OLR Bill Analysis

sSB 927 (File 260, as amended by Senate "A" and "D")*

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. The bill establishes an Environmental Infrastructure Fund within the Green Bank for this purpose.

By law, the Green Bank’s current duties include developing programs for, and promoting investment in, clean energy. The bill enables the Green Bank to use its existing bonding authority to finance environmental infrastructure projects and makes available similar funding sources for the new 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 from being deposited into the fund (1) ratepayer or Regional Greenhouse Gas Initiative funds that under existing law are used for clean energy projects, (2) funds in the state’s Clean Water Fund account or that are required to be deposited into the account, and (3) funds collected from water companies.

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.

Current law prohibits Green Bank subsidiaries from being deemed 
quasi-public agencies with the bank’s privileges, immunities, and tax 
and other exemptions. The bill creates an exception from this 
prohibition for single member limited liability companies (LLCs) that 
are disregarded as entities separate from their owner.

Lastly, the bill makes several technical, conforming, and minor 
changes, including adding the Banking and Environment committees 
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.

*Senate Amendment “A” adds the following provisions:

1. exempts single member LLCs that are disregarded as entities 
   separate from their owner from being quasi-public agencies and 
   having the Green Bank’s privileges;

2. prohibits the fund from receiving funds (a) in, or required to be 
   deposited into, the state’s Clean Water Fund or (b) collected from 
   water companies;

3. prohibits the bank from applying for federal clean water or safe 
   drinking water grants without approval from the treasurer and 
   the respective administering state agency; and

4. makes several minor, technical, and conforming changes.

*Senate Amendment “D” adds the Banking Committee to the list of 
legislative committees to which the Green Bank’s board must submit 
its annual activity report.

EFFECTIVE DATE: October 1, 2019, except a technical change takes

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 structures, facilities, systems, 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, commercialization, and, where applicable, preservation of environmental infrastructure and related enterprises. Current law requires similar planning for clean energy purposes. The bill allows the bank to use the Environmental Infrastructure Fund to pay for expenses to promote environmental infrastructure investment.

The bill allows an environmental infrastructure project to receive financing support from the Green Bank if the bank determines that the amount it and other nonequity financing sources provide does not exceed 100% of the project’s cost.

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 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. As is 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.

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.
FEDERAL GRANT FUNDING

The bill prohibits the Green Bank from applying for federal clean water or safe drinking water grants without approval from the state treasurer and the energy and environmental protection or public health commissioners, respectively. It also prohibits the grant funds in, or required to be deposited into, the state’s Clean Water Fund account from being deposited into the Green Bank’s Environmental Infrastructure Fund.

BACKGROUND

Related Bills

sSB 959, File 169, 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, File 255, 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)

Energy and Technology Committee

Joint Favorable

Yea 19  Nay 4  (04/30/2019)