



Senate Bill No. 501

June Special Session, Public Act No. 24-1

AN ACT CONCERNING MOTOR VEHICLE ASSESSMENTS FOR PROPERTY TAXATION, INNOVATION BANKS, THE INTEREST ON CERTAIN TAX UNDERPAYMENTS, THE ASSESSMENT ON INSURERS, SCHOOL BUILDING PROJECTS, THE SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY CHARTER AND CERTAIN STATE HISTORIC PRESERVATION OFFICER PROCEDURES.

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

Section 1. Subdivision (2) of subsection (a) of section 14-33 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

(2) For assessment years commencing on or after October 1, 2024, if any property tax, or any installment thereof, laid by any city, town, borough or other taxing district upon a motor vehicle remains unpaid, [regardless of whether such motor vehicle is classified on the grand list as a registered motor vehicle or personal property pursuant to section 12-41,] the tax collector of such city, town, borough or other taxing district shall notify the Commissioner of Motor Vehicles of such delinquency in accordance with subsection (e) of this section and guidelines and procedures established by the commissioner. The commissioner shall not issue registration for such motor vehicle for the

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next registration period if, according to the commissioner's records, it is then owned by the person against whom such tax has been assessed or by any person to whom such vehicle has not been transferred by bona fide sale. Unless notice has been received by the commissioner under the provisions of section 14-33a, no such registration shall be issued until the commissioner receives notification that the tax obligation has been legally discharged; nor shall the commissioner register any other motor vehicle, snowmobile, all-terrain vehicle or vessel in the name of such person, except that the commissioner may continue to register other vehicles owned by a leasing or rental firm licensed pursuant to section 14-15, and may issue such registration to any private owner of three or more paratransit vehicles in direct proportion to the percentage of total tax due on such vehicles which has been paid and notice of payment on which has been received. The Commissioner of Motor Vehicles may immediately suspend or cancel all motor vehicle, snowmobile, all-terrain vehicle or vessel registrations issued in the name of any person (A) who has been reported as delinquent and whose registration was renewed through an error or through the production of false evidence that the delinquent tax on any motor vehicle had been paid, or (B) who has been reported by a tax collector as having paid a property tax on a motor vehicle with a check which was dishonored by a bank and such tax remains unpaid.

Sec. 2. Subsection (b) of section 12-71d of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

(b) Not later than October 1, 2024, and annually thereafter, the Secretary of the Office of Policy and Management shall, in consultation with the [Connecticut Association of Assessing Officers, recommend a schedule of motor vehicle plate classes] Department of Motor Vehicles, establish guidelines for the valuation of motor vehicles, which shall be

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used by assessors in each municipality in determining the [classification] use of motor vehicles for purposes of property taxation. The value for each motor vehicle shall be determined by the schedule of depreciation described in subdivision (7) of subsection (b) of section 12-63, as amended by this act. The determination of the assessed value of any vehicle for which a manufacturer's suggested retail price cannot be obtained for purposes of the property tax assessment list in any municipality shall be the responsibility of the assessor in such municipality, in consultation with the Connecticut Association of Assessing Officers. Any appeal from the findings of assessors concerning motor vehicle values shall be made in accordance with provisions related to such appeals under this chapter.

Sec. 3. Subsection (b) of section 12-63 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

(b) (1) For the purposes of this subsection, (A) "electronic data processing equipment" means computers, printers, peripheral computer equipment, bundled software and any computer-based equipment acting as a computer, as defined in Section 168 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended; (B) "leased personal property" means tangible personal property which is the subject of a written or oral lease or loan on the assessment date, or any such property which has been so leased or loaned by the then current owner of such property for three or more of the twelve months preceding such assessment date; and (C) "original selling price" means the price at which tangible personal property is most frequently sold in the year that it was manufactured.

(2) Any municipality may, by ordinance, adopt the provisions of this subsection to be applicable for the assessment year commencing

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October first of the assessment year in which a revaluation of all real property required pursuant to section 12-62 is performed in such municipality, and for each assessment year thereafter. If so adopted, the present true and actual value of tangible personal property, other than motor vehicles, shall be determined in accordance with the provisions of this subsection. If such property is purchased, its true and actual value shall be established in relation to the cost of its acquisition, including transportation and installation, and shall reflect depreciation in accordance with the schedules set forth in subdivisions (3) to (6), inclusive, of this subsection. If such property is developed and produced by the owner of such property for a purpose other than wholesale or retail sale or lease, its true and actual value shall be established in relation to its cost of development, production and installation and shall reflect depreciation in accordance with the schedules provided in subdivisions (3) to (6), inclusive, of this subsection. The provisions of this subsection shall not apply to property owned by a public service company, as defined in section 16-1.

(3) The following schedule of depreciation shall be applicable with respect to electronic data processing equipment:

(A) Group I: Computer and peripheral hardware, including, but not limited to, personal computers, workstations, terminals, storage devices, printers, scanners, computer peripherals and networking equipment:

Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
First year	Seventy per cent
Second year	Forty per cent
Third year	Twenty per cent

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Fourth year and thereafter Ten per cent

(B) Group II: Other hardware, including, but not limited to, mini-frame and main-frame systems with an acquisition cost of more than twenty-five thousand dollars:

Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
First year	Ninety per cent
Second year	Sixty per cent
Third year	Forty per cent
Fourth year	Twenty per cent
Fifth year and thereafter	Ten per cent

(4) The following schedule of depreciation shall be applicable with respect to copiers, facsimile machines, medical testing equipment, and any similar type of equipment that is not specifically defined as electronic data processing equipment, but is considered by the assessor to be technologically advanced:

Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
First year	Ninety-five per cent
Second year	Eighty per cent
Third year	Sixty per cent
Fourth year	Forty per cent
Fifth year and thereafter	Twenty per cent

(5) The following schedule of depreciation shall be applicable with

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respect to machinery and equipment used in the manufacturing process:

Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
First year	Ninety per cent
Second year	Eighty per cent
Third year	Seventy per cent
Fourth year	Sixty per cent
Fifth year	Fifty per cent
Sixth year	Forty per cent
Seventh year	Thirty per cent
Eighth year and thereafter	Twenty per cent

(6) The following schedule of depreciation shall be applicable with respect to all tangible personal property other than that described in subdivisions (3) to (5), inclusive, and subdivision (7) of this subsection:

Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
First year	Ninety-five per cent
Second year	Ninety per cent
Third year	Eighty per cent
Fourth year	Seventy per cent
Fifth year	Sixty per cent
Sixth year	Fifty per cent
Seventh year	Forty per cent
Eighth year and thereafter	Thirty per cent

(7) For assessment years commencing on or after October 1, 2024, the

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following schedule of depreciation shall be applicable with respect to motor vehicles based on the manufacturer's suggested retail price of such motor vehicles, provided no motor vehicle shall be [valued] assessed at an amount less than five hundred dollars:

Age of Vehicle	Percentage of Manufacturer's Suggested Retail Price
Up to year one	[Eighty] <u>Eighty-five</u> per cent
Year two	[Seventy-five] <u>Eighty</u> per cent
Year three	[Seventy] <u>Seventy-five</u> per cent
Year four	[Sixty-five] <u>Seventy</u> per cent
Year five	[Sixty] <u>Sixty-five</u> per cent
Year six	[Fifty-five] <u>Sixty</u> per cent
Year seven	[Fifty] <u>Fifty-five</u> per cent
Year eight	[Forty-five] <u>Fifty</u> per cent
Year nine	[Forty] <u>Forty-five</u> per cent
Year ten	[Thirty-five] <u>Forty</u> per cent
Year eleven	[Thirty] <u>Thirty-five</u> per cent
Year twelve	[Twenty-five] <u>Thirty</u> per cent
Year thirteen	[Twenty] <u>Twenty-five</u> per cent
Year fourteen	[Fifteen] <u>Twenty</u> per cent
Years fifteen to nineteen	[Ten] <u>Fifteen</u> per cent
Years twenty and beyond	Not less than five hundred dollars

(8) The present true and actual value of leased personal property other than motor vehicles shall be determined in accordance with the provisions of this subdivision. Such value for any assessment year shall be established in relation to the original selling price for self-manufactured property or acquisition cost for acquired property and shall reflect depreciation in accordance with the schedules provided in subdivisions (3) to (6), inclusive, of this subsection. If the assessor is

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unable to determine the original selling price of leased personal property other than a motor vehicle, the present true and actual value thereof shall be its current selling price.

(9) With respect to any personal property which is prohibited by law from being sold, the present true and actual value of such property shall be established with respect to such property's original manufactured cost increased by a ratio the numerator of which is the total proceeds from the manufacturer's salable equipment sold and the denominator of which is the total cost of the manufacturer's salable equipment sold. Such value shall then be depreciated in accordance with the appropriate schedule in this subsection.

(10) The schedules of depreciation set forth in subdivisions (3) to (6), inclusive, of this subsection shall not be used with respect to motor vehicles, videotapes, horses or other taxable livestock or electric cogenerating equipment.

(11) If the assessor determines that the value of any item of personal property, other than a motor vehicle valued pursuant to subdivision (7) of this subsection, produced by the application of the schedules set forth in this subsection does not accurately reflect the present true and actual value of such item, the assessor shall adjust such value to reflect the present true and actual value of such item.

(12) For assessment years commencing on or after October 1, 2024, for any commercial motor vehicle (A) that is modified, or (B) to which is affixed an attachment designed, manufactured or modified to be affixed to such motor vehicle, the assessor shall determine whether to value such motor vehicle and any such modifications or attachments to such motor vehicle pursuant to subdivision (7) of this subsection or section 12-41, as amended by this act. The assessor shall determine valuation of any modifications or attachments to such motor vehicle based on whether such modifications or attachments are intended to be

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permanently affixed to such motor vehicle.

[(12)] (13) Nothing in this subsection shall prevent any taxpayer from appealing any (A) assessment made pursuant to this subsection if such assessment does not accurately reflect the present true and actual value of any item of such taxpayer's personal property, or (B) determination of the manufacturer's suggested retail price used to value a motor vehicle pursuant to this subsection.

Sec. 4. Subsections (b) and (c) of section 12-41 of the 2024 supplement to the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

(b) [(1) For assessment years commencing prior to October 1, 2024, no] No person required by law to file an annual declaration of personal property shall include in such declaration motor vehicles that are registered [in the office of the state Commissioner] with the Department of Motor Vehicles. With respect to any vehicle subject to taxation in a town other than the town in which such vehicle is registered, pursuant to section 12-71, as amended by this act, information concerning such vehicle may be included in a declaration filed pursuant to this section or section 12-43, or on a report filed pursuant to section 12-57a.

[(2) For assessment years commencing on or after October 1, 2024, any person required to file an annual declaration of tangible personal property shall include in such declaration the motor vehicle listing, pursuant to subdivision (2) of subsection (f) of section 12-71, of any motor vehicle owned by such person. If, after the annual deadline for filing a declaration, a motor vehicle is deemed personal property by the assessor, such motor vehicle shall be added to the declaration of the owner of such vehicle or included on a new declaration if no declaration was submitted in the prior year. The value of the motor vehicle shall be determined pursuant to section 12-63. If applicable, the value of the

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motor vehicle for the current assessment year shall be prorated pursuant to section 12-71b, and shall not be considered omitted property, as defined in section 12-53, or subject to a penalty pursuant to subsection (f) of this section.]

(c) The annual declaration of the tangible personal property owned by such person on the assessment date, shall include, but is not limited to, the following property: Machinery used in mills and factories, cables, wires, poles, underground mains, conduits, pipes and other fixtures of water, gas, electric and heating companies, leasehold improvements classified as other than real property and furniture and fixtures of stores, offices, hotels, restaurants, taverns, halls, factories and manufacturers. Tangible personal property does not include a sign placed on a property indicating that the property is for sale or lease. On and after October 1, 2024, tangible personal property shall include nonpermanent modifications and attachments to commercial motor vehicles. [listed on the schedule of motor vehicle plate classes recommended pursuant to section 12-71d.] Commercial or financial information in any declaration filed under this section [, except for commercial or financial information which concerns motor vehicles,] shall not be open for public inspection but may be disclosed to municipal officers for tax collection purposes.

Sec. 5. Subsection (a) of section 12-53 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

(a) For purposes of this section:

(1) "Omitted property" means property for which complete information is not included in the declaration required to be filed by law with respect to (A) the total number and type of all items subject to taxation, or (B) the true original cost and year acquired of all such items; [, or (C) on or after October 1, 2024, the manufacturer's suggested retail

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price of a motor vehicle plus any applicable after-market alterations to such motor vehicle,]

(2) ["books"] "Books", "papers", "documents" and "other records" includes, but is not limited to, federal tax forms relating to the acquisition and cost of fixed assets, general ledgers, balance sheets, disbursement ledgers, fixed asset and depreciation schedules, financial statements, invoices, operating expense reports, capital and operating leases, conditional sales agreements and building or leasehold ledgers; [] and

(3) ["designee of an assessor"] "Designee of an assessor" means a Connecticut municipal assessor certified in accordance with subsection (b) of section 12-40a, a certified public accountant, a revaluation company certified in accordance with section 12-2c for the valuation of personal property, or an individual certified as a revaluation company employee in accordance with section 12-2b for the valuation of personal property.

Sec. 6. Subdivision (2) of subsection (a) of section 12-71 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

(2) For assessment years commencing on or after October 1, 2024, goods, chattels and effects or any interest therein, including any interest in a leasehold improvement classified as other than real property, belonging to any person who is a resident in this state, shall be listed for purposes of property tax in the town where such person resides, subject to the provisions of sections 12-41, as amended by this act, 12-43 and 12-59. Any such property belonging to any nonresident shall be listed for purposes of property tax as provided in section 12-43. Motor vehicles shall be listed for purposes of the property tax as provided in subsection (f) of this section.

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Sec. 7. Subdivision (2) of subsection (f) of section 12-71 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

[(2) (A) For assessment years commencing on or after October 1, 2024, each municipality shall list motor vehicles registered and classified in accordance with section 12-71d, and such motor vehicles shall be valued in the same manner as motor vehicles valued pursuant to section 12-63.]

[(B)] (2) For assessment years commencing on or after October 1, 2024, any unregistered motor vehicle or motor vehicle that is not used or capable of being used that is located in a municipality in this state, shall be listed and valued in the [manner described in subparagraph (A) of this subdivision] same manner as motor vehicles valued pursuant to section 12-63, as amended by this act.

Sec. 8. Section 12-71b of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

(a) (1) For assessment years commencing prior to October 1, 2024, any person who owns a motor vehicle which is not registered with the Commissioner of Motor Vehicles on the first day of October in any assessment year and which is registered subsequent to said first day of October but prior to the first day of August in such assessment year shall be liable for the payment of property tax with respect to such motor vehicle in the town where such motor vehicle is subject to property tax, in an amount as hereinafter provided, on the first day of January immediately subsequent to the end of such assessment year. The property tax payable with respect to such motor vehicle on said first day of January shall be in the amount which would be payable if such motor vehicle had been entered in the taxable list of the town where such

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motor vehicle is subject to property tax on the first day of October in such assessment year if such registration occurs prior to the first day of November. If such registration occurs on or after the first day of November but prior to the first day of August in such assessment year, such tax shall be a pro rata portion of the amount of tax payable if such motor vehicle had been entered in the taxable list of such town on October first in such assessment year to be determined (A) by a ratio, the numerator of which shall be the number of months from the date of such registration, including the month in which registration occurs, to the first day of October next succeeding and the denominator of which shall be twelve, or (B) upon the affirmative vote of the legislative body of the municipality, by a ratio the numerator of which shall be the number of days from the date of such registration, including the day on which the registration occurs, to the first day of October next succeeding and the denominator of which shall be three hundred sixty-five. For purposes of this section the term "assessment year" means the period of twelve full months commencing with October first each year.

(2) For assessment years commencing on or after October 1, 2024, any [person who owns a] motor vehicle [which] that is not registered with the Commissioner of Motor Vehicles on the first day of October in any assessment year and [which] that is registered subsequent to said first day of October but prior to the [first day of April] last day of September in such assessment year shall be added to the grand list by the assessor, and the owner of such motor vehicle shall be liable for the payment of property tax with respect to such motor vehicle in the town where such motor vehicle is subject to property tax, in an amount as hereinafter provided.], on the first day of July in such assessment year. Any person who owns a motor vehicle which is registered with the Commissioner of Motor Vehicles on or after the first day of April in any assessment year but prior to the first day of October next succeeding shall be liable for the payment of property tax with respect to such motor vehicle in the town where such motor vehicle is subject to property tax, in an

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amount hereinafter provided, on the first day of January immediately subsequent to the end of such assessment year.] The property tax payable with respect to a motor vehicle described in this subdivision shall be in the amount [which] that would be payable if such motor vehicle had been entered into the taxable list of the town where such motor vehicle is subject to property tax on the first day of October in such assessment year if such registration occurs prior to the first day of November. If such registration occurs on or after the first day of November but prior to the first day of October next succeeding, such tax shall be a pro rata portion of the amount of tax payable if such motor vehicle had been entered in the taxable list of such town on October first in such assessment year to be determined (A) by a ratio, the numerator of which shall be the number of months from the date of such registration, including the month in which registration occurs, to the first day of October next succeeding and the denominator of which shall be twelve, or (B) upon the affirmative vote of the legislative body of the municipality, by a ratio the numerator of which shall be the number of days from the date of such registration, including the day on which the registration occurs, to the first day of October next succeeding and the denominator of which shall be three hundred sixty-five.

(b) (1) For assessment years commencing prior to October 1, 2024, whenever any person who owns a motor vehicle which has been entered in the taxable list of the town where such motor vehicle is subject to property tax in any assessment year and who, subsequent to the first day of October in such assessment year but prior to the first day of August in such assessment year, replaces such motor vehicle with another motor vehicle, hereinafter referred to as the replacement vehicle, which vehicle may be in a different classification for purposes of registration than the motor vehicle replaced, and provided one of the following conditions is applicable with respect to the motor vehicle replaced: (A) The unexpired registration of the motor vehicle replaced is transferred to the replacement vehicle, (B) the motor vehicle replaced

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was stolen or totally damaged and proof concerning such theft or total damage is submitted to the assessor in such town, or (C) the motor vehicle replaced is sold by such person within forty-five days immediately prior to or following the date on which such person acquires the replacement vehicle, such person shall be liable for the payment of property tax with respect to the replacement vehicle in the town in which the motor vehicle replaced is subject to property tax, in an amount as hereinafter provided, on the first day of January immediately subsequent to the end of such assessment year. If the replacement vehicle is replaced by such person with another motor vehicle prior to the first day of August in such assessment year, the replacement vehicle shall be subject to property tax as provided in this subsection and such other motor vehicle replacing the replacement vehicle, or any motor vehicle replacing such other motor vehicle in such assessment year, shall be deemed to be the replacement vehicle for purposes of this subsection and shall be subject to property tax as provided herein. The property tax payable with respect to the replacement vehicle on said first day of January shall be the amount by which (i) is in excess of (ii) as follows: (i) The property tax which would be payable if the replacement vehicle had been entered in the taxable list of the town in which the motor vehicle replaced is subject to property tax on the first day of October in such assessment year if such registration occurs prior to the first day of November, however if such registration occurs on or after the first day of November but prior to the first day of August in such assessment year, such tax shall be a pro rata portion of the amount of tax payable if such motor vehicle had been entered in the taxable list of such town on October first in such assessment year to be determined by a ratio, the numerator of which shall be the number of months from the date of such registration, including the month in which registration occurs, to the first day of October next succeeding and the denominator of which shall be twelve, provided if such person, on said first day of October, was entitled to any exemption under section 12-81, as amended by this act, which was

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allowed in the assessment of the motor vehicle replaced, such exemption shall be allowed for purposes of determining the property tax payable with respect to the replacement vehicle as provided herein; (ii) the property tax payable by such person with respect to the motor vehicle replaced, provided if the replacement vehicle is registered subsequent to the thirty-first day of October but prior to the first day of August in such assessment year such property tax payable with respect to the motor vehicle replaced shall, for purposes of the computation herein, be deemed to be a pro rata portion of such property tax to be prorated in the same manner as the amount of tax determined under (i) above.

(2) For assessment years commencing on or after October 1, 2024, whenever any person who owns a motor vehicle which has been entered in the taxable list of the town where such motor vehicle is subject to property tax in any assessment year and who, subsequent to the first day of October in such assessment year but prior to the [first day of April] last day of September in such assessment year, replaces such motor vehicle with another motor vehicle, hereinafter referred to as the replacement vehicle, which vehicle may be in a different classification for purposes of registration than the motor vehicle replaced, and provided one of the following conditions is applicable with respect to the motor vehicle replaced: (A) The unexpired registration of the motor vehicle replaced is transferred to the replacement vehicle, (B) the motor vehicle replaced was stolen or totally damaged and proof concerning such theft or total damage is submitted to the assessor in such town, or (C) the motor vehicle replaced is sold by such person within forty-five days immediately prior to or following the date on which such person acquires the replacement vehicle, such motor vehicle shall be added by the assessor to the taxable grand list and such person shall be liable for the payment of property tax with respect to the replacement vehicle in the town in which the motor vehicle replaced is subject to property tax pursuant to subdivision [(4)] (3) of this subsection. [, on the first day of

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July in such assessment year.] If a replacement vehicle is replaced by the owner of such replacement vehicle prior to the first day of October next succeeding such assessment year, the replacement vehicle shall be added by the assessor to the taxable grand list and subject to property tax as provided in this subdivision. [and such other] Any motor vehicle replacing [the] a replacement vehicle, or any motor vehicle replacing such other motor vehicle in such assessment year, shall be deemed to be the replacement vehicle for purposes of this subdivision.

[(3) For assessment years commencing on or after October 1, 2024, whenever any person who owns a motor vehicle which has been entered into the taxable list of the town where such motor vehicle is subject to property tax in any assessment year and who, on or after the first day of April of such assessment year but prior to the first day of October next succeeding, replaces such motor vehicle with another motor vehicle, hereinafter referred to as the replacement vehicle, which vehicle may be in a different classification for purposes of registration than the motor vehicle replaced, and provided one of the following conditions is applicable with respect to the motor vehicle replaced: (A) The unexpired registration of the motor vehicle replaced is transferred to the replacement vehicle, (B) the motor vehicle replaced was stolen or totally damaged and proof concerning such theft or total damage is submitted to the assessor in such town, or (C) the motor vehicle replaced is sold by such person within forty-five days immediately prior to or following the date on which such person acquires the replacement vehicle, such person shall be liable for the payment of property tax with respect to the replacement vehicle in the town in which the motor vehicle replaced is subject to property tax pursuant to subdivision (4) of this subsection, on the first day of January immediately succeeding such assessment year. If a replacement vehicle is replaced by the owner of such replacement vehicle prior to the first day of October next succeeding such assessment year, the replacement vehicle shall be subject to property tax as provided in this subdivision and such other motor vehicle replacing the

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replacement vehicle, or any motor vehicle replacing such other motor vehicle in such assessment year, shall be deemed to be the replacement vehicle for purposes of this subdivision.]

[(4)] (3) The property tax payable with respect to a replacement vehicle described in subdivision (2) [or (3)] of this subsection shall be the amount by which (A) is in excess of (B) as follows: (A) The property tax which would be payable if the replacement vehicle had been entered in the taxable list of the town in which the motor vehicle replaced is subject to property tax on the first day of October in such assessment year if such registration occurs prior to the first day of November, however, if such registration occurs on or after the first day of November but prior to the first day of October next succeeding, such tax shall be a pro rata portion of the amount of tax payable if such motor vehicle had been entered in the taxable list of such town on October first in such assessment year to be determined by ratio, the numerator of which shall be the number of months from the date of such registration, including the month in which registration occurs, to the first day of October next succeeding and the denominator of which shall be twelve, provided if such person, on said first day of October, was entitled to any exemption under section 12-81, as amended by this act, which was allowed in the assessment of the motor vehicle replaced, such exemption shall be allowed for purposes of determining the property tax payable with respect to the replacement vehicle as provided herein; (B) the property tax payable by such person with respect to the motor vehicle replaced, provided if the replacement vehicle is registered subsequent to the thirty-first day of October but prior to the first day of October next succeeding such property tax payable with respect to the motor vehicle replaced shall, for purposes of the computation herein, be deemed to be a pro rata portion of such property tax to be prorated in the same manner as the amount of tax determined under subparagraph (A) [above] of this subdivision.

