



Senate

General Assembly

File No. 608

February Session, 2018

Substitute Senate Bill No. 415

Senate, April 19, 2018

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist. and SEN. FRANTZ, L. of the 36th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING GRANTS FOR COMBINED SEWER PROJECTS.

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

1 Section 1. Subsection (c) of section 22a-478 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2018*):

4 (c) The funding of an eligible water quality project shall be pursuant
5 to a project funding agreement between the state, acting by and
6 through the commissioner, and the municipality undertaking such
7 project and shall be evidenced by a project fund obligation or grant
8 account loan obligation, or both, or an interim funding obligation of
9 such municipality issued in accordance with section 22a-479. A project
10 funding agreement shall be in a form prescribed by the commissioner.
11 Eligible water quality projects shall be funded as follows:

12 (1) A nonpoint source pollution abatement project shall receive a

13 project grant of seventy-five per cent of the cost of the project
14 determined to be eligible by the commissioner.

15 (2) A combined sewer project shall receive (A) a project grant of fifty
16 per cent of the cost of the project, and (B) a loan for the remainder of
17 the costs of the project, not exceeding one hundred per cent of the
18 eligible water quality project costs. To the extent the aggregate amount
19 of bond authorizations under subsection (a) of section 22a-483 is
20 increased on or after October 1, 2018, a combined sewer project may
21 receive a project grant of more than fifty per cent of the cost of the
22 project and up to eighty per cent of the cost of the project, provided no
23 other project grant slated for a municipality shall be reduced or
24 eliminated to provide such increased project grant.

25 (3) A construction contract eligible for financing awarded by a
26 municipality on or after July 1, 2012, as a project undertaken for
27 nutrient removal shall receive a project grant of thirty per cent of the
28 cost of the project associated with nutrient removal, a twenty per cent
29 grant for the balance of the cost of the project not related to nutrient
30 removal, and a loan for the remainder of the costs of the project, not
31 exceeding one hundred per cent of the eligible water quality project
32 costs. Nutrient removal projects under design or construction on July
33 1, 2012, and projects that have been constructed but have not received
34 permanent, Clean Water Fund financing, on July 1, 2012, shall be
35 eligible to receive a project grant of thirty per cent of the cost of the
36 project associated with nutrient removal, a twenty per cent grant for
37 the balance of the cost of the project not related to nutrient removal,
38 and a loan for the remainder of the costs of the project, not exceeding
39 one hundred per cent of the eligible water quality project costs.

40 (4) If supplemental federal grant funds are available for Clean Water
41 Fund projects specifically related to the clean-up of Long Island Sound
42 that are funded on or after July 1, 2012, a distressed municipality, as
43 defined in section 32-9p, may receive a combination of state and
44 federal grants in an amount not to exceed fifty per cent of the cost of
45 the project associated with nutrient removal, a twenty per cent grant

46 for the balance of the cost of the project not related to nutrient removal,
47 and a loan for the remainder of the costs of the project, not exceeding
48 one hundred per cent of the allowable water quality project costs.

49 (5) A municipality with a water pollution control project, the
50 construction of which began on or after July 1, 2003, which has (A) a
51 population of five thousand or less, or (B) a population of greater than
52 five thousand which has a discrete area containing a population of less
53 than five thousand that is not contiguous with the existing sewerage
54 system, shall be eligible to receive a grant in the amount of twenty-five
55 per cent of the design and construction phase of eligible project costs,
56 and a loan for the remainder of the costs of the project, not exceeding
57 one hundred per cent of the eligible water quality project costs.

58 (6) Any contract entered into by a municipality prior to, on or after
59 May 26, 2016, but before July 1, 2019, that is eligible for financing as a
60 project undertaken for phosphorus removal to at or below thirty-one
61 one hundredths milligrams per liter, provided such amount is
62 specified as the average monthly effluent total phosphorous limit in a
63 discharge permit issued to such municipality by the commissioner
64 pursuant to section 22a-430, shall receive (A) a project grant of fifty per
65 cent of the cost of the project associated with such phosphorus
66 removal, (B) except as provided in subdivision (3) of this subsection, a
67 twenty per cent grant for the balance of the cost of the project, and (C)
68 a loan for the remainder of the costs of the project, not exceeding one
69 hundred per cent of the eligible water quality project costs, provided
70 nothing in this subdivision shall affect any requirement or schedule in
71 any discharge permit issued by the commissioner pursuant to said
72 section.

