



Senate

General Assembly

File No. 366

February Session, 2014

Substitute Senate Bill No. 1

Senate, April 7, 2014

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT AUTHORIZING BONDS OF THE STATE FOR THE
SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM AND
ENCOURAGING ECONOMIC DEVELOPMENT THROUGH THE
REMEDICATION OF STATE-OWNED BROWNFIELDS.***

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

1 Section 1. (*Effective July 1, 2014*) (a) For the purposes described in
2 subsection (b) of this section, the State Bond Commission shall have
3 the power from time to time to authorize the issuance of bonds of the
4 state in one or more series and in principal amounts not exceeding in
5 the aggregate ten million dollars.

6 (b) The proceeds of the sale of said bonds, to the extent of the
7 amount stated in subsection (a) of this section, shall be used by the
8 Labor Department for the purpose of the Subsidized Training and
9 Employment program established pursuant to section 31-3pp of the
10 general statutes.

11 (c) All provisions of section 3-20 of the general statutes, or the
12 exercise of any right or power granted thereby, which are not

13 inconsistent with the provisions of this section are hereby adopted and
14 shall apply to all bonds authorized by the State Bond Commission
15 pursuant to this section, and temporary notes in anticipation of the
16 money to be derived from the sale of any such bonds so authorized
17 may be issued in accordance with said section 3-20 and from time to
18 time renewed. Such bonds shall mature at such time or times not
19 exceeding twenty years from their respective dates as may be provided
20 in or pursuant to the resolution or resolutions of the State Bond
21 Commission authorizing such bonds. None of said bonds shall be
22 authorized except upon a finding by the State Bond Commission that
23 there has been filed with it a request for such authorization which is
24 signed by or on behalf of the Secretary of the Office of Policy and
25 Management and states such terms and conditions as said commission,
26 in its discretion, may require. Said bonds issued pursuant to this
27 section shall be general obligations of the state and the full faith and
28 credit of the state of Connecticut are pledged for the payment of the
29 principal of and interest on said bonds as the same become due, and
30 accordingly and as part of the contract of the state with the holders of
31 said bonds, appropriation of all amounts necessary for punctual
32 payment of such principal and interest is hereby made, and the State
33 Treasurer shall pay such principal and interest as the same become
34 due.

35 Sec. 2. Section 22a-133m of the general statutes is repealed and the
36 following is substituted in lieu thereof (*Effective October 1, 2014*):

37 (a) An urban sites remedial action program is established to
38 identify, evaluate, plan for and undertake the remediation of polluted
39 real property.

40 (b) The Commissioner of Economic and Community Development,
41 in consultation with the Commissioner of Energy and Environmental
42 Protection, shall establish the priority of sites for evaluation and
43 remediation based upon the following factors: (1) The estimated cost of
44 evaluating and remediating the site, if known; (2) the anticipated
45 complexity of an evaluation of the site; (3) the estimated schedule for

46 completing an evaluation; (4) the potential economic development
47 benefits of the site to the state of Connecticut; (5) whether the site
48 would not otherwise be remediated without the assistance of this
49 program; and (6) any other factors which the commissioners deem
50 relevant. No real property shall be eligible for evaluation or
51 remediation under this section unless the Commissioner of Economic
52 and Community Development finds that the state owns the site or
53 otherwise has or obtains the power to approve the type of
54 development which first occurs on the site after remediation. Except
55 for any site proposed for acquisition under subsection (e) of this
56 section, no real property shall be eligible for evaluation or remediation
57 under this section unless (A) the site is located in a distressed
58 municipality, as defined in section 32-9p, or a targeted investment
59 community, as defined in section 32-222, or (B) the Commissioner of
60 Economic and Community Development determines that a significant
61 economic benefit to the region or the state will result from remediation
62 and development of such site. For purposes of this section,
63 "responsible party" means any person, as defined in section 22a-2, who
64 created a source of pollution on the site or an owner of the site during
65 the investigation or remediation funded pursuant to this section.

66 (c) The cost of evaluating and remediating sites pursuant to this
67 section shall be paid from (1) funds authorized pursuant to subsection
68 (a) of section 29 of special act 89-52, and (2) funds authorized for such
69 evaluation or remediation pursuant to any other public or special act.

