

Issue Brief



What is a brownfield?

Under Connecticut law, a brownfield is any abandoned or underutilized site where redevelopment, reuse, or expansion has not happened because it is or could be contaminated. Before the site can be redeveloped, its environmental condition must be assessed and, if contaminated, remediated (CGS § 32-760(2)).

Brownfield sites are commonly abandoned factories, mills, warehouses, or other commercial or industrial facilities that used or generated hazardous substances.

Typical Brownfield Contaminants

The types of contaminants found on a brownfield site typically depend on the site's prior use. For example, fertilizer factories generate waste that includes nitrogen, calcium, sodium and bicarbonate; petroleum and pesticide manufacturers use hydrocarbons; and other manufacturers may generate metals such as arsenic, cadmium, lead, and mercury.

How does contamination discourage redevelopment?

Redeveloping property is often time-consuming and costly, and contamination presents unique development challenges, particularly in terms of time, money, and predictability. For example, a developer does not know the nature and extent of a property's contamination until there has been an investigation, and is liable for any contamination the investigation missed. Liability also extends to the developer's lenders and investors. Further, the developer does not know the potential cleanup cost until the investigation ends. And remediation must meet state standards (the <u>Remediation Standard Regulations</u>). The level of cleanup varies depending on several factors, such as the intended reuse and location of the property.

How many brownfields are in Connecticut?

The Department of Energy and Environmental Protection (DEEP) estimates that there could be tens of thousands of sites in the state that are or may be polluted, which it attributes to Connecticut's long industrial history. Not all of these sites are considered brownfields as they do not all satisfy the above definition. DEEP maintains an inventory of the 516 brownfields it has identified.

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How does the state encourage and help developers to clean up and redevelop brownfields?

Generally, the state encourages and helps developers clean up and redevelop brownfields by (1) relaxing the procedural requirements for investigating and remediating contamination; (2) reducing exposure to liability for contamination discovered after a property is properly investigated and remediated; and (3) providing grants, loans, and tax credits for cleanup and redevelopment costs.



Regulatory Relief. Investigating and remediating brownfields may be costly and time-consuming. DEEP's <u>Voluntary Remediation Program</u> allows current and prospective owners to jump-start the process by allowing them to hire a private licensed environmental professional (LEP) to (1) supervise the investigation and remediation and (2) verify that the work meets state cleanup standards. Thus, when it is time to transfer a property, the parties have a headstart on complying with the <u>Transfer Act</u>, the law that requires the state to be notified of a transfer of contaminated property and who will investigate and remediate the contamination.



Liability Relief. One of the major factors discouraging brownfield redevelopment is the potential environmental liability for aggravating existing contamination or discovering more contamination after remediating a site. <u>Liability relief programs</u> protect parties, such as municipalities or bona fide prospective purchasers, landowners, or contiguous property owners, from liability to the state or third parties for remediation if it meets state standards.



Financial Assistance. The state's Office of Brownfield Remediation and Development provides (1) grants to municipalities and economic development agencies to remediate and redevelop brownfields whose redevelopment would make a significant economic impact and (2) loans to private property owners and private developers to remediate and redevelop brownfields with eligibility based on various factors. (Federal grant assistance may also be available.)



Tax Incentives. Tax incentives are a standard tool states use to encourage certain activities, including brownfield remediation. Tax credits for redeveloping brownfields and other property are available under two DECD-administered programs: the (1) Urban and Industrial Sites Reinvestment Tax Credit Program, which provides up to \$100 million in tax credits, over a 10-year period, for projects that create significant jobs and capital investment in the state's urban centers and other economically distressed communities and (2) 7/7 Program, which, for brownfield projects, provides 14 years of business or personal income tax and sales and use tax credits. The 7/7 program also allows the property's tax assessment to be frozen for five years at the predevelopment assessed value.



"Tax Credits for Remediating Brownfields," OLR Report 2017-R-0330

U.S. Environmental Protection Agency, <u>"2017</u> <u>Brownfields Federal Programs Guide"</u>

DEEP's brownfield website

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