



House of Representatives

General Assembly

File No. 286

February Session, 2016

Substitute House Bill No. 5481

House of Representatives, March 30, 2016

The Committee on Planning and Development reported through REP. MILLER, P. of the 36th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING PHOSPHORUS REDUCTION REIMBURSEMENTS TO MUNICIPALITIES.

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

1 Section 1. Subdivision (6) of subsection (c) of section 22a-478 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (6) Any contract entered into by a municipality on or before July 1,
5 [2018] 2025, that is eligible for financing as a project undertaken for
6 phosphorus removal to at or below two-tenths milligrams per liter
7 effluent discharge, shall receive (A) a project grant of fifty per cent of
8 the cost of the project associated with such phosphorus removal, (B)
9 except as provided in subdivision (3) of this subsection, a twenty per
10 cent grant for the balance of the cost of the project, and (C) a loan for
11 the remainder of the costs of the project, not exceeding one hundred
12 per cent of the eligible water quality project costs. In providing
13 funding under this subdivision, the commissioner shall give priority,

14 first to projects with the lowest permitted limit of phosphorus
15 discharge as contained in a valid discharge permit issued pursuant to
16 section 22a-430, and then to those that remove the greatest amount of
17 phosphorus, as measured in pounds per year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	22a-478(c)(6)

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 17 \$	FY 18 \$
Treasurer, Debt Serv.	GF - Potential Cost	None	None

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$
Various Municipalities	Potential Savings	None	None

Explanation

The bill extends the period of eligibility for certain water quality projects to receive funding from the Clean Water Fund. Currently, certain phosphorus removal projects are eligible to receive both grants and loans to fund contracts entered into before July 1, 2018. Extending the eligibility date to July 1, 2025, is anticipated to result in additional grants and loans to towns.

To the extent that additional grants and loans are made after the current 2018 deadline, the state, through the Treasury's debt service account, will realize increased debt service costs beginning in FY 19. The size and timing of such increase would be dependent upon the eligible projects that receive funding. Municipalities that receive such grants and loans would realize a corresponding savings.

The Out Years

The fiscal impact identified above would continue into the future subject to inflation and the number of grants and loans issued.

OLR Bill Analysis**sHB 5481****AN ACT CONCERNING PHOSPHORUS REDUCTION REIMBURSEMENTS TO MUNICIPALITIES.****SUMMARY:**

This bill extends eligibility for increased Clean Water Fund grants to municipalities entering into phosphorus removal project contracts by July 1, 2025, rather than July 1, 2018. By law, eligible projects are those that result in phosphorus levels at or below 0.2 milligrams per liter of effluent discharge. They receive a (1) grant of 50% of phosphorus removal costs, (2) 20% grant for other project costs, and (3) loan for the rest. The Department of Energy and Environmental Protection prioritizes project funding based on permitted phosphorus discharge limits and the amount of phosphorus removed each year.

By law, other phosphorus removal projects are eligible for Clean Water Fund grants as nutrient removal projects. They receive a (1) project grant of 30% of costs associated with nutrient removal, (2) 20% grant for other project costs, and (3) loan for the rest.

EFFECTIVE DATE: Upon passage

BACKGROUND***Clean Water Fund***

The Clean Water Fund provides financial aid to municipalities through grants and loans for planning, designing, and constructing water pollution control facilities. It is financed through a combination of federal funding, state general obligation bonds for the grant portion, and state revenue bonds for the loan portion.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/14/2016)