable resources resulting in the impacts described below.

The bill exempts certain renewable energy technologies from: (1) property tax, and (2) building permit fees. This result in a grand list reduction from the property tax exemption beginning in FY 26 and a potential revenue loss from the building permit fee exemption

beginning in FY 25.^{1,2} Any impact to municipalities is dependent on the amount of qualifying property and the number of approved building applications.

The bill exempts certain renewable energy technologies from: (1) property tax, and (2) building permit fees. This result in a grand list reduction from the property tax exemption beginning in FY 26 and a potential revenue loss from the building permit fee exemption beginning in FY 25.^{3,4} Any impact to municipalities is dependent on the amount of qualifying property and the number of approved building applications.

The bill requires the Department of Energy and Environmental Protection (DEEP) to report on natural gas capacity in the state, including ways to expand such capacity. This is expected to result in a one-time cost of up to \$500,000 for a consultant in FY 25.

Ratepayer Impact Statement⁵

This bill results in a minimal ratepayer impact. The prioritization of purchasing from one source or another may have a limited⁶ impact on the cost to ratepayers however the effect is indeterminate.

The Out Years

The annualized ongoing fiscal impact identified above would

¹ In FY 24, certain tax-exempt renewable energy and pollution control equipment results in a grand list reduction of approximately \$625.1 million to all municipalities cumulatively.

² Each municipality sets its own fee amounts for building permits. Building permit fees often range from \$10 to \$15 per \$1,000 of construction.

³ In FY 24, certain tax-exempt renewable energy and pollution control equipment results in a grand list reduction of approximately \$625.1 million to all municipalities cumulatively.

⁴ Each municipality sets its own fee amounts for building permits. Building permit fees often range from \$10 to \$15 per \$1,000 of construction.

⁵ The state and municipalities are ratepayers and therefore may be impacted by policy changes that affect electric rates

⁶ [There is currently a capacity of 2,100 MW in Class I renewable energy sources.](#) (DEEP Report p.6)

continue into the future subject to inflation.