



House of Representatives

File No. 862

General Assembly

January Session, 2007

(Reprint of File No. 779)

Substitute House Bill No. 7275
As Amended by House Amendment
Schedules "A" and "B"

Approved by the Legislative Commissioner
May 21, 2007

AN ACT CONCERNING THE FACE OF CONNECTICUT.

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

1 Section 1. Subsection (a) of section 7-131e of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2007*):

4 (a) Grant award decisions under the protected open space and
5 watershed land acquisition grant program established under section
6 7-131d or under the Charter Oak open space grant program
7 established under section 7-131t shall be made by the Commissioner of
8 Environmental Protection at least semiannually. All complete and
9 eligible grant applications shall be acted upon by the commissioner as
10 soon as practicable. A single project may receive a grant in more than
11 one grant cycle, subject to future availability of funds and subject to
12 the limitations set forth in this section and sections 23-78, 12-498 and
13 7-131d. Up to [two] five per cent of the grant funds may be used for
14 administrative expenses including, but not limited to: (1) Contractors
15 to assist the Department of Environmental Protection in the review

16 and evaluation of grant proposals and baseline data collection for
17 conservation easements; (2) appraisals or appraisal reviews; and (3)
18 preparation of legal and other documents. Administrative expenses
19 may not be used for staff salaries. Not later than September 1, 1998, for
20 the protected open space and watershed land acquisition grant
21 program established under section 7-131d, and not later than
22 September 1, 2000, for the Charter Oak open space grant program
23 account established under section 7-131t, the commissioner shall
24 develop written guidelines and a ranking system for consistency and
25 equity in the distribution of grant awards under the protected open
26 space and watershed land acquisition grant program established under
27 section 7-131d or under the Charter Oak open space grant program
28 account established under section 7-131t based on the criteria listed in
29 subsections (b) and (c) of section 7-131d. Consistent with such criteria,
30 additional consideration shall be given to: (A) Protection of lands
31 adjacent to and complementary to adjacent protected open space land
32 or class I or class II water company lands; (B) equitable geographic
33 distribution of the grants; (C) proximity of a property to urban areas
34 with growth and development pressures or to areas with open space
35 deficiencies and underserved populations; (D) protection of land
36 particularly vulnerable to development incompatible with its natural
37 resource values including the protection of a public water supply
38 source; (E) consistency with the state's plan of conservation and
39 development; (F) multiple protection elements, such as water quality
40 and supply protection, scenic preservation and farmland preservation;
41 (G) the extent to which the presence of already constructed buildings
42 or other manmade improvements diminish or overshadow the natural
43 resource value of a proposed acquisition, or its value relative to its
44 cost; and (H) preservation of forest lands and bodies of water which
45 naturally absorb significant amounts of carbon dioxide.

46 Sec. 2. Section 7-131g of the general statutes is repealed and the
47 following is substituted in lieu thereof (*Effective July 1, 2007*):

48 (a) Subject to the provisions of sections 7-131d to 7-131k, inclusive,
49 the Commissioner of Environmental Protection may (1) where a

50 federal grant is also made, approve grants to municipalities in an
51 amount not to exceed one-half of the nonfederal share of open space
52 land acquisition or development costs, (2) where a federal
53 rehabilitation or innovation grant is made to a municipality under the
54 Urban Park and Recreation Recovery Act of 1978 (P.L. 95-625, 92 Stat.
55 3538), approve a grant to such municipality not to exceed fifteen per
56 cent of the total project cost of such development or rehabilitation and
57 (3) where a federal grant is not made, may approve grants to
58 municipalities in accordance with the provisions of this section.

59 (b) The Commissioner of Environmental Protection may make
60 grants under the open space and watershed land acquisition program
61 to: (1) Municipalities for acquisition of land for open space under
62 subdivisions (1) to (6), inclusive, of subsection (b) of section 7-131d in
63 an amount not to exceed [fifty] sixty-five per cent of the fair market
64 value of a parcel of land or interest in land proposed to be acquired; (2)
65 municipalities for acquisition of land for class I and class II water
66 supply protection under subdivision (5) of subsection (b) of said
67 section 7-131d, in an amount not to exceed sixty-five per cent of such
68 value; (3) nonprofit land conservation organizations for acquisition of
69 land for open space or watershed protection under subdivisions (1) to
70 (6), inclusive, of subsection (b) of said section 7-131d, in an amount not
71 to exceed [fifty] sixty-five per cent of such value; (4) water companies
72 for acquisition of land under subdivision (7) of subsection (b) of said
73 section 7-131d, in an amount not to exceed [forty] sixty-five per cent of
74 such value provided if such a company proposes in a grant application
75 that it intends to allow access to such land for recreational uses, such
76 company shall seek approval of the Commissioner of Public Health for
77 such access; and (5) distressed municipalities or targeted investment
78 communities, as defined in section 32-9p, or, with the approval of the
79 chief elected official or governing legislative body of such a
80 municipality or community, to a nonprofit land conservation
81 organization or water company, for acquisition of land within that
82 municipality or community, for open space under subdivisions (1) to
83 (6), inclusive, of subsection (b) of said section 7-131d, in an amount not

84 to exceed [sixty-five] seventy-five per cent of such value or for
85 performance of work in the restoration, enhancement or protection of
86 resources in an amount not to exceed fifty per cent of the cost of such
87 work. Applicants for grants under the program shall provide a copy of
88 the application to the chairperson of the review board established
89 under section 7-131e, as amended by this act. The board shall provide
90 comments to the commissioner on pending applications as it deems
91 necessary.

