



Senate

General Assembly

File No. 377

February Session, 2012

Substitute Senate Bill No. 440

Senate, April 11, 2012

The Committee on Planning and Development reported through SEN. CASSANO of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PHOSPHOROUS REDUCTION IN STATE WATERS.

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

1 Section 1. Subdivision (3) of subsection (c) of section 22a-478 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2012*):

4 (3) A construction contract eligible for financing awarded by a
5 municipality on or after July 1, 1999, as a project undertaken for
6 nitrogen or phosphorous removal shall receive a project grant of thirty
7 per cent of the cost of the project associated with nitrogen or
8 phosphorous removal, a twenty per cent grant for the balance of the
9 cost of the project not related to nitrogen or phosphorous removal, and
10 a loan for the remainder of the costs of the project, not exceeding one
11 hundred per cent of the eligible water quality project costs. Nitrogen
12 removal projects under design or construction on July 1, 1999, and
13 projects that have been constructed but have not received permanent,

14 Clean Water Fund financing, on July 1, 1999, shall be eligible to receive
15 a project grant of thirty per cent of the cost of the project associated
16 with nitrogen removal, a twenty per cent grant for the balance of the
17 cost of the project not related to nitrogen removal, and a loan for the
18 remainder of the costs of the project, not exceeding one hundred per
19 cent of the eligible water quality project costs.

20 Sec. 2. (*Effective from passage*) The Commissioner of Energy and
21 Environmental Protection, or the commissioner's designee, shall, in
22 consultation with the chief elected officials of the cities of Danbury,
23 Meriden and Waterbury and the towns of Cheshire, Southington and
24 Wallingford, or such chief elected officials' designees, develop a state-
25 wide strategy to reduce phosphorous loading in inland nontidal
26 waters in order to comply with standards established by the United
27 States Environmental Protection Agency. Such state-wide strategy
28 shall (1) establish a state-wide response to address phosphorous
29 nonpoint source pollution, (2) create a workable, cost-effective
30 approach for municipalities to use in order to comply with standards
31 established by the United States Environmental Protection Agency for
32 phosphorous reduction, (3) determine the proper scientific methods by
33 which to measure current phosphorous levels in inland nontidal
34 waters and to make future projections of phosphorous levels in such
35 waters, (4) provide clear guidance to municipal and regional water
36 pollution control authorities as to any capital improvements that may
37 be required to comply with standards established by the United States
38 Environmental Protection Agency for phosphorous reduction, and (5)
39 establish a safe harbor rule for any municipal or regional water
40 pollution control authority that makes capital improvements in
41 reliance on such guidance. The commissioner shall, not later than
42 January 1, 2013, and in accordance with the provisions of section 11-4a
43 of the general statutes, submit a report on the state-wide strategy
44 together with recommendations for any legislation required to support
45 such strategy to the joint standing committees of the General Assembly
46 having cognizance of matters relating to local governments and the
47 environment.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2012</i>	22a-478(c)(3)
Sec. 2	<i>from passage</i>	New section

PD *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 13 \$	FY 14 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 13 \$	FY 14 \$
Various Municipalities	Savings	See Below	See Below

Explanation

The bill adds phosphorus removal to the list of costs eligible for a 30% grant-in-aid under the Clean Water Fund (CWF) Program. This is anticipated to result in an increase of \$17 million over nine years in the amount of future General Obligation bond authorizations needed for the CWF Program, which will result in a debt service cost to the General Fund.

Municipalities are required to comply with the federal mandate that phosphorus be removed from waste water. The bill will result in municipal savings of \$17 million over nine years because the state will pay a portion of the cost to meet the federal requirement.

The Out Years

The General Fund fiscal impact identified above would continue into the future for the 20-year term of issuance of General Obligation bonds.

Sources: Office of the State Treasurer

OLR Bill Analysis**sSB 440*****AN ACT CONCERNING PHOSPHOROUS REDUCTION IN STATE WATERS.*****SUMMARY:**

This bill adds phosphorus removal projects to those eligible for Clean Water Fund (CWF) financing and requires the Department of Energy and Environmental Protection (DEEP) commissioner, or his designee, to work with specified municipalities to develop a state-wide strategy to reduce phosphorus in inland nontidal waters to comply with U.S. Environmental Protection Agency (EPA) standards.

The bill requires DEEP's commissioner to submit a report to the Planning and Development and Environment committees by January 1, 2013 on the strategy, including any recommendations for legislation to support it.

EFFECTIVE DATE: Upon passage for the strategy and October 1, 2012, for phosphorus removal funding.

CLEAN WATER FUND

The CWF provides financial aid to municipalities through grants and loans for the planning, design, and construction of wastewater treatment facilities. Under existing law, nitrogen reduction programs receive grants equal to 30% of the project cost associated with nitrogen removal, a 20% grant for the balance of eligible project costs, and a 20-year low-interest loan to fund the remainder of the cost. The bill makes phosphorus removal projects eligible for funding using this formula.

STATE WIDE STRATEGY TO REDUCE PHOSPHORUS

The bill requires the DEEP commissioner, or his designee, to consult with the chief elected officials, or their designees, of Cheshire,

Danbury, Meriden, Southington, Wallingford, and Waterbury to develop a state-wide strategy to reduce phosphorus in inland nontidal waters to comply with standards that the EPA established.

The strategy must:

1. establish a state-wide response to address phosphorous nonpoint source pollution;
2. create a workable, cost-effective approach for municipalities to use to comply with EPA standards for phosphorous reduction;
3. determine the proper scientific methods for measuring current phosphorous levels in inland nontidal waters and make future projections of phosphorous levels in these waters;
4. provide clear guidance to municipal and regional water pollution control authorities (WPCAs) concerning capital improvements that may be required to comply with EPA's standards; and
5. establish a "safe harbor" rule for any municipal or regional WPCA that makes capital improvements based on its guidance.

BACKGROUND

Related Bill

sSB 254, reported favorably by the Environment Committee on March 23, replaces "nitrogen" with "nutrient" in the CWF grant program authorization law, which would include phosphorus as well as nitrogen, for removal projects that are eligible for CWF financing.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/23/2012)