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(c) (1) For assessment years commencing prior to October 1, 2024, any person who owns a commercial motor vehicle which has been temporarily registered at any time during any assessment year and which has not during such period been entered in the taxable list of any town in the state for purposes of the property tax and with respect to which no permanent registration has been issued during such period, shall be liable for the payment of property tax with respect to such motor vehicle in the town where such motor vehicle is subject to property tax on the first day of January immediately following the end of such assessment year, in an amount as hereinafter provided. The property tax payable shall be in the amount which would be payable if such motor vehicle had been entered in the taxable list of the town where such motor vehicle is subject to property tax on the first day of October in such assessment year.

(2) For assessment years commencing on or after October 1, 2024, any person who owns a commercial motor vehicle which has been temporarily registered at any time during any assessment year and which has not during such period been entered in the taxable list of any town in the state for purposes of the property tax and with respect to which no permanent registration has been issued during such period, shall be liable for the payment of property tax with respect to such motor vehicle in the town where such motor vehicle is subject to property tax, [on the first day of July of such assessment year or the first day of January immediately following such assessment year, as applicable, pursuant to subdivisions (2) and (3) of subsection (b) of this section.] The property tax payable shall be in the amount which would be payable if such motor vehicle had been entered in the taxable list of the town where such motor vehicle is subject to property tax on the first day of October in such assessment year.

(d) [Any] (1) For assessment years commencing prior to October 1, 2024, any motor vehicle subject to property tax as provided in this

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section shall, except as otherwise provided in subsection (b) of this section, be subject to such property tax in the town in which such motor vehicle was last registered in the assessment year ending immediately preceding the day on which such property tax is payable as provided in this section.

(2) For assessment years commencing on or after October 1, 2024, any motor vehicle subject to property tax as provided in this section shall, except as otherwise provided in subsection (b) of this section, be subject to property tax in the town in which such motor vehicle was first registered in the assessment year.

(e) Whenever any motor vehicle subject to property tax as provided in this section has been replaced by the owner with another motor vehicle in the assessment year immediately preceding the day on which such property tax is payable, each such motor vehicle shall be subject to property tax as provided in this section.

(f) Upon receipt by the assessor in any town of notice from the Commissioner of Motor Vehicles, in a manner as prescribed by said commissioner, with respect to any motor vehicle subject to property tax in accordance with the provisions of this section and [which] that has not been entered in the taxable grand list of such town, such assessor shall determine the value of such motor vehicle for purposes of property tax assessment and shall, for assessment years commencing (1) prior to October 1, 2024, add such value to the taxable grand list in such town for the immediately preceding assessment date, and [the] (2) on or after October 1, 2024, add such value to the taxable grand list in such town. The tax thereon shall be levied and collected by the tax collector. Such property tax shall be payable not later than the first day of [(1)] (A) February following the first day of January on which the owner of such motor vehicle becomes liable for the payment of property tax, for assessment years commencing prior to October 1, 2024, and [(2)] (B) the month succeeding the month in which such property tax became due

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and payable, for assessment years commencing on or after October 1, 2024, with respect to such motor vehicle in accordance with the provisions of this section, subject to any determination in accordance with section 12-142 that such tax shall be due and payable in installments. [Said]

(g) (1) For assessment years commencing prior to October 1, 2024, said owner may appeal the assessment of such motor vehicle, as determined by the assessor in accordance with [this] subsection (f) of this section, to the board of assessment appeals next succeeding the date on which the tax based on such assessment is payable, and thereafter, to the Superior Court as provided in section 12-117a. If the amount of such tax is reduced upon appeal, the portion thereof which has been paid in excess of the amount determined to be due upon appeal shall be refunded to said owner.

(2) For assessment years commencing on or after October 1, 2024, said owner may appeal the determination of the manufacturer's suggested retail price used to assess a motor vehicle to the board of assessment appeals next succeeding the date on which the tax based on such assessment is payable, and thereafter, to the Superior Court as provided in section 12-117a. If the amount of such tax is reduced upon appeal, the portion thereof which has been paid in excess of the amount determined to be due upon appeal shall be refunded to said owner.

[(g)] (h) Any motor vehicle which is not registered in this state shall be subject to property tax in this state if such motor vehicle in the normal course of operation most frequently leaves from and returns to or remains in one or more points within this state, and such motor vehicle shall be subject to such property tax in the town within which such motor vehicle in the normal course of operation most frequently leaves from and returns to or remains, provided when the owner of such motor vehicle is a resident in any town in the state, it shall be presumed that such motor vehicle most frequently leaves from and returns to or

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remains in such town unless evidence, satisfactory to the assessor in such town, is submitted to the contrary.

Sec. 9. Subsection (b) of section 12-71c of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

(b) Any person claiming a property tax credit with respect to a motor vehicle in accordance with subsection (a) of this section shall file with the assessor in the town in which such person is entitled to such property tax credit, documentation satisfactory to the assessor concerning the sale, total damage, theft or removal and registration of such motor vehicle. [For assessment years commencing prior to October 1, 2024, such] Such documentation shall be filed not later than the thirty-first day of December immediately following the end of the assessment year which next follows the assessment year in which such motor vehicle was sold, damaged, stolen or removed and registered. [For assessment years commencing on or after October 1, 2024, such documentation shall be filed not later than three years after the date upon which such tax was due and payable for such motor vehicle.] Failure to file such claim and documentation as prescribed herein shall constitute a waiver of the right to such property tax credit.

Sec. 10. Subdivision (74) of section 12-81 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024, and applicable to assessment years commencing on or after October 1, 2024*):

(74) (A) (i) For a period not to exceed five assessment years following the assessment year in which it is first registered, any new commercial truck, truck tractor, tractor and semitrailer, and vehicle used in combination therewith, which is used exclusively to transport freight for hire and: Is either subject to the jurisdiction of the United States

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Department of Transportation pursuant to Chapter 135 of Title 49, United States Code, or any successor thereto, or would otherwise be subject to said jurisdiction except for the fact that the vehicle is used exclusively in intrastate commerce; has a gross vehicle weight rating in excess of twenty-six thousand pounds; and prior to August 1, 1996, was not registered in this state or in any other jurisdiction but was registered in this state on or after said date. (ii) For a period not to exceed five assessment years following the assessment year in which it is first registered, any new commercial truck, truck tractor, tractor and semitrailer, and vehicle used in combination therewith, not eligible under subparagraph (A)(i) of this subdivision, that has a gross vehicle weight rating in excess of fifty-five thousand pounds and was not registered in this state or in any other jurisdiction but was registered in this state on or after August 1, 1999. As used in this subdivision, "gross vehicle weight rating" has the same meaning as provided in section 14-1;

(B) Any person who on October first in any year holds title to or is the registrant of a vehicle for which such person intends to claim the exemption provided in this subdivision shall file with the assessor or board of assessors in the municipality in which the vehicle is subject to property taxation, on or before the first day of November in such year, a written application claiming such exemption on a form prescribed by the Secretary of the Office of Policy and Management. Such person shall include information as to the make, model, year and vehicle identification number of each such vehicle, and any appurtenances attached thereto, in such application. The person holding title to or the registrant of such vehicle for which exemption is claimed shall furnish the assessor or board of assessors with such supporting documentation as said secretary may require, including, but not limited to, evidence of vehicle use, acquisition cost and registration. Failure to file such application in this manner and form within the time limit prescribed shall constitute a waiver of the right to such exemption for such

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assessment year, unless an extension of time is allowed as provided in section 12-81k. Such application shall not be required for any assessment year following that for which the initial application is filed, provided if the vehicle is modified, such modification shall be deemed a waiver of the right to such exemption until a new application is filed and the right to such exemption is established as required initially. With respect to any vehicle for which the exemption under this subdivision has previously been claimed in a town other than that in which the vehicle is registered on any assessment date, the person shall not be entitled to such exemption until a new application is filed and the right to such exemption is established in said town;

(C) With respect to any vehicle which is not registered on the first day of October in any assessment year and which is registered subsequent to said first day of October [but prior to the first day of August] in such assessment year, the value of such vehicle for property tax exemption purposes shall be a pro rata portion of the value determined in accordance with subparagraph (D) of this subdivision, to be determined by a ratio, the numerator of which shall be the number of months from the date of such registration, including the month in which registration occurs, to the first day of October next succeeding and the denominator of which shall be twelve. For purposes of this subdivision, "assessment year" means the period of twelve full months commencing with October first each year;

(D) For assessment years commencing prior to October 1, 2024, notwithstanding the provisions of section 12-71d, as amended by this act, the assessor or board of assessors shall determine the value for each vehicle with respect to which a claim for exemption under this subdivision is approved, based on the vehicle's cost of acquisition, including costs related to the modification of such vehicle, adjusted for depreciation;

(E) For assessment years commencing on or after October 1, 2024, the

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assessor or board of assessors shall determine the value for each vehicle, with respect to which a claim for exemption under this subdivision is approved, pursuant to the provisions of section 12-71d, as amended by this act;

Sec. 11. Subsection (a) of section 7-152e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) Notwithstanding any provision of the general statutes or special act, municipal charter or ordinance, any municipality may, by ordinance adopted by its legislative body, establish a fine to be imposed against any owner of a motor vehicle that is subject to property tax in the municipality pursuant to subsection [(g)] (h) of section 12-71b, as amended by this act, who fails to register such motor vehicle with the Commissioner of Motor Vehicles, provided (1) such motor vehicle is eligible for registration and required to be registered under the provisions of chapter 246, (2) such fine shall not be more than two hundred fifty dollars, (3) any penalty for the failure to pay such fine by a date prescribed by the municipality shall not be more than twenty-five per cent of such fine, and (4) such fine shall be suspended for a first time violator who presents proof of registration for such motor vehicle subsequent to the violation but prior to the imposition of a fine.

Sec. 12. Subparagraph (B) of subdivision (7) of subsection (f) of section 12-71 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(B) For assessment years commencing on or after October 1, 2024, information concerning any vehicle subject to taxation in a town other than the town in which it is registered may be included on any declaration or report filed pursuant to section 12-41, as amended by this act, 12-43 or 12-57a. If a motor vehicle is listed in a town in which it is not subject to taxation, pursuant to the provisions of subdivision (5) of

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this subsection, the assessor of the town in which such vehicle is listed shall notify the assessor of the town in which such vehicle is [listed] registered of the name and address of the owner of such motor vehicle, the vehicle identification number and the town in which such vehicle is taxed. The assessor of the town in which said vehicle is registered and the assessor of the town in which said vehicle is listed shall cooperate in administering the provisions of this section concerning the listing of such vehicle for property tax purposes.

Sec. 13. Section 12-71e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) Notwithstanding the provisions of any special act, municipal charter or home rule ordinance, (1) for the assessment year commencing October 1, 2016, the mill rate for motor vehicles shall not exceed 39 mills, (2) for the assessment years commencing October 1, 2017, to October 1, 2020, inclusive, the mill rate for motor vehicles shall not exceed 45 mills, and (3) for the assessment year commencing October 1, 2021, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills.

(b) Any municipality or district may establish a mill rate for motor vehicles that is equal to or lower than 32.46 mills, including zero mills. Such mill rate may be different from [its] the mill rate for real property and personal property other than motor vehicles to comply with the provisions of this section, provided the mill rate for motor vehicles is lower than the mill rate for real property and personal property. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 39 mills for the assessment year commencing October 1, 2016, (2) above 45 mills for the assessment years commencing October 1, 2017, to October 1, 2020, inclusive, or (3) above 32.46 mills for the assessment

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year commencing October 1, 2021, and each assessment year thereafter.

(c) Notwithstanding the provisions of any special act, municipal charter or home rule ordinance, a municipality or district that set a motor vehicle mill rate prior to May 7, 2022, for the assessment year commencing October 1, 2021, may, by vote of its legislative body, or if the legislative body is a town meeting, the board of selectmen, revise such mill rate to meet the requirements of this section, provided such revision occurs not later than June 15, 2022.

(d) Notwithstanding the provisions of section 12-112, any board of assessment appeals of a municipality that mailed or distributed, prior to October 31, 2017, bills to taxpayers for motor vehicle property taxes based on assessments made for the assessment year commencing October 1, 2016, shall hear or entertain any appeals related to such assessments not later than December 15, 2017.

(e) The Secretary of the Office of Policy and Management shall notify the chief executive officer of each municipality:

(1) Annually, (A) of the municipality's option to reduce the mill rate for motor vehicles to lower than 32.46 mills, including zero mills, and (B) that such mill rate may be different from the mill rate for real property and personal property other than motor vehicles to comply with the provisions of this section, provided the mill rate for motor vehicles is lower than the mill rate for real property and personal property; and

(2) In advance of the implementation of a municipality's revaluation pursuant to section 12-62, of the municipality's option to consider and evaluate the reduction of the mill rate for motor vehicles in the same fiscal year in which the revaluation is implemented.

[(e)] (f) For the purposes of this section, "municipality" means any town, city, borough, consolidated town and city, consolidated town and

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borough and "district" [means any district, as defined] has the same meaning as provided in section 7-324.

Sec. 14. Section 36a-2 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

As used in this title, unless the context otherwise requires:

(1) "Affiliate" of a person means any person controlling, controlled by, or under common control with, that person;

(2) "Applicant" with respect to any license or approval provision pursuant to this title means a person who applies for that license or approval;

(3) "Automated teller machine" means a stationary or mobile device that is unattended or equipped with a telephone or televideo device that allows contact with bank personnel, including a satellite device but excluding a [point of sale] point-of-sale terminal, at which banking transactions, including, but not limited to, deposits, withdrawals, advances, payments or transfers, may be conducted;

(4) "Bank" means a Connecticut bank or a federal bank;

(5) "Bank and trust company" means an institution chartered or organized under the laws of this state as a bank and trust company;

(6) "Bank holding company" has the meaning given to that term in 12 USC Section 1841(a), as amended from time to time, except that the term "bank", as used in 12 USC Section 1841(a), includes a bank or out-of-state bank that functions solely in a trust or fiduciary capacity;

(7) "Capital and surplus" has the same meaning as provided in 12 CFR 1.2, as amended from time to time;

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(8) "Capital stock" when used in conjunction with any bank or out-of-state bank means a bank or out-of-state bank that is authorized to accumulate funds through the issuance of its capital stock;

(9) "Client" means a beneficiary of a trust for whom the Connecticut bank acts as trustee, a person for whom the Connecticut bank acts as agent, custodian or bailee, or other person to whom a Connecticut bank owes a duty or obligation under a trust or other account administered by such Connecticut bank, regardless of whether such Connecticut bank owes a fiduciary duty to the person;

(10) "Club deposit" means deposits to be received at regular intervals, the whole amount deposited to be withdrawn by the owner or repaid by the bank in not more than fifteen months from the date of the first deposit, and upon which no interest or dividends need to be paid;

(11) "Commissioner" means the Banking Commissioner and, with respect to any function of the commissioner, includes any person authorized or designated by the commissioner to carry out that function;

(12) "Company" means any corporation, joint stock company, trust, association, partnership, limited partnership, unincorporated organization, limited liability company or similar organization, but does not include (A) any corporation the majority of the shares of which are owned by the United States or by any state, or (B) any trust which by its terms shall terminate within twenty-five years or not later than twenty-one years and ten months after the death of beneficiaries living on the effective date of the trust;

(13) "Connecticut bank" means a bank and trust company, savings bank or savings and loan association chartered or organized under the laws of this state;

(14) "Connecticut credit union" means a cooperative, nonprofit

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financial institution that (A) is organized under chapter 667 and the membership of which is limited as provided in section 36a-438a, (B) operates for the benefit and general welfare of its members with the earnings, benefits or services offered being distributed to or retained for its members, and (C) is governed by a volunteer board of directors elected by and from its membership;

(15) "Connecticut credit union service organization" means a credit union service organization that is (A) incorporated under the laws of this state, located in this state and established by at least one Connecticut credit union, or (B) wholly owned by a credit union that converted into a Connecticut credit union pursuant to section 36a-469b;

(16) "Consolidation" means a combination of two or more institutions into a new institution; all institutions party to the consolidation, other than the new institution, are "constituent" institutions; the new institution is the "resulting" institution;

(17) "Control" has the meaning given to that term in 12 USC Section 1841(a), as amended from time to time;

(18) "Credit union service organization" means an entity organized under state or federal law to provide credit union service organization services primarily to its members, to Connecticut credit unions, federal credit unions and out-of-state credit unions other than its members, and to members of any such other credit unions;

(19) "Customer" means any person using a service offered by a financial institution;

(20) "Demand account" means an account into which demand deposits may be made;

(21) "Demand deposit" means a deposit that is payable on demand, a deposit issued with an original maturity or required notice period of less

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than seven days or a deposit representing funds for which the bank does not reserve the right to require at least seven days' written notice of the intended withdrawal, but does not include any time deposit;

(22) "Deposit" means funds deposited with a depository;

(23) "Deposit account" means an account into which deposits may be made;

(24) "Depositor" includes a member of a mutual savings and loan association;

(25) "Director" means a member of the governing board of a financial institution;

(26) "Equity capital" means the excess of a Connecticut bank's total assets over its total liabilities, as defined in the instructions of the federal Financial Institutions Examination Council for consolidated reports of condition and income;

(27) "Executive officer" means every officer of a Connecticut bank who participates or has authority to participate, otherwise than in the capacity of a director, in major policy-making functions of such bank, regardless of whether such officer has an official title or whether that title contains a designation of assistant and regardless of whether such officer is serving without salary or other compensation. The president, vice president, secretary and treasurer of such bank are deemed to be executive officers, unless, by resolution of the governing board or by such bank's bylaws, any such officer is excluded from participation in major policy-making functions, otherwise than in the capacity of a director of such bank, and such officer does not actually participate in such policy-making functions;

(28) "Federal agency" has the meaning given to that term in 12 USC Section 3101, as amended from time to time;

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(29) "Federal bank" means a national banking association, federal savings bank or federal savings and loan association having its principal office in this state;

(30) "Federal branch" has the meaning given to that term in 12 USC Section 3101, as amended from time to time;

(31) "Federal credit union" means any institution chartered or organized as a federal credit union pursuant to the laws of the United States having its principal office in this state;

(32) "Fiduciary" means a person undertaking to act alone or jointly with others primarily for the benefit of another or others in all matters connected with its undertaking and includes a person acting in the capacity of trustee, executor, administrator, guardian, assignee, receiver, conservator, agent, custodian under the Connecticut Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting in any other similar capacity;

(33) "Financial institution" means any Connecticut bank, Connecticut credit union, or other person whose activities in this state are subject to the supervision of the commissioner, but does not include a person whose activities are subject to the supervision of the commissioner solely pursuant to chapter 672a, 672b or 672c or any combination thereof;

(34) "Foreign bank" has the meaning given to that term in 12 USC Section 3101, as amended from time to time;

(35) "Foreign country" means any country other than the United States and includes any colony, dependency or possession of any such country;

(36) "Governing board" means the group of persons vested with the management of the affairs of a financial institution irrespective of the

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name by which such group is designated;

(37) "Holding company" means a bank holding company or a savings and loan holding company, except, as used in sections 36a-180 to 36a-191, inclusive, "holding company" means a company that controls a bank;

(38) "Innovation bank" means a Connecticut bank that does not accept retail deposits, but may accept nonretail deposits which are eligible for insurance from the Federal Deposit Insurance Corporation or the Federal Deposit Insurance Corporation's successor agency;

[(38)] (39) "Insured depository institution" has the meaning given to that term in 12 USC Section 1813, as amended from time to time;

[(39)] (40) "Licensee" means any person who is licensed or required to be licensed pursuant to the applicable provisions of this title;

[(40)] (41) "Loan" includes any line of credit or other extension of credit;

[(41)] (42) "Loan production office" means an office of a bank or out-of-state bank, other than a foreign bank, whose activities are limited to loan production and solicitation;

[(42)] (43) "Merger" means the combination of one or more institutions with another which continues its corporate existence; all institutions party to the merger are "constituent" institutions; the merging institution which upon the merger continues its existence is the "resulting" institution;

[(43)] (44) "Mutual" when used in conjunction with any institution that is a bank or out-of-state bank means any such institution without capital stock;

[(44)] (45) "Mutual holding company" means a mutual holding

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company organized under sections 36a-192 to 36a-199, inclusive, and unless otherwise indicated, a subsidiary holding company controlled by a mutual holding company organized under sections 36a-192 to 36a-199, inclusive;

[(45)] (46) "Out-of-state" includes any state other than Connecticut and any foreign country;

[(46)] (47) "Out-of-state bank" means any institution that engages in the business of banking, but does not include a bank, Connecticut credit union, federal credit union or out-of-state credit union;

[(47)] (48) "Out-of-state credit union" means any credit union other than a Connecticut credit union or a federal credit union;

[(48)] (49) "Out-of-state trust company" means any company chartered to act as a fiduciary but does not include a company chartered under the laws of this state, a bank, an out-of-state bank, a Connecticut credit union, a federal credit union or an out-of-state credit union;

[(49)] (50) "Person" means an individual, company, including a company described in subparagraphs (A) and (B) of subdivision (12) of this section, or any other legal entity, including a federal, state or municipal government or agency or any political subdivision thereof;

[(50) "Point of sale terminal"] (51) "Point-of-sale terminal" means a device located in a commercial establishment at which sales transactions can be charged directly to the buyer's deposit, loan or credit account, but at which deposit transactions cannot be conducted;

[(51)] (52) "Prepayment penalty" means any charge or penalty for paying all or part of the outstanding balance owed on a loan before the date on which the principal is due and includes computing a refund of unearned interest by a method that is less favorable to the borrower than the actuarial method, as defined by Section 933(d) of the Housing and

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Community Development Act of 1992, 15 USC 1615(d), as amended from time to time;

[(52)] (53) "Reorganized savings bank" means any savings bank incorporated and organized in accordance with sections 36a-192 and 36a-193;

[(53)] (54) "Reorganized savings and loan association" means any savings and loan association incorporated and organized in accordance with sections 36a-192 and 36a-193;

[(54)] (55) "Reorganized savings institution" means any reorganized savings bank or reorganized savings and loan association;

[(55)] (56) "Representative office" has the meaning given to that term in 12 USC Section 3101, as amended from time to time;

[(56)] (57) "Reserves for loan and lease losses" means the amounts reserved by a Connecticut bank against possible loan and lease losses as shown on the bank's consolidated reports of condition and income;

[(57)] (58) "Retail deposits" means any deposits made by individuals who are not "accredited investors", as defined in 17 CFR 230.501(a);

[(58)] (59) "Satellite device" means an automated teller machine which is not part of an office of the bank, Connecticut credit union or federal credit union which has established such machine;

[(59)] (60) "Savings account" means a deposit account, other than an escrow account established pursuant to section 49-2a, into which savings deposits may be made and which account must be evidenced by periodic statements delivered at least semiannually or by a passbook;

[(60)] (61) "Savings and loan association" means an institution chartered or organized under the laws of this state as a savings and loan association;

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[(61)] (62) "Savings bank" means an institution chartered or organized under the laws of this state as a savings bank;

[(62)] (63) "Savings deposit" means any deposit other than a demand deposit or time deposit on which interest or a dividend is paid periodically;

[(63)] (64) "Savings and loan holding company" has the meaning given to that term in 12 USC Section 1467a, as amended from time to time;

[(64)] (65) "Share account holder" means a person who maintains a share account in a Connecticut credit union, federal credit union or out-of-state credit union that maintains in this state a branch, as defined in section 36a-435b;

[(65)] (66) "State" means any state of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the trust territory of the Pacific Islands, the Virgin Islands and the Northern Mariana Islands;

[(66)] (67) "State agency" has the meaning given to that term in 12 USC Section 3101, as amended from time to time;

[(67)] (68) "State branch" has the meaning given to that term in 12 USC Section 3101, as amended from time to time;

[(68)] (69) "Subsidiary" has the meaning given to that term in 12 USC Section 1841(d), as amended from time to time;

[(69)] (70) "Subsidiary holding company" means a stock holding company, controlled by a mutual holding company, that holds one hundred per cent of the stock of a reorganized savings institution;

[(70)] (71) "Supervisory agency" means: (A) The commissioner; (B) the Federal Deposit Insurance Corporation; (C) the Resolution Trust

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Corporation; (D) the Office of Thrift Supervision; (E) the National Credit Union Administration; (F) the Board of Governors of the Federal Reserve System; (G) the United States Comptroller of the Currency; (H) the Bureau of Consumer Financial Protection; and (I) any successor to any of the foregoing agencies or individuals;

[(71)] (72) "System" means the Nationwide Mortgage Licensing System and Registry, NMLS, NMLSR or such other name or acronym as may be assigned to the multistate system developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in the mortgage and other financial services industries;

[(72)] (73) "Time account" means an account into which time deposits may be made;

[(73)] (74) "Time deposit" means a deposit that the depositor or share account holder does not have a right and is not permitted to make withdrawals from within six days after the date of deposit, unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after deposit, subject to those exceptions permissible under 12 CFR Part 204, as amended from time to time; and

[(74)] (75) "Trust bank" means a Connecticut bank organized to function solely in a fiduciary capacity. [; and

(75) "Uninsured bank" means a Connecticut bank that does not accept retail deposits and for which insurance of deposits by the Federal Deposit Insurance Corporation or its successor agency is not required.]