92 (c) For purposes of this subsection, the fair market value of land or
93 interest in land shall be determined by one or more appraisals
94 satisfactory to the commissioner and shall not include incidental costs,
95 including, but not limited to, surveying, development or closing costs.
96 The commissioner may consider a portion of the fair market value of a
97 donation of land by an entity receiving a grant as a portion of the
98 matching funds required under this subsection. No other funds made
99 available by the state may be used by a potential grantee as matching
100 funds under the program.

101 (d) To the extent there is a balance of bonds authorized but not
102 allocated by the State Bond Commission on or after July 1, 1998,
103 pursuant to any bond act for the purposes of (1) the recreation and
104 natural heritage trust program established under sections 23-73 to 23-
105 79, inclusive, and (2) the municipal open space grant program
106 established under sections 7-131c to 7-131g, inclusive, the State Bond
107 Commission shall authorize the issuance of such balance only for the
108 purposes described in section 23-74 and sections 23-75 and 7-131d and
109 in two substantially equal installments one in each half of the fiscal
110 year commencing with the fiscal year ending June 30, 1999.

111 Sec. 3. (NEW) (*Effective July 1, 2007*) (a) The Commissioner of
112 Agriculture shall administer a program providing eligible
113 municipalities with a loan for the purchasing of agricultural lands.
114 Such loan shall be for a period not to exceed five years and shall not be
115 subject to interest. Municipalities shall be eligible for such loan if they
116 provide not less than twenty per cent of the purchase price of such

117 lands and may apply for such loan on a form prescribed by the
118 Commissioner of Agriculture.

119 (b) There is established an account to be known as the "municipal
120 purchasing of agricultural land account" which shall be a separate,
121 nonlapsing account within the General Fund. The account may contain
122 any moneys required by law to be deposited in the account. Moneys in
123 the account shall be expended by the Commissioner of Agriculture for
124 the purposes of providing municipalities with loans for the purchase
125 of agricultural lands in accordance with subsection (a) of this section.

126 (c) The Commissioner of Agriculture may adopt regulations, in
127 accordance with the provisions of chapter 54 of the general statutes,
128 setting forth the criteria for loans granted under this section, and the
129 terms governing such loans.

This act shall take effect as follows and shall amend the following sections:		
Section	<i>July 1, 2007</i>	7-131e(a)
Sec. 2	<i>July 1, 2007</i>	7-131g
Sec. 3	<i>July 1, 2007</i>	New section

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Environmental Protection	GF - See Below	See Below	See Below
Department of Agriculture	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 08 \$	FY 09 \$
Various Municipalities	Revenue Gain	See Below	See Below

Explanation

The bill:

1. Increases from 2% to 5% the percentage of funds that the Department of Environmental Protection (DEP) can use to administer its open space programs. For each \$5 million of open space funding, the amount permitted for administrative expenses would increase from \$100,000 to \$250,000.
2. Increases the percentage of the land's fair market value or interest for which DEP may make open space acquisition grants to various entities. Increasing the amount of money that is paid for an individual parcel will reduce the total number of grants-in-aid that DEP can provide for this program. Increasing the percentage paid from 50% to 65% will result in a savings to a town that is purchasing land for open space.
3. Establishes a municipal purchasing of agricultural land

account for the purpose of providing loans to towns for the purchase of agricultural lands. Until the magnitude of the program is known, it is difficult to determine the level of additional staff required by the Dept. of Agriculture to administer it. However, even at a low level of funding, it is likely that an additional person would be required, at a cost of approximately \$45,000, plus fringe benefits.

The adoption of regulations, while permissive, could result in additional costs, which are indeterminate at this time.

The provision of interest-free loans to towns for up to 80% of the purchase price of such lands would be a revenue gain initially, and a subsequent cost for repayment of the principal. Since the loans are to be interest free, there would be no interest expense.

House "A" eliminated the sections of the file copy that authorized General Obligation (GO) bonds for various open space, historical preservation and conservation purposes and removed the associated fiscal impact stated in the fiscal note.

House "B" added the section that established the account for municipal purchasing of agricultural land.

The Out Years

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

OLR Bill Analysis**sHB 7275 (as amended by House “A” and “B”)******AN ACT CONCERNING THE FACE OF CONNECTICUT.*****SUMMARY:**

This bill increases grant ceilings for, and makes adjustments to, the Open Space and Watershed Acquisition Grant Program. It also creates a loan program to help municipalities purchase agricultural land.

