



General Assembly

January Session, 2019

**Committee Bill No. 6646**

LCO No. 5727



Referred to Committee on ENVIRONMENT

Introduced by:  
(ENV)

**AN ACT ESTABLISHING AN ENVIRONMENTAL INFRASTRUCTURE BANK.**

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

1 Section 1. (NEW) (*Effective October 1, 2019*) (a) For purposes of this  
2 section and sections 2 to 4, inclusive, of this act, "environmental  
3 infrastructure" means any structure, development, improvement,  
4 equipment, system, technology, processes or practices that are related  
5 to the management or preservation of the natural resources of the  
6 state, including, but not limited to, the waters, air and lands of the  
7 state, the management, recycling or reduction of solid waste or the  
8 resiliency, reduction or adaptation to climate change.

9 (b) On and after July 1, 2020, the Public Utilities Regulatory  
10 Authority shall assess or cause to be assessed a charge of not less than  
11 one mill per kilowatt hour charged to each end use customer of electric  
12 services in this state which shall be deposited into the Environmental  
13 Infrastructure Fund established under subsection (c) of this section.

14 (c) There is hereby created an Environmental Infrastructure Fund  
15 which shall be within the Connecticut Earth Bank. The fund may

16 receive any amount required by law to be deposited into the fund and  
17 may receive any federal funds as may become available to the state for  
18 environmental infrastructure investments. Upon authorization of the  
19 Connecticut Earth Bank established pursuant to subsection (d) of this  
20 section, any amount in said fund may be used for expenditures that  
21 promote investment in environmental infrastructure in accordance  
22 with a comprehensive plan developed by it to foster the growth,  
23 development and commercialization of environmental infrastructures,  
24 related enterprises and stimulate demand for environmental  
25 infrastructure and deployment of environmental infrastructures that  
26 serve end use customers in this state. Such expenditures may include,  
27 but not be limited to, providing low-cost financing and credit  
28 enhancement mechanisms for environmental infrastructure projects  
29 and technologies, reimbursement of the operating expenses, including  
30 administrative expenses incurred by the Connecticut Earth Bank and  
31 capital costs incurred by the Connecticut Earth Bank in connection  
32 with the operation of the fund, the implementation of the plan  
33 developed pursuant to subsection (d) of this section or the other  
34 permitted activities of the Connecticut Earth Bank, disbursements from  
35 the fund to develop and carry out the plan developed pursuant to  
36 subsection (d) of this section, grants, direct or equity investments,  
37 contracts or other actions which support research, development,  
38 manufacture, commercialization, deployment and installation of  
39 environmental infrastructures, and actions which expand the expertise  
40 of individuals, businesses and lending institutions with regard to  
41 environmental infrastructure technologies.

42 (d) (1) (A) The Connecticut Earth Bank is hereby established and  
43 created as a body politic and corporate, constituting a public  
44 instrumentality and political subdivision of the state of Connecticut  
45 established and created for the performance of an essential public and  
46 governmental function. The Connecticut Earth Bank shall not be  
47 construed to be a department, institution or agency of the state.

48 (B) The Connecticut Earth Bank shall (i) develop separate programs

49 to finance and otherwise support environmental infrastructure  
50 investment in residential, municipal, small business and larger  
51 commercial projects and such others as the Connecticut Earth Bank  
52 may determine; (ii) support financing or other expenditures that  
53 promote investment in environmental infrastructure in accordance  
54 with a comprehensive plan developed by it to foster the growth,  
55 development and commercialization of environmental infrastructures  
56 and related enterprises; and (iii) stimulate demand for environmental  
57 infrastructures and the deployment of environmental infrastructure  
58 within the state that serve end use customers in the state.

59 (C) The Connecticut Earth Bank shall administer the Environmental  
60 Infrastructure Fund. The Connecticut Earth Bank shall have all the  
61 privileges, immunities, tax exemptions and other exemptions with  
62 respect to said fund. The Connecticut Earth Bank shall be subject to  
63 suit and liability solely from the assets, revenues and resources of said  
64 bank. The Connecticut Earth Bank may provide financial assistance in  
65 the form of grants, loans, loan guarantees or debt and equity  
66 investments, as approved in accordance with written procedures  
67 adopted pursuant to section 1-121 of the general statutes. The  
68 Connecticut Earth Bank may assume or take title to any real property,  
69 convey or dispose of its assets and pledge its revenues to secure any  
70 borrowing, convey or dispose of its assets and pledge its revenues to  
71 secure any borrowing, for the purpose of developing, acquiring,  
72 constructing, refinancing, rehabilitating or improving its assets or  
73 supporting its programs, provided each such borrowing or mortgage,  
74 unless otherwise provided by the board or said bank, shall be a special  
75 obligation of said bank, which obligation may be in the form of bonds,  
76 bond anticipation notes or other obligations which evidence an  
77 indebtedness to the extent permitted under the general statutes to  
78 fund, refinance and refund the same and provide for the rights of  
79 holders thereof, and to secure the same by pledge of revenues, notes  
80 and mortgages of others, and which shall be payable solely from the  
81 assets, revenues and other resources of said bank and such bonds may  
82 be secured by a special capital reserve fund contributed to by the state.

83 The Connecticut Earth Bank shall have the purposes as provided by  
84 resolution of said bank's board of directors, which purposes shall be  
85 consistent with this section. No further action is required for the  
86 establishment of the Connecticut Earth Bank, except the adoption of a  
87 resolution for said bank.