Sec. 15. Subsection (e) of section 36a-65 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1,*

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2024):

(e) (1) If the commissioner determines that the assessment to be collected from an [uninsured] innovation bank or a trust bank pursuant to subdivision (1) of subsection (a) of this section is unreasonably low or high based on the size and risk profile of the bank, the commissioner may require such bank to pay a fee in lieu of such assessment. Each such bank shall pay such fee to the commissioner not later than the date specified by the commissioner for payment. If payment of such fee is not made by the time specified by the commissioner, such bank shall pay to the commissioner an additional two hundred dollars.

(2) Any [uninsured] innovation bank required to pay a fee in lieu of assessment shall also pay to the commissioner the actual cost of the examination of such bank, as such cost is determined by the commissioner.

Sec. 16. Subsections (n) to (u), inclusive, of section 36a-70 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(n) The Connecticut bank shall not commence business until: (1) A final certificate of authority has been issued in accordance with subsection (l) of this section, (2) except in the case of a trust bank, an interim Connecticut bank organized pursuant to subsection (p) of this section, or an [uninsured] innovation bank organized pursuant to subsection (t) of this section, until its insurable accounts or deposits are insured by the Federal Deposit Insurance Corporation or its successor agency, and (3) it has complied with the requirements of subsection (u) of this section, if applicable. The acceptance of subscriptions for deposits by a mutual savings bank or mutual savings and loan association as may be necessary to obtain insurance by the Federal Deposit Insurance Corporation or its successor agency shall not be considered to be commencing business. No Connecticut bank other than a trust bank

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may exercise any of the fiduciary powers granted to Connecticut banks by law until express authority therefor has been given by the commissioner.

(o) Prior to the issuance of a final certificate of authority to commence business in accordance with subsection (l) of this section, the Connecticut bank shall pay to the State Treasurer a franchise tax, together with a filing fee of twenty dollars for the required papers. The franchise tax for a mutual savings bank and mutual savings and loan association shall be thirty dollars. The franchise tax for all capital stock Connecticut banks shall be one cent per share up to and including the first ten thousand authorized shares, one-half cent per share for each authorized share in excess of ten thousand shares up to and including one hundred thousand shares, one-quarter cent per share for each authorized share in excess of one hundred thousand shares up to and including one million shares and one-fifth cent per share for each authorized share in excess of one million shares.

(p) (1) One or more persons may organize an interim Connecticut bank solely (A) for the acquisition of an existing bank, whether by acquisition of stock, by acquisition of assets, or by merger or consolidation, or (B) to facilitate any other corporate transaction authorized by this title in which the commissioner has determined that such transaction has adequate regulatory supervision to justify the organization of an interim Connecticut bank. Such interim Connecticut bank shall not accept deposits or otherwise commence business. Subdivision (2) of subsection (c) and subsections (d), (f), (g), (h) and (o) of this section shall not apply to the organization of an interim bank, provided the commissioner may, in the commissioner's discretion, order a hearing under subsection (e) or require that the organizers publish or mail the proposed certificate of incorporation or both. The approving authority for an interim Connecticut bank shall be the commissioner acting alone. If the approving authority determines that

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the organization of the interim Connecticut bank complies with applicable law, the approving authority shall issue a temporary certificate of authority conditioned on the approval by the appropriate supervisory agency of the corporate transaction for which the interim Connecticut bank is formed.

(2) (A) Notwithstanding any provision of this title, for the period from June 13, 2011, to September 30, 2013, inclusive, one or more persons may apply to the commissioner for the conditional preliminary approval of one or more expedited Connecticut banks organized primarily for the purpose of assuming liabilities and purchasing assets from the Federal Deposit Insurance Corporation when the Federal Deposit Insurance Corporation is acting as receiver or conservator of an insured depository institution. The application shall be made on a form acceptable to the commissioner and shall be executed and acknowledged by the applicant or applicants. Such application shall contain sufficient information for the commissioner to evaluate (i) the amount, type and sources of capital that would be available to the bank or banks; (ii) the ownership structure and holding companies, if any, over the bank or banks; (iii) the identity, biographical information and banking experience of each of the initial organizers and prospective initial directors, senior executive officers and any individual, group or proposed shareholders of the bank that will own or control ten per cent or more of the stock of the bank or banks; (iv) the overall strategic plan of the organizers and investors for the bank or banks; and (v) a preliminary business plan outlining intended product and business lines, retail branching plans and capital, earnings and liquidity projections. The commissioner, acting alone, shall grant conditional preliminary approval of such application to organize if the commissioner determines that the organizers have available sufficient committed funds to invest in the bank or banks; the organizers and proposed directors possess capacity and fitness for the duties and responsibilities with which they will be charged; the proposed bank or

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banks have a reasonable chance of success and will be operated in a safe and sound manner; and the fee for investigating and processing the application has been paid in accordance with subparagraph (H) of subdivision (1) of subsection (d) of section 36a-65. Such preliminary approval shall be subject to such conditions as the commissioner deems appropriate, including the requirements that the bank or banks not commence the business of a Connecticut bank until after their bid or application for a particular insured depository institution is accepted by the Federal Deposit Insurance Corporation, that the background checks are satisfactory, and that the organizers submit, for the safety and soundness review by the commissioner, more detailed operating plans and current financial statements as potential acquisition transactions are considered, and such plans and statements are satisfactory to the commissioner. The commissioner may alter, suspend or revoke the conditional preliminary approval if the commissioner deems any interim development warrants such action. The conditional preliminary approval shall expire eighteen months from the date of approval, unless extended by the commissioner.

(B) The commissioner shall not issue a final certificate of authority to commence the business of a Connecticut bank or banks under this subdivision until all conditions and preopening requirements and applicable state and federal regulatory requirements have been met and the fee for issuance of a final certificate of authority for an expedited Connecticut bank has been paid in accordance with subparagraph (M) of subdivision (1) of subsection (d) of section 36a-65. The commissioner may waive any requirement under this title or regulations adopted under this title that is necessary for the consummation of an acquisition involving an expedited Connecticut bank if the commissioner finds that such waiver is advisable and in the interest of depositors or the public, provided the commissioner shall not waive the requirement that the institution's insurable accounts or deposits be federally insured. Any such waiver granted by the commissioner under this subparagraph

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shall be in writing and shall set forth the reason or reasons for the waiver. The commissioner may impose conditions on the final certificate of authority as the commissioner deems necessary to ensure that the bank will be operated in a safe and sound manner. The commissioner shall cause notice of the issuance of the final certificate of authority to be published in the department's weekly bulletin.

(q) (1) As used in this subsection, "bankers' bank" means a Connecticut bank that is (A) owned exclusively by (i) any combination of banks, out-of-state banks, Connecticut credit unions, federal credit unions, or out-of-state credit unions, or (ii) a bank holding company that is owned exclusively by any such combination, and (B) engaged exclusively in providing services for, or that indirectly benefit, other banks, out-of-state banks, Connecticut credit unions, federal credit unions, or out-of-state credit unions and their directors, officers and employees.

(2) One or more persons may organize a bankers' bank in accordance with the provisions of this section, except that subsections (g) and (h) of this section shall not apply. The approving authority for a bankers' bank shall be the commissioner acting alone. Before granting a temporary certificate of authority in the case of an application to organize a bankers' bank, the approving authority shall consider (A) whether the proposed bankers' bank will facilitate the provision of services that such banks, out-of-state banks, Connecticut credit unions, federal credit unions, or out-of-state credit unions would not otherwise be able to readily obtain, and (B) the character and experience of the proposed directors and officers. The application to organize a bankers' bank shall be approved if the approving authority determines that the interest of the public will be directly or indirectly served to advantage by the establishment of the proposed bankers' bank, and the proposed directors possess capacity and fitness for the duties and responsibilities with which they will be charged.

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(3) A bankers' bank shall have all of the powers of and be subject to all of the requirements applicable to a Connecticut bank under this title which are not inconsistent with this subsection, except to the extent the commissioner limits such powers by regulation. Upon the written request of a bankers' bank, the commissioner may waive specific requirements of this title and the regulations adopted thereunder if the commissioner finds that (A) the requirement pertains primarily to banks that provide retail or consumer banking services and is inconsistent with this subsection, and (B) the requirement may impede the ability of the bankers' bank to compete or to provide desired services to its market provided, any such waiver and the commissioner's findings shall be in writing and shall be made available for public inspection.

(4) The commissioner may adopt regulations, in accordance with chapter 54, to administer the provisions of this subsection.

(r) (1) As used in this subsection and section 36a-139, "community bank" means a Connecticut bank that is organized pursuant to this subsection and is subject to the provisions of this subsection and section 36a-139.

(2) One or more persons may organize a community bank in accordance with the provisions of this section, except that subsection (g) of this section shall not apply. Any such community bank shall commence business with a minimum equity capital of at least three million dollars. The approving authority for a community bank shall be the commissioner acting alone. In addition to the considerations and determinations required by subsection (h) of this section, before granting a temporary certificate of authority to organize a community bank, the approving authority shall determine that (A) each of the proposed directors and proposed executive officers, as defined in subparagraph (D) of subdivision (3) of this subsection, possesses capacity and fitness for the duties and responsibilities with which such director or officer will be charged, and (B) there is satisfactory

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community support for the proposed community bank based on evidence of such support provided by the organizers to the approving authority. If the approving authority cannot make such determination with respect to any such proposed director or proposed executive officer, the approving authority may refuse to allow such proposed director or proposed executive officer to serve in such capacity in the proposed community bank.

(3) A community bank shall have all of the powers of and be subject to all of the requirements and limitations applicable to a Connecticut bank under this title which are not inconsistent with this subsection, except: (A) No community bank may (i) exercise any of the fiduciary powers granted to Connecticut banks by law until express authority therefor has been given by the approving authority, (ii) establish and maintain one or more mutual funds, (iii) invest in derivative securities other than mortgage-backed securities fully guaranteed by governmental agencies or government sponsored agencies, (iv) own any real estate for the present or future use of the bank unless the approving authority finds, based on an independently prepared analysis of costs and benefits, that it would be less costly to the bank to own instead of lease such real estate, or (v) make mortgage loans secured by nonresidential real estate the aggregate amount of which, at the time of origination, exceeds ten per cent of all assets of such bank; (B) the aggregate amount of all loans made by a community bank shall not exceed eighty per cent of the total deposits held by such bank; (C) (i) the total direct or indirect liabilities of any one obligor, whether or not fully secured and however incurred, to any community bank, exclusive of such bank's investment in the investment securities of such obligor, shall not exceed at the time incurred ten per cent of the equity capital and reserves for loan and lease losses of such bank, and (ii) the limitations set forth in subsection (a) of section 36a-262 shall apply to this subparagraph; and (D) the limitations set forth in subsection (a) of section 36a-263 shall apply to all community banks, provided, a

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community bank may (i) make a mortgage loan to any director or executive officer secured by premises occupied or to be occupied by such director or officer as a primary residence, (ii) make an educational loan to any director or executive officer for the education of any child of such director or executive officer, and (iii) extend credit to any director or executive officer in an amount not exceeding ten thousand dollars for extensions of credit not otherwise specifically authorized in this subparagraph. The aggregate amount of all loans or extensions of credit made by a community bank pursuant to this subparagraph shall not exceed thirty-three and one-third per cent of the equity capital and reserves for loan and lease losses of such bank. As used in this subparagraph, "executive officer" means every officer of a community bank who participates or has authority to participate, other than in the capacity of a director, in major policy-making functions of the bank, regardless of whether such officer has an official title or whether such officer serves without salary or other compensation. The vice president, chief financial officer, secretary and treasurer of a community bank are presumed to be executive officers unless, by resolution of the governing board or by the bank's bylaws, any such officer is excluded from participation in major policy-making functions, other than in the capacity of a director of the bank, and such officer does not actually participate in major policy-making functions.

(4) The audit and examination requirements set forth in section 36a-86 shall apply to each community bank.

(5) The commissioner may adopt regulations, in accordance with chapter 54, to administer the provisions of this subsection and section 36a-139.

(s) (1) As used in this subsection, "community development bank" means a Connecticut bank that is organized to serve the banking needs of a well-defined neighborhood, community or other geographic area as determined by the commissioner, primarily, but not exclusively, by

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making commercial loans in amounts of one hundred fifty thousand dollars or less to existing businesses or to persons seeking to establish businesses located within such neighborhood, community or geographic area.

(2) One or more persons may organize a community development bank in accordance with the provisions of this section, except that subsection (g) of this section shall not apply. The approving authority for a community development bank shall be the commissioner acting alone. Any such community development bank shall commence business with a minimum equity capital determined by the commissioner to be appropriate for the proposed activities of such bank, provided, if such proposed activities include accepting deposits, such minimum equity capital shall be sufficient to enable such deposits to be insured by the Federal Deposit Insurance Corporation or its successor agency.

(3) The state, acting through the State Treasurer, may be the sole organizer of a community development bank or may participate with any other person or persons in the organization of any community development bank, and may own all or a part of any capital stock of such bank. No application fee shall be required under subparagraph (H) of subdivision (1) of subsection (d) of section 36a-65 and no franchise tax shall be required under subsection (o) of this section for any community development bank organized by or in participation with the state.

(4) In addition to the considerations and determinations required by subsection (h) of this section, before granting a temporary certificate of authority to organize a community development bank, the approving authority shall determine that (A) each of the proposed directors and proposed executive officers possesses capacity and fitness for the duties and responsibilities with which such director or officer will be charged, and (B) there is satisfactory community support for the proposed community development bank based on evidence of such support

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provided by the organizers to the approving authority. If the approving authority cannot make such determination with respect to any such proposed director or proposed executive officer, the approving authority may refuse to allow such proposed director or proposed executive officer to serve in such capacity in the proposed community development bank. As used in this subdivision, "executive officer" means every officer of a community development bank who participates or has authority to participate, other than in the capacity of a director, in major policy-making functions of the bank, regardless of whether such officer has an official title or whether such officer serves without salary or other compensation. The vice president, chief financial officer, secretary and treasurer of a community development bank are presumed to be executive officers unless, by resolution of the governing board or by the bank's bylaws, any such officer is excluded from participation in major policy-making functions, other than in the capacity of a director of the bank, and such officer does not actually participate in major policy-making functions.

(5) Notwithstanding any contrary provision of this title: (A) The commissioner may limit the powers that may be exercised by a community development bank or impose conditions on the exercise by such bank of any power allowed by this title as the commissioner deems necessary in the interest of the public and for the safety and soundness of the community development bank, provided, any such limitations or conditions, or both, shall be set forth in the final certificate of authority issued in accordance with subsection (l) of this section; and (B) the commissioner may waive in writing any requirement imposed on a community development bank under this title or any regulation adopted under this title if the commissioner finds that such requirement is inconsistent with the powers that may be exercised by such community development bank under its final certificate of authority.

(6) The commissioner may adopt regulations, in accordance with

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chapter 54, to carry out the provisions of this subsection.

(t) (1) One or more persons may organize an [uninsured] innovation bank in accordance with the provisions of this section, except that subsection (g) of this section shall not apply. The approving authority for an [uninsured] innovation bank shall be the commissioner acting alone. Any such [uninsured] innovation bank shall commence business with a minimum equity capital of at least five million dollars unless the commissioner establishes a different minimum capital requirement for such [uninsured] innovation bank based upon its proposed activities.

(2) An [uninsured] innovation bank shall have all of the powers of and be subject to all of the requirements and limitations applicable to a Connecticut bank under this title which are not inconsistent with this subsection, except no [uninsured] innovation bank may accept retail deposits and, notwithstanding any provision of this title, sections 36a-30 to 36a-34, inclusive, do not apply to [uninsured] innovation banks.

(3) (A) An [uninsured] innovation bank shall display conspicuously, at each window or other place where deposits are usually accepted, a sign stating that deposits are not insured by the Federal Deposit Insurance Corporation or its successor agency.

(B) An [uninsured] innovation bank shall either (i) include in boldface conspicuous type on each signature card, passbook, and instrument evidencing a deposit the following statement: "This deposit is not insured by the FDIC", or (ii) require each depositor to execute a statement that acknowledges that the initial deposit and all future deposits at the [uninsured] innovation bank are not insured by the Federal Deposit Insurance Corporation or its successor agency. The [uninsured] innovation bank shall retain such acknowledgment as long as the depositor maintains any deposit with the [uninsured] innovation bank.

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(C) An [uninsured] innovation bank shall include on all of its deposit-related advertising a conspicuous statement that deposits are not insured by the Federal Deposit Insurance Corporation or its successor agency.

(4) Notwithstanding any provision of this title, an innovation bank may accept and hold nonretail deposits, including, but not limited to, nonretail deposits received from a corporation that owns the majority of the shares of the innovation bank. An innovation bank may secure deposit insurance for such nonretail deposits, including from the Federal Deposit Insurance Corporation.

(u) (1) Each trust bank and [uninsured] innovation bank shall keep assets on deposit in the amount of at least one million dollars with such banks as the commissioner may approve, provided a trust bank or [uninsured] innovation bank that received its final certificate of authority prior to May 12, 2004, shall keep assets on deposit as follows: At least two hundred fifty thousand dollars no later than one year from May 12, 2004, at least five hundred thousand dollars no later than two years from said date, at least seven hundred fifty thousand dollars no later than three years from said date and at least one million dollars no later than four years from said date. No trust bank or [uninsured] innovation bank shall make a deposit pursuant to this section until the bank at which the assets are to be deposited and the trust bank or [uninsured] innovation bank shall have executed a deposit agreement satisfactory to the commissioner. The value of such assets shall be based upon the principal amount or market value, whichever is lower. If the commissioner determines that an asset that otherwise qualifies under this section shall be valued at less than the amount otherwise provided in this subdivision, the commissioner shall so notify the trust bank or [uninsured] innovation bank, which shall thereafter value such asset as directed by the commissioner.

(2) As used in this subsection, "assets" means: (A) United States dollar

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deposits payable in the United States, other than certificates of deposit; (B) bonds, notes, debentures or other obligations of the United States or any agency or instrumentality thereof, or guaranteed by the United States, or of this state or of a county, city, town, village, school district, or instrumentality of this state or guaranteed by this state; (C) bonds, notes, debentures or other obligations issued by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Corporation; (D) commercial paper payable in dollars in the United States, provided such paper is rated in one of the three highest rating categories by a rating service recognized by the commissioner. In the event that an issue of commercial paper is rated by more than one recognized rating service, it shall be rated in one of the three highest rating categories by each such rating service; (E) negotiable certificates of deposit that are payable in the United States; (F) reserves held at a federal reserve bank; and (G) such other assets as determined by the commissioner upon written application.

Sec. 17. Subsections (a) to (h), inclusive, of section 36a-139a of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) Any [uninsured] innovation bank or any trust bank may, upon the approval of the commissioner, convert to a Connecticut bank that is authorized to accept retail deposits and operate without the limitations provided in subdivisions (2) and (3) of subsection (t) and subsection (u) of section 36a-70, as amended by this act, and subsection (b) of section 36a-250.

(b) The converting bank shall file with the commissioner a proposed plan of conversion, a copy of the proposed amended certificate of incorporation and a certificate by the secretary of the converting bank that the proposed plan of conversion and proposed amended certificate of incorporation have been approved in accordance with subsection (c) of this section.

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(c) The proposed plan of conversion and proposed amended certificate of incorporation shall require the approval of a majority of the governing board of the converting bank and the favorable vote of not less than two-thirds of the holders of each class of the converting ~~[bank's]~~ bank's capital stock, if any, or in the case of a converting mutual bank, the incorporators thereof, cast at a meeting called to consider such conversion.

(d) Any shareholder of a capital stock Connecticut bank that proposes to convert under this section, who, on or before the date of the ~~[shareholders']~~ shareholders' meeting to vote on such conversion, objects to the conversion by filing a written objection with the secretary of such bank may, within ten days after the effective date of such conversion, make written demand upon the bank for payment of such shareholder's stock. Any such shareholder that makes such objection and demand shall have the same rights as those of a shareholder that asserts appraisal rights with respect to the merger of two or more capital stock Connecticut banks.

(e) The commissioner shall approve a conversion under this section if the commissioner determines that: (1) The converting bank has complied with all applicable provisions of law; (2) the converting bank has equity capital of at least five million dollars; (3) the converting bank has received satisfactory ratings on its most recent safety and soundness examination; (4) the proposed conversion will serve the public necessity and convenience; and (5) the converting bank will provide adequate services to meet the banking needs of all community residents, including low-income residents and moderate-income residents to the extent permitted by its charter, in accordance with a plan submitted by the converting bank to the commissioner, in such form and containing such information as the commissioner may require. Upon receiving any such plan, the commissioner shall make the plan available for public inspection and comment at the Department of Banking and cause notice

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of its submission and availability for inspection and comment to be published in the department's weekly bulletin. With the concurrence of the commissioner, the converting bank shall publish, in the form of a legal advertisement in a newspaper having a substantial circulation in the area, notice of such plan's submission and availability for public inspection and comment. The notice shall state that the inspection and comment period will last for a period of thirty days from the date of publication. The commissioner shall not make such determination until the expiration of the thirty-day period. In making such determination, the commissioner shall, unless clearly inapplicable, consider, among other factors, whether the plan identifies specific unmet credit and consumer banking needs in the local community and specifies how such needs will be satisfied, provides for sufficient distribution of banking services among branches or satellite devices, or both, located in low-income neighborhoods, contains adequate assurances that banking services will be offered on a nondiscriminatory basis and demonstrates a commitment to extend credit for housing, small business and consumer purposes in low-income neighborhoods.

