

OFFICE OF FISCAL ANALYSIS

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SB-1110

AN ACT AMENDING THE CONVEYANCE OF PARCELS OF STATE LAND TO THE NEW HAVEN PORT AUTHORITY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$
Resources of the Special Transportation Fund	TF - Revenue Loss	Up to \$245,000
Department of Transportation	TF - Cost	Potential Significant

Note: TF=Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$
New Haven	See Below	See Below

Explanation

The bill modifies a conveyance of land from the Department of Transportation (DOT) to the New Haven Port Authority (PA 18-154 section 6) and results in significant costs to the DOT, along with potential cost reduction to the New Haven Port Authority.

The bill would reduce the cost of the conveyance from fair market value (approximately \$245,000 based on the appraisals conducted for the original 2018 conveyance) by the "costs for investigating and remediating environmental contamination" on the related land, which has several fiscal impacts.

Preliminary testing is anticipated to cost approximately \$20,000. Prior to the testing, the level of remediation necessary to fulfill the

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requirements of the bill is unknown. Costs to DOT, and/or the reduction of revenue from the sale of such property, for the required remediation are likewise unknown, but are potentially significant. For example, the State regularly provides grants up to \$2 million per project for brownfield remediation.

If investigation and remediation costs are less than the fair market value of the property, any cost incurred under the terms of the conveyance would result in a loss of one-time revenue to the Special Transportation Fund and a decrease in cost to the New Haven Port Authority. Under the modified terms of the conveyance, it is unclear whether DOT would be required to incur costs of remediation beyond the fair market value of the property. If allowed, investigation and remediation costs beyond fair market value would potentially increase costs to DOT.

Additionally, the land in question was originally obtained using federal funds; DOT agreements with the Federal Highway Administration (FHWA) require that such sites be sold at fair market value, with proceeds of the sale deposited in the Special Transportation Fund. To the extent the FHWA does not approve of a modified agreement to allow conveyance of the land at less than fair market value, DOT would be required to reimburse the FHWA for a portion of the current value, resulting in an unknown cost to DOT.

The bill also modifies the conveyance to require the land to be used for economic development purposes and allows lease of the land for the same purpose. The asset would revert to state control if the recipient does not use the land for specified purposes. Reversion to state control would mitigate the loss of asset allowed by the original conveyance.