88 (D) In addition to, and not in limitation of, any other power of the  
89 Connecticut Earth Bank set forth in this section or any other provision  
90 of the general statutes, said bank shall have and may exercise the  
91 following powers in furtherance of or in carrying out its purposes:

92 (i) To have perpetual succession as a body corporate and to adopt  
93 bylaws, policies and procedures for the regulation of its affairs and the  
94 conduct of its business;

95 (ii) To make and enter into all contracts and agreements that are  
96 necessary or incidental to the conduct of its business;

97 (iii) To invest in, acquire, lease, purchase, own, manage, hold, sell  
98 and dispose of real or personal property or any interest therein;

99 (iv) To borrow money or guarantee a return to investors or lenders;

100 (v) To hold patents, copyrights, trademarks, marketing rights,  
101 licenses or other rights in intellectual property;

102 (vi) To employ such assistants, agents and employees as may be  
103 necessary or desirable, who shall be exempt from the classified service  
104 and shall not be employees, as defined in subsection (b) of section 5-  
105 270 of the general statutes; establish all necessary or appropriate  
106 personnel practices and policies, including those relating to hiring,  
107 promotion, compensation and retirement, and said bank shall not be  
108 an employer, as defined in subsection (a) of section 5-270 of the general  
109 statutes; and engage consultants, attorneys, financial advisers,  
110 appraisers and other professional advisers as may be necessary or  
111 desirable;

112 (vii) To invest any funds not needed for immediate use or  
113 disbursement pursuant to investment policies adopted by said bank's  
114 board of directors;

115 (viii) To procure insurance against any loss or liability with respect  
116 to its property or business of such types, in such amounts and from  
117 such insurers as it deems desirable;

118 (ix) To enter into joint ventures and invest in, and participate with  
119 any person, including, without limitation, government entities and  
120 private corporations, in the formation, ownership, management and  
121 operation of business entities, including stock and nonstock  
122 corporations, limited liability companies and general or limited  
123 partnerships, formed to advance the purposes of said bank, provided  
124 members of the board of directors or officers or employees of said  
125 bank may serve as directors, members or officers of any such business  
126 entity, and such service shall be deemed to be in the discharge of the  
127 duties or within the scope of the employment of any such director,  
128 officer or employee, as the case may be, so long as such director, officer  
129 or employee does not receive any compensation or financial benefit as  
130 a result of serving in such role;

131 (x) To enter into a memorandum of understanding or other  
132 arrangements with any state agency, department or quasi-public  
133 agency with respect to the provision or sharing of space, office systems  
134 or staff administrative support, on such terms as may be agreed to  
135 between said bank and such agency, department or quasi-public  
136 agency; and

137 (xi) To do all other acts and things necessary or convenient to carry  
138 out the purposes of said bank.

139 (E) (i) The Connecticut Earth Bank may form one or more  
140 subsidiaries to carry out the purposes of said bank, as described in  
141 subparagraph (B) of subdivision (1) of this subsection, and may  
142 transfer to any such subsidiary any moneys and real or personal

143 property of any kind or nature. Any subsidiary may be organized as a  
144 stock or nonstock corporation or a limited liability company. Each such  
145 subsidiary shall have and may exercise such powers of said bank, as  
146 set forth in the resolution of the board of directors of said bank  
147 prescribing the purposes for which such subsidiary is formed, and  
148 such other powers provided to it by law.

149 (ii) No such subsidiary of said bank shall be deemed a quasi-public  
150 agency for purposes of chapter 12 of the general statutes and no such  
151 subsidiary shall have all the privileges, immunities, tax exemptions  
152 and other exemptions of said bank. In no event shall any such  
153 subsidiary have the power to hire or otherwise retain employees. The  
154 governing documents of any such subsidiary shall provide for the  
155 dissolution of such subsidiary upon the completion of the purpose for  
156 which such subsidiary was formed. Each such subsidiary may sue and  
157 shall be subject to suit, provided its liability shall be limited solely to  
158 the assets, revenues and resources of the subsidiary and without  
159 recourse to the general funds, revenues, resources or any other assets  
160 of said bank. Each such subsidiary is authorized to assume or take title  
161 to property subject to any existing lien, encumbrance or mortgage and  
162 to mortgage, convey or dispose of its assets and pledge its revenues to  
163 secure any borrowing, provided each such borrowing or mortgage  
164 shall be a special obligation of the subsidiary, which obligation may be  
165 in the form of bonds, bond anticipation notes and other obligations, to  
166 fund and refund the same and provide for the rights of the holders  
167 thereof, and to secure the same by a pledge of revenues, notes and  
168 other assets and which shall be payable solely from the revenues,  
169 assets and other resources of the subsidiary. The Connecticut Earth  
170 Bank may assign to a subsidiary any rights, moneys or other assets it  
171 has under any governmental program. No subsidiary of said bank  
172 shall borrow without the approval of the board of directors of said  
173 bank.

174 (iii) Each such subsidiary shall act through its board of directors or  
175 managing members, at least one-half of which shall be members of the

176 board of directors of said bank or their designees or officers or  
177 employees of said bank.

178 (iv) The provisions of section 1-125 of the general statutes and this  
179 subsection shall apply to any officer, director, designee or employee  
180 appointed as a member, director or officer of any such subsidiary. Any  
181 such person so appointed shall not be personally liable for the debts,  
182 obligations or liabilities of any such subsidiary as provided in section  
183 1-125 of the general statutes. The subsidiary shall, and said bank may,  
184 save harmless and indemnify such officer, director, designee or  
185 employee as provided by section 1-125 of the general statutes.

186 (v) The Connecticut Earth Bank, or such subsidiary, may take such  
187 actions as are necessary to comply with the provisions of the Internal  
188 Revenue Code of 1986, or any subsequent corresponding internal  
189 revenue code of the United States, as amended from time to time, to  
190 qualify and maintain any such subsidiary as a corporation exempt  
191 from taxation under said code.

192 (vi) The Connecticut Earth Bank may make loans to each such  
193 subsidiary from its assets and the proceeds of its bonds, notes and  
194 other obligations, provided the source and security for the repayment  
195 of such loans is derived from the assets, revenues and resources of the  
196 subsidiary.

197 (2) (A) The Connecticut Earth Bank may seek to qualify as a  
198 Community Development Financial Institution under Section 4702 of  
199 the United States Code. If approved as a Community Development  
200 Financial Institution, said bank would be treated as a qualified  
201 community development entity for purposes of Section 45D and  
202 Section 1400N(m) of the Internal Revenue Code.