73 (7) A municipality with a 2012 population of not less than forty
74 thousand but not more than forty-two thousand with a municipal
75 sewerage system that provides a regional sewerage treatment capacity
76 to not less than five abutting communities, each with 2012 populations
77 of less than five thousand, shall receive funding levels consistent with
78 subdivisions (1) to (6), inclusive, of this subsection plus an additional

79 five per cent for the design and construction phase costs of an eligible
80 water quality project and a loan for the remainder of the costs of such
81 eligible water quality project, provided such loan shall not exceed one
82 hundred per cent of the costs of such eligible water project.

83 (8) Any other eligible water quality project shall receive (A) a project
84 grant of twenty per cent of the eligible cost, and (B) a loan for the
85 remainder of the costs of the project, not exceeding one hundred per
86 cent of the eligible project cost.

87 (9) Project agreements to fund eligible project costs with grants from
88 the Clean Water Fund that were executed during or after the fiscal year
89 beginning July 1, 2003, shall not be reduced according to the provisions
90 of the regulations adopted under section 22a-482.

91 (10) On or after July 1, 2002, an eligible water quality project that
92 exclusively addresses sewer collection and conveyance system
93 improvements may receive a loan for one hundred per cent of the
94 eligible costs provided such project does not receive a project grant.
95 Any such sewer collection and conveyance system improvement
96 project shall be rated, ranked, and funded separately from other water
97 pollution control projects and shall be considered only if it is highly
98 consistent with the state's conservation and development plan, or is
99 primarily needed as the most cost effective solution to an existing area-
100 wide pollution problem and incorporates minimal capacity for growth.

101 (11) All loans made in accordance with the provisions of this section
102 for an eligible water quality project shall bear an interest rate of two
103 per cent per annum. The commissioner may allow any project fund
104 obligation, grant account loan obligation or interim funding obligation
105 for an eligible water quality project to be repaid by a borrowing
106 municipality prior to maturity without penalty.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2018	22a-478(c)

FIN *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: None

Municipal Impact: None

Explanation

The bill permits certain combined sewer projects to receive state grants of up to 80% of project costs, rather than the 50% grant under current law, if additional General Obligation (GO) bonds are authorized for the program. No additional bonds are authorized for the program in the bill. No fiscal impact is anticipated until/unless additional bonds are authorized for the program and are awarded to the projects made eligible for additional funding.

Combined sewer projects are eligible for financing through a combination of grants, financed by GO bonds, and loans, financed by Clean Water Fund Revenue bonds. If the conditions for the higher grant reimbursement rate specified in the bill are met, a smaller share of loans financed by Clean Water Fund Revenue bonds will be necessary for those same projects.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 415****AN ACT CONCERNING GRANTS FOR COMBINED SEWER PROJECTS.****SUMMARY**

This bill allows municipal combined sewer projects to receive an increased Clean Water Fund grant of between 50% and 80% of their project costs if (1) the aggregate amount of general obligation bonds authorized for the Clean Water Fund program is increased on or after October 1, 2018, and (2) no other municipality's scheduled project grant is reduced or eliminated to provide the increased grant amount.

Under current law, combined sewer projects are eligible for a 50% grant. By law, project costs that are not covered by a grant are eligible for a Clean Water Fund loan, not to exceed 100% of eligible costs. The interest rate on these loans is 2% per year.

By law, combined sewer projects are those undertaken to mitigate pollution due to combined sewer and storm drain systems. They include components of regional water pollution control facilities to prevent overflows of untreated waste due to collection system inflow if the components cost the state less than eliminating the inflow by physically separating the sewer system at the inflow source.

EFFECTIVE DATE: October 1, 2018

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 42 Nay 8 (04/05/2018)