By law, grants under the Open Space and Watershed Acquisition Grant Program are capped at certain percentages of a desired property’s fair market value. The bill increases those percentages. It also increases, from 2% to 5%, the percentage of grant funds that the Department of Environmental Protection (DEP) may use for certain administrative expenses related to the program.

The bill requires the Department of Agriculture (DOAG) commissioner to administer a program that provides eligible municipalities with loans to purchase agricultural land. The bill provides that municipalities (1) are eligible for the loan if they provide at least 20% of the purchase price for the land and (2) may apply for it on a form the DOAG commissioner prescribes. Under the bill, the loan term cannot exceed five years and is not subject to interest.

The bill establishes the “municipal purchasing of agricultural land account” as a separate, non-lapsing account within the General Fund. It specifies that the account may contain any money the law requires to be deposited in it. The DOAG commissioner must use the account funds to provide municipalities the interest-free agricultural land acquisition loans.

The bill authorizes the DOAG commissioner to adopt regulations

that establish the criteria for the agricultural land acquisition loans and the terms governing the loans.

It also makes a technical change.

*House Amendments "A" eliminates:

1. provisions authorizing general obligation bonds to (a) increase existing farmland preservation and open space acquisition program funding and (b) fund six new preservation programs,
2. the six new programs,
3. a DEP matching grant for land protection, and
4. a provision regarding municipal repayment of its portion of a state matching grant for farm and open space land.

*House Amendments "B" creates the agricultural land acquisition loan and the municipal purchasing of agricultural land account and authorizes DOAG to adopt regulations.

EFFECTIVE DATE: July 1, 2007

OPEN SPACE AND WATERSHED LAND ACQUISITION PROGRAM

By law, this program provides financial assistance to (1) municipalities and nonprofit land conservation organizations to acquire open space and watershed land and (2) water companies to acquire water supply property. The land or watershed must meet certain eligibility criteria (see BACKGROUND).

Under current law, the DEP commissioner may make Open Space Acquisition and Watershed Acquisition Grants to:

1. a municipality for open space acquisition or for acquisition of land for class I and class II (see BACKGROUND) water supply protection;
2. non-profit land conservation organizations for acquisition of

land for open space or watershed protection;

3. water companies to acquire land that is eligible to be classified as class I or II land; or
4. a distressed municipality or targeted investment community, or with such a municipality's permission, a nonprofit land conservation organization, to acquire land for open space preservation—the bill additionally allows such a municipality or community to also give permission to a water company.

Under current law, a grant to a municipality cannot exceed 50% of the land's fair market value or interest. The bill increases the amount to 65%. (By law, a grant to a municipality for acquisition of land for class I and class II water supply protection is already capped at 65%.)

The bill also increases the cap amount on the percentage of land value:

1. from 50% to 65% for grants to nonprofit land conservation organizations for acquisition of land for open space or watershed protection,
2. from 40% to 65% for grants to water companies to acquire land that is eligible to be classified as class I or II land, and
3. from 65% to 75% for grants to distressed municipalities, targeted investment communities, or the entity they approve for open space acquisition.

BACKGROUND

Open Space and Watershed Land Acquisition Grant Program Eligibility Criteria

To be eligible for funding, the land must be:

1. valuable for recreation, forestry, fishing, conservation of wildlife, or natural resources;

2. a prime natural feature of the state's landscape;
3. a habitat for native plants or animals listed as threatened, endangered, or of special concern;
4. a relatively undisturbed and outstanding example of an uncommon native ecological community;
5. important for enhancing and conserving water quality;
6. valuable for preserving local agricultural heritage; or
7. eligible for class I or class II watershed land classification.

Class I and II Land

By law, class I land is water company property that is closest to a supply source (e.g., within 200 feet of a well) or that meets certain geological criteria (e.g., having a slope of 15% or more). Class II land is other property that is (1) within a watershed or (2) off a watershed but within 150 feet of a reservoir or a stream that flows into a reservoir.

Farmland Preservation Purchase of Development Rights (PDR) Program

The state's primary farmland preservation program is the voluntary Farmland Preservation PDR Program, which allows DOAG to purchase from farmers development rights to preserve prime and important farmland. As of January 3, 2007, the Farmland Preservation Program had preserved 31,782 acres on 228 farms. Farmers may apply to DOAG, which evaluates applications according to regulatory criteria. The program's primary goal is to preserve farmland containing a high percentage of prime farmland soils in established farm communities.

Charter Oak Open Space Grant Program

By law, in addition to the Open Space and Watershed Land Acquisition Grant Program, DEP can provide matching grants under the Charter Oak Open Space Grant Program to nonprofit land

conservation organizations and municipalities to acquire land or permanent interests in land (such as development rights). But this program has not been funded in several years.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute Change of Reference
Yea 30 Nay 0 (03/19/2007)

Appropriations Committee

Joint Favorable Substitute
Yea 48 Nay 0 (04/19/2007)