70 (d) Whenever funds are used pursuant to this section for purposes
71 of evaluating or remediating a polluted site, the Commissioner of
72 Energy and Environmental Protection may seek reimbursement of the
73 costs and expenses incurred by requesting the Attorney General to
74 bring a civil action to recover such costs and expenses from any party
75 responsible for such pollution provided no such action shall be
76 brought separately from any action to recover costs and expenses
77 incurred by the commissioner in pursuing action to contain, remove or
78 mitigate any pollution on such site. The costs and expenses recovered
79 may include but shall not be limited to (1) the actual cost of

80 identifying, evaluating, planning for and undertaking the remediation
81 of the site; (2) any administrative costs not exceeding ten per cent of
82 the actual costs; (3) the costs of recovering the reimbursement; and (4)
83 interest on the actual costs at a rate of ten per cent a year from the date
84 such expenses were paid. The defendant in any civil action brought
85 pursuant to this subsection shall have no cause of action or claim for
86 contribution against any person with whom the commissioner has
87 entered into a covenant not to sue pursuant to sections 22a-133aa and
88 22a-133bb with respect to pollution on or emanating from the property
89 which is the subject of said civil action.

90 (e) The Commissioner of Economic and Community Development,
91 in consultation with the Commissioner of Energy and Environmental
92 Protection, or a regional economic development entity using funds
93 allocated under subsection (f) of this section, may acquire polluted
94 commercial or industrial property for the purpose of remediation of
95 the pollution and for the lease or sale of such property in order to
96 promote business growth or expansion through the reuse or
97 redevelopment of such property. Such acquisition may include, but not
98 be limited to, condemnation of the property in accordance with the
99 provisions of part I of chapter 835. For purposes of this subsection, the
100 Commissioner of Economic and Community Development shall be
101 exempt from all of the requirements of sections 22a-134 to 22a-134e,
102 inclusive, section 4b-3, and section 4b-21. When acquiring polluted
103 property under this subsection, the Commissioner of Economic and
104 Community Development may accept on behalf of the state of
105 Connecticut the liability, at the time of the acquisition, for all costs of
106 remediation of the polluted property provided the transferor shall be
107 liable for all costs in excess of fifteen million dollars and further
108 provided the commissioner shall not accept any liability under federal
109 law. The Commissioner of Economic and Community Development
110 may enter into lease, sale, or other agreements for the use of the real
111 property acquired pursuant to this subsection. All moneys received by
112 the state pursuant to any such agreement shall be deposited into the
113 Urban Site Remediation Fund established under subsection (f) of this
114 section.

115 (f) There is established an Urban Site Remediation Fund. The fund
116 may contain any moneys required by law to be deposited in the fund
117 and shall be held by the Treasurer separate and apart from all other
118 moneys, funds and accounts. Any balance remaining in the fund at the
119 end of any fiscal year shall be carried forward in the fund for the fiscal
120 year next succeeding. The fund shall be used (1) by the Commissioner
121 of Energy and Environmental Protection (A) for costs incurred in the
122 assessment and remedial activities conducted at real property acquired
123 pursuant to subsection (e) of this section, or (B) to reimburse the costs
124 to obtain directors' and officers' liability and general liability insurance
125 of (i) a municipal economic development agency or entity created or
126 operating under chapter 130 or 132, or (ii) a nonprofit economic
127 development corporation formed to promote the common good,
128 general welfare and economic development of a municipality that is
129 funded, either directly or through in-kind services, in part by a
130 municipality, or a nonstock corporation or limited liability company
131 controlled or established by a municipality, municipal economic
132 development agency or entity created or operating under chapter 130
133 or 132; and (2) by the Commissioner of Economic and Community
134 Development to pay any local property taxes on real property acquired
135 pursuant to subsection (e) of this section and the costs of administering
136 the program. The Commissioner of Economic and Community
137 Development may allocate money from the fund to a regional
138 economic development entity organized for the purpose of
139 remediating contaminated real property.

140 (g) The Commissioner of Energy and Environmental Protection
141 shall conduct an assessment to evaluate the potential cost of remedial
142 activities of any site proposed for acquisition under subsection (e) of
143 this section prior to the transfer of the real property to the
144 Commissioner of Economic and Community Development. The
145 Commissioner of Energy and Environmental Protection, after transfer
146 of the property to the Commissioner of Economic and Community
147 Development, shall conduct remedial actions necessary to remediate
148 the pollution at or on the site and shall certify to the Commissioner of
149 Economic and Community Development that such actions have

150 minimized and mitigated any threat to human health or the
151 environment and have contained, removed or otherwise mitigated the
152 effects of any pollution in the property. The Commissioner of Energy
153 and Environmental Protection may use funds authorized pursuant to
154 subsection (a) of section 29 of special act 89-52 and funds authorized
155 for such purpose pursuant to any other public or special act for the
156 purposes of this subsection. The Commissioner of Economic and
157 Community Development shall adopt regulations, in accordance with
158 the provisions of chapter 54, to carry out the provisions of this
159 subsection and subsections (e) and (f) of this section.

