

OFFICE OF FISCAL ANALYSIS

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sHB-6725

AN ACT REVISING CERTAIN FARMING AND AQUACULTURE PROGRAMS OF THE DEPARTMENT OF AGRICULTURE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23	FY 24	FY 25
Treasurer, Debt Serv.	GF - Potential Cost	None	See Below	See Below
Department of Agriculture	GF - Potential Revenue Gain	At least 1,250	At least 1,250	At least 1,250

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill alters various programs administered by the Department of Agriculture (DoAg), resulting in the fiscal impacts described below.

Section 1 makes various changes to the farmland restoration and climate resiliency program administered by DoAg, including allowing higher levels of state reimbursement for certain costs. This could result in increased or more rapid use of previously-authorized bond funds. There is an existing General Obligation (GO) bond authorization for the program. Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended or to be expended more rapidly than they otherwise would have been.

As of April 7, 2023, there is an unallocated bond balance of \$7 million available under the relevant authorization. The bill does not change GO bond authorizations relevant to the program.

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Section 7 establishes a set of fines for those who violate honey and maple syrup production laws and regulations: (1) a \$50 fine for a first offense, and (2) a \$200 fine for each subsequent offense. This could result in a revenue gain to DoAg, to the extent violations occur and are enforced.

Section 11 is expected to result in an annual revenue gain beginning in FY 23 as it allows DoAg to lease shellfish grounds to small-scale shellfish aquaculture operations, under the bill's requirement for the agency to expand this type of aquaculture business. DoAg owns between 500 and 1,000 acres for the shellfish aquaculture leasing program and the current average price is \$25 per acre, per year.

The actual revenue gain would depend on the final price settled upon between the business and the agency, and the number of additional acres leased annually. Assuming DoAg leases parcels at an average price of \$25 per acre, the revenue gain to DoAg may be at least \$1,250 for each 50-acre parcel.

Lastly, the bill alters various other laws that have no fiscal impact to the state or municipalities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the terms of any bonds issued, the number of violations that are enforced, and the price and acreage of shellfish beds leased.