(f) After receipt of the commissioner's approval, the converting bank shall promptly file such approval and its amended certificate of incorporation with the Secretary of the State and with the town clerk of the town in which its principal office is located. Upon such filing, the bank shall cease to be an [uninsured] innovation bank subject to the provisions of subdivisions (2) and (3) of subsection (t) and subsection (u) of section 36a-70, as amended by this act, or a trust bank, subject to the limitations provided in subsection (u) of section 36a-70, as amended by this act, and subsection (b) of section 36a-250, and shall be a Connecticut bank subject to all of the requirements and limitations and possessed of all rights, privileges and powers granted to it by its amended certificate of incorporation and by the provisions of the general statutes applicable to its type of Connecticut bank. Such Connecticut bank shall not commence business unless its insurable

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accounts and deposits are insured by the Federal Deposit Insurance Corporation or its successor agency. Upon such filing with the Secretary of the State and with the town clerk, all of the assets, business and good will of the converting bank shall be transferred to and vested in such Connecticut bank without any deed or instrument of conveyance, provided the converting bank may execute any deed or instrument of conveyance as is convenient to confirm such transfer. Such Connecticut bank shall be subject to all of the duties, relations, obligations, trusts and liabilities of the converting bank, whether as debtor, depository, registrar, transfer agent, executor, administrator or otherwise, and shall be liable to pay and discharge all such debts and liabilities, and to perform all such duties in the same manner and to the same extent as if the Connecticut bank had itself incurred the obligation or liability or assumed the duty or relation. All rights of creditors of the converting bank and all liens upon the property of such bank shall be preserved unimpaired and the Connecticut bank shall be entitled to receive, accept, collect, hold and enjoy any and all gifts, bequests, devises, conveyances, trusts and appointments in favor of or in the name of the converting bank and whether made or created to take effect prior to or after the conversion.

(g) The persons named as directors in the amended certificate of incorporation shall be the directors of such Connecticut bank until the first annual election of directors after the conversion or until the expiration of their terms as directors, and shall have the power to take all necessary actions and to adopt bylaws concerning the business and management of such Connecticut bank.

(h) No such Connecticut bank resulting from the conversion of an [uninsured] innovation bank may exercise any of the fiduciary powers granted to Connecticut banks by law until express authority therefor has been given by the commissioner, unless such authority was previously granted to the converting bank.

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Sec. 18. Subsections (a) to (g), inclusive, of section 36a-139b of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) Any Connecticut bank may, upon the approval of the commissioner, convert to an [uninsured] innovation bank.

(b) The converting bank shall file with the commissioner a proposed plan of conversion, a copy of the proposed amended certificate of incorporation and a certificate by the secretary of the converting bank that the proposed plan of conversion and proposed certificate of incorporation have been approved in accordance with subsection (c) of this section.

(c) The proposed plan of conversion and proposed amended certificate of incorporation shall require the approval of a majority of the governing board of the converting bank and the favorable vote of not less than two-thirds of the holders of each class of the [bank's] bank's capital stock, if any, or, in the case of a mutual bank, the incorporators thereof, cast at a meeting called to consider such conversion.

(d) Any shareholder of a converting capital stock Connecticut bank that proposes to convert to an [uninsured] innovation bank who, on or before the date of the [shareholders'] shareholders' meeting to vote on such conversion, objects to the conversion by filing a written objection with the secretary of such bank may, within ten days after the effective date of such conversion, make written demand upon the converted bank for payment of such [shareholder's] shareholder's stock. Any such shareholder that makes such objection and demand shall have the same rights as those of a shareholder who dissents from the merger of two or more capital stock Connecticut banks.

(e) If applicable, a converting Connecticut bank shall liquidate all of its retail deposits with the approval of the commissioner. The converting

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bank shall file with the commissioner a written notice of its intent to liquidate all of its retail deposits together with a plan of liquidation and a proposed notice to depositors approved and executed by a majority of its governing board. The commissioner shall approve the plan and the notice to depositors. The commissioner shall not approve a sale of the retail deposits of the converting bank if the purchasing insured depository institution, including all insured depository institutions which are affiliates of such institution, upon consummation of the sale, would control thirty per cent or more of the total amount of deposits of insured depository institutions in this state, unless the commissioner permits a greater percentage of such deposits. The converting and purchasing institutions shall file with the commissioner a written agreement approved and executed by a majority of the governing board of each institution prescribing the terms and conditions of the transaction.

(f) The commissioner shall approve a conversion under this section if the commissioner determines that: (1) The converting bank has complied with all applicable provisions of law; (2) the converting bank has equity capital of at least five million dollars unless the commissioner establishes a different minimum capital requirement based on the proposed activities of the converting bank; (3) the converting bank has liquidated all of its retail deposits, if any, and has no deposits that are insured by the Federal Deposit Insurance Corporation or its successor agency; and (4) the proposed conversion will serve the public necessity and convenience. The commissioner shall not approve such conversion unless the commissioner considers the findings of the most recent state or federal safety and soundness examination of the converting bank, and the effect of the proposed conversion on the financial resources and future prospects of the converting bank.

(g) After receipt of the [commissioner's] commissioner's approval for the conversion, the converting bank shall promptly file such approval

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and its certificate of incorporation with the Secretary of the State and with the town clerk of the town in which its principal office is located. Upon such filing, the converted Connecticut bank shall not accept retail deposits and shall be an [uninsured] innovation bank, subject to the limitations in subdivisions (2) and (3) of subsection (t) and subsection (u) of section 36a-70, as amended by this act. Upon such conversion, the converted Connecticut bank possesses all of the rights, privileges and powers granted to it by its certificate of incorporation and by the provisions of the general statutes applicable to its type of Connecticut bank, and all of the assets, business and good will of the converting bank shall be transferred to and vested in the converted Connecticut bank without any deed or instrument of conveyance, provided the converting bank may execute any deed or instrument of conveyance as is convenient to confirm such transfer. The converted Connecticut bank shall be subject to all of the duties, relations, obligations, trusts and liabilities of the converting bank, whether as debtor, depository, registrar, transfer agent, executor, administrator or otherwise, and shall be liable to pay and discharge all such debts and liabilities, and to perform all such duties in the same manner and to the same extent as if the converted bank had itself incurred the obligation or liability or assumed the duty or relation. All rights of creditors of the converting bank and all liens upon the property of such bank shall be preserved unimpaired and the [uninsured] innovation bank shall be entitled to receive, accept, collect, hold and enjoy any and all gifts, bequests, devises, conveyances, trusts and appointments in favor of or in the name of the converting bank and whether made or created to take effect prior to or after the conversion.

Sec. 19. Section 36a-215 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

If, in the opinion of the commissioner, a trust bank, or an [uninsured] innovation bank, in danger of becoming insolvent, is not likely to be able

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to meet the demands of its depositors, in the case of an [uninsured] innovation bank, or pay its obligations in the normal course of business, or is likely to incur losses that may deplete all or substantially all of its capital, the commissioner may require such trust bank or [uninsured] innovation bank to increase the assets kept on deposit as required by subsection (u) of section 36a-70, as amended by this act, to an amount that would be sufficient to meet the costs and expenses incurred by the commissioner pursuant to section 36a-222 and all fees and assessments due the commissioner. Such assets shall be deposited with such bank as the commissioner may designate, and shall be in such form and subject to such conditions as the commissioner deems necessary.

Sec. 20. Subsection (a) of section 36a-220 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) If it appears to the commissioner that (1) the charter of any Connecticut bank or out-of-state bank that maintains in this state a branch, as defined in section 36a-410, or the certificate of authority of any Connecticut credit union or out-of-state credit union that maintains in this state a branch, as defined in section 36a-435b, is forfeited, (2) the public is in danger of being defrauded by such bank or credit union, it is unsafe or unsound for such bank or credit union to continue business or its assets are being dissipated, (3) such bank or credit union is insolvent, is in danger of imminent insolvency or that its capital is not adequate to support the level of risk, or (4) the Federal Deposit Insurance Corporation, National Credit Union Administration or their successor agencies have terminated insurance of the insurable accounts or deposits of such bank, unless such Connecticut bank has filed an application with the commissioner to convert to an [uninsured] innovation bank pursuant to section 36a-139b, as amended by this act, or credit union, the commissioner shall apply to the superior court for the judicial district of Hartford or the judicial district in which the main

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office of such bank or credit union is located for an injunction restraining such bank or credit union from conducting business or, in the case of a Connecticut bank or Connecticut credit union, for the appointment of a conservator or for a receiver to wind up its affairs.

Sec. 21. Subsections (a) to (c), inclusive, of section 36a-221a of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) (1) The receiver of a trust bank or [uninsured] innovation bank shall, as soon after the receiver's appointment as is practicable, terminate all fiduciary positions the bank holds, surrender all property held by the bank as a fiduciary and settle the fiduciary accounts. With the approval of the Superior Court, the receiver of a trust bank or [uninsured] innovation bank shall release all segregated and identifiable fiduciary property held by the bank to one or more successor fiduciaries, and may sell one or more fiduciary accounts to one or more successor fiduciaries on terms that appear to be in the best interest of the bank's estate and the persons interested in the property or fiduciary accounts.

(2) Upon the sale or transfer of fiduciary property or a fiduciary account, the successor fiduciary shall be automatically substituted without further action and without any order of any court. Prior to the effective date of substitution of the successor fiduciary, the receiver shall mail notice of such substitution to each person to whom such bank provides periodic reports of fiduciary activity. The notice shall include: (A) The name of such bank, (B) the name of the successor fiduciary, and (C) the effective date of the substitution of the successor fiduciary. The provisions of section 45a-245a shall not apply to the substitution of a fiduciary under this section.

(b) A successor fiduciary shall have all of the rights, powers, duties and obligations of such bank and shall be deemed to be named, nominated or appointed as fiduciary in any will, trust, court order or

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similar written document or instrument that names, nominates or appoints such bank as fiduciary, whether executed before or after the successor fiduciary is substituted, provided the successor fiduciary shall have no obligations or liabilities under this section for any acts, actions, inactions or events occurring prior to the effective date of the substitution.

(c) If commingled fiduciary money held by the trust bank or [uninsured] innovation bank as trustee is insufficient to satisfy all fiduciary claims to the commingled money, the receiver shall distribute such money pro rata to all fiduciary claimants of such money based on their proportionate interest.

Sec. 22. Section 36a-225 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) The Superior Court, upon appointing a receiver of any Connecticut bank, other than a trust bank or an [uninsured] innovation bank, or Connecticut credit union, shall limit the time within which all claims against the bank or credit union may be presented to the receiver, and the court may, upon cause shown, extend such time and shall cause such public notice of such limitation or extension of time to be given as it deems reasonable and just. All claims not presented to the receiver within the period limited shall be forever barred, except that any claim for a deposit or share account, as shown by the depositor's or share account holder's passbook, certificate of deposit, statement or other evidence of deposit or the records of such bank or credit union, shall be allowed by the receiver.

(b) (1) As soon as reasonably practicable after appointment of a receiver of a trust bank or an [uninsured] innovation bank, the receiver shall publish notice, in a newspaper of general circulation in each town in which an office of such bank is located, stating that: (A) The bank has been placed in receivership; (B) the depositors, clients and creditors are

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required to present their claims for payment on or before a specific date and at a specified place; and (C) all safe deposit box holders and bailors of property left with the bank are required to remove their property no later than a specified date. The dates that the receiver selects may not be earlier than the one hundred twenty-first day after the date of the notice, and shall allow: (i) The affairs of the bank to be wound up as quickly as feasible; and (ii) depositors, clients, creditors, safe deposit box holders and bailors of property adequate time for presentation of claims, withdrawal of accounts, and redemption of property. The receiver may adjust the dates with the approval of the court and with or without republication of notice if the receiver determines that additional time is needed for any such presentation, withdrawal or redemption.

(2) As soon as reasonably practicable, given the state of the [bank's] bank's records and the adequacy of staffing, the receiver shall mail to each of the [bank's] bank's known depositors, clients, creditors, safe deposit box holders and bailors of property left with the bank, at the mailing address shown on the [bank's] bank's records, an individual notice containing the information required in the notice provided in subdivision (1) of this subsection, and specific information pertinent to the account or property of the addressee. The receiver of a trust bank or [uninsured] innovation bank may require a fiduciary claimant to file a proof of claim if the records of such bank are insufficient to identify the [claimant's] claimant's interest.

Sec. 23. Subsection (a) of section 36a-226a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) A contract between a trust bank or [uninsured] innovation bank in receivership and another person for bailment, of deposit for hire, or for the lease of a safe, vault or safe deposit box terminates on the date specified for removal of property in the notices that were published and mailed in accordance with section 36a-225, as amended by this act, or a

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later date approved by the receiver or the Superior Court. A person who has paid rental or storage charges for a period extending beyond the date designated for removal of property has a claim against such bank's estate for a refund of the unearned amount paid.

Sec. 24. Subsections (a) and (b) of section 36a-237 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) The assets of any Connecticut bank, other than a trust bank or [uninsured] innovation bank, in the possession of a receiver shall be distributed in the following order of priority: (1) All fees and assessments due the commissioner; (2) the charges and expenses of settling such bank's affairs; (3) all deposits; (4) all other liabilities; (5) any liquidation account; and (6) in the case of a capital stock Connecticut bank, the claims of shareholders or, in the case of a mutual savings bank or mutual savings and loan association, the claims of depositors in proportion to their respective deposits.

(b) (1) The assets of a trust bank or an [uninsured] innovation bank shall be distributed in the following order of priority: (A) All fees and assessments due the commissioner; (B) administrative expenses; (C) approved claims of owners of secured trust funds on deposit to the extent of the value of the security as provided in subsection (d) of section 36a-237f, as amended by this act; (D) approved claims of secured creditors to the extent of the value of the security as provided in subsection (d) of section 36a-237f, as amended by this act; (E) approved claims by beneficiaries of insufficient commingled fiduciary money or missing fiduciary property and approved claims of clients of the trust bank or [uninsured] innovation bank; (F) other approved claims of depositors and general creditors not falling within a higher priority under this subdivision, including unsecured claims for taxes and debts due the federal government or a state or local government; (G) approved claims of a type described by subparagraphs (A) to (F),

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inclusive, of this subdivision that were not filed within the period prescribed by sections 36a-215 to 36a-239, inclusive, as amended by this act; and (H) claims of capital note or debenture holders or holders of similar obligations and proprietary claims of shareholders or other owners according to the terms established by issue, class or series.

(2) As used in this subsection, "administrative expense" means (A) any expense designated as an administrative expense by sections 36a-231 and 36a-237h, as amended by this act; (B) any charge or expense of settling the affairs of the bank, including court costs and expenses of operation and liquidation of the bank's estate; (C) wages owed to an employee of the bank for services rendered within three months before the date the bank was placed in receivership and not exceeding two thousand dollars to each employee; (D) current wages owed to an employee of the bank whose services are retained by the receiver for services rendered after the date the bank is placed in receivership; and (E) an unpaid expense of supervision or conservatorship of the bank before it was placed in receivership.

Sec. 25. Section 36a-237f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) To receive payment of a claim against the estate of a trust bank or [uninsured] innovation bank in receivership, a person who has a claim, other than a shareholder acting in that capacity, including a claimant with a secured claim or a fiduciary claimant ordered by the receiver to file a proof of claim under subdivision (2) of subsection (b) of section 36a-225, as amended by this act, shall present proof of the claim to the receiver at a place specified by the receiver, within the period specified by the receiver. Receipt of the required proof of claim by the receiver is a condition precedent to the payment of the claim. A claim that is not filed within the period or at the place specified by the receiver may not participate in a distribution of the assets by the receiver, except that, subject to court approval, the receiver may accept a claim filed not later

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than the one-hundred-eightieth day after the date notice of the claimant's right to file a proof of claim is mailed to the claimant, provided such claim shall be subordinate to an approved claim of a general creditor. Interest does not accrue on any claim after the date the bank is placed in receivership. The provisions of this subsection shall not apply to a fiduciary claimant or depositor where the records of the bank in receivership are sufficient to identify the fiduciary claimant's or depositor's interest.

(b) (1) The proof of claim against a trust bank or an [uninsured] innovation bank shall be in writing, be signed by the claimant, and include: (A) A statement of the claim; (B) a description of the consideration for the claim; (C) a statement of whether collateral is held or a security interest is asserted against the claim and, if so, a description of the collateral or security interest; (D) a statement of any right of priority of payment for the claim or other specific right asserted by the claimant; (E) a statement of whether a payment has been made on the claim and, if so, the amount and source of the payment, to the extent known by the claimant; (F) a statement that the amount claimed is justly owed by the bank to the claimant; and (G) any other matter that is required by the Superior Court.

(2) The receiver may designate the form of the proof of claim. A proof of claim shall be filed under oath unless the oath is waived by the receiver. If a claim is founded on a written instrument, the original instrument, unless lost or destroyed, shall be filed with the proof of claim. After the instrument is filed, the receiver may permit the claimant to substitute a copy of the instrument until the final disposition of the claim. If the instrument is lost or destroyed, a statement of that fact and of the circumstances of the loss or destruction shall be filed under oath with the claim.

(c) A judgment against a trust bank or [uninsured] innovation bank in receivership taken by default or by collusion before the date the bank

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was placed in receivership may not be considered as conclusive evidence of the liability of the bank to the judgment creditor or of the amount of damages to which the judgment creditor is entitled. A judgment against the bank entered after the date the bank was placed in receivership may not be considered as evidence of liability or of the amount of damages.

(d) (1) The owner of secured trust funds on deposit may file a claim as a creditor against a trust bank or [uninsured] innovation bank in receivership. The value of the security shall be determined under supervision of the Superior Court by converting the security into money.

(2) The owner of a secured claim against a trust bank or [uninsured] innovation bank in receivership may surrender the security and file a claim as a general creditor or apply the security to the claim and discharge the claim.

(3) If the owner applies the security and discharges the claim under subdivision (2) of this subsection, any deficiency shall be treated as a claim against the general assets of the bank on the same basis as a claim of an unsecured creditor. The amount of the deficiency shall be determined as provided by subsection (e) of this section, except that if the amount of the deficiency has been adjudicated by a court in a proceeding in which the receiver has had notice and an opportunity to be heard, the court's decision is conclusive as to the amount.

(4) The value of security held by a secured creditor shall be determined under supervision of the court by converting the security into money according to the terms of the agreement under which the security was delivered to the creditor or by agreement, arbitration, compromise or litigation between the creditor and the receiver.

(e) (1) A claim against a trust bank or [uninsured] innovation bank in

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receivership based on an unliquidated or undetermined demand shall be filed within the period for the filing of the claim. The claim may not share in any distribution to claimants until the claim is definitely liquidated, determined and allowed. After the claim is liquidated, determined and allowed, the claim shares ratably with the claims of the same class in all subsequent distributions.

(2) If the receiver in all other respects is in a position to close the receivership proceeding, the proposed closing is sufficient grounds for the rejection of any remaining claim based on an unliquidated or undetermined demand. The receiver shall notify the claimant of the intention to close the proceeding. If the demand is not liquidated or determined before the sixty-first day after the date of the notice, the receiver may reject the claim.

(3) For the purposes of this subsection, a demand is considered unliquidated or undetermined if the right of action on the demand accrued while the trust bank or [uninsured] innovation bank was placed in receivership and the liability on the demand has not been determined or the amount of the demand has not been liquidated.

(f) (1) Mutual credits and mutual debts shall be set off and only the balance allowed or paid, except that a set-off may not be allowed in favor of a person if: (A) The obligation of a trust bank or [uninsured] innovation bank to the person on the date the bank was placed in receivership did not entitle the person to share as a claimant in the assets of the bank; (B) the obligation of the bank to the person was purchased by or transferred to the person after the date the bank was placed in receivership or for the purpose of increasing set-off rights; or (C) the obligation of the person or the bank is as a trustee or fiduciary.

(2) Upon request, the receiver shall provide a person with an accounting statement identifying each debt that is due and payable. A person who owes a trust bank or [uninsured] innovation bank an

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amount that is due and payable against which the person asserts set-off of mutual credits that may become due and payable from the bank in the future shall promptly pay to the receiver the amount due and payable. The receiver shall promptly refund, to the extent of the person's prior payment, mutual credits that become due and payable to the person by the bank in receivership.

(g) (1) Not later than six months after the last day permitted for the filing of claims or a later date allowed by the Superior Court, the receiver shall accept or reject in whole or in part each claim filed against a trust bank or an [uninsured] innovation bank in receivership, except for an unliquidated or undetermined claim governed by subsection (e) of this section. The receiver shall reject a claim if the receiver doubts its validity.

(2) The receiver shall mail written notice to each claimant, specifying the disposition of the person's claim. If a claim is rejected in whole or in part, the receiver in the notice shall specify the basis for rejection and advise the claimant of the procedures and deadline for appeal.

(3) The receiver shall send each claimant a summary schedule of approved and rejected claims by priority class and notify the claimant: (A) That a copy of a schedule of claims disposition, including only the name of the claimant, the amount of the claim allowed, and the amount of the claim rejected, is available upon request; and (B) of the procedure and deadline for filing an objection to an approved claim.

(h) The receiver of a trust bank or [uninsured] innovation bank, with the approval of the superior court, shall set a deadline for an objection to an approved claim. On or before that date, a depositor, creditor, other claimant or shareholder of a trust bank or [uninsured] innovation bank may file an objection to an approved claim. The objection shall be heard and determined by the court. If the objection is sustained, the court shall direct an appropriate modification of the schedule of claims.

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(i) The receiver's rejection of a claim may be appealed to the superior court in which the receivership proceeding of a trust bank or [uninsured] innovation bank is pending. The appeal shall be filed within three months after the date of service of notice of the rejection. If the appeal is timely filed, review is de novo as if it were an action originally filed in the court, and is subject to the rules of procedure and appeal applicable to civil cases. An action to appeal rejection of a claim by the receiver is separate from the receivership proceeding, and may not be initiated by a claimant intervening in the receivership proceeding. If the action is not timely filed, the action of the receiver is final and not subject to review.

(j) (1) The commissioner shall deposit all money available for the benefit of persons who have not filed a claim and are, according to the bank's records, depositors and creditors of a trust bank or [uninsured] innovation bank in receivership in a bank, Connecticut credit union, federal credit union, out-of-state bank that maintains in this state a branch, as defined in section 36a-410, or out-of-state credit union that maintains in this state a branch, as defined in section 36a-435b. The commissioner shall pay the nonclaiming depositors and creditors on demand the undisputed amount, based on the bank's records, held for their benefit.

(2) The receiver may periodically make a partial distribution to the holders of approved claims if: (A) All objections have been heard and decided as provided by subsection (h) of this section; (B) the time for filing appeals has expired as provided by subsection (i) of this section; (C) money has been made available to provide for the payment of all nonclaiming depositors and creditors in accordance with subdivision (1) of this subsection; and (D) a proper reserve is established for the pro rata payment of: (i) Rejected claims that have been appealed, and (ii) any claims based on unliquidated or undetermined demands governed by subsection (e) of this section.

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(3) As soon as practicable after all objections, appeals and claims based on previously unliquidated or undetermined demands governed by subsection (e) of this section have been determined and money has been made available to provide for the payment of all nonclaiming depositors and creditors in accordance with subdivision (1) of this subsection, the receiver shall distribute the assets of a trust bank or [uninsured] innovation bank in satisfaction of approved claims other than claims asserted in a person's capacity as a shareholder.

Sec. 26. Section 36a-237g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) All fiduciary records relating to the administration of fiduciary accounts of a trust bank or [uninsured] innovation bank shall be turned over to the successor fiduciary, as defined in section 45a-245a, in charge of administration of the accounts. The receiver may devise a method for the effective, efficient and economical maintenance of all other records of the trust bank or [uninsured] innovation bank and of the receiver's office.