160 (h) The Commissioner of Energy and Environmental Protection and
161 the Commissioner of Economic and Community Development shall
162 jointly identify urban community sites known to have, or suspected to
163 have, environmental contamination which, if remediated and
164 developed, will improve the urban environment. The Commissioner of
165 Energy and Environmental Protection and the Commissioner of
166 Economic and Community Development shall jointly establish the
167 priority of such sites for evaluation and remediation based upon the
168 following factors: (1) The potential benefits of remediation to the
169 environment; (2) the estimated cost of evaluating and remediating the
170 site, if known; (3) the potential benefits to the local community of such
171 site; (4) community support for remediation and redevelopment of
172 such site; (5) the commitment from investors or the municipality to
173 redevelop the site; and (6) any other factors which the commissioners
174 deem relevant. No real property shall be eligible for evaluation and
175 remediation under this subsection unless (A) the site is located in a
176 distressed municipality, as defined in section 32-9p, a targeted
177 investment community, as defined in section 32-222, or an enterprise
178 corridor zone, as defined in section 32-80, or in such other municipality
179 as the Commissioner of Economic and Community Development may
180 designate, and (B) the site is not undergoing evaluation or remediation
181 under subsections (a) to (g), inclusive, of this section.

182 (i) On or before January 1, 2015, the Commissioner of Economic and
183 Community Development and the Commissioner of Energy and

184 Environmental Protection shall jointly select three sites prioritized
 185 pursuant to subsection (b) or (h) of this section for expedited
 186 evaluation and remediation. For each site selected pursuant to this
 187 subsection: (1) Said commissioners, in consultation with municipal
 188 officials, business leaders and residents of the municipality in which
 189 such site is located, shall identify the appropriate use of such site once
 190 remediated, and (2) on or before March 1, 2015, the Department of
 191 Energy and Environmental Protection shall commence evaluation and
 192 remediation of such site to the standards established pursuant to
 193 section 22a-133k appropriate for such use.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2014	New section
Sec. 2	October 1, 2014	22a-133m

CE *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 15 \$	FY 16 \$
Treasurer, Debt Serv.	GF - Cost	None	1,000,000 or Greater
Department of Energy and Environmental Protection	GF - Cost	88,829	91,494
State Comptroller - Fringe Benefits ¹	GF - Cost	23,829	24,544

Municipal Impact: None

Explanation

The bill authorizes \$10 million in General Obligation (GO) bonds to the Labor Department for the Subsidized Training and Employment Program. The fiscal impact is summarized in the table below. Assuming that \$10 million is allocated through the State Bond Commission during FY 15 and the Office of the State Treasurer issues the bonds before the end of FY 15, the debt service cost in FY 16 would be \$1.0 million.

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 36.66% of payroll in FY 15 and FY 16.

New GO Bond Authorization and Estimated Debt Service Cost

\$ millions

Fiscal Year	Authorization Amount	Total Debt Service Cost*	Interest	Principal
FY 15	10.0	15.3	5.3	10.0
*Figures assume that bonds are issued at 5.0% over 20 year term				

The bill will result in a cost of \$88,829 in FY 15 and \$91,494 in FY 16 to the Department of Energy and Environmental Protection (DEEP) for an Environmental Analyst III position to manage the site selection process, public involvement with stakeholders, contractor bidding and negotiation, oversight for investigation and remediation, and review of permit applications associated with selecting and remediating three contaminated sites under the Urban Sites Remedial Action Program (“Urban Sites”).

The estimated cost to investigate and remediate the three contaminated sites is between \$50 million and \$100 million.² The actual cost will depend on the degree of existing contamination and the planned end-use of the sites.

The unallocated bond balance for the Urban Sites program on April 4, 2014 was \$32.1 million and PA 13-239 authorizes an additional \$5 million for the program in FY 15. It is anticipated that the bill will result in future General Fund debt service costs because additional GO bonds will need to be authorized for the program to pay the cost of the projects.