203 (B) Before making any loan, loan guarantee, or such other form of  
204 financing support or risk management for an environmental  
205 infrastructure project, the Connecticut Earth Bank shall develop  
206 standards to govern the administration of said bank through rules,

207 policies and procedures that specify borrower eligibility, terms and  
208 conditions of support, and other relevant criteria, standards or  
209 procedures.

210 (C) Funding sources specifically authorized include, but are not  
211 limited to:

212 (i) Funds repurposed from existing programs providing financing  
213 support for environmental infrastructure projects, provided any  
214 transfer of funds from such existing programs shall be subject to  
215 approval by the General Assembly and shall be used for expenses of  
216 financing, grants and loans;

217 (ii) Any federal funds that can be used for the purposes specified in  
218 subsection (c) of this section;

219 (iii) Charitable gifts, grants, contributions as well as loans from  
220 individuals, corporations, university endowments and philanthropic  
221 foundations;

222 (iv) Earnings and interest derived from financing support activities  
223 for environmental infrastructure projects backed by the Connecticut  
224 Earth Bank;

225 (v) If and to the extent that the Connecticut Earth Bank qualifies as a  
226 Community Development Financial Institution under Section 4702 of  
227 the United States Code, funding from the Community Development  
228 Financial Institution Fund administered by the United States  
229 Department of Treasury, as well as loans from and investments by  
230 depository institutions seeking to comply with their obligations under  
231 the United States Community Reinvestment Act of 1977; and

232 (vi) The Connecticut Earth Bank may enter into contracts with  
233 private sources to raise capital. The average rate of return on such debt  
234 or equity shall be set by the board of directors of said bank.

235 (D) The Connecticut Earth Bank may provide financing support



236 under this subsection if said bank determines that the amount to be  
237 financed by said bank and other nonequity financing sources do not  
238 exceed eighty per cent of the cost to develop and deploy an  
239 environmental infrastructure project or up to one hundred per cent of  
240 the cost of financing an environmental infrastructure project.

241 (E) The Connecticut Earth Bank may assess reasonable fees on its  
242 financing activities to cover its reasonable costs and expenses, as  
243 determined by the board.

244 (F) The Connecticut Earth Bank shall make information regarding  
245 the rates, terms and conditions for all of its financing support  
246 transactions available to the public for inspection, including formal  
247 annual reviews by both a private auditor conducted pursuant to  
248 subdivision (2) of subsection (f) of this section and the Comptroller,  
249 and providing details to the public on the Internet, provided public  
250 disclosure shall be restricted for patentable ideas, trade secrets,  
251 proprietary or confidential commercial or financial information,  
252 disclosure of which may cause commercial harm to a  
253 nongovernmental recipient of such financing support and for other  
254 information exempt from public records disclosure pursuant to section  
255 1-210 of the general statutes.

256 (3) No director, officer, employee or agent of the Connecticut Earth  
257 Bank, while acting within the scope of his or her authority, shall be  
258 subject to any personal liability resulting from exercising or carrying  
259 out any of the Connecticut Earth Bank's purposes or powers.

260 (e) (1) The powers of the Connecticut Earth Bank shall be vested in  
261 and exercised by a board of directors, which shall consist of eleven  
262 voting and two nonvoting members each with knowledge and  
263 expertise in matters related to the purpose and activities of said bank  
264 appointed as follows: The Treasurer or the Treasurer's designee, the  
265 Commissioner of Energy and Environmental Protection or the  
266 commissioner's designee and the Commissioner of Economic and  
267 Community Development or the commissioner's designee, each

268 serving ex officio, one member who shall represent a residential or  
269 low-income group appointed by the speaker of the House of  
270 Representatives for a term of four years, one member who shall have  
271 experience in investment fund management appointed by the minority  
272 leader of the House of Representatives for a term of three years, one  
273 member who shall represent an environmental organization appointed  
274 by the president pro tempore of the Senate for a term of four years,  
275 and one member who shall have experience in the finance or  
276 deployment of environmental infrastructure appointed by the minority  
277 leader of the Senate for a term of four years. Thereafter, such members  
278 of the General Assembly shall appoint members of the board to  
279 succeed such appointees whose terms expire and each member so  
280 appointed shall hold office for a period of four years from the first day  
281 of July in the year of his or her appointment. The Governor shall  
282 appoint four members to the board as follows: Two for two years who  
283 shall have experience in the finance of environmental infrastructure;  
284 one for four years who shall be a representative of a labor  
285 organization; and one who shall have experience in research and  
286 development or manufacturing of environmental infrastructure.  
287 Thereafter, the Governor shall appoint members of the board to  
288 succeed such appointees whose terms expire and each member so  
289 appointed shall hold office for a period of four years from the first day  
290 of July in the year of his or her appointment. The president of the  
291 Connecticut Earth Bank shall be elected by the members of the board.  
292 The president of the Connecticut Earth Bank shall serve on the board  
293 in an ex-officio, nonvoting capacity. The Governor shall appoint the  
294 chairperson of the board. The board shall elect from its members a  
295 vice-chairperson and such other officers as it deems necessary and  
296 shall adopt such bylaws and procedures it deems necessary to carry  
297 out its functions. The board may establish committees and  
298 subcommittees as necessary to conduct its business.

299 (2) The members of the board of directors of the Connecticut Earth  
300 Bank shall adopt written procedures, in accordance with the  
301 provisions of section 1-121 of the general statutes, for: (A) Adopting an

302 annual budget and plan of operations, including a requirement of  
303 board approval before the budget or plan may take effect; (B) hiring,  
304 dismissing, promoting and compensating employees of said bank,  
305 including an affirmative action policy and a requirement of board  
306 approval before a position may be created or a vacancy filled; (C)  
307 acquiring real and personal property and personal services, including  
308 a requirement of board approval for any nonbudgeted expenditure in  
309 excess of five thousand dollars; (D) contracting for financial, legal,  
310 bond underwriting and other professional services, including a  
311 requirement that said bank solicit proposals at least once every three  
312 years for each such service that it uses; (E) issuing and retiring bonds,  
313 bond anticipation notes and other obligations of said bank; (F)  
314 awarding loans, grants and other financial assistance, including  
315 eligibility criteria, the application process and the role played by said  
316 bank's staff and board of directors; and (G) the use of surplus funds to  
317 the extent authorized under this section or other provisions of the  
318 general statutes.