(b) On approval by the Superior Court, the receiver may dispose of records of the trust bank or [uninsured] innovation bank in receivership that are obsolete and unnecessary to the continued administration of the receivership proceeding.

Sec. 27. Subsections (a) to (c), inclusive, of section 36a-237h of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) Persons entitled to protection under this section shall be: (1) All receivers or conservators of trust banks or [uninsured] innovation banks, including present and former receivers and conservators; and (2) the employees of such receivers or conservators. Attorneys, accountants, auditors and other professional persons or firms who are

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retained by the receiver or conservator as independent contractors, and their employees, shall not be considered employees of the receiver or conservator for purposes of this section.

(b) The receiver or conservator and the employees of the receiver or conservator shall be immune from suit and liability, both personally and in their official capacities, for any claim for damage to or loss of property, personal injury or other civil liability caused by or resulting from any alleged act, error or omission of the receiver or conservator or any employee arising out of or by reason of their duties or employment, provided nothing in this section shall be construed to hold the receiver or conservator or any employee immune from suit or liability for any damage, loss, injury or liability caused by the intentional or wilful and wanton misconduct of the receiver or conservator or any employee.

(c) (1) If any legal action is commenced against the receiver or conservator or any employee, whether personally or in such person's official capacity, alleging property damage, property loss, personal injury or other civil liability caused by or resulting from any alleged act, error or omission of the receiver or conservator or any employee arising out of or by reason of their duties or employment, the receiver or conservator and any employee shall be indemnified from the assets of the trust bank or [uninsured] innovation bank for all expenses, attorneys' fees, judgments, settlements, decrees or amounts due and owing or paid in satisfaction of or incurred in the defense of such legal action unless it is determined upon a final adjudication on the merits that the alleged act, error or omission of the receiver or conservator or employee giving rise to the claim did not arise out of or by reason of such person's duties or employment, or was caused by intentional or wilful and wanton misconduct.

(2) Attorneys' fees and any related expenses incurred in defending a legal action for which immunity or indemnity is available under this section shall be paid from the assets of the trust bank or [uninsured]

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innovation bank, as they are incurred, in advance of the final disposition of such action upon receipt of an undertaking by or on behalf of the receiver or conservator or employee to repay the attorneys' fees and expenses if it shall ultimately be determined upon a final adjudication on the merits that the receiver or conservator or employee is not entitled to immunity or indemnity under this section.

(3) Any indemnification for expense payments, judgments, settlements, decrees, attorneys' fees, surety bond premiums or other amounts paid or to be paid from the assets of the trust bank or [uninsured] innovation bank pursuant to this section shall be an administrative expense of the receivership or conservatorship.

(4) In the event of any actual or threatened litigation against a receiver or conservator or any employee for which immunity or indemnity may be available under this section, a reasonable amount of funds, which in the judgment of the receiver or conservator may be needed to provide immunity or indemnity, shall be segregated and reserved from the assets of the trust bank or [uninsured] innovation bank as security for the payment of indemnity until such time as all applicable statutes of limitation shall have run and all actual or threatened actions against the receiver or conservator or any employee have been completely and finally resolved, and all obligations of the trust bank or [uninsured] innovation bank and the commissioner under this section shall have been satisfied.

(5) In lieu of segregation and reserving of funds, the receiver or conservator may, in the receiver's or conservator's discretion, obtain a surety bond or make other arrangements that will enable the receiver or conservator to fully secure the payment of all obligations under this section.

Sec. 28. Subdivision (2) of subsection (a) of section 36a-333 of the general statutes is repealed and the following is substituted in lieu

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thereof (*Effective July 1, 2024*):

(2) Notwithstanding the provisions of subdivisions (1) and (3) of this subsection, to secure public deposits, each qualified public depository that (A) has been conducting business in this state for a period of less than two years, except for a depository that is a successor institution to a depository which conducted business in this state for two years or more, or (B) is an [uninsured] innovation bank, shall at all times maintain, segregated from its other assets as required under subsection (b) of this section, eligible collateral in an amount not less than one hundred twenty per cent of all uninsured public deposits held by the depository.

Sec. 29. Section 36a-609 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

The provisions of sections 36a-597 to 36a-607, inclusive, and sections 36a-611 and 36a-612 shall not apply to:

(1) Any federally insured federal bank, out-of-state bank, Connecticut bank, Connecticut credit union, federal credit union or out-of-state credit union, provided such institution does not engage in the business of money transmission in this state through any person who is not (A) a federally insured federal bank, out-of-state bank, Connecticut bank, Connecticut credit union, federal credit union or out-of-state credit union, (B) a person licensed pursuant to sections 36a-595 to 36a-612, inclusive, or an authorized delegate acting on behalf of such licensed person, or (C) a person exempt pursuant to subdivisions (2) to (4), inclusive, of this section;

(2) Any Connecticut bank that is an [uninsured] innovation bank organized pursuant to subsection (t) of section 36a-70, as amended by this act;

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(3) The United States Postal Service and any contractor that engages in the business of money transmission in this state on behalf of the United States Postal Service; and

(4) A person whose activity is limited to the electronic funds transfer of governmental benefits for or on behalf of a federal, state or other governmental agency, quasi-governmental agency or government sponsored enterprise.

Sec. 30. (*Effective from passage*) In the case of any underpayment of tax by a taxpayer under chapter 208, 228z or 229 of the general statutes, no interest shall be imposed under such chapters to the extent such underpayment was due to the filing of an amended return necessitated by guidance issued by the Internal Revenue Service concerning the federal employee retention credit program. If such interest has already been paid to the Department of Revenue Services, the Commissioner of Revenue Services shall treat such payment as an overpayment and shall refund the amount of such payment, without interest, to the taxpayer.

Sec. 31. Section 38a-48 of the general statutes, as amended by section 6 of public act 24-138, is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) On or before June thirtieth, annually, the Commissioner of Revenue Services shall render to the Insurance Commissioner a statement certifying the total amount of taxes [or charges imposed on] reported to the Commissioner of Revenue Services on returns filed with said commissioner by each domestic insurance company or other domestic entity under chapter 207 on business done in this state during the [preceding calendar year. The statement for local domestic insurance companies shall set forth the amount of taxes and charges before any tax credits allowed as provided in subsection (a) of section 12-202] calendar year immediately preceding the prior calendar year. For purposes of preparing the annual statement under this subsection, the total amount

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of taxes required to be set forth in such statement shall be the amount of tax reported by each domestic insurance company or other domestic entity under chapter 207 to the Commissioner of Revenue Services prior to the application of any credits allowable or available under law to each such domestic insurance company or other domestic entity under chapter 207.

(b) On or before July thirty-first, annually, the Insurance Commissioner shall render to each domestic insurance company or other domestic entity liable for payment under section 38a-47:

(1) A statement that includes (A) the amount appropriated to the Insurance Department, the Office of the Healthcare Advocate and the Office of Health Strategy from the Insurance Fund established under section 38a-52a for the fiscal year beginning July first of the same year, (B) the cost of fringe benefits for department and office personnel for such year, as estimated by the Comptroller, (C) the estimated expenditures on behalf of the department and the offices from the Capital Equipment Purchase Fund pursuant to section 4a-9 for such year, not including such estimated expenditures made on behalf of the Health Systems Planning Unit of the Office of Health Strategy, and (D) the amount appropriated to the Department of Aging and Disability Services for the fall prevention program established in section 17a-859 from the Insurance Fund for the fiscal year;

(2) [a] A statement of the total amount of taxes [imposed on all domestic insurance companies and domestic insurance entities under chapter 207 on business done in this state during the preceding calendar year] reported in the annual statement rendered to the Insurance Commissioner pursuant to subsection (a) of this section; and

(3) [the] The proposed assessment against that company or entity, calculated in accordance with the provisions of subsection (c) of this section, provided for the purposes of this calculation the amount

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appropriated to the Insurance Department, the Office of the Healthcare Advocate and the Office of Health Strategy from the Insurance Fund plus the cost of fringe benefits for department and office personnel and the estimated expenditures on behalf of the department and [such] said offices from the Capital Equipment Purchase Fund pursuant to section 4a-9, not including such expenditures made on behalf of the Health Systems Planning Unit of the Office of Health Strategy shall be deemed to be the actual expenditures of the department and [such] said offices, and the amount appropriated to the Department of Aging and Disability Services from the Insurance Fund for the fiscal year for the fall prevention program established in section 17a-859 shall be deemed to be the actual expenditures for the program.

(c) (1) The proposed assessments for each domestic insurance company or other domestic entity shall be calculated by (A) allocating twenty per cent of the amount to be paid under section 38a-47 among the domestic entities organized under sections 38a-199 to 38a-209, inclusive, and 38a-214 to 38a-225, inclusive, in proportion to their respective shares of the total amount of taxes [and charges imposed under chapter 207 on such entities on business done in this state during the preceding calendar year] reported in the annual statement rendered to the Insurance Commissioner pursuant to subsection (a) of this section, and (B) allocating eighty per cent of the amount to be paid under section 38a-47 among all domestic insurance companies and domestic entities other than those organized under sections 38a-199 to 38a-209, inclusive, and 38a-214 to 38a-225, inclusive, in proportion to their respective shares of the total amount of taxes [and charges imposed under chapter 207 on such domestic insurance companies and domestic entities on business done in this state during the preceding calendar year] reported in the annual statement rendered to the Insurance Commissioner pursuant to subsection (a) of this section, provided if there are no domestic entities organized under sections 38a-199 to 38a-209, inclusive, and 38a-214 to 38a-225, inclusive, at the time of

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assessment, one hundred per cent of the amount to be paid under section 38a-47 shall be allocated among such domestic insurance companies and domestic entities.

(2) When the amount any such company or entity is assessed pursuant to this section exceeds twenty-five per cent of the actual expenditures of the Insurance Department, the Office of the Healthcare Advocate and the Office of Health Strategy from the Insurance Fund, such excess amount shall not be paid by such company or entity but rather shall be assessed against and paid by all other such companies and entities in proportion to their respective shares of the total amount of taxes [and charges imposed under chapter 207 on business done in this state during the preceding calendar year] reported in the annual statement rendered to the Insurance Commissioner pursuant to subsection (a) of this section, except that for purposes of any assessment made to fund payments to the Department of Public Health to purchase vaccines, such company or entity shall be responsible for its share of the costs, notwithstanding whether its assessment exceeds twenty-five per cent of the actual expenditures of the Insurance Department, the Office of the Healthcare Advocate and the Office of Health Strategy from the Insurance Fund. The provisions of this subdivision shall not be applicable to any corporation that has converted to a domestic mutual insurance company pursuant to section 38a-155 upon the effective date of any public act that amends said section to modify or remove any restriction on the business such a company may engage in, for purposes of any assessment due from such company on and after such effective date.

(d) [For purposes of calculating the amount of payment under section 38a-47, as well as the amount of the assessments under this section, the "total taxes imposed on all domestic insurance companies and other domestic entities under chapter 207" shall be based upon the amounts shown as payable to the state for the calendar year on the returns filed

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with the Commissioner of Revenue Services pursuant to chapter 207; with respect to calculating the amount of payment and assessment for local domestic insurance companies, the amount used shall be the taxes and charges imposed before any tax credits allowed as provided in subsection (a) of section 12-202] Each annual payment determined under section 38a-47 and each annual assessment determined under this section shall be calculated based on the total amount of taxes reported in the annual statement rendered to the Insurance Commissioner pursuant to subsection (a) of this section.

(e) On or before September first, annually, for each fiscal year, the Insurance Commissioner, after receiving any objections to the proposed assessments and making such adjustments as in the commissioner's opinion may be indicated, shall assess each such domestic insurance company or other domestic entity an amount equal to its proposed assessment as so adjusted. Each domestic insurance company or other domestic entity shall pay to the Insurance Commissioner (1) on or before June thirtieth, annually, an estimated payment against its assessment for the following year equal to twenty-five per cent of its assessment for the fiscal year ending such June thirtieth, (2) on or before September thirtieth, annually, twenty-five per cent of its assessment adjusted to reflect any credit or amount due from the preceding fiscal year as determined by the commissioner under subsection (f) of this section, and (3) on or before the following December thirty-first and March thirty-first, annually, each domestic insurance company or other domestic entity shall pay to the Insurance Commissioner the remaining fifty per cent of its proposed assessment to the department in two equal installments.

(f) If the actual expenditures for the fall prevention program established in section 17a-859 are less than the amount allocated, the Commissioner of Aging and Disability Services shall notify the Insurance Commissioner. Immediately following the close of the fiscal

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year, the Insurance Commissioner shall recalculate the proposed assessment for each domestic insurance company or other domestic entity in accordance with subsection (c) of this section using the actual expenditures made during the fiscal year by the Insurance Department, the Office of the Healthcare Advocate and the Office of Health Strategy from the Insurance Fund, the actual expenditures made on behalf of the department and [the] said offices from the Capital Equipment Purchase Fund pursuant to section 4a-9, not including such expenditures made on behalf of the Health Systems Planning Unit of the Office of Health Strategy, and the actual expenditures for the fall prevention program. On or before July thirty-first, annually, the Insurance Commissioner shall render to each such domestic insurance company and other domestic entity a statement showing the difference between their respective recalculated assessments and the amount they have previously paid. On or before August thirty-first, the Insurance Commissioner, after receiving any objections to such statements, shall make such adjustments [which] that in [their] the commissioner's opinion may be indicated, and shall render an adjusted assessment, if any, to the affected companies. Any such domestic insurance company or other domestic entity may pay to the Insurance Commissioner the entire assessment required under this subsection in one payment when the first installment of such assessment is due.

(g) If any assessment is not paid when due, a penalty of twenty-five dollars shall be added thereto, and interest at the rate of six per cent per annum shall be paid thereafter on such assessment and penalty.

(h) The Insurance Commissioner shall deposit all payments made under this section with the State Treasurer. On and after June 6, 1991, the moneys so deposited shall be credited to the Insurance Fund established under section 38a-52a and shall be accounted for as expenses recovered from insurance companies.

Sec. 32. Section 10-287 of the general statutes is repealed and the
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following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) A grant for a school building project under this chapter [to meet project costs not eligible for state financial assistance under section 10-287a] shall be paid in installments, the number and time of payment of which shall correspond to the number and time of principal installment payments on municipal bonds, including principal payments to retire temporary notes renewed for the third and subsequent years pursuant to section 7-378a or 7-378e, issued for the purpose of financing such costs and shall be equal to the state's share of project costs per principal installment on municipal bonds or notes, except in cases where the project has been fully paid for, in which case the number of installments shall be five or, in the case of a regional agricultural science and technology education center or a cooperative regional special educational facility, shall be one; provided final payment shall not be made prior to an audit conducted by the State Board of Education for each project for which a final calculation was not made prior to July 31, 1983. Grants under twenty-five thousand dollars shall be paid in one lump sum. The Commissioner of Administrative Services shall certify to the State Comptroller, upon completion of the issuance of bonds or such renewal of temporary notes to finance each school building project, the dates and amounts of grant payments to be made pursuant to this chapter and the State Comptroller shall draw an order on the State Treasurer upon such certification to pay the amounts so certified when due. All site acquisition and project cost grant payments shall be made at least ten days prior to the principal payment on bonds or temporary notes related thereto or short-term financing issued to finance such site acquisition or project. Annual grant installments paid pursuant to this section on principal installment payments to retire temporary notes renewed pursuant to section 7-378a or 7-378e shall be based each year on the amount required to be retired pursuant to said sections, as adjusted for any ineligible project costs, and shall be paid only if at the time such temporary notes are renewed the rate of interest applicable to

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such notes is less than the rate of interest that would be applicable with respect to twenty-year bonds if issued at the time of such renewal. The determination related to such rates of interest pursuant to this subsection may be reviewed and shall be subject to approval by the Commissioner of Administrative Services prior to renewal of such notes. In the event that a school building project is not completed at the time bonds or temporary notes related thereto are issued to finance the project, the certification of the grant payments made pursuant to this section by the Commissioner of Administrative Services may be based on estimates, provided upon completion of such project and notification of final acceptance to the state, the Commissioner of Administrative Services shall adjust and recertify the dates and amounts of subsequent grant payments based on the state's share of final eligible costs.

(b) (1) All orders and contracts for school building construction receiving state assistance under this chapter, except as provided in subdivisions (2) to (4), inclusive, of this subsection, shall be awarded to the lowest responsible qualified bidder only after a public invitation to bid, except for (A) school building projects for which the town or regional school district is using a state contract pursuant to subsection (d) of section 10-292, and (B) change orders, those contracts or orders costing less than ten thousand dollars and those of an emergency nature, as determined by the Commissioner of Administrative Services, in which cases the contractor or vendor may be selected by negotiation, provided no local fiscal regulations, ordinances or charter provisions conflict. Any of the qualified bidders under this subdivision may be a cooperative purchasing contract offered through a regional educational service center or a council of government.

(2) All orders and contracts for architectural services shall be awarded from a pool of [not more than the four] at least three of the most responsible qualified proposers after a public selection process. Such process shall, at a minimum, involve requests for qualifications,

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followed by requests for proposals, including fees, from the proposers meeting the qualifications criteria of the request for qualifications process. Following the qualification process, the awarding authority shall evaluate the proposals to determine [the four] at least three of the most responsible qualified proposers using those criteria previously listed in the requests for qualifications and requests for proposals for selecting architectural services specific to the project or school district. Such evaluation criteria shall include due consideration of the proposer's pricing for the project, experience with work of similar size and scope as required for the order or contract, organizational and team structure, including any subcontractors to be utilized by the proposer, for the order or contract, past performance data, including, but not limited to, adherence to project schedules and project budgets and the number of change orders for projects, the approach to the work required for the order or contract and documented contract oversight capabilities, and may include criteria specific to the project. Final selection by the awarding authority is limited to the pool of [the four] at least three of the most responsible qualified proposers and shall include consideration of all criteria included within the request for proposals. As used in this subdivision, "most responsible qualified proposer" means the proposer who is qualified by the awarding authority when considering price and the factors necessary for faithful performance of the work based on the criteria and scope of work included in the request for proposals.

(3) (A) All orders and contracts for construction management services shall be awarded from a pool of [not more than the four] at least three of the most responsible qualified proposers after a public selection process. Such process shall, at a minimum, involve requests for qualifications, followed by requests for proposals, including fees, from the proposers meeting the qualifications criteria of the request for qualifications process. Following the qualification process, the awarding authority shall evaluate the proposals to determine [the four]

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at least three of the most responsible qualified proposers using those criteria previously listed in the requests for qualifications and requests for proposals for selecting construction management services specific to the project or school district. Such evaluation criteria shall include due consideration of the proposer's pricing for the project, experience with work of similar size and scope as required for the order or contract, organizational and team structure for the order or contract, past performance data, including, but not limited to, adherence to project schedules and project budgets and the number of change orders for projects, the approach to the work required for the order or contract, and documented contract oversight capabilities, and may include criteria specific to the project. Final selection by the awarding authority is limited to the pool of [the four] at least three of the most responsible qualified proposers and shall include consideration of all criteria included within the request for proposals. As used in this subdivision, "most responsible qualified proposer" means the proposer who is qualified by the awarding authority when considering price and the factors necessary for faithful performance of the work based on the criteria and scope of work included in the request for proposals.

(B) The construction manager's contract shall include a guaranteed maximum price for the cost of construction. Such guaranteed maximum price shall be determined not later than ninety days after the selection of the trade subcontractor bids. Each construction manager shall invite bids and give notice of opportunities to bid on project elements on the State Contracting Portal. Each bid shall be kept sealed until opened publicly at the time and place set forth in the notice soliciting such bid. The construction manager shall, after consultation and approval by the town or regional school district, award any related contracts for project elements to the responsible qualified contractor submitting the lowest bid in compliance with the bid requirements, provided that (i) the construction manager shall not be eligible to submit a bid for any such project element, and (ii) construction shall not begin prior to the

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determination of the guaranteed maximum price. [, except work relating to site preparation and demolition may commence prior to such determination.] On and after July 1, 2024, the construction manager's contract shall include a requirement that the construction manager retain all documents and receipts relating to the school building project for a period of two years following the date of completion of an audit conducted by the Department of Administrative Services pursuant to this section, for such project.

(C) The construction manager shall submit quarterly reports regarding the ineligible project costs for the school building project to date to the town or regional board of education. Upon submission of the notice of project completion pursuant to subsection (d) of this section, and prior to the audit conducted by the commissioner, the construction manager shall submit a final report on the total ineligible costs for such project to the town or regional school district.

(D) The construction manager shall meet quarterly with the town or regional board of education to review any change orders for eligibility as the school building project progresses.

(4) All orders and contracts for any other consultant services, including, but not limited to, consultant services rendered by an owner's representatives, construction administrators, program managers, environmental professionals, planners and financial specialists, shall comply with the public selection process described in subdivision (2) of this subsection. No costs associated with an order or contract for such consultant services shall be eligible for state financial assistance under this chapter unless such order or contract receives prior approval from the Commissioner of Administrative Services in writing or through a written electronic communication.

(c) If the Commissioner of Administrative Services determines that a building project has not met the approved conditions of the original

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application, the Department of Administrative Services may withhold subsequent state grant payments for said project until appropriate action, as determined by the commissioner, is taken to cause the building project to be in compliance with the approved conditions or may require repayment of all state grant payments for said project when such appropriate action is not undertaken within a reasonable time.

(d) (1) Each town or regional school district shall submit a final grant application to the Department of Administrative Services [within] not later than one year from the date of completion and acceptance of the school building project by the town or regional school district. If a town or regional school district fails to submit a final grant application [within said period of time] on or before such one-year date, the commissioner may withhold ten per cent of the state reimbursement for such project.

(2) (A) On and after July 1, [2022] 2024, each town or regional school district shall submit a notice of project completion [within three years] not later than one year from the date of the issuance of a certificate of occupancy for the school building project by the town or regional school district. If a town or regional school district fails to submit such notice of project completion [within said period of time] on or before such one-year date, the commissioner shall deem such project completed and conduct an audit of such project in accordance with the provisions of this chapter.

(B) For any school building project authorized by the General Assembly prior to July 1, 2022, the commissioner shall deem as complete any such project in which a certificate of occupancy has been granted, but for which a notice of project completion has not been submitted by the town or regional school district on or before July 1, 2025.

Sec. 33. Section 163 of public act 24-151 is repealed. (*Effective from passage*)

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Sec. 34. Section 1 of special act 77-98, as amended by section 5 of special act 99-12, section 2 of public act 02-85, section 1 of special act 13-20, section 1 of special act 17-5 and section 1 of special act 24-7, is amended to read as follows (*Effective from passage*):

It is found and declared as a matter of legislative determination that the creation of the South Central Connecticut Regional Water Authority for the primary purpose of providing and assuring the provision of an adequate supply of pure water and the safe disposal of wastewater at reasonable cost within the South Central Connecticut Regional Water District and such other areas as may be served pursuant to cooperative agreements and acquisitions authorized by section 11 of special act 77-98, as amended by section 5 of special act 78-24, section 3 of special act 84-46, section 7 of public act 02-85 and section 3 of special act 17-5, as amended by this act, and, to the degree consistent with the foregoing, of advancing water conservation and the conservation and compatible recreational use of land held by the authority, conducting or investing in noncore businesses, provided, at the time of any investment in such businesses, the authority's investment, less returns of or on such investments in such businesses made on and after June 30, 2013, shall not exceed the greater of five per cent of the authority's net utility plant devoted to its water and wastewater utility businesses or such higher amount approved by a majority of the total weighted votes of the membership of the representative policy board, excluding vacancies, except that the acquisition of the Aquarion Water Company or one or more of its subsidiaries shall have no such limitations, and the carrying out of its powers, purposes, and duties under sections 1 to 33, inclusive, of special act 77-98, as amended by special act 78-24, special act 84-46, sections 5 to 7, inclusive, of special act 99-12, sections 2 to 21, inclusive, of public act 02-85, special act 13-20, special act 17-5, special act 24-7 and this act, and for the benefit of the people residing in the South Central Connecticut Regional Water District and the state of Connecticut, and for the improvement of their health, safety and welfare, that said

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purposes are public purposes, and that the authority will be performing an essential governmental function in the exercise of its powers under sections 1 to 33, inclusive, of special act 77-98, as amended by special act 78-24, special act 84-46, sections 5 to 7, inclusive, of special act 99-12, section 2 of public act 02-85, special act 13-20, special act 17-5, special act 24-7 and this act. The authority shall have the power to conduct or invest in noncore businesses authorized pursuant to this section, either directly or through an affiliated business entity.

