



House of Representatives

General Assembly

File No. 387

January Session, 2011

Substitute House Bill No. 6262

House of Representatives, April 5, 2011

The Committee on Environment reported through REP. ROY of the 119th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE COMMUNITY INVESTMENT ACCOUNT.

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

1 Section 1. Section 4-66aa of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 [(a)] There is established, within the General Fund, a separate,
4 nonlapsing account to be known as the "community investment
5 account". The account shall contain any moneys required by law to be
6 deposited in the account. The funds in the account shall be distributed
7 every three months as follows: [(1) Twenty-five per cent to the
8 Connecticut Commission on Culture and Tourism to use as follows:
9 (A) Two hundred thousand dollars, annually, to supplement the
10 technical assistance and preservation activities of the Connecticut
11 Trust for Historic Preservation, established pursuant to special act 75-
12 93, and (B) the remainder to supplement historic preservation activities
13 as provided in sections 10-409 to 10-415, inclusive; (2) twenty-five per
14 cent to the Connecticut Housing Finance Authority to supplement new
15 or existing affordable housing programs; (3) twenty-five per cent to the

16 Department of Environmental Protection for municipal open space
17 grants; and (4) twenty-five per cent to the Department of Agriculture
18 to use as follows: (A) Five hundred thousand dollars annually for the
19 agricultural viability grant program established pursuant to section 22-
20 26j; (B) five hundred thousand dollars, annually for the farm transition
21 program established pursuant to section 22-26k; (C) one hundred
22 thousand dollars annually to encourage the sale of Connecticut Grown
23 food to schools, restaurants, retailers, and other institutions and
24 businesses in the state; (D) seventy-five thousand dollars annually for
25 the Connecticut farm link program established pursuant to section 22-
26 26l; and (E) the remainder for farmland preservation programs
27 pursuant to chapter 422. Each agency receiving funds under this
28 section may use not more than ten per cent of such funds for
29 administration of the programs for which the funds were provided.

30 (b) Notwithstanding the provisions of subsection (a) of this section,
31 from July 1, 2009, until July 1, 2011, the funds in the community
32 investment account established pursuant to said subsection shall be
33 distributed every three months as follows:] (1) Twenty per cent to the
34 Connecticut Commission on Culture and Tourism to use as follows:
35 (A) Two hundred thousand dollars, annually, to supplement the
36 technical assistance and preservation activities of the Connecticut
37 Trust for Historic Preservation, established pursuant to special act 75-
38 93, and (B) the remainder to supplement historic preservation activities
39 as provided in sections 10-409 to 10-415, inclusive; (2) twenty per cent
40 to the Connecticut Housing Finance Authority to supplement new or
41 existing affordable housing programs; (3) twenty per cent to the
42 Department of Environmental Protection for municipal open space
43 grants; and (4) forty per cent to the Department of Agriculture to use
44 as follows: (A) One hundred twenty-five thousand dollars, quarterly,
45 for the agricultural viability grant program established pursuant to
46 section 22-26j; (B) one hundred twenty-five thousand dollars,
47 quarterly, for the farm transition program established pursuant to
48 section 22-26k; (C) twenty-five thousand dollars, quarterly, to
49 encourage the sale of Connecticut Grown food to schools, restaurants,
50 retailers, and other institutions and businesses in the state; (D)

51 eighteen thousand seven hundred fifty dollars, quarterly, for the
52 Connecticut farm link program established pursuant to section 22-26l;
53 (E) [twelve thousand five hundred dollars, quarterly, for Urban Oaks
54 Organic Farm; (F)] eleven thousand eight hundred seventy-five
55 dollars, quarterly, for the Seafood Advisory Council established
56 pursuant to section 22-455; [(G)] (F) eleven thousand eight hundred
57 seventy-five dollars, quarterly, to the Connecticut Farm Wine
58 Development Council established pursuant to section 22-26c; [(H)] (G)
59 six thousand two hundred fifty dollars, quarterly, to the Connecticut
60 Food Policy Council established pursuant to section 22-456; and [(I)]
61 (H) the remainder each quarter to the agricultural sustainability
62 account established pursuant to section [4-66c] 4-66cc. Each agency
63 receiving funds under this section may use not more than ten per cent
64 of such funds for administration of the programs for which the funds
65 were provided, except the Department of Agriculture may also use
66 such funds for the administration of farmland preservation programs
67 pursuant to chapter 422.