319 (3) No member of the board of directors of the Connecticut Earth  
320 Bank shall be a trustee, director, partner or officer of any person, firm  
321 or corporation, or have a financial interest in a person, firm or  
322 corporation that participates in or otherwise receives support from  
323 programs developed, administered or otherwise supported by the  
324 Connecticut Earth Bank. The holding of any such position as a trustee,  
325 director, partner or officer, or any financial interest by a member of the  
326 board of directors of the Connecticut Earth Bank shall be deemed a  
327 conflict of interest, provided it shall not constitute a conflict of interest  
328 for a member of the board of directors of the Connecticut Earth Bank to  
329 serve as a director, member or officer of a joint venture entered into by  
330 the Connecticut Earth Bank pursuant to subsection (d) of this section.

331 (f) (1) The board shall issue annually a report to the Department of  
332 Energy and Environmental Protection reviewing the activities of the  
333 Connecticut Earth Bank in detail and shall provide a copy of such  
334 report, in accordance with the provisions of section 11-4a of the general

335 statutes, to the joint standing committees of the General Assembly  
336 having cognizance of matters relating to the environment and  
337 commerce. The report shall include a description of the programs and  
338 activities undertaken during the reporting period.

339 (2) The Environmental Infrastructure Fund shall be audited  
340 annually. Such audits shall be conducted with generally accepted  
341 auditing standards by independent certified public accountants  
342 certified by the State Board of Accountancy. Such accountants may be  
343 the accountants for the Connecticut Earth Bank.

344 (3) Any entity that receives financing for an environmental  
345 infrastructure project from the fund shall provide the board an annual  
346 statement, certified as correct by the chief financial officer of the  
347 recipient of such financing, setting forth all sources and uses of funds  
348 in such detail as may be required by the bank for such project. The  
349 Connecticut Earth Bank shall maintain any such audits for not less  
350 than five years. Residential projects for buildings with one to four  
351 dwelling units are exempt from this and any other annual auditing  
352 requirements, except that residential projects may be required to grant  
353 their utility companies' permission to release their usage data to the  
354 Connecticut Green Bank.

355 (g) (1) The state of Connecticut does hereby pledge to and agree  
356 with any person with whom the Connecticut Earth Bank may enter  
357 into contracts pursuant to the provisions of this section that the state  
358 will not limit or alter the rights hereby vested in said bank until such  
359 contracts and the obligations thereunder are fully met and performed  
360 on the part of said bank, provided nothing herein contained shall  
361 preclude such limitation or alteration if adequate provision shall be  
362 made by law for the protection of such persons entering into contracts  
363 with said bank. The pledge provided by this subsection shall be  
364 interpreted and applied broadly to effectuate and maintain the bank's  
365 financial capacity to perform its essential public and governmental  
366 function.

367 (2) The contracts and obligations thereunder of said bank shall be  
368 obligatory upon the bank, and the bank may appropriate in each year  
369 during the term of such contracts an amount of money that, together  
370 with other funds of the bank available for such purposes, shall be  
371 sufficient to pay such contracts and obligations or meet any contractual  
372 covenants or warranties.

373 (h) The powers enumerated in this section shall be interpreted  
374 broadly to effectuate the purposes established in this section and shall  
375 not be construed as a limitation of powers.

376 (i) To the extent that the provisions of this section are inconsistent  
377 with the provisions of any general statute or special act or parts  
378 thereof, the provisions of this section shall be deemed controlling.

379 Sec. 2. (NEW) (*Effective October 1, 2019*) (a) The Connecticut Earth  
380 Bank is authorized from time to time to issue its negotiable bonds for  
381 any corporate purpose. In anticipation of the sale of such bonds, the  
382 Connecticut Earth Bank may issue negotiable bond anticipation notes  
383 and may renew the same from time to time. Such notes shall be paid  
384 from any revenues of said bank or other moneys available for such  
385 purposes and not otherwise pledged, or from the proceeds of sale of  
386 the bonds of said bank in anticipation of which they were issued. The  
387 notes shall be issued in the same manner as the bonds. Such notes and  
388 the resolution or resolutions authorizing the same may contain any  
389 provisions, conditions or limitations which a bond resolution of said  
390 bank may contain.

391 (b) Every issue of the bonds, notes or other obligations issued by the  
392 Connecticut Earth Bank shall be special obligations of said bank  
393 payable from any revenues or moneys of said bank available for such  
394 purposes and not otherwise pledged, subject to any agreements with  
395 the holders of particular bonds, notes or other obligations pledging  
396 any particular revenues or moneys, and subject to any agreements  
397 with any individual, partnership, corporation or association or other  
398 body, public or private. Notwithstanding that such bonds, notes or

399 other obligations may be payable from a special fund, they shall be  
400 deemed to be for all purposes negotiable instruments, subject only to  
401 the provisions of such bonds, notes or other obligations for  
402 registration.

403 (c) The bonds may be issued as serial bonds or as term bonds, or the  
404 Connecticut Earth Bank, in its discretion, may issue bonds of both  
405 types. The bonds shall be authorized by resolution of the members of  
406 the board of directors of said bank and shall bear such date or dates,  
407 mature at such time or times, not exceeding twenty years from their  
408 respective dates, bear interest at such rate or rates, be payable at such  
409 time or times, be in such denominations, be in such form, either  
410 coupon or registered, carry such registration privileges, be executed in  
411 such manner, be payable in lawful money of the United States at such  
412 place or places, and be subject to such terms of redemption, as such  
413 resolution or resolutions may provide. The bonds or notes may be sold  
414 at public or private sale for such price or prices as said bank shall  
415 determine. The power to fix the date of sale of bonds, to receive bids or  
416 proposals, to award and sell bonds, and to take all other necessary  
417 action to sell and deliver bonds may be delegated to the chairperson or  
418 vice-chairperson of the board, a subcommittee of the board or other  
419 officers of said bank by resolution of the board. The exercise of such  
420 delegated powers may be made subject to the approval of a majority of  
421 the members of the board which approval may be given in the manner  
422 provided in the bylaws of said bank. Pending preparation of the  
423 definitive bonds, said bank may issue interim receipts or certificates  
424 which shall be exchanged for such definitive bonds.