Sec. 35. Section 2 of special act 77-98, as amended by section 1 of special act 78-24, section 3 of public act 02-85, section 2 of special act 13-20, section 2 of special act 17-5 and section 2 of special act 24-7, is amended to read as follows (*Effective from passage*):

As used in sections 1 to 33, inclusive, of special act 77-98, as amended by special act 78-24, public act 02-85, special act 13-20, special act 17-5, special act 24-7 and this act, unless a different meaning appears in the context: "Authority" means the South Central Connecticut Regional Water Authority created by section 5 of special act 77-98, as amended by section 4 of special act 78-24, public act 02-85 and special act 13-20; "district" means the South Central Connecticut Regional Water District created by section 3 of special act 77-98, as amended by section 2 of special act 78-24; "representative policy board" means the representative policy board of the South Central Connecticut Regional Water District created by section 4 of special act 77-98, as amended by section 3 of special act 78-24; "chief executive officer" means that full time employee of the authority responsible for the execution of the policies of the authority and for the direction of the other employees of the authority; "treasurer" means the treasurer of the authority; "customer" means any person, firm, corporation, company, association or governmental unit furnished water or wastewater service by the authority or any owner of property who guarantees payment for water or wastewater service to such property; "properties" means the water supply and distribution

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system or systems, wastewater collection and treatment systems and other real or personal property of the authority; "bonds" means bonds, notes and other obligations issued by the authority; "revenues" means all rents, charges and other income derived from the operation of the properties of the authority; "wastewater" means any substance, liquid or solid, which may contaminate or pollute or affect the cleanliness or purity of any water; "water supply system" means plants, structures and other real and personal property acquired, constructed or operated for the purpose of supplying water, including basins, dams, canals, aqueducts, standpipes, pumping stations, water distribution systems, including land, reservoirs, conduits, pipelines, mains, compensating reservoirs, waterworks or sources of water supply, wells, purification or filtration plants or other plants and works, connections, rights of flowage or diversion and other plants, structures, conveyances, real or personal property or rights therein and appurtenances necessary or useful and convenient for the accumulation, supply or distribution of water or for the conduct of water or environment related activities; "wastewater system" means plants, structures and other real and personal property acquired, constructed or operated for the purpose of collecting, treating and discharging or reusing wastewater, whether or not interconnected, including wastewater treatment plants, pipes and conduits for collection of wastewater, pumping stations and other plants, works, structures, conveyances, real or personal property or rights therein and appurtenances necessary or useful and convenient for the collection, transmission, treatment and disposition of wastewater; "subsidiary corporation" means a corporation organized under the general statutes or by special act which owns or operates all or part of a water supply system or a wastewater system within the district and all of the voting stock of which is owned by the authority; [] "noncore business" means an activity, including an activity conducted outside the state of Connecticut, that is the acquisition of the Aquarion Water Company or one or more of its subsidiaries or an activity that is related to water, environment, agriculture, sustainable manufacturing support,

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or an energy project consisting of either a class I renewable energy source, as defined in subdivision (20) of subsection (a) of section 16-1 of the general statutes, or a class III source, as defined in subdivision (38) of said section, but excluding wind sources located within the district and any activity located on property that is class I or class II land owned by the authority; and "affiliated business entity" means a corporation, a limited liability company or a limited partnership controlled directly or indirectly by the authority that conducts or invests in a noncore business. A reference in sections 1 to 33, inclusive, of special act 77-98, as amended by special act 78-24, special act 84-46, public act 02-85 and special act 13-20, to any general statute, public act or special act shall include any amendment or successor thereto.

Sec. 36. Section 4 of special act 77-98, as amended by section 3 of special act 78-24, section 2 of special act 84-46, section 5 of public act 02-85, section 2 of special act 03-11, section 10 of special act 13-20 and section 3 of special act 24-7, is amended by adding subsection (f) as follows (*Effective from passage*):

(f) The members of the representative policy board shall have the authority to act on behalf of the Aquarion representative policy board, as defined in section 35 of section 41 of this act, until such time as the members of the Aquarion representative policy board are appointed.

Sec. 37. Section 5 of special act 77-98, as amended by section 4 of special act 78-24 and section 4 of special act 24-7, is amended to read as follows (*Effective from passage*):

(a) A public corporation, to be known as the "South Central Connecticut Regional Water Authority," constituting a public instrumentality and political subdivision, is created for the purposes, charged with the duties and granted the powers provided in sections 1 to 33, inclusive, of special act 77-98, as amended by special act 78-24 and this act. On and before December 31, 2024, the authority shall consist of

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five members who shall be residents of the district and not be members of the representative policy board. On and after January 1, 2025, except as provided in subsection (c) of this section, the authority shall consist of seven members who shall reside in Connecticut and not be members of the representative policy board, and not fewer than five such members shall be residents of the district. All members shall be appointed without regard to political affiliation by a majority of the total votes of those members of the representative policy board present at a meeting at which at least two-thirds of the weighted vote, excluding vacancies, is present, for terms of five years, not to exceed four consecutive full terms, and until their successors are appointed and have qualified, except that of the members first appointed, one shall be appointed for a term ending January 1, 1983, one for a term ending January 1, 1982, one for a term ending January 1, 1981, one for a term ending January 1, 1980, and one for a term ending January 1, 1979. The sixth member first appointed shall be appointed for a three-year term ending January 1, 2028, and the seventh member first appointed shall be appointed for a five-year term ending January 1, 2030. Any vacancy occurring on the authority shall be filled in the same manner for the unexpired portion of the term. Any member of the authority may be removed from office by the representative policy board for cause. Members of the authority shall receive such compensation to be adjusted every three years by the Consumer Price Index factor, as described in section 4 of special act 77-98, as amended by special act 78-24, special act 84-46, public act 02-85, special act 03-11, special act 13-20 and this act, if approved by the majority of weighted votes of the membership of the representative policy board, excluding vacancies, and shall be reimbursed for their necessary expenses incurred in performance of their duties.

(b) The members of the South Central Connecticut Regional Water Authority board shall have the authority to act on behalf of the Aquarion Water Authority, as described in section 35 of section 41 of

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this act, until such time as the members of the Aquarion Water Authority board are appointed.

(c) Notwithstanding the provisions of subsection (a) of this section, upon the Public Utilities Regulatory Authority's approval of the South Central Connecticut Regional Water Authority or the Aquarion Water Authority to own and operate the Aquarion Water Company or one or more of its subsidiaries, the authority board shall consist of eleven members who shall reside in Connecticut and not be members of the representative policy board, six of whom shall be residents of the South Central Connecticut Regional Water District appointed by the representative policy board, and five of whom shall be appointed by the representative policy board of the Aquarion Regional Water District, as described in section 35 of section 41 of this act, in accordance with section 38 of section 41 of this act. The six members appointed by the representative policy board of the authority shall have the authority to act on behalf of the Aquarion Water Authority until such time as the members of the Aquarion Water Authority are appointed. All such authority members shall be appointed without regard to political affiliation by a majority of the total votes of those members of the representative policy board present at a meeting at which at least two-thirds of the weighted vote, excluding vacancies, is present, for terms of five years, not to exceed four consecutive full terms, and until their successors are appointed and have qualified. The sixth member first appointed shall be appointed for a three-year term ending January 1, 2028, and the seventh member first appointed shall be appointed for a five-year term ending January 1, 2030. Any vacancy occurring on the authority shall be filled in the same manner for the unexpired portion of the term. Any member of the authority may be removed from office by the representative policy board for cause. Members of the authority shall receive such compensation to be adjusted every three years by the Consumer Price Index factor, as described in section 4 of special act 77-98, as amended by special act 78-24, special act 84-46, public act 02-85,

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special act 03-11, special act 13-20, special act 24-7 and this act, if approved by the majority of weighted votes of the membership of the representative policy board, excluding vacancies, and shall be reimbursed for their necessary expenses incurred in performance of their duties.

Sec. 38. Section 9 of special act 77-98, as amended by section 5 of special act 24-7, is amended to read as follows (*Effective from passage*):

The authority shall meet at least quarterly. Except as the bylaws of the authority may provide in emergency situations, the powers of the authority shall be exercised by the members at a meeting duly called and held. On and before December 31, 2024, three members shall constitute a quorum, and on and after January 1, 2025, four members shall constitute a quorum, provided that after the appointment of all authority members appointed by the representative policy board of the Aquarion Regional Water District, a quorum shall be six members, and no action shall be taken except pursuant to the affirmative vote of a quorum. The authority may delegate to one or more of its members, officers, agents or employees such powers and duties as it may deem proper.

Sec. 39. Section 11 of special act 77-98, as amended by section 5 of special act 78-24, section 3 of special act 84-46, section 7 of special act 02-85, and section 3 of special act 17-5, is amended to read as follows (*Effective from passage*):

Subject to the provisions of sections 1 to 33, inclusive, of special act 77-98, as amended by special act 78-24, special act 84-46 sections 5 to 7, inclusive, of special act 99-12, public act 02-85, special act 13-20, special act 17-5, special act 24-7 and this act, the authority shall have the power: (a) To sue and be sued; (b) to have a seal and alter the same at its pleasure; (c) to acquire in the name of the authority by purchase, lease or otherwise and to hold and dispose of personal property or any

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interest therein, including shares of stock of a subsidiary corporation; (d) to acquire in the name of the authority by purchase, lease or otherwise and to hold and dispose of any real property or interest therein, including water rights and rights of way and water discharge rights, which the authority determines to be necessary or convenient, and to acquire any existing wastewater system or water supply system or parts thereof which are wholly or partially within the district as described under section 3 of special act 77-98, as amended by section 2 of special act 78-24, section 1 of special act 84-46 and public act 02-85. As a means of so acquiring, the authority or a subsidiary corporation may purchase all of the stock or all of any part of the assets and franchises of any existing privately owned water or wastewater company, whereupon the authority or such subsidiary corporation shall succeed to all rights, powers and franchises thereof. Sections 16-43, 16-50c and 16-50d of the general statutes shall not apply to any action by the authority or a subsidiary corporation or any action by any privately owned water company or sewage company, as defined in section 16-1 of the general statutes, taken to effectuate the acquisition of the stock or all or any part of the assets and franchises of such water company or sewage company by the authority, provided section 16-43 of the general statutes shall apply to any action taken to effectuate the acquisition of the stock or all or any part of the assets and franchises of the Ansonia Derby Water Company by the authority. Notwithstanding any provision of section 25-32 of the general statutes, land may be transferred to the authority or a subsidiary corporation of the authority as part of such an acquisition. The commissioner of health services shall not grant a permit for a change in the use of any class I or class II land owned by the Ansonia Derby Water Company on the effective date of this section and not transferred to the authority or a subsidiary corporation or a permit for the sale, lease or assignment of any such class II land, unless (1) all provisions of section 25-32 of the general statutes are complied with, and (2) the commissioner of health services determines, after holding a hearing, notice of which shall be published

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not later than thirty days before the hearing in one or more newspapers having a substantial circulation in the municipalities in which the land is located, that such change in the use or sale, lease, or assignment of the land will not have a significant adverse impact upon present and future water supply needs of the authority or a subsidiary corporation of the authority; (e) to construct and develop any water supply system or any wastewater system; (f) to own, operate, maintain, repair, improve, construct, reconstruct, replace, enlarge and extend any of its properties; (g) any provision in any general statute, special act or charter to the contrary notwithstanding, but subject to the provisions of section 12 of special act 77-98, as amended by section 8 of public act 02-85, and section 28 of special act 77-98, as amended by section 9 of special act 78-24, to sell water, however acquired, to customers within the district or to any municipality or water company; (h) any provisions in any general statute, special act or charter to the contrary notwithstanding, to purchase water approved by the commissioner of health from any person, private corporation or municipality when necessary or convenient for the operation of any water supply system operated by the authority; (i) to adopt and amend bylaws, rules and regulations for the management and regulation of its affairs and for the use and protection of the water and properties of the authority or a subsidiary corporation and, subject to the provisions of any resolution authorizing the issuance of bonds, rules for the sale of water, the collection and processing of wastewater and the collection of rents and charges for both water supply and wastewater functions. A copy of such bylaws, rules and regulations and all amendments thereto, certified by the secretary of the authority, shall be filed in the office of the secretary of the state and with the clerk of each town and city within the district. Any superior court located within the district shall have jurisdiction over any violation of such bylaws, rules or regulations and the authority may prosecute actions before the superior court to enforce such bylaws, rules and regulations; (j) to make contracts and to execute all necessary or convenient instruments, including evidences of indebtedness,

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negotiable or non-negotiable; (k) to borrow money, to issue negotiable bonds or notes, to fund and refund the same and to provide for the rights of the holders of the authority's obligations; (l) to open the grounds in any public street or way or public grounds for the purpose of laying, installing, maintaining or replacing pipes and conduits, provided upon the completion of such work the grounds shall be restored to the condition they were in previously; (m) to enter into cooperative agreements with other water authorities, municipalities, water districts, water companies or water pollution control authorities within or without the district for interconnection of facilities, for exchange or interchange of services and commodities or for any other lawful purpose necessary or desirable to effect the purposes of sections 1 to 33, inclusive, of special act 77-98, as amended by special act 78-24, special act 84-46 and sections 5 to 7, inclusive, of special act 99-12, special act 13-20, special act 17-5, special act 24-7 and this act, such agreements to be binding for a period specified therein; (n) to acquire, hold, develop and maintain land and other real estate and waters for conservation and for compatible active and passive recreational purposes and to levy charges for such uses, provided the state department of health finds that such uses will not harm the quality of water provided by the authority; (o) to apply for and accept grants, loans or contributions from the United States, the state of Connecticut or any agency, instrumentality or subdivision of either of them or from any person, and to expend the proceeds for any of its purposes; (p) to create programs and policies for the purpose of conserving water; (q) to do any and all things necessary or convenient to carry out the powers expressly given in sections 1 to 33, inclusive, of special act 77-98, as amended by special act 78-24, special act 84-76, sections 5 to 7, inclusive, of special act 99-12, public act 02-85, special act 13-20, special act 17-5, special act 24-7 and this act, including the powers granted by the general statutes to stock corporations, except the power to issue stock, and the powers granted by the general statutes to water pollution control authorities; and (r) to borrow money, to issue negotiable bonds or notes, to fund and refund the same and to provide

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for the rights of the holders of the authority's obligations for the specific purpose of acquiring the Aquarion Water Company or one or more of its subsidiaries.

Sec. 40. Subsection (a) of section 15 of special act 77-98, as amended by section 8 of special act 99-12 and section 11 of special act 02-85, is amended to read as follows (*Effective from passage*):

(a) The representative policy board shall establish an office of consumer affairs to act as the advocate for consumer interests in all matters which may affect consumers, including without limitation matters of rates, water quality and supply and wastewater service quality. The costs of such office of consumer affairs, unless otherwise provided by the state, shall jointly be paid by the authority and the Aquarion Water Authority.

Sec. 41. Special act 77-98, as amended by special act 78-24, special act 84-46, special act 99-12, special act 02-85, special act 03-11, special act 13-20, special act 17-5, special act 18-04 and special act 24-7, is amended by adding sections 34 to 65, inclusive, as follows (*Effective from passage*):

Sec. 34. It is found and declared as a matter of legislative determination that the creation of the Aquarion Water Authority for the primary purpose of providing and assuring the provision of an adequate supply of pure water and the safe disposal of wastewater at reasonable cost within the Aquarion Regional Water District and such other areas as may be served pursuant to cooperative agreements and acquisitions and, to the degree consistent with the foregoing, of advancing water conservation and the conservation and compatible recreational use of land held by the authority, conducting or investing in noncore businesses, provided, at the time of any investment in such businesses, the authority's investment, less returns of or on such investments in such businesses, shall not exceed the greater of five per cent of the authority's net utility plant devoted to its water and

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wastewater utility businesses or such higher amount approved by a majority of the total weighted votes of the membership of the Aquarion representative policy board, excluding vacancies, and the carrying out of its powers, purposes, and duties under sections 34 to 65, inclusive, of this act and for the benefit of the people residing in the Aquarion Regional Water District and the state of Connecticut, and for the improvement of their health, safety and welfare, that said purposes are public purposes, and that the authority will be performing an essential governmental function in the exercise of its powers under sections 34 to 65, inclusive, of this act. The authority shall have the power to conduct or invest in noncore businesses authorized pursuant to this section, either directly or through an affiliated business entity.

Sec. 35. As used in sections 34 to 65, inclusive, of this act unless a different meaning appears in the context: "Authority" means the Aquarion Water Authority; "district" means the Aquarion Regional Water District; "Aquarion representative policy board" means the representative policy board of the Aquarion Regional Water District; "chief executive officer" means that full time employee of the authority responsible for the execution of the policies of the authority and for the direction of the other employees of the authority; "treasurer" means the treasurer of the authority; "customer" means any person, firm, corporation, company, association or governmental unit furnished water or wastewater service by the authority or any owner of property who guarantees payment for water or wastewater service to such property; "properties" means the water supply and distribution system or systems, wastewater collection and treatment systems and other real or personal property of the authority; "bonds" means bonds, notes and other obligations issued by the authority; "revenues" means all rents, charges and other income derived from the operation of the properties of the authority; "wastewater" means any substance, liquid or solid, which may contaminate or pollute or affect the cleanliness or purity of any water; "water supply system" means plants, structures and other

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real and personal property acquired, constructed or operated for the purpose of supplying water, including basins, dams, canals, aqueducts, standpipes, pumping stations, water distribution systems, including land, reservoirs, conduits, pipelines, mains, compensating reservoirs, waterworks or sources of water supply, wells, purification or filtration plants or other plants and works, connections, rights of flowage or diversion and other plants, structures, conveyances, real or personal property or rights therein and appurtenances necessary or useful and convenient for the accumulation, supply or distribution of water or for the conduct of water or environment related activities; "wastewater system" means plants, structures and other real and personal property acquired, constructed or operated for the purpose of collecting, treating and discharging or reusing wastewater, whether or not interconnected, including wastewater treatment plants, pipes and conduits for collection of wastewater, pumping stations and other plants, works, structures, conveyances, real or personal property or rights therein and appurtenances necessary or useful and convenient for the collection, transmission, treatment and disposition of wastewater; "subsidiary corporation" means a corporation organized under the general statutes or by special act which owns or operates all or part of a water supply or a wastewater system within the district and all of the voting stock of which is owned by the authority; "noncore business" means an activity, including an activity conducted outside the state of Connecticut, that is the acquisition of the Aquarion Water Company or one or more of its subsidiaries or an activity that is related to water, environment, agriculture, sustainable manufacturing support, or an energy project consisting of either a class I renewable energy source, as defined in subdivision (20) of subsection (a) of section 16-1 of the general statutes, or a class III source, as defined in subdivision (38) of said section, but excluding wind sources located within the district and any activity located on property that is class I or class II land owned by the authority; and "affiliated business entity" means a corporation, a limited liability company or a limited partnership controlled directly or indirectly by the

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authority that conducts or invests in a noncore business. A reference in sections 34 to 65, inclusive, of this act to any general statute, public act or special act shall include any amendment or successor thereto.

Sec. 36. There is created a district to be known as the "Aquarion Regional Water District" which embraces the area and territory of the towns and cities of Beacon Falls, Bethel, Bridgeport, Brookfield, Burlington, Canaan, Cornwall, Danbury, Darien, East Derby, East Granby, East Hampton, Easton, Fairfield, Farmington, Goshen, Granby, Greenwich, Groton, Harwinton, Kent, Lebanon, Litchfield, Mansfield, Marlborough, Middlebury, Monroe, New Canaan, New Fairfield, New Hartford, New Milford, Newtown, Norfolk, North Canaan, Norwalk, Norwich, Oxford, Plainville, Redding, Ridgefield, Salisbury, Seymour, Shelton, Sherman, Simsbury, Southbury, Southington, Stamford, Stonington, Stratford, Suffield, Torrington, Trumbull, Washington, Weston, Westport, Wilton, Wolcott, and Woodbury; provided, if the authority shall neither own land or properties nor sell water or provide wastewater services directly to customers in any city or town within the district, the area and territory of such city or town thereupon shall be excluded from the district.

Sec. 37. (a) The Aquarion representative policy board shall consist of one elector from each city and town within the district who shall be appointed by the chief elected official of such city or town, with the approval of its legislative body, and one elector of the state who shall be appointed by the governor. The term of the initial members of the Aquarion representative policy board shall commence when each member is first appointed and each member shall serve for a term of three years, except that members first appointed from Beacon Falls, Bethel, Bridgeport, Brookfield, Burlington, Canaan, Cornwall, Danbury, Darien, East Derby, East Granby, East Hampton, Easton, Fairfield, Farmington, Goshen, Granby, Greenwich, Groton, and Harwinton shall serve until June 30, 2026, the members first appointed from Kent,

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Lebanon, Litchfield, Mansfield, Marlborough, Middlebury, Monroe, New Canaan, New Fairfield, New Hartford, New Milford, Newtown, Norfolk, North Canaan, Norwalk, Norwich, Oxford, Plainville, Redding, and Ridgefield shall serve until June 30, 2027, and the members first appointed from Salisbury, Seymour, Shelton, Sherman, Simsbury, Southbury, Southington, Stamford, Stonington, Stratford, Suffield, Torrington, Trumbull, Washington, Weston, Westport, Wilton, Wolcott, and Woodbury shall serve until June 30, 2028, and the member first appointed by the governor shall serve for a term commencing upon appointment and ending on the third June thirtieth thereafter; provided members shall continue to serve until their successors are appointed and have qualified. In the event of the resignation, death or disability of a member from any city or town or the state, a successor may be appointed by the chief elected official of such city or town, or in the case of the member appointed by the governor, by the governor, for the unexpired portion of the term. Members shall receive two hundred fifty dollars, adjusted as provided in this subsection, for each day in which they are engaged in their duties and shall be reimbursed for their necessary expenses incurred in the performance of their duties. Such two-hundred-fifty dollar compensation amount shall be adjusted on January 1, 2027, and every third year thereafter to reflect changes in the Consumer Price Index for All Urban Consumers, Northeast Urban, All Items (1982-84=100) published by the United States Bureau of Labor Statistics or a comparable successor index. They shall elect a chairman and a vice-chairman, who shall be members of the Aquarion representative policy board, and a secretary. The chairman shall receive a per diem payment of one and one-half times the amount paid to members and provisional members. The Aquarion representative policy board shall meet at least quarterly with the authority and such members of the staff of the authority as the Aquarion representative policy board deems appropriate.

(b) Notwithstanding the provisions of subsection (a) of this section,

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no members shall be appointed to the board of the authority or the Aquarion representative policy board until the date of the Public Utilities Regulatory Authority's approval of the South Central Connecticut Regional Water Authority or the Aquarion Water Authority to own and operate the Aquarion Water Company or one or more of its subsidiaries. The South Central Connecticut Regional Water Authority shall send written notice to each entity with appointment authority pursuant to subsection (a) of this section upon such approval.