The Out Years

The General Fund debt service impact identified above for the \$10 million GO bond authorization would continue over the 20 year term of issuance for the bonds. The annualized ongoing fiscal impact for

² Costs to investigate and remediate the 90-acre Century Brass Mill in Waterbury during the mid-1990’s cost approximately \$55 million (adjusted to FY 14 dollars).

the other costs identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 1*****AN ACT AUTHORIZING BONDS OF THE STATE FOR THE SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM AND ENCOURAGING ECONOMIC DEVELOPMENT THROUGH THE REMEDIATION OF STATE-OWNED BROWNFIELDS.*****SUMMARY:**

This bill authorizes up to \$10 million in state general obligation bonds for the Labor Department's Subsidized Training and Employment Program (STEP-UP), which subsidizes the cost of training and compensating new employees during their first six months on the job at businesses employing up to 100 people (see BACKGROUND).

In addition, the bill imposes a March 1, 2015 deadline for the Department of Energy and Environmental Protection (DEEP) commissioner to begin evaluating and remediating three contaminated sites listed and prioritized for expedited remediation and redevelopment under the Urban Sites Remedial Action Program ("Urban Sites"). The bill specifies that DEEP must evaluate and remediate these sites according to its property remediation standards.

The DEEP and Department of Economic and Community Development (DECD) commissioners must jointly select the sites for expedited evaluation and remediation by January 1, 2015. The commissioners must identify the appropriate uses for these sites in consultation with municipal officials, business leaders, and the residents of the municipalities where the sites are located.

Under the Urban Sites Program, the commissioners must prepare separate lists of sites suitable for cleanup and reuse based on statutory criteria. One list, which the DECD commissioner prepares in consultation with the DEEP commissioner, consists of sites whose

remediation could produce economic benefits. This list includes (1) state-acquired contaminated sites whose cleanup and redevelopment could produce significant economic benefits and (2) those in the 25 state-designated distressed municipalities or the 17 targeted investment communities (see BACKGROUND) that the state owns or whose future use it has the power to control (site control). The bill allows the DECD commissioner to include property in other municipalities if she determines their remediation and development would benefit the region's or the state's economy.

The other list, which the DEEP and DECD commissioners jointly prepare, may include sites the state does not own or control and whose remediation could produce environmental and community benefits. These sites may be in targeted areas, which are distressed municipalities, targeted investment communities, enterprise corridor zones, or other areas the DECD commissioner designates. The bill does not open this list to sites outside these designated areas.

EFFECTIVE DATE: July 1, 2014, except for the changes affecting the Urban Sites Remedial Action Program, which take effect October 1, 2014.

BACKGROUND

STEP-UP Program

STEP-UP subsidies vary for manufacturers and other types of businesses, including retailers. The subsidy for manufacturers is a grant that phases out over six months, with maximum grants of \$2,500 for the first month to \$1,600 for the last. The subsidy for other businesses covers a portion of the training and compensation cost for each new employee, up to \$20 per hour.

An eligible business qualifies for a STEP-UP subsidy if it hires a new employee who:

1. is unemployed immediately before being hired, regardless of whether the employee received unemployment benefits;

2. lives in a municipality with either (a) an unemployment rate at least as high as the state's rate on September 1, 2011 or (b) a population of 80,000 or more; and
3. has a family income under 250% of the federal poverty level, adjusted for family size.

An employee who meets these criteria is ineligible if he or she, within the past 12 months, had been employed in Connecticut by a business entity in or under the control of the applicant business.

Property Eligible for Remediation under the Remedial Sites Program

The property eligible for remediation under the Urban Sites Program must be located in a distressed municipality or targeted investment community. As Table 1 shows, some municipalities have multiple designations.

Table 1: Designated Municipalities

<i>Municipality</i>	<i>Distressed Municipality</i>	<i>Targeted Investment Community</i>	<i>Enterprise Corridor Zone Municipality</i>
Ansonia	X		X
Beacon Falls			X
Bridgeport	X	X	
Bristol	X	X	
Derby	X		X
East Hartford	X	X	
Enfield	X		
Griswold			X
Groton	X	X	
Hamden		X	
Hartford	X	X	
Killingly	X		X
Lisbon			X
Meriden	X	X	
Montville	X		
Middletown		X	
Naugatuck	X		X
New Britain	X	X	
New Haven	X	X	
New London	X	X	
North Canaan	X		
Norwalk		X	
Norwich		X	

Plainfield	X		X
Plymouth	X		
Putnam	X		X
Seymour			X
Southington		X	
Sprague	X		X
Stamford		X	
Sterling			X
Thompson			X
Torrington	X		X
Waterbury	X	X	
West Haven	X		
Winchester	X		X
Windham	X	X	

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/20/2014)