425 (d) Any resolution or resolutions authorizing any bonds or any  
426 issue of bonds may contain provisions, which shall be a part of the  
427 contract with the holders of the bonds to be authorized, as to: (1)  
428 Pledges of the full faith and credit of the Connecticut Earth Bank, the  
429 full faith and credit of any individual, partnership, corporation or  
430 association or other body, public or private, all or any part of the  
431 revenues of a project or any revenue-producing contract or contracts

432 made by said bank with any individual, partnership, corporation or  
433 association or other body, public or private, any federally guaranteed  
434 security and moneys received therefrom purchased with bond  
435 proceeds or any other property, revenues, funds or legally available  
436 moneys to secure the payment of the bonds or of any particular issue  
437 of bonds, subject to such agreements with bondholders as may then  
438 exist; (2) the rentals, fees and other charges to be charged, and the  
439 amounts to be raised in each year thereby, and the use and disposition  
440 of the revenues; (3) the setting aside of reserves or sinking funds, and  
441 the regulation and disposition thereof; (4) limitations on the right of  
442 said bank or its agent to restrict and regulate the use of the project  
443 funded by such bonds or issue of bonds; (5) the purpose and  
444 limitations to which the proceeds of sale of any issue of bonds then or  
445 thereafter to be issued may be applied, including as authorized  
446 purposes all costs and expenses necessary or incidental to the issuance  
447 of bonds, to the acquisition of or commitment to acquire any federally  
448 guaranteed security and to the issuance and obtaining of any federally  
449 insured mortgage note, and pledging such proceeds to secure the  
450 payment of the bonds or any issue of the bonds; (6) limitations on the  
451 issuance of additional bonds, the terms upon which additional bonds  
452 may be issued and secured and the refunding of outstanding bonds;  
453 (7) the procedure, if any, by which the terms of any contract with  
454 bondholders may be amended or abrogated, the amount of bonds the  
455 holders of which must consent thereto, and the manner in which such  
456 consent may be given; (8) limitations on the amount of moneys derived  
457 from such project to be expended for operating, administrative or  
458 other expenses of said bank; (9) definitions of the acts or omissions to  
459 act which shall constitute a default in the duties of said bank to holders  
460 of its obligations and the rights and remedies of such holders in the  
461 event of a default; and (10) the mortgaging of a project and the site  
462 thereof for the purpose of securing the bondholders.

463 (e) Neither the members of the board of directors of the Connecticut  
464 Earth Bank nor any person executing the bonds, notes or other  
465 obligations shall be liable personally on the bonds, notes or other

466 obligations or be subject to any personal liability or accountability by  
467 reason of the issuance thereof.

468 (f) The Connecticut Earth Bank shall have the power to purchase its  
469 bonds, notes or other obligations out of any funds available for such  
470 purposes. Said bank may hold, pledge, cancel or resell such bonds,  
471 notes or other obligations, subject to and in accordance with  
472 agreements with bondholders. Said bank may sell, transfer or assign  
473 any of its loan assets to a trustee or other third party for the purposes  
474 of providing security for its bonds, notes or other obligations, or for  
475 bonds, notes or other obligations issued by the trustee or other third  
476 party on its behalf.

477 (g) The Connecticut Earth Bank is further authorized and  
478 empowered to issue bonds, notes or other obligations under this  
479 section, the interest on which may be includable in the gross income of  
480 the holder or holders thereof under the Internal Revenue Code of 1986,  
481 or any subsequent corresponding internal revenue code of the United  
482 States, as amended from time to time, to the same extent and in the  
483 same manner that interest on bills, notes, bonds or other obligations of  
484 the United States is includable in the gross income of the holder or  
485 holders thereof under said internal revenue code. Any such bonds,  
486 notes or other obligations may be issued only upon a finding by said  
487 bank that such issuance is necessary, is in the public interest, and is in  
488 furtherance of the purposes and powers of said bank. The state hereby  
489 consents to such inclusion only for the bonds, notes or other  
490 obligations of said bank so issued.

491 (h) At the discretion of the Connecticut Earth Bank, any bonds  
492 issued under the provisions of this section may be secured by a trust  
493 agreement by and between said bank and a corporate trustee or  
494 trustees, which may be any trust company or bank having the powers  
495 of a trust company within or without the state. Such trust agreement or  
496 the resolution providing for the issuance of such bonds or other  
497 instrument of said bank may secure such bonds by a pledge or



498 assignment of any revenues to be received, any contract or proceeds of  
499 any contract, or any other property, revenues, moneys or funds  
500 available to said bank for such purpose. Any pledge made by said  
501 bank pursuant to this subsection shall be valid and binding from the  
502 time when the pledge is made. The lien of any such pledge shall be  
503 valid and binding as against all parties having claims of any kind in  
504 tort, contract or otherwise against said bank, irrespective of whether  
505 the parties have notice of the claims. Notwithstanding any provision of  
506 the Uniform Commercial Code, no instrument by which such pledge is  
507 created need be recorded or filed except in the records of said bank.  
508 Any revenues, contract or proceeds of any contract, or other property,  
509 revenues, moneys or funds so pledged and thereafter received by said  
510 bank shall be subject immediately to the lien of the pledge without any  
511 physical delivery thereof or further act and such lien shall have  
512 priority over all other liens. Such trust agreement or resolution may  
513 mortgage, assign or convey any real property to secure such bonds.  
514 Such trust agreement or resolution providing for the issuance of such  
515 bonds may contain such provisions for protecting and enforcing the  
516 rights and remedies of the bondholders as may be reasonable and  
517 proper and not in violation of law, including such provisions as have  
518 been specifically authorized by this section to be included in any  
519 resolution of said bank authorizing bonds thereof. Any bank or trust  
520 company incorporated under the laws of this state, which may act as  
521 depository of the proceeds of bonds or of revenues or other moneys,  
522 may furnish such indemnifying bonds or pledge such securities as may  
523 be required by said bank. Any such trust agreement or resolution may  
524 set forth the rights and remedies of the bondholders and of the trustee  
525 or trustees, and may restrict the individual right of action by  
526 bondholders. In addition to the foregoing, any such trust agreement or  
527 resolution may contain such other provisions as said bank may deem  
528 reasonable and proper for the security of the bondholders. All  
529 expenses incurred in carrying out the provisions of such trust  
530 agreement or resolution may be treated as a part of the cost of the  
531 operation of a project.