68 Sec. 2. Subsection (f) of section 7-34a of the general statutes is
69 repealed and the following is substituted in lieu thereof (*Effective from*
70 *passage*):

71 (f) Notwithstanding the provisions of subsection (e) of this section,
72 in addition to the fees for recording a document under subsection (a)
73 of this section, [from July 1, 2009, until July 1, 2011,] town clerks shall
74 receive a fee of forty dollars for each document recorded in the land
75 records of the municipality. The town clerk shall retain one dollar of
76 any fee paid pursuant to this subsection and three dollars of such fee
77 shall become part of the general revenue of the municipality and be
78 used to pay for local capital improvement projects, as defined in
79 section 7-536. Not later than the fifteenth day of each month, [from July
80 1, 2009, until July 1, 2011,] town clerks shall remit thirty-six dollars of
81 the fees paid pursuant to this subsection during the previous calendar
82 month to the State Treasurer. Upon deposit in the General Fund, such
83 amount shall be credited to the community investment account
84 established pursuant to section 4-66aa. The provisions of this

85 subsection shall not apply to any document recorded on the land
86 records by an employee of the state or of a municipality in conjunction
87 with such employee's official duties. As used in this subsection,
88 "municipality" includes each town, consolidated town and city, city,
89 consolidated town and borough, borough, and district, as defined in
90 chapter 105 or 105a, any municipal corporation or department thereof
91 created by a special act of the General Assembly, and each municipal
92 board, commission and taxing district not previously mentioned.

93 Sec. 3. Section 30 of public act 09-229 is repealed and the following is
94 substituted in lieu thereof (*Effective from passage*):

95 (a) For purposes of this section:

96 (1) "Federal pay price" means the northeast monthly uniform price
97 for milk at Hartford zone pursuant to the United States Department of
98 Agriculture Northeast Federal Milk Marketing Order;

99 (2) "Milk producer" means a person, firm or corporation registered
100 pursuant to section 22-172 of the general statutes; and

101 (3) "Minimum sustainable monthly cost of production" means
102 eighty-two per cent of the baseline determined by the United States
103 Department of Agriculture's Economic Research Service monthly
104 average cost of production for a New England state.

105 (b) (1) Commencing on the date the first deposit is made into the
106 agricultural sustainability account established pursuant to section [29
107 of this act] 4-66cc of the general statutes and subject to subdivisions (2)
108 and (3) of this subsection, a milk producer shall be entitled to a grant
109 as specified in this subsection. For each month that the federal pay
110 price is below the minimum sustainable monthly cost of production,
111 the milk producer shall be entitled to an amount equal to the dollar
112 amount such federal pay price was below the minimum sustainable
113 monthly cost of production, multiplied by the amount of milk
114 produced by such milk producer during such month. The
115 Commissioner of Agriculture shall make such grants to such milk

116 producers on a quarterly basis, beginning on the date three months
 117 after the first deposit is made into the agricultural sustainability
 118 account established pursuant to section [29 of this act] 4-66cc of the
 119 general statutes. Such grant payments shall be made by the
 120 commissioner from said account. In the event the amount of available
 121 funds in said account at the time such quarterly grants are due is less
 122 than the aggregate amount of grants to which producers are entitled
 123 pursuant to this section, the commissioner shall distribute all of the
 124 funds in the account to such milk producers on a proportionate basis
 125 based on their relative levels of milk production.

126 (2) For purposes of calculating a grant due a milk producer
 127 pursuant to subdivision (1) of this subsection, each retail raw milk
 128 producer or handler, as defined in section 22-127 of the general
 129 statutes, who receives milk from producers in the state, shall file with
 130 the Commissioner of Agriculture, in such form and at such times as
 131 said commissioner shall direct, information as to the amount of milk
 132 produced by each producer.

133 (3) Prior to receiving a grant pursuant to subdivision (1) of this
 134 subsection, a milk producer shall file with the Commissioner of
 135 Agriculture, in such form and at such times as said commissioner shall
 136 direct, proof that such milk producer has completed an energy audit,
 137 as defined in section 16a-38 of the general statutes.