(c) In voting upon all matters before the Aquarion representative policy board, the vote of each member from a city or town shall be accorded a weight, determined as follows: The sum of (1) the quotient obtained by dividing the number of customers in the city or town from which such member is appointed by the total number of customers in all cities and towns from which members have been appointed, taken twice, and (2) the quotient obtained by dividing the number of acres of land owned by the authority within the city or town from which such member is appointed by the total number of acres of land owned by the authority in all cities and towns from which members have been appointed, shall be divided by three, the quotient thereof multiplied by one hundred and the product thereof shall be rounded to the nearest whole number. The weighted vote of the member appointed by the governor shall be one. For the purposes of this section, "number of customers" means the number of premises or groups of premises treated as units for ordinary billing or other ordinary receipt of charges by the authority and shall be determined from the records of the authority on the last day of its preceding fiscal year and "number of acres of land" means the number of acres of land rounded to the nearest whole number as may appear on the records of the authority on the last day of its preceding fiscal year. Whenever a vote is taken on any matter by the Aquarion representative policy board, the vote shall be determined in accordance with this subsection. Members of the Aquarion representative policy board holding a majority of the votes so weighted

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shall constitute a quorum.

(d) The Aquarion representative policy board shall adopt and may amend such rules of procedure and bylaws for the conduct of its affairs as it deems appropriate. It shall establish (1) a standing committee on land use and management to consult with the authority on all matters of land use and management, including acquisition and sale, recreational use, cutting of timber and other products, mining and quarrying; (2) a standing committee on finance to consult with the authority on matters relating to financial and budgetary matters and the establishment of rates; and (3) a standing committee on consumer affairs to consult with the authority and the officer of consumer affairs established pursuant to section 48 of this act on matters concerning the interests of people residing within the district. The Aquarion representative policy board may appoint such other committees as it considers convenient from time to time.

Sec. 38. (a) A public corporation, to be known as the "Aquarion Water Authority", constituting a public instrumentality and political subdivision, is created for the purposes, charged with the duties and granted the powers provided in section 34 to 65, inclusive, of this act. On and after December 31, 2025, the authority shall consist of eleven members. Five of the members shall be residents of the Aquarion Regional Water District who are appointed by the Aquarion representative policy board and shall not be members of the Aquarion representative policy board, and six of the members shall be members of the South Central Connecticut Regional Water Authority who are appointed by the South Central Connecticut Regional Water Authority representative policy board. The eleven members of the board for the Aquarion Water Authority shall be and remain the same eleven members of the board of the South Central Connecticut Water Authority. All authority board members shall be appointed without regard to political affiliation by a majority of the total votes of those

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members of the Aquarion representative policy board present at a meeting at which at least two-thirds of the weighted vote, excluding vacancies, is present, for terms of five years, not to exceed four consecutive full terms, and until their successors are appointed and have qualified, except that of the members first appointed, two shall be appointed for a term ending January 1, 2026, two for a term ending January 1, 2027, two for a term ending January 1, 2028, two for a term ending January 1, 2029, and three for a term ending January 1, 2030. Any vacancy occurring on the authority shall be filled in the same manner for the unexpired portion of the term. Any member of the authority may be removed from office by the Aquarion representative policy board for cause. Members of the authority shall receive such compensation, to be adjusted every three years by the Consumer Price Index factor, as described in section 37 of this act, if approved by the majority of weighted votes of the membership of the Aquarion representative policy board, excluding vacancies, and shall be reimbursed for their necessary expenses incurred in performance of their duties.

(b) Notwithstanding the provisions of subsection (a) of this section, no members shall be appointed to the board of the authority or the Aquarion representative policy board until the date of the Public Utilities Regulatory Authority's approval of the South Central Connecticut Regional Water Authority or the Aquarion Water Authority to own and operate the Aquarion Water Company or one or more of its subsidiaries.

Sec. 39. The duration of the Aquarion representative policy board and of the authority shall be perpetual unless terminated or altered by act of the General Assembly, provided the General Assembly shall not terminate the existence of the authority until all of its liabilities have been met and its bonds have been paid in full or such liabilities and bonds have otherwise been discharged.

Sec. 40. The officers of the authority shall be a chairman and a vice-

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chairman, who shall be members of the authority, and a treasurer and a secretary, who may be members of the authority. The first chairman and vice-chairman shall be the chairman and vice-chairman of the South Central Connecticut Regional Water Authority, who shall each serve for two-year terms, and each subsequent chairman and vice-chairman shall be elected by the authority for two-year terms. All other officers shall be elected by the authority for one-year terms. The treasurer shall execute a bond conditioned upon the faithful performance of the duties of his office, the amount and sufficiency of which shall be approved by the authority and the premium therefor shall be paid by the authority. The authority shall, from time to time, appoint an agent for the service of process, and shall notify the secretary of the state of the same and address of said agent.

Sec. 41. The authority may employ such persons as it may determine to be necessary or convenient for the performance of its duties and may fix and determine their qualifications, duties and compensation, provided the chief executive officer shall be the chief executive officer of the South Central Connecticut Regional Water Authority. The authority shall establish a position with ongoing responsibilities for the use and management of its land resources and such other senior managerial positions as it deems appropriate, which shall be filled by appointment by the chief executive officer with the approval of the authority. The authority may also, from time to time, contract for professional services.

Sec. 42. The authority shall meet at least quarterly. Except as the bylaws of the authority may provide in emergency situations, the powers of the authority shall be exercised by the members at a meeting duly called and held. On and after December 31, 2025, six members shall constitute a quorum, and no action shall be taken except pursuant to the affirmative vote of a quorum. The authority may delegate to one or more of its members, officers, agents or employees such powers and duties as it may deem proper.

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Sec. 43. Except in the event of an emergency, whenever a public hearing is required under sections 34 to 65, inclusive, of this act, notice of such hearing shall be published by the Aquarion representative policy board at least twenty days before the date set therefor, in a newspaper or newspapers having a general circulation in each city and town comprising the district. In the event of an emergency, notice of such hearing shall be authorized by the chairman of the Aquarion representative policy board and published in such newspaper or newspapers at least seven days before the date set therefor. If there is no such newspaper, such notice shall be published in one or more electronic media, including, without limitation, the authority's Internet web site, as are likely to reach a broad segment of persons within the district. Such notice shall set forth the date, time and place of such hearing and shall include a description of the matters to be considered at such hearing. A copy of the notice shall be filed in the office of the clerk of each such city and town and shall be available for inspection by the public. At such hearings, all the users of the water supply system or the wastewater system, owners of property served or to be served and other interested persons shall have an opportunity to be heard concerning the matter under consideration. When appropriate, the chairman of the Aquarion representative policy board may convene more than one hearing on any matter and direct such hearings to be held in suitable locations within the district so as to assure broader participation by the general public in discussion of the matters under consideration, provided in the case of the sale or transfer of real property pursuant to section 51 of this act, a public hearing shall be held in the city or town in which such real property is situated. Any decision of the Aquarion representative policy board on matters considered at such public hearing shall be in writing and shall be published in a newspaper or newspapers having a general circulation in each city and town comprising the district within thirty days after such decision is made. For purposes of this section, "emergency" means a determination by the chief executive officer of the authority, the chairman of the

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authority and the chairman of the Aquarion representative policy board, or their designees, that (1) delay in the award of a contract or the expenditure of capital funds may threaten the public's safety or place property at risk, (2) immediate action is necessary to respond to or recover from a natural disaster or invasion or other hostile action, or (3) immediate action is necessary to respond to an event threatening or compromising the integrity of the authority's information systems and associated infrastructure.

Sec. 44. Subject to the provisions of sections 34 to 65, inclusive, of this act, the authority shall have the power: (a) To sue and be sued; (b) to have a seal and alter the same at its pleasure; (c) to acquire in the name of the authority by purchase, lease or otherwise and to hold and dispose of personal property or any interest therein, including shares of stock of a subsidiary corporation; (d) to acquire in the name of the authority by purchase, lease or otherwise and to hold and dispose of any real property or interest therein, including water rights and rights of way and water discharge rights, which the authority determines to be necessary or convenient, and to acquire any existing wastewater system or water supply system or parts thereof which are wholly or partially within the district as described under section 36 of this act. As a means of so acquiring, the authority or a subsidiary corporation may purchase all of the stock or all of any part of the assets and franchises of any existing privately owned water or wastewater company, whereupon the authority or such subsidiary corporation shall succeed to all rights, powers and franchises thereof. Sections 16-43, 16-50c and 16-50d of the general statutes shall not apply to any action by the authority or a subsidiary corporation or any action by any privately owned water company or sewage company, as defined in section 16-1 of the general statutes, taken to effectuate the acquisition of the stock or all or any part of the assets and franchises of such water company or sewage company by the authority. Notwithstanding any provision of section 25-32 of the general statutes, land may be transferred to the authority or a subsidiary

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corporation of the authority as part of such an acquisition; (e) to construct and develop any water supply system or any wastewater system; (f) to own, operate, maintain, repair, improve, construct, reconstruct, replace, enlarge and extend any of its properties; (g) notwithstanding any provision of the general statutes, special acts or this charter, but subject to the provisions of section 45 of this act, to sell water, however acquired, to customers within the district or to any municipality or water company; (h) notwithstanding any provision of the general statutes, special acts or this charter, to purchase water approved by the Commissioner of Public Health from any person, private corporation or municipality when necessary or convenient for the operation of any water supply system operated by the authority; (i) to adopt and amend bylaws, rules and regulations for the management and regulation of its affairs and for the use and protection of the water and properties of the authority or a subsidiary corporation and, subject to the provisions of any resolution authorizing the issuance of bonds, rules for the sale of water, the collection and processing of wastewater and the collection of rents and charges for both water supply and wastewater functions. A copy of such bylaws, rules and regulations and all amendments thereto, certified by the secretary of the authority, shall be filed in the office of the Secretary of the State and with the clerk of each town and city within the district. Any superior court located within the district shall have jurisdiction over any violation of such bylaws, rules or regulations and the authority may prosecute actions before the superior court to enforce such bylaws, rules and regulations; (j) to make contracts and to execute all necessary or convenient instruments, including evidences of indebtedness, negotiable or non-negotiable; (k) to borrow money, to issue negotiable bonds or notes, to fund and refund the same and to provide for the rights of the holders of the authority's obligations; (l) to open the grounds in any public street or way or public grounds for the purpose of laying, installing, maintaining or replacing pipes and conduits, provided upon the completion of such work the grounds shall be restored to the condition they were in previously; (m)

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to enter into cooperative agreements with other water authorities, municipalities, water districts, water companies or water pollution control authorities within or without the district for interconnection of facilities, for exchange or interchange of services and commodities or for any other lawful purpose necessary or desirable to effect the purposes of sections 34 to 65, inclusive, of this act, such agreements to be binding for a period specified therein; (n) to acquire, hold, develop and maintain land and other real estate and waters for conservation and for compatible active and passive recreational purposes and to levy charges for such uses, provided the state department of health finds that such uses will not harm the quality of water provided by the authority; (o) to apply for and accept grants, loans or contributions from the United States, the state of Connecticut or any agency, instrumentality or subdivision of either of them or from any person, and to expend the proceeds for any of its purposes; (p) to create programs and policies for the purpose of conserving water; (q) to do any and all things necessary or convenient to carry out the powers expressly given in sections 34 to 36, inclusive, of this act and sections 38 to 40, inclusive, of this act, including the powers granted by the general statutes to stock corporations, except the power to issue stock, and the powers granted by the general statutes to water pollution control authorities; and (r) to borrow money, to issue negotiable bonds or notes, to fund and refund the same and to provide for the rights of the holders of the authority's obligations for the specific purpose of acquiring the Aquarion Water Company or one or more of its subsidiaries.

Sec. 45. The authority shall not sell water to customers in any part of the district with respect to which any person, any firm or any corporation incorporated under the general statutes or any special act has been granted a franchise to operate as a water company, as defined in section 16-1 of the general statutes, or in which any town, city or borough or any district organized for municipal purposes operates a municipal water supply system, unless the legislative body of such

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town, city, borough or district, such person, or the governing board of such firm or corporation shall consent in writing to such sale by the authority. The authority shall not extend wastewater services into new areas previously unserved without the approval of either the legislative body of the town, city, borough or district in which such area is located or a duly authorized water pollution control authority. Notwithstanding the provisions of any town or district charter, any town or district may sell or transfer a wastewater system to the authority with the approval of the legislative body of such town or district after a public hearing.

Sec. 46. (a) Except with respect to (1) any real or personal property or interest therein, the legal title to which is vested in the state or a political subdivision thereof, (2) any existing water supply system, or (3) any existing wastewater system, if such authority cannot agree with any owner upon the terms of acquisition by the authority of any real or personal property or interest therein which the authority is authorized to acquire, the authority may proceed, at its election, in the manner provided in subsection (b) of this section or in the manner provided in subsection (c) of this section, except that the authority may not proceed in the manner described in subsections (b) and (c) of this section with respect to property to be acquired for noncore businesses.

(b) The authority may, after ten days' written notice to such owner, petition the superior court for the county or judicial district in which such property is located, or, if said court is not then sitting, any judge of said court, and thereupon said court or such judge shall appoint a committee of three disinterested persons, who shall be sworn before commencing their duties. Such committee, after giving reasonable notice to the parties, shall view the property in question, hear the evidence, ascertain the value, assess just damages to the owner or parties interested in the property and report its doings to said court or such judge. Within fourteen days after such report is made to said court

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or such judge, any party may move for the acceptance thereof. Said court or such judge may accept such report or may reject it for irregular or improper conduct by the committee in the performance of its duties. If the report is rejected, the court or judge shall appoint another committee, which shall proceed in the same manner as did the first committee. If the report is accepted, such acceptance shall have the effect of a judgment in favor of the owner of the property against said authority for the amount of such assessment, and, except as otherwise provided by law, execution may issue therefor. Such property shall not be used by such authority until the amount of such assessment has been paid to the party to whom it is due or deposited for his use with the state treasurer and, upon such payment or deposit, such property shall become the property of the authority; provided, if at any stage of condemnation proceedings brought hereunder, it appears to the court or judge before whom such proceedings are pending that the public interest will be prejudiced by delay, said court or such judge may direct that the authority be permitted to enter immediately upon the property to be taken and devote it temporarily to the public use specified in such petition upon the deposit with said court of a sum to be fixed by said court or such judge, upon notice to the parties of not less than ten days, and such sum when so fixed and paid shall be applied so far as it may be necessary for the purpose of the payment of any award of damages which may be made, with interest thereon from the date of the order of said court or judge, and the remainder if any returned to the authority. If such petition is dismissed or no award of damages is made, said court or such judge shall direct that the money so deposited, so far as it may be necessary, shall be applied to the payment of any damages that the owner of such property or other parties in interest may have sustained by such entry upon and use of such property, and of the costs and expenses of such proceedings, such damages to be ascertained by said court or such judge or a committee to be appointed for that purpose, and if the sum so deposited is insufficient to pay such damages and all costs and expenses so awarded, judgment shall be entered against the

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authority for the deficiency, to be enforced and collected in the same manner as a judgment by the superior court; and the possession of such property shall be restored to the owner or owners thereof. The expenses or costs of any such proceedings shall be taxed by said court or such judge and paid by the authority.

(c) The authority, in its name, may proceed in the manner specified for redevelopment agencies in accordance with sections 8-128 to 8-133, inclusive, of the general statutes.

Sec. 47. With the approval of the Aquarion representative policy board, the authority shall establish just and equitable rates or charges for the use of the water supply system and the wastewater system authorized herein, to be paid by any customer, including rates of interest on unpaid rates or charges, and may change such rates, charges or rates of interest from time to time. Such water supply system rates or charges shall be established so as to provide funds sufficient in each year, with other water supply related revenues, if any, (a) to pay the cost of maintaining, repairing and operating the water supply system and each and every portion thereof, to the extent that adequate provision for the payment of such cost has not otherwise been made, (b) to pay the principal of and the interest on outstanding water supply bonds of the authority as the same shall become due and payable, (c) to meet any requirements of any resolution authorizing, or trust agreement securing, such bonds of the authority, (d) to make payments in lieu of taxes as provided in section 54 of this act, as the same become due and payable, upon the water supply system properties of the authority or of a subsidiary corporation to the municipalities in which such properties are situated, (e) to provide for the maintenance, conservation and appropriate recreational use of the land of the authority, and (f) to pay all other reasonable and necessary expenses of the authority and of the Aquarion representative policy board to the extent that such expenses are allocable to the water supply system activities of the authority and

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the Aquarion representative policy board. Such wastewater system rates or charges shall be established so as to provide funds sufficient in each year with other wastewater related revenues, if any, (1) to pay the cost of maintaining, repairing and operating the wastewater system and each and every portion thereof, to the extent that adequate provision for the payment of such cost has not otherwise been made, (2) to pay the principal of and the interest on outstanding wastewater bonds of the authority as the same shall become due and payable, (3) to meet any requirements of any resolution authorizing, or trust agreement securing, such bonds of the authority, and (4) to pay all other reasonable and necessary expenses of the authority and of the Aquarion representative policy board to the extent that such expenses are allocable to the wastewater activities of the authority and of the Aquarion representative policy board. No such rate or charge shall be established until it has been approved by the Aquarion representative policy board, after said board has held a public hearing at which all the users of the waterworks system or the wastewater system, the owners of property served or to be served and others interested have had an opportunity to be heard concerning such proposed rate or charge. The Aquarion representative policy board shall approve such rates and charges unless it finds that such rates and charges will provide funds in excess of the amounts required for the purposes described previously in this section, or unless it finds that such rates and charges will provide funds insufficient for such purposes. The rates or charge, so established for any class of users or property served, shall be extended to cover any additional premises thereafter served which are within the same class, without the necessity of a hearing thereon. Any change in such rates or charges shall be made in the same manner in which they were established. The rates or charges levied upon any customer of any water supply system shall not be required to be equalized with the authority's existing rates, but may be set on a separate basis, provided such rates are just, equitable and nondiscriminatory. Such rates or charges, if not paid when due, shall constitute a lien upon the premises served and a

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charge against the owners thereof, which lien and charge shall bear interest not to exceed the maximum rate as would be allowed for unpaid taxes. Such lien shall take precedence over all other liens or encumbrances except taxes and may be foreclosed against the lot or building served in the same manner as a lien for taxes, provided all such liens shall continue until such time as they shall be discharged or foreclosed by the authority without the necessity of filing certificates of continuation, but in no event for longer than fifteen years. The amount of any such rate or charge that remains due and unpaid after twenty-eight days, which number of days may be changed with the approval of the majority of the weighted votes of the membership of the Aquarion representative policy board, excluding vacancies, with interest thereon at a rate approved by the Aquarion representative policy board but not to exceed the maximum interest rate allowed pursuant to the Connecticut general statutes for unpaid property taxes and with reasonable attorneys' fees, be recovered by the authority in a civil action in the name of the authority against such owners. Any municipality shall be subject to the same rate or charges under the same conditions as other users of the water supply system or the wastewater system. The assets or the revenues of the water system shall not be available to satisfy debts, judgments or other obligations arising out of the operation of the wastewater system and the assets or the revenues of the wastewater system shall not be available to satisfy debts, judgments or other obligations arising out of the operation of the water system.

Sec. 48. The office of consumer affairs established by the representative policy board of the South Central Connecticut Regional Water District shall act as the advocate for consumer interests in all matters which may affect consumers of the Aquarion Regional Water District, including without limitation matters of rates, water quality and supply and wastewater service quality and shall have those powers and authorizations set forth in section 15 of special act 77-98, as amended by section 8 of special act 99-12 and section 11 of special act 02-85, as

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amended by this act. The costs of such office of consumer affairs, unless otherwise provided by the state, shall be jointly shared paid by the South Central Connecticut Regional Water Authority and the Aquarion Water Authority.

Sec. 49. All contracts in excess of fifty thousand dollars for any supplies, materials, equipment, construction work or other contractual services shall be in writing and shall be awarded upon either sealed bids or proposals or electronic submission of bids or proposals, and in each case made in compliance with a public notice duly advertised by publication in one or more newspapers of general circulation or, if there are no such newspapers, in appropriate electronic media, including, without limitation, the authority's Internet web site, as are likely to reach a broad segment of potential vendors, at least ten days before the time fixed for review of said bids or proposals, except for (1) contracts for professional services, (2) when the supplies, materials, equipment or work can only be furnished by a single party, (3) when the authority determines by a two-thirds vote of the entire authority that the award of such contract by negotiation without public bidding will be in the best interest of the authority, or (4) when the procurement is made as a result of participation in a procurement group, alliance or consortium made up of other state or federal government entities in which the state of Connecticut is authorized to participate. The authority may in its sole discretion reject all such bids or proposals or any bids received from a person, firm or corporation the authority finds to be unqualified to perform the contract, and shall award such contract to the lowest responsible bidder qualified to perform the contract.

Sec. 50. (a) If any member or employee of the Aquarion representative policy board or of the authority or any employee of a subsidiary corporation or an affiliated business entity is financially interested in or has any personal beneficial interest, directly or indirectly, in any proposed contract or proposed purchase order for any supplies,

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materials, equipment or contractual services to be furnished to or used by the Aquarion representative policy board, the authority, a subsidiary corporation or an affiliated business entity such member or employee shall immediately so inform the Aquarion representative policy board, the authority, the subsidiary corporation or the affiliated business entity whichever he or she is a member or employee of, and shall take no part in the deliberations or vote concerning such contract or purchase order. The Aquarion representative policy board, as to its members and employees, and the subsidiary corporation or affiliated business entity as to its employees, the authority, as to its members and employees, may terminate the membership or employment of any person who violates this subsection.

(b) No member or employee of the Aquarion representative policy board, the authority, a subsidiary corporation or an affiliated business entity shall accept or receive, directly or indirectly, from any person, firm or corporation to which any contract or purchase order may be awarded, by rebate, gift or otherwise, any promise, obligation or contract for future reward or compensation or any money or anything of value in excess of ten dollars, provided the aggregate value of all such things provided by a donor to a recipient in any calendar year shall not exceed fifty dollars and, excluding any food or beverage or food and beverage, costing less than fifty dollars in the aggregate per recipient in a calendar year, and consumed on an occasion or occasions at which the person paying, directly or indirectly, for the food or beverage, or his representative, is in attendance. Any person who violates any provision of this subsection shall be fined not more than five hundred dollars or imprisoned for not more than six months or both.

Sec. 51. (a) Notwithstanding any provision of sections 34 to 65, inclusive, of this act, the authority shall not sell or otherwise transfer any unimproved real property or any interest or right therein, except for access or utility purposes, or develop such property for any use not

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directly related to a water supply function, other than for public recreational use not prohibited by section 25-43c of the general statutes, until the land use standards and disposition policies required by subsection (b) of this section have been approved by the Aquarion representative policy board, unless the chief executive officer of the town or city in which such property is located has approved such sale, transfer or development in writing. The provisions of this section shall not apply to any portion of a wastewater system.

(b) Within two years from the date it acquires all or part of a water supply system, the authority shall develop and submit to the Aquarion representative policy board for approval (1) standards for determining the suitability of its real property for categories of land use, including which, if any, of its real property may be surplus with regard to the purity and adequacy of both present and future water supply, which, if any, may be desirable for specified modes of recreation or open space use and which may be suitable for other uses, giving due consideration to the state plan of conservation and development, to classification and performance standards recommended in the final report of the council on water company lands pursuant to subsection (c) of section 16-49c of the general statutes and to such other plans and standards as may be appropriate, and (2) policies regarding the disposition of its real property including identification of dispositions which are unlikely to have any significant effect on the environment. Prior to approving any standards or policies specified in this subsection, the Aquarion representative policy board shall hold one or more public hearings to consider the proposed standards and policies. The proposed standards and policies shall be available for public inspection in the offices of the authority from the date notice of such hearing is published. The authority may amend such standards and policies from time to time with the approval of the Aquarion representative policy board, which shall hold public hearings if it deems such amendments substantial.