532 (i) Bonds issued under the provisions of this section shall not be  
533 deemed to constitute a debt or liability of the state or of any political  
534 subdivision thereof, other than the Connecticut Earth Bank, or a pledge  
535 of the full faith and credit of the state or any of its political  
536 subdivisions other than said bank, but shall be payable solely from the  
537 funds provided for such purposes by this section. All such bonds shall  
538 contain on the face thereof a statement to the effect that neither the  
539 state of Connecticut nor any political subdivision thereof, other than  
540 said bank, shall be obligated to pay the same or the interest thereon  
541 except from revenues of the project or the portion thereof for which  
542 such bonds are issued, and that neither the full faith and credit nor the  
543 taxing power of the state of Connecticut or of any political subdivision  
544 thereof, other than said bank, is pledged to the payment of the  
545 principal of or the interest on such bonds. The issuance of bonds under  
546 the provisions of this section shall not directly, indirectly or  
547 contingently obligate the state or any political subdivision thereof to  
548 levy or to pledge any form of taxation or to make any appropriation  
549 for the payment of such bonds. Nothing contained in this section shall  
550 prevent or be construed to prevent said bank from pledging its full  
551 faith and credit or the full faith and credit of any individual,  
552 partnership, corporation or association or other body, public or  
553 private, to the payment of bonds or issue of bonds authorized  
554 pursuant to this section.

555 (j) The state of Connecticut does hereby pledge to and agree with  
556 the holders of any bonds, notes or other obligations issued under this  
557 section and with those parties who may enter into contracts with the  
558 Connecticut Earth Bank or its successor agency pursuant to the  
559 provisions of this section that the state shall not limit or alter the rights  
560 hereby vested in said bank until such obligations, together with the  
561 interest thereon, are fully met and discharged and such contracts are  
562 fully performed on the part of said bank, provided nothing contained  
563 in this subsection shall preclude such limitation or alteration if and  
564 when adequate provision is made by law for the protection of the  
565 holders of such bonds, notes or other obligations of said bank or those

566 entering into such contracts with said bank. Said bank is authorized to  
567 include this pledge and undertaking for the state in such bonds, notes  
568 or other obligations, or contracts.

569 (k) (1) The Connecticut Earth Bank is authorized to fix, revise,  
570 charge and collect rates, rents, fees and charges for the use of and for  
571 the services furnished or to be furnished by each project, and to  
572 contract with any individual, partnership, corporation or association,  
573 or other body, public or private, in respect thereof. Such rates, rents,  
574 fees and charges shall be fixed and adjusted in respect of the aggregate  
575 of rates, rents, fees and charges from such project so as to provide  
576 funds sufficient with other revenues or moneys available for such  
577 purposes, if any, (A) to pay the cost of maintaining, repairing and  
578 operating the project and each and every portion thereof, to the extent  
579 that the payment of such cost has not otherwise been adequately  
580 provided for, (B) to pay the principal of and the interest on  
581 outstanding bonds of said bank issued in respect of such project as the  
582 same shall become due and payable, and (C) to create and maintain  
583 reserves required or provided for in any resolution authorizing, or  
584 trust agreement securing, such bonds of said bank. Such rates, rents,  
585 fees and charges shall not be subject to supervision or regulation by  
586 any department, commission, board, body, bureau or agency of this  
587 state other than said bank.

588 (2) A sufficient amount of the revenues derived in respect of a  
589 project, except such part of such revenues as may be necessary to pay  
590 the cost of maintenance, repair and operation and to provide reserves  
591 and for renewals, replacements, extensions, enlargements and  
592 improvements as may be provided for in the resolution authorizing  
593 the issuance of any bonds of the Connecticut Earth Bank or in the trust  
594 agreement securing the same, shall be set aside at such regular  
595 intervals as may be provided in such resolution or trust agreement in a  
596 sinking or other similar fund which is hereby pledged to, and charged  
597 with, the payment of the principal of and the interest on such bonds as  
598 the same shall become due, and the redemption price or the purchase

599 price of bonds retired by call or purchase as therein provided. Such  
600 pledge shall be valid and binding from the time when the pledge is  
601 made. The rates, rents, fees and charges and other revenues or other  
602 moneys so pledged and thereafter received by said bank shall  
603 immediately be subject to the lien of such pledge without any physical  
604 delivery thereof or further act, and the lien of any such pledge shall be  
605 valid and binding as against all parties having claims of any kind in  
606 tort, contract or otherwise against said bank, irrespective of whether  
607 such parties have notice of such claims. Notwithstanding any  
608 provision of the Connecticut Uniform Commercial Code, neither the  
609 resolution nor any trust agreement nor any other agreement nor any  
610 lease by which a pledge is created need be filed or recorded except in  
611 the records of said bank. The use and disposition of moneys to the  
612 credit of such sinking or other similar fund shall be subject to the  
613 provisions of the resolution authorizing the issuance of such bonds or  
614 of such trust agreement. Except as may otherwise be provided in such  
615 resolution or such trust agreement, such sinking or other similar fund  
616 may be a fund for all such bonds issued to finance projects for any  
617 individual, partnership, corporation or association, or other body,  
618 public or private, without distinction or priority of one over another;  
619 provided said bank in any such resolution or trust agreement may  
620 provide that such sinking or other similar fund shall be the fund for a  
621 particular project for any individual, partnership, corporation or  
622 association, or other body, public or private, and for the bonds issued  
623 to finance a particular project and may, additionally, permit and  
624 provide for the issuance of bonds having a subordinate lien in respect  
625 of the security authorized by this subsection to other bonds of said  
626 bank, and, in such case, said bank may create separate sinking or other  
627 similar funds in respect of such subordinate lien bonds.