138 [(c) The provisions of this section shall terminate July 1, 2011.]

| | | |
|---|---------------------|--------------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>from passage</i> | 4-66aa |
| Sec. 2 | <i>from passage</i> | 7-34a(f) |
| Sec. 3 | <i>from passage</i> | PA 09-229, Sec. 30 |

ENV 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:

| Agency Affected | Fund-Effect | FY 12 \$ | FY 13 \$ |
|---|---------------------|---------------|---------------|
| Departments of Environmental Protection and Agriculture, Commission on Culture & Tourism, Connecticut Housing Finance Authority | GF - Revenue Impact | \$6.9 million | \$6.9 million |

Note: GF=General Fund

Municipal Impact: None

Explanation

PA 09-229 created a grant program for dairy farmers by temporarily increasing, from \$30 to \$40, the municipal document recording fee. This bill makes the grant program, increased recording fee, and funding distribution permanent. It also eliminates funding to the privately operated Urban Oaks Organic Farm.

Under current law, the \$10 land recording fee increase would terminate on July 1, 2011 and the Departments of Environmental Protection (DEP), Agriculture (DAG), Commission on Culture and Tourism (CCT), and the Connecticut Housing Finance Authority (CHFA) would experience a cumulative revenue loss of approximately \$6.9 million in both FY 12 and FY 13. Since this bill makes the increased fee permanent, there will not be a cumulative \$6.9 million revenue loss for the four entities.

Also under current law, the quarterly distribution of funds from the Community Investment Act (CIA) would terminate on July 1, 2011. The bill makes the quarterly distribution to the four entities permanent, but eliminates \$12,500 in annual funding to the privately

operated Urban Oaks Organic Farm¹.

The Out Years

The annualized ongoing fiscal impact described above would continue into the future subject to actual revenue collections from land recording fees.

¹ Urban Oaks Organic Farm funding comes from the DAG's share of the grant program.

OLR Bill Analysis**sHB 6262****AN ACT CONCERNING THE COMMUNITY INVESTMENT ACCOUNT.****SUMMARY:**

PA 09-229 created a grant program for dairy farmers (“milk producers”) by temporarily increasing, from \$30 to \$40, the fee people pay when filing documents with town clerks (“recording fee”). It also reduced temporarily the portion of funds from the community investment account that three entities receive for certain programs and increased the amount the agriculture department (DoAG) receives. Under current law, these temporary provisions expire July 1, 2011.

This bill makes the grant program, increased recording fee, and revised funding permanent. It eliminates funding to the Urban Oaks Organic Farm, and makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

COMMUNITY INVESTMENT ACCOUNT

Under current law, the funds in the community investment account, until July 1, 2011, must be distributed every three months as follows: 20% to each of the Connecticut Commission on Culture and Tourism, Connecticut Housing Finance Authority, and Department of Environmental Protection, and 40% to DoAG. As of July 1, 2011, each entity receives 25% of the funds. But the bill prevents this from happening, making the 20%/20%/20%/40% split permanent. The additional funds that DoAG receives go to the agricultural sustainability account for milk producer grants.

BACKGROUND***Agricultural Sustainability Account***

By law, the agricultural sustainability account is a separate, nonlapsing General Fund account. The additional recording fee revenues are placed in it. The DoAG commissioner uses the account for grants to Connecticut milk producers. The law imposes a formula for paying milk producers based on (1) the federally set milk price and (2) the amount needed to sustain state dairy operations, as determined by the U.S. Department of Agriculture (USDA). The law defines a “milk producer” as a person, firm, or corporation registered as a producer of milk for pasteurization.

Milk Pricing

Federal law governs the price paid to dairy farmers for milk. Generally, USDA marketing orders set the price for milk and milk products by region. State law defines “federal pay price” as the northeast monthly uniform price for milk in the Hartford zone pursuant to the USDA Northeast Federal Milk Marketing Order.

Grant Formula and Disbursement

By law, for each month that the federal pay price is below the minimum sustainable monthly cost of production, a milk producer is entitled to an amount equal to the difference between the federal pay price and the minimum sustainable monthly cost of production, multiplied by the amount of milk the producer produced during the month. The DoAG commissioner must make grant payments on a quarterly basis.

If the amount of available funds in the account when the quarterly grants are due is less than the aggregate amount of grants to which producers are entitled, the commissioner must distribute the funds in the account to producers in proportion to their relative levels of milk production.

Grant Eligibility

To assist DoAG in calculating the grants, the law requires retail raw milk producers and handlers to file information with the commissioner on the amount of milk produced. Milk producers must also have

completed an energy audit to receive a grant and provide the commissioner proof of the audit.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 27 Nay 0 (03/18/2011)