



**PA 19-77**—sSB 1062  
*Environment Committee*

**AN ACT AUTHORIZING MUNICIPAL CLIMATE CHANGE AND COASTAL RESILIENCY RESERVE FUNDS**

**SUMMARY:** This act allows a municipality to establish a climate change and coastal resiliency reserve fund. It may do this upon the recommendation of its chief executive officer, approval of its budget-making authority, and a majority vote of its legislative body.

Under the act, such a fund may only contain (1) funds authorized to be transferred from the municipality's general fund cash surplus at the end of a fiscal year and (2) proceeds of bonds, notes, or other obligations issued to fund property or casualty losses or projects related to the presence of pyrrhotite in residential building concrete foundations.

The act authorizes the municipality's budget-making authority to direct the municipal treasurer to invest a portion of the reserve fund in certain ways the act specifies (see below). Additionally, it allows the municipality, once approved by a vote of its legislative body, to use and appropriate all or part of the reserve fund to pay for municipal property losses, capital projects, and studies on mitigating climate change hazards and vulnerabilities, including land acquisition.

Under the act, the municipal treasurer must submit an annual report to the municipality's chief elected official, budget-making authority, and legislative body on the reserve fund's condition. This report must be included in the municipality's annual report.

Lastly, the act allows the reserve fund to be discontinued upon the recommendation of the municipality's chief elected official and budget-making authority and approval of its legislative body. If it is discontinued, any remaining funds must be put toward retiring the municipality's bonded indebtedness, if any. Any further remaining funds must be transferred to the municipality's general fund.

EFFECTIVE DATE: July 1, 2019

**ALLOWED INVESTMENTS**

The act authorizes the municipality's budget-making authority to direct the municipal treasurer to invest a portion of the reserve fund, but no more than 40% of the total fund amount may be invested in equity securities (50% if there is an asset allocation and investment policy).

Any portion of the fund not invested in equity securities may be invested in the following (except where noted, references to obligations' ratings means rated by a nationally recognized rating service or a rating service recognized by the state banking commissioner):

## OLR PUBLIC ACT SUMMARY

1. bonds or obligations of, or guaranteed by, Connecticut, the United States, or U.S. agencies or instrumentalities;
2. certificates of deposit, commercial paper, savings accounts, and bank acceptances;
3. obligations of a U.S. state or its political subdivisions or the obligations of any instrumentality, authority, or agency of a state or political subdivision, if the obligations are rated in the top rating categories;
4. obligations of a Connecticut regional school district, municipality, or metropolitan district, if the obligations are rated within the top two rating categories;
5. U.S. government obligations rated within the top two rating categories of a nationally recognized rating service;
6. investment agreements with financial institutions whose (a) long-term obligations are rated within the top two rating categories or (b) short-term obligations are rated in the top rating category; or
7. investment agreements fully secured by obligations of, or guaranteed by, the United States or its agencies or instrumentalities.