628 (l) All moneys received pursuant to the provisions of this section,  
629 whether as proceeds from the sale of bonds or as revenues, shall be  
630 deemed to be trust funds to be held and applied solely as provided in  
631 this section. Any officer with whom, or any bank or trust company  
632 with which, such moneys are deposited shall act as trustee of such

633 moneys and shall hold and apply the same for the purposes of this  
634 section, subject to the resolution authorizing the bonds of any issue or  
635 the trust agreement securing such bonds.

636 (m) Any holder of bonds, bond anticipation notes, other notes or  
637 other obligations issued under the provisions of this section, or any of  
638 the coupons appertaining thereto, and the trustee or trustees under  
639 any trust agreement, except to the extent the rights given by this  
640 section may be restricted by any resolution authorizing the issuance of,  
641 or any such trust agreement securing, such bonds, may, either at law  
642 or in equity, by suit, action, mandamus or other proceedings, protect  
643 and enforce any and all rights under the laws of the state or granted by  
644 this section or under such resolution or trust agreement, and may  
645 enforce and compel the performance of all duties required by this  
646 section or by such resolution or trust agreement to be performed by the  
647 Connecticut Earth Bank or by any officer, employee or agent thereof,  
648 including the fixing, charging and collecting of the rates, rents, fees  
649 and charges authorized by this section and required by the provisions  
650 of such resolution or trust agreement to be fixed, established and  
651 collected.

652 (n) The Connecticut Earth Bank shall have power to contract with  
653 the holders of any of its bonds or notes as to the custody, collection,  
654 securing, investment and payment of any reserve funds of said bank,  
655 or of any moneys held in trust or otherwise for the payment of bonds  
656 or notes, and to carry out such contracts. Any officer with whom, or  
657 any bank or trust company with which, such moneys shall be  
658 deposited as trustee thereof shall hold, invest, reinvest and apply such  
659 moneys for the purposes thereof, subject to such provisions as this  
660 section and the resolution authorizing the issue of the bonds or notes  
661 or the trust agreement securing such bonds or notes may provide.

662 (o) The exercise of the powers granted by this section shall be in all  
663 respects for the benefit of the people of this state, for the increase of  
664 their commerce, welfare and prosperity, and for the improvement of

665 their health and living conditions, and, as the exercise of such powers  
666 shall constitute the performance of an essential public function, neither  
667 the Connecticut Earth Bank, any affiliate of said bank, nor any  
668 collection or other agent of said bank nor any such affiliate shall be  
669 required to pay any taxes or assessments upon or in respect of any  
670 revenues or property received, acquired, transferred or used by said  
671 bank, any affiliate of said bank or any collection or other agent of said  
672 bank or any such affiliate or upon or in respect of the income from  
673 such revenues or property. Any bonds, notes or other obligations  
674 issued under the provisions of this section, their transfer and the  
675 income therefrom, including any profit made on the sale of such  
676 bonds, notes or other obligations, shall at all times be free from  
677 taxation of every kind by the state and by the municipalities and other  
678 political subdivisions in the state, except for estate and succession  
679 taxes. The interest on such bonds, notes or other obligations shall be  
680 included in the computation of any excise or franchise tax.

681 (p) (1) The Connecticut Earth Bank is hereby authorized to provide  
682 for the issuance of bonds of said bank for the purpose of refunding any  
683 bonds of said bank then outstanding, including the payment of any  
684 redemption premium thereon and any interest accrued or to accrue to  
685 the earliest or subsequent date of redemption, purchase or maturity of  
686 such bonds, and, if deemed advisable by said bank, for the additional  
687 purpose of paying all or any part of the cost of constructing and  
688 acquiring additions, improvements, extensions or enlargements of a  
689 project or any portion thereof.

690 (2) The proceeds of any such bonds issued for the purpose of  
691 refunding outstanding bonds may, at the discretion of the Connecticut  
692 Earth Bank, be applied to the purchase or retirement at maturity or  
693 redemption of such outstanding bonds either on their earliest or any  
694 subsequent redemption date or upon the purchase or at the maturity  
695 thereof and may, pending such application, be placed in escrow to be  
696 applied to such purchase or retirement at maturity or redemption on  
697 such date as may be determined by said bank.

698 (3) Any such escrowed proceeds, pending such use, may be  
699 invested and reinvested in direct obligations of, or obligations  
700 unconditionally guaranteed by, the United States and certificates of  
701 deposit or time deposits secured by direct obligations of, or obligations  
702 unconditionally guaranteed by, the United States, or obligations of a  
703 state, a territory, or a possession of the United States, or any political  
704 subdivision of any of the foregoing, within the meaning of Section  
705 103(a) of the Internal Revenue Code of 1986, or any subsequent  
706 corresponding internal revenue code of the United States, as amended  
707 from time to time, the full and timely payment of the principal of and  
708 interest on which are secured by an irrevocable deposit of direct  
709 obligations of the United States which, if the outstanding bonds are  
710 then rated by a nationally recognized rating agency, are rated in the  
711 highest rating category by such rating agency, maturing at such time  
712 or times as shall be appropriate to assure the prompt payment, as to  
713 principal, interest and redemption premium, if any, of the outstanding  
714 bonds to be so refunded. The interest, income and profits, if any,  
715 earned or realized on any such investment or reinvestment may also  
716 be applied to the payment of the outstanding bonds to be so refunded.  
717 After the terms of the escrow have been fully satisfied and carried out,  
718 any balance of such proceeds and interest, income and profits, if any,  
719 earned or realized on the investments or reinvestments thereof may be  
720 returned to the Connecticut Earth Bank for use by it in any lawful  
721 manner.

