OLR Bill Analysis
sSB 927

AN ACT CREATING THE ENVIRONMENTAL INFRASTRUCTURE FUND WITHIN THE CONNECTICUT GREEN BANK.

SUMMARY

This bill expands the Connecticut Green Bank’s duties to include (1) developing separate programs to finance and otherwise support environmental infrastructure and (2) promoting investment in such infrastructure. By law, the bank’s current duties include developing programs for, and promoting investment in, clean energy. The bill also establishes an Environmental Infrastructure Fund within the Green Bank.

The bill enables the Green Bank to use its existing bonding authority to finance environmental infrastructure projects and makes available similar funding sources to the fund as are available for clean energy projects, such as charitable gifts or grants, certain loans, earnings and interest, and contracted-for private capital. But the bill explicitly prohibits ratepayer or Regional Greenhouse Gas Initiative funds that under existing law are used for clean energy projects from being deposited into the fund.

By law, the Green Bank has standards governing its administration, including rules, policies, and procedures for such things as borrower eligibility, terms, and conditions. The law required these standards to be in place before the bank financially supported clean energy projects and the bill extends this requirement to environmental infrastructure projects.

The bill applies existing requirements for clean energy funding to environmental infrastructure projects (e.g., fees, several funding sources) and the Environmental Infrastructure Fund, like the existing Clean Energy Fund, must be annually audited. Entities receiving
environmental infrastructure project funding, unless exempt under existing law (i.e., certain residential projects), must provide annual certified statements to the Green Bank’s Board of Directors.

The bill also makes several technical, conforming, and minor changes, including adding the Environment Committee to the legislative committees to which the Green Bank’s board must submit its annual activity report, instead of only the Energy and Technology and Commerce committees.

EFFECTIVE DATE: October 1, 2019, except a technical change takes effect January 1, 2020.

ENVIRONMENTAL INFRASTRUCTURE FUND

Environmental Infrastructure

The bill expands the types of projects the Green Bank can promote investment in to include environmental infrastructure, which, under the bill, is infrastructure, facilities, services, and improvement projects related to water, waste and recycling, zero-emission vehicle refueling, climate adaptation and resiliency, agriculture, land conservation, parks and recreations, and other environmental markets.

Fund Purpose

The bill requires the Green Bank’s comprehensive plan to plan for growth, development, and commercialization of environmental infrastructure, as current law requires for clean energy. The bill allows the bank to use the Environmental Infrastructure Fund to pay for expenses to promote environmental infrastructure investment, but it must be done according to the bank’s comprehensive plan.

As it does under existing law for clean energy, the bill requires the Green Bank to (1) develop separate programs to finance and support environmental infrastructure investment in residential, municipal, small business and larger commercial projects, and others the Green Bank determines and (2) support financing or other expenses that promote environmental infrastructure investment, which must be done according to its comprehensive plan.
The expenses may include such things as:

1. low-cost financing and credit enhancement mechanisms for environmental infrastructure projects and technologies;

2. grants;

3. contracts or other actions to support research, development, manufacture, commercialization, deployment, and installation of environmental infrastructure;

4. actions to expand the expertise of individuals, businesses, and lending institutions regarding environmental infrastructure;

5. direct or equity investments;

6. reimbursing operating expenses; and

7. disbursements to develop and carry out the Green Bank’s comprehensive plan.

Under the bill, operating expenses may include the Green Bank’s (1) administrative expenses, (2) capital costs related to fund operation, (3) plan implementation, and (4) other permitted activities.

**Source of Funding**

The bill’s expansion of the Green Bank’s duties enables the bank to use its existing bonding authority to provide financing for environmental infrastructure projects. The bill also allows the fund to receive any (1) amount required by law to be deposited into the fund and (2) federal funds that may become available to the state for environmental infrastructure investments. And as are available under existing law for clean energy projects, similar funding sources are available for financing environmental infrastructure, including such things as:

1. charitable gifts, grants, contributions, and loans from individuals, corporations, university endowments, and philanthropic foundations;
2. earnings and interest from financing support activities backed by the Green Bank; and

3. private sources, pursuant to contract.

BACKGROUND

Related Bills

sSB 959, reported favorably by the Energy and Technology Committee, allows the Green Bank and its subsidiaries to seek qualification to borrow federal funding, including under an agriculture department program that makes loans to improve rural electric and telephone service.

SB 70, reported favorably by the Banking Committee, establishes the Connecticut Infrastructure Bank within the Green Bank for administrative purposes.

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute

Yea 15  Nay 0  (03/12/2019)