722 (4) The portion of the proceeds of any such bonds issued for the  
723 additional purpose of paying all or any part of the cost of constructing  
724 and acquiring additions, improvements, extensions or enlargements of  
725 a project or any portion thereof may be invested and reinvested as the  
726 provisions of this section and the resolution authorizing the issuance  
727 of such bonds or the trust agreement securing such bonds may  
728 provide. The interest, income and profits, if any, earned or realized on  
729 such investment or reinvestment may be applied to the payment of all  
730 or any part of such cost or may be used by the Connecticut Earth Bank  
731 in any lawful manner.

732 (5) All such bonds shall be subject to the provisions of sections 1 to  
733 4, inclusive, of this act.

734 (q) Bonds issued by the Connecticut Earth Bank under the  
735 provisions of this section are hereby made securities in which all  
736 public officers and public bodies of the state and its political  
737 subdivisions, all insurance companies, state banks and trust  
738 companies, national banking associations, savings banks, savings and  
739 loan associations, investment companies, executors, administrators,  
740 trustees and other fiduciaries may properly and legally invest funds,  
741 including capital in their control or belonging to them. Such bonds are  
742 hereby made securities which may properly and legally be deposited  
743 with and received by any state or municipal officer or any agency or  
744 political subdivision of the state for any purpose for which the deposit  
745 of bonds or obligations of the state is now or may hereafter be  
746 authorized by law.

747 (r) In conjunction with the issuance of the bonds, notes or other  
748 obligations, the Connecticut Earth Bank may: (1) Make representations  
749 and agreements for the benefit of the holders of the bonds, notes or  
750 other obligations to make secondary market disclosures; (2) enter into  
751 interest rate swap agreements and other agreements for the purpose of  
752 moderating interest rate risk on the bonds, notes or other obligations;  
753 (3) enter into such other agreements and instruments to secure the  
754 bonds, notes or other obligations; and (4) take such other actions as  
755 necessary or appropriate for the issuance and distribution of the  
756 bonds, notes or other obligations and may make representations and  
757 agreements for the benefit of the holders of the bonds, notes or other  
758 obligations which are necessary or appropriate to ensure exclusion of  
759 the interest payable on the bonds, notes or other obligations from gross  
760 income under the Internal Revenue Code of 1986, or any subsequent  
761 corresponding internal revenue code of the United States, as amended  
762 from time to time.

763 Sec. 3. (NEW) (*Effective October 1, 2019*) The Connecticut Earth Bank



764 shall establish a "Connecticut Earth Loan Guaranty Fund". Such fund  
765 shall be used for the purposes of guaranteeing loans authorized under  
766 section 4 of this act, and may be used for expenses incurred by said  
767 bank in the implementation of the program under said section.

768 Sec. 4. (NEW) (*Effective October 1, 2019*) (a) For the purposes of this  
769 section:

770 (1) "Participating qualified nonprofit organizations" means  
771 individuals, nonprofit organizations and small businesses;

772 (2) "Small business" means a business entity employing not more  
773 than fifty full-time employees;

774 (3) "Eligible environmental infrastructure project" means an  
775 environmental infrastructure project meeting the criteria identified, as  
776 provided in subsection (d) of this section;

777 (4) "Participating lending institution" means any bank, trust  
778 company, savings bank, savings and loan association or credit union,  
779 whether chartered by the United States of America or this state, or any  
780 insurance company authorized to do business in this state that  
781 participates in the Connecticut Earth Loan Guaranty Fund program;  
782 and

783 (5) "Bank" means the Connecticut Earth Bank.

784 (b) The bank shall establish the Connecticut Earth Loan Guaranty  
785 Fund program from the proceeds of the bonds issued pursuant to  
786 section 3 of this act for the purpose of guaranteeing loans made by  
787 participating lending institutions to a participating qualified nonprofit  
788 organization for eligible environmental infrastructure projects. In  
789 carrying out the purposes of this section, the bank shall have and may  
790 exercise the powers provided in subsection (d) of section 1 of this act.

791 (c) Participating qualified nonprofit organizations may borrow  
792 money from a participating lending institution for any environmental

793 infrastructure project for which the bank provides guaranties pursuant  
794 to this section. In connection with the provision of such a guaranty by  
795 the bank, (1) a participating qualified nonprofit organization shall  
796 enter into any loan or other agreement and make such covenants,  
797 representations and indemnities as a participating lending institution  
798 deems necessary or appropriate; and (2) a participating lending  
799 institution shall enter into a guaranty agreement with the bank,  
800 pursuant to which the bank has agreed to provide a first loss guaranty  
801 of an agreed percentage of the original principal amount of loans for  
802 eligible environmental infrastructure projects.

803 (d) The Connecticut Green Bank shall identify types of projects that  
804 qualify as eligible environmental infrastructure projects. The bank  
805 shall establish priorities for financing eligible environmental  
806 infrastructure projects based on need and quality determinants. The  
807 bank shall adopt procedures, in accordance with the provisions of  
808 section 1-121 of the general statutes, to implement the provisions of  
809 this section.

810 (e) The bank shall, (1) ensure that the program established pursuant  
811 to this section integrates with existing state environmental  
812 infrastructure programs; (2) establish performance targets for the  
813 program to ensure that the program in coordination with existing  
814 financing programs will enable infrastructure improvements for at  
815 least fifteen per cent of single family homes in the state by 2020; (3)  
816 enter into agreements with participating lending institutions that  
817 provide loan origination services; and (4) exercise such other powers  
818 as are necessary for the proper administration of the program.

819 (f) Financial assistance provided by participating lending  
820 institutions pursuant to this section shall be subject to the following  
821 terms: (1) Eligible environmental infrastructure projects shall meet  
822 cost-effectiveness standards adopted by the bank, and (2) loans shall  
823 be at interest rates determined by the bank to be no higher than  
824 necessary to result in the participation of participating lending

825 institutions in the program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2019</i>	New section
Sec. 2	<i>October 1, 2019</i>	New section
Sec. 3	<i>October 1, 2019</i>	New section
Sec. 4	<i>October 1, 2019</i>	New section

**Statement of Purpose:**

To utilize the Green Bank model for environmental infrastructure, including water and solid waste management, recycling, climate resiliency and natural resource conservation.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors:    Introducer Withdrawn

H.B. 6646