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(c) After approval of land use standards and disposition policies in the manner provided in subsection (b) of this section, the authority shall not: (1) Sell or otherwise transfer any real property or any interest or right therein, except (A) for access, (B) for utility purposes, or (C) to dedicate land as open space by conveying a conservation restriction, as defined in section 47-42a of the general statutes, to the federal, state or a municipal government or a nonprofit land-holding organization, as defined in section 47-6b of the general statutes, or (2) develop such property for any use not directly related to a water supply function, other than for public recreational use not prohibited by section 25-43c of the general statutes, without the approval of a majority of the weighted votes of all of the members of the Aquarion representative policy board, excluding vacancies, in the case of a parcel of twenty acres or less, and by three-fourths of the weighted votes of all of the members of said board, excluding vacancies, in the case of a parcel in excess of twenty acres. The Aquarion representative policy board shall not approve such sale or other transfer or development unless it determines, following a public hearing, that the proposed action (A) conforms to the established standards and policies of the authority, (B) is not likely to affect the environment adversely, particularly with respect to the purity and adequacy of both present and future water supply, and (C) is in the public interest, giving due consideration, among other factors, to the financial impact of the proposed action on the customers of the authority and on the municipality in which the real property is located.

(d) Each request by the authority for approval pursuant to subsection (c) of this section shall be accompanied by an evaluation of the potential impact of the proposed action for which approval is requested, which shall include: (1) A description of the real property and its environment, including its existing watershed function and the costs to the authority of maintaining such property in its current use, (2) a statement that the proposed action conforms to the land classification standards and disposition policies of the authority, (3) a detailed statement of the

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environmental impact of the proposed action and, if appropriate, of any alternatives to the proposed action, considering (A) direct and indirect effects upon the purity and adequacy of both present and future water supply, (B) the relationship of the proposed action to existing land use plans, including municipal and regional land use plans and the state plan of conservation and development, (C) any adverse environmental effects which cannot be avoided if the proposed action is implemented, (D) any irreversible and irretrievable commitments of resources which would be involved should the proposed action be implemented, and (E) any mitigation measures proposed to minimize adverse environmental impacts; except that for a sale or transfer identified in accordance with subsection (b) of this section as being unlikely to have any significant effect on the environment, the authority may submit a preliminary assessment of the impact likely to occur in lieu of such detailed statement of environmental impact, and the Aquarion representative policy board may, on the basis of such preliminary assessment, waive or modify the requirements for such detailed statement, and (4) a summary of the final evaluation and recommendation of the authority.

(e) The Aquarion representative policy board shall submit the evaluation required by subsection (d) of this section for comment and review, at least sixty days in advance of the public hearing, to the department of health, the department of planning and energy policy, the regional planning agency for the region, the chief executive officer of the city or town in which the real property is situated and other appropriate agencies, and shall make such evaluation available to the public for inspection. The decision of the Aquarion representative policy board approving or disapproving the proposed action shall be published in a newspaper or newspapers having a general circulation within the district and copies of such decision shall be filed with the clerk of each town and city in the district.

(f) Whenever the authority intends to sell or otherwise transfer any

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unimproved real property or any interest or right therein after approval by the Aquarion representative policy board, the authority shall first notify in writing, by certified mail, return receipt requested, the Commissioner of Energy and Environmental Protection and the legislative body of the city or town in which such land is situated, of such intention to sell or otherwise transfer such property and the terms of such sale or other transfer, and no agreement to sell or otherwise transfer such property may be entered into by the authority except as provided in this subsection. (1) Within ninety days after such notice has been given, the legislative body of the city or town or the Commissioner of Energy and Environmental Protection may give written notice to the authority by certified mail, return receipt requested, of the desire of the city, town or state to acquire such property and each shall have the right to acquire the interest in the property which the authority has declared its intent to sell or otherwise transfer, provided the state's right to acquire the property shall be secondary to that of the city or town. (2) If the legislative body of the city or town or the Commissioner of Energy and Environmental Protection fails to give notice as provided in subdivision (1) of this subsection or gives notice to the authority by certified mail, return receipt requested, that the city, town or state does not desire to acquire such property, the city or town or the state shall have waived its right to acquire such property in accordance with the terms of this subsection. (3) Within eighteen months after notice has been given as provided in subdivision (1) of this subsection by the city or town or the state of its desire to acquire such property, the authority shall sell the property to the city or town or the state, as the case may be, or, if the parties cannot agree upon the amount to be paid therefor, the city or town or the state may proceed to acquire the property in the manner specified for redevelopment agencies in accordance with sections 8-128 to 8-133, inclusive, of the general statutes, provided property subject to the provisions of subsections (b) and (c) of section 25-32 of the general statutes shall not be sold without the approval of the department of health. (4) If the city or town or the state fails to

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acquire the property or to proceed as provided in said sections within eighteen months after notice has been given by the city or town or the state of its desire to acquire the property, such city or town or the state shall have waived its rights to acquire such property in accordance with the terms of this subsection. (5) Notwithstanding the provisions of section 54 of this section, the authority shall not be obligated to make payments in lieu of taxes on such property for the period from the date the city or town gives notice of its desire to acquire such property. (6) Notwithstanding the provisions of subdivision (4) of this subsection, if the authority thereafter proposes to sell or otherwise transfer such property to any person subject to less restrictions on use or for a price less than that offered by the authority to the city or town and the state, the authority shall first notify the city or town and the Commissioner of Energy and Environmental Protection of such proposal in the manner provided in subdivision (1) of this subsection, and such city or town and the state shall again have the option to acquire such property and may proceed to acquire such property in the same manner and within the same time limitations as are provided in subdivisions (1) to (4), inclusive, of this subsection. (7) The provisions of this subsection shall not apply to transfers of real property from the authority to any public service company. (8) A copy of each notice required by this subsection shall be sent by the party giving such notice to the clerk of the town or city in which the real property is situated and such clerk shall make all such notices part of the appropriate land records.

(g) Nothing contained in this section shall be construed to deprive the state Department of Public Health of its jurisdiction under section 25-32 of the general statutes. The authority shall notify the state Commissioner of Public Health of any proposed sale or other transfer of land, or change or use, as required by said section.

(h) The authority shall use the proceeds of any sale or transfer under this section solely for capital improvements to its remaining properties,

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acquisition of real property or any interest or right therein, retirement of debt or any combination of such purposes.

(i) The provisions of this section shall apply to any unimproved real property or any interest or right therein related to the water supply system whether owned or possessed by the authority or by any subsidiary corporation.

Sec. 52. The authority shall not (1) acquire, by purchase, lease or otherwise any existing water supply system or parts thereof or any wastewater system or parts thereof, (2) commence any project costing more than three and one-half million dollars to repair, improve, construct, reconstruct, enlarge and extend any of its properties or systems, or (3) acquire or make a subsequent investment in any noncore business in an amount more than one and one-half million dollars without the approval, following a public hearing, of a majority of the total weighted votes of the membership of the Aquarion representative policy board, excluding vacancies. The dollar amounts specified in subdivisions (2) and (3) of this section shall be adjusted every three years by the Consumer Price Index factor, as described in section 37 of this act, with the approval of a majority of the weighted votes of the membership of the Aquarion representative policy board, excluding vacancies.

Sec. 53. (a) The authority shall have an annual audit of its accounts, books and records by a certified public accountant selected by the Aquarion representative policy board. A copy of the audit shall be filed in the office of the town clerk in each town within the district and shall be available for public inspection during the ordinary business hours of the authority at the principal office of the authority. A concise financial statement shall be posted annually on the Aquarion Water Authority's web site.

(b) The attorney general may examine the books, accounts and records of the authority.

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Sec. 54. (a) Neither the authority nor a subsidiary corporation or an "affiliated business entity" shall be required to pay taxes or assessments upon any of the properties acquired by it or under its jurisdiction, control or supervision, provided in lieu of such taxes or assessments the authority shall make annual payments to each municipality in which it or a subsidiary corporation owns property related to the water supply system equal to the taxes which would otherwise be due for the property of the authority or such subsidiary corporation in such municipality, excluding any improvements made to or constructed on any such real property by the authority or such subsidiary corporation, provided land owned by the authority or a subsidiary corporation related to the water supply system shall be assessed in accordance with section 12-63 of the general statutes, and provided further payments for property acquired by the authority or a subsidiary corporation during any tax year shall be adjusted for such fractional year in accordance with the customary practice in such municipality for adjusting taxes between the buyer and seller of real property. In addition, the authority or a subsidiary corporation shall reimburse each such municipality for its expenses in providing municipal services to any improvements made to or constructed on any real property by the authority or such subsidiary corporation within such municipality. As used in this section, "improvements" does not include water pipes or improvements to water pipes.

(b) The authority may contest the assessed valuation of any properties owned by the authority or a subsidiary corporation with respect to which any payment in lieu of taxes is determined in the same manner as any owner of real property in such municipality. Payments in lieu of taxes payable to any municipality shall be paid by the authority to the municipality upon the date and in the manner provided for the payment of real property taxes of the municipality.

(c) In the event the authority in any year does not have sufficient

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funds to make such payments in lieu of taxes, or any portion of them, as the same become due and payable, the authority shall adjust its rates and charges and the Aquarion representative policy board shall approve such adjustment of rates and charges, after a public hearing thereon as provided in section 14 of special act 77-98, as amended by section 6 of special act 78-24, so as to provide funds within one year after the date on which such payment became due and payable to make such payment. Any municipality or any holder of bonds or notes of the authority aggrieved by the failure of the authority to make any payment in lieu of taxes or portion thereof as the same becomes due and payable may apply to the superior court for the county in which such municipality is situated for an order directing the authority to appropriately increase its rates and charges.

(d) Neither the authority nor a subsidiary corporation shall be required to pay taxes imposed upon or measured by the receipts or earnings derived by the authority or such subsidiary corporation through the ownership or operation of a water supply system, or imposed as a result of the income, powers, activities or items reflected on the balance sheet of the authority or such subsidiary corporation.

Sec. 55. (a) The authority, subject to the approval of the Aquarion representative policy board, shall have the power and is authorized from time to time to issue its negotiable bonds for any of its corporate purposes, including incidental expenses in connection therewith, and to secure the payment of the same by a lien or pledge covering all or part of its contracts, earnings or revenues. The authority shall have power from time to time, without the approval of the Aquarion representative policy board, to refund any bonds by the issuance of new bonds within the terms of any refunding provisions of its bonds, whether the bonds to be refunded have or have not matured, and may issue bonds partly to refund bonds then outstanding and partly for any of its public purposes. Except as may be otherwise expressly provided by the

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authority every issue of bonds by the authority shall be preferred obligations, taking priority over all other claims against the authority, including payments in lieu of taxes to any municipality, and payable out of any moneys, earnings or revenues of the authority, subject only to any agreements with the holders of particular bonds pledging any particular moneys, earnings or revenues. Notwithstanding the fact that the bonds may be payable from a special fund, if they are otherwise of such form and character as to be negotiable instruments under the terms of the uniform commercial code, the bonds shall be negotiable instruments within the meaning of and for all the purposes of the uniform commercial code, subject only to the provisions of the bonds for registration.

(b) The bonds shall be authorized by resolution of the authority and shall bear such date or dates, mature at such time or times, bear interest at such rates per annum, not exceeding statutory limitations, be payable at such times, be in such denomination, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America, at such place or places, and be subject to such terms of redemption as such resolution or resolutions may provide. All bonds of the authority shall be sold through a negotiated sale or a public sale to the bidder who shall offer the lowest true interest cost to the authority, to be determined by the authority.

(c) Any resolution or resolutions authorizing any bonds or any issue of bonds may contain provisions which shall be a part of the contract with the holders of the bonds thereby authorized as to (1) pledging all or any part of the moneys, earnings, income and revenues derived from all or any part of the properties of the authority to secure the payment of the bonds or of any issue of the bonds subject to such agreement with the bondholders as may then exist, (2) the rates, rentals, fees and other charges to be fixed and collected and the amounts to be raised in each

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year thereby, and the use and disposition of the earnings and other revenues, (3) the setting aside of reserves and the creation of sinking funds and the regulation and disposition thereof, (4) limitations on the rights of the authority to restrict and regulate the use of the properties in connection with which such bonds are issued, (5) limitations on the purposes to which, and the manner in which, the proceeds of sale of any issue of bonds may be applied, (6) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds, (7) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given, (8) the creation of special funds into which any earnings or revenues of the authority may be deposited, (9) the terms and provisions of any trust deed or indenture securing the bonds or under which bonds may be issued, (10) definitions of the acts or omission to act which shall constitute a default in the obligations and duties of the authority to the bondholders and providing the rights and remedies of the bondholders in the event of such default, including as a matter of right the appointment of a receiver, provided such rights and remedies shall not be inconsistent with the general laws of this state, (11) limitations on the power of the authority to sell or otherwise dispose of its properties, (12) any other matters, of like or different character, which in any way affect the security or protection of the bonds, and (13) limitations on the amount of moneys derived from the properties to be expended for operating, administrative or other expenses of the authority.

(d) The authority may obtain from a commercial bank or insurance company a letter of credit, line of credit or other liquidity facility or credit facility for the purpose of providing funds for the payments in respect of bonds, notes or other obligations required by the holder thereof to be redeemed or repurchased prior to maturity or for providing additional security for such bonds, notes or other obligations.

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In connection therewith, the authority may enter into reimbursement agreements, remarketing agreements, standby bond purchase agreements and any other necessary or appropriate agreements. The authority may pledge all or any part of the moneys, earnings, income and revenues derived from all or any part of the properties of the authority and any other property which may be pledged to bondholders to secure its payment obligations under any agreement or contract entered into pursuant to this section subject to such agreements with the bondholders as may then exist.

(e) In connection with or incidental to the carrying of bonds or notes or in connection with or incidental to the sale and issuance of bonds or notes, the authority may enter into such contracts to place the obligation of the authority, as represented by the bonds or notes, in whole or in part, on such interest rate or cash flow basis as the authority may determine, including without limitation, interest rate swap agreements, insurance agreements, forward payment conversion agreements, contracts providing for payments based on levels of, or changes in, interest rates or market indices, contracts to manage interest rate risk, including, without limitation, interest rate floors or caps, options, puts, calls and similar arrangements. Such contracts shall contain such payment, security, default, remedy and other terms and conditions as the authority may deem appropriate and shall be entered into with such party or parties as the authority may select, after giving due consideration, where applicable, for the creditworthiness of the counterparty or counterparties, provided such parties or counterparties shall be a financial institution whose unsecured long-term obligations are rated within the top two rating categories of any nationally recognized rating service. The authority may pledge all or any part of the moneys, earnings, income and revenues derived from all or any part of the properties of the authority and any other property which may be pledged to bondholders to secure its payment obligations under any agreement or contract entered into pursuant to this section subject to

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such agreements with the bondholders as may then exist.

(f) It is the intention of the general assembly that any pledge of earnings, revenues or other moneys made by the authority shall be valid and binding from the time when the pledge is made; that the earnings, revenues or other moneys so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

(g) Neither the members of the authority nor any person executing the bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(h) The authority shall have the power out of any funds available to purchase, as distinguished from the power of redemption above, and all bonds so purchased shall be cancelled.

(i) In the discretion of the authority, the bonds may be secured by a trust indenture by and between the authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company. Such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of any law, including covenants setting forth the duties of the authority in relation to the construction, maintenance, operation, repair and insurance of the properties and the custody, safeguarding and application of all moneys, and may provide that the properties shall be constructed and paid for under the supervision and approval of consulting engineers. The authority may provide by such trust indenture or other depository for the methods of disbursement thereof, with such safeguards and

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restrictions as it may determine. All expenses incurred in carrying out such trust indenture may be treated as part of the cost of maintenance, operation and repair of the properties. If the bonds are secured by a trust indenture, bondholders shall have no authority to appoint a separate trustee to represent them.

(j) Notwithstanding any other provision of sections 34 to 65, inclusive, of this act, any resolution or resolutions authorizing bonds or notes of the authority shall contain a covenant by the authority that it will at all times maintain rates, fees, rentals or other charges sufficient to pay, and that any contracts entered into by the authority for the sale and distribution of water or the collection of wastewater shall contain rates, fees, rentals or other charges sufficient to pay, the cost of operation and maintenance of the properties and the principal of and interest on any obligation issued pursuant to such resolution or resolutions as the same severally become due and payable, and to maintain any reserves or other funds required by the terms of such resolution or resolutions.

(k) If any officer of the authority whose signature or a facsimile of whose signature appears on any bonds or coupons ceases to be such officer before delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if they had remained in office until such delivery.

Sec. 56. The authority shall have the power and is authorized to issue negotiable notes and may renew the same from time to time, but the maximum maturity of any such note, including renewals thereof, shall not exceed eight years from date of issue of such original note. Such notes shall be paid from any moneys of the authority available therefor and not otherwise pledged or from the proceeds of the sale of the bonds of the authority in anticipation of which they were issued. The notes shall be issued and may be secured in the same manner as the bonds and such notes and the resolution or resolutions authorizing such notes may contain any provisions, conditions or limitations which the bonds

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or a bond resolution of the authority may contain. Such notes shall be as fully negotiable as the bonds of the authority.

Sec. 57. The state of Connecticut does pledge to and agree with the holders of the bonds or notes of the authority that the state will not limit or alter the rights vested in the authority to acquire, construct, maintain, operate, reconstruct and improve the properties, to establish and collect the revenues, rates, rentals, fees and other charges referred to in sections 34 to 66, inclusive, of this act and to fulfill the terms of any agreements made with the holders of the bonds or notes, or in any way impair the rights and remedies of the bondholders or noteholders until the bonds or notes together with interest thereon, interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders or noteholders are fully met and discharged.

Sec. 58. The bonds, notes or other obligations of the authority shall not be a debt of the state of Connecticut or of any municipality, and neither the state nor any municipality shall be liable therefor, nor shall they be payable out of funds other than those of the authority.

Sec. 59. The bonds and notes of the authority shall be securities in which all public officers and bodies of this state and all municipalities, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, savings and loan associations, investment companies and other persons carrying on a banking business and all other persons whatever, except as hereinafter provided, who are now or may be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds, including capital in their control or belonging to them; provided, notwithstanding the provisions of any other general statute or special act to the contrary, such bonds shall not be eligible for the investment of funds, including capital, of trusts, estates or guardianships under the control of individual administrators,

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guardians, executors, trustees or other individual fiduciaries. The bonds shall also be securities that may be deposited with and may be received by all public officers and bodies of this state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of this state is now or may be authorized.

Sec. 60. The state of Connecticut covenants with the purchasers and with all subsequent holders and transferees of bonds or notes issued by the authority, in consideration of the acceptance of and payment for the bonds or notes, that the bonds and notes of the authority, the income therefrom and all moneys, funds and revenues pledged to pay or secure the payment of such bonds or notes shall at all times be free from taxation.

Sec. 61. Nothing in sections 34 to 65, inclusive, of this act shall be construed to deprive the Commissioner of Energy and Environmental Protection, the Commissioner of Public Health or any successor commissioner or board of any jurisdiction which such commissioners or boards may now or hereafter have. Neither the Public Utilities Regulatory Authority nor any successor board or commissioner shall have jurisdiction of any kind over the authority, a subsidiary corporation, the Aquarion representative policy board or the rates fixed or charges collected by the authority.

Sec. 62. Insofar as the provisions of sections 34 to 65, inclusive, of this act are inconsistent with the provisions of any other general statute, special act or any municipal ordinance, the provisions of sections 34 to 65, inclusive, of this act shall be controlling; provided nothing contained in sections 34 to 65, inclusive, of this act shall exempt the authority from compliance with zoning regulations lawfully established by any municipality, except that the plants, structures and other facilities of the water supply system or the wastewater system owned or operated by the authority shall be permitted uses in all zoning districts in every city, town or borough within the district; and provided further that the

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authority may not construct purification or filtration plants or wastewater treatment plants in any zoning district in which such use is not permitted under local zoning regulations without first obtaining approval of the proposed location of such facility from the Aquarion representative policy board following a public hearing.

Sec. 63. (a) The authority or any person who is aggrieved by a decision of the Aquarion representative policy board with respect to the establishment of rates or charges, the establishment of land use standards and disposition policies, the sale or other transfer or change of use of real property, the location of purification, filtration or wastewater treatment plants, the commencement of any project costing more than three and one-half million dollars, and as adjusted by the Consumer Price Index factor, as described in section 37 of this act, and subject to the approval of a majority of the weighted votes of the membership of the Aquarion representative policy board, excluding vacancies, to repair, improve, construct, reconstruct, enlarge or extend any of the properties or systems of the authority or the acquisition by purchase, lease or otherwise of any existing water supply system, wastewater system or part thereof, other than the purchase of all or any part of the properties and franchises of the Aquarion Water Company, is entitled to review by the Superior Court as provided in this section. For the purposes of this section, the holders of any bonds or notes of the authority and any trustee acting on behalf of such holders shall be deemed aggrieved persons with respect to any decision of the Aquarion representative policy board which violates any covenant or other provision of the resolution or resolutions authorizing such bonds or notes.

(b) Proceedings for review shall be instituted by filing a petition in the superior court for the judicial district of Hartford within forty-five days after publication of the decision of the Aquarion representative policy board or, if a rehearing is requested, within forty-five days after

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the decision thereon. Copies of the petition shall be served upon the Aquarion representative policy board and published in a newspaper or newspapers having a general circulation in each town or city comprising the district.

(c) The filing of the petition shall not of itself stay enforcement of the decision of the Aquarion representative policy board. The Aquarion representative policy board may grant, or the reviewing court may order, a stay upon appropriate terms, provided enforcement of a decision respecting the establishment of rates or charges may be stayed only after issuance of a judgment for the appellant by the reviewing court.

(d) Within thirty days after service of the petition, or within such further time as may be allowed by the court, the Aquarion representative policy board shall transmit to the reviewing court the original or a certified copy of the entire record of the proceeding under review, which shall include the Aquarion representative policy board's findings of fact and conclusions of law, separately stated. By stipulation of all parties to the review proceedings, the record may be shortened. A party unreasonably refusing to stipulate to limit the record may be taxed by the court for the additional costs. The court may require or permit subsequent corrections or additions to the record.

(e) If, before the date set for hearing, application is made to the court for leave to present additional evidence, and it is shown to the satisfaction of the court that the additional evidence is material and that there were good reasons for failure to present it in the proceeding before the Aquarion representative policy board, the court may refer the case back to the board with instructions to take such evidence as the court directs. The Aquarion representative policy board may modify its findings and decision by reason of the additional evidence and shall file that evidence and any modifications, new findings, or decisions with the reviewing court.

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(f) The review shall be conducted by the court without a jury and shall be confined to the record. In cases of alleged irregularities in procedure before the Aquarion representative policy board, not shown in the record, proof thereon may be taken in the court. The court, upon request, shall hear oral argument and receive written briefs.

(g) The court shall not substitute its judgment for that of the Aquarion representative policy board as to the weight of the evidence on questions of fact. The court shall affirm the decision of the Aquarion representative policy board unless the court finds that the substantial rights of the appellant have been prejudiced because the Aquarion representative policy board's findings, inferences, conclusions, or decisions are: (1) In violation of constitutional provisions, the general statutes or the provisions of this or another special act; (2) in excess of the authority of the Aquarion representative policy board; (3) made upon unlawful procedure; (4) affected by other error of law; (5) clearly erroneous in view of the reliable probative, and substantial evidence on the whole record; or (6) arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion. If the court finds such prejudice, it shall sustain the appeal and, if appropriate, may render a judgment under subsection (h) of this section or remand the case for further proceedings.

(h) If a particular Aquarion representative policy board action is required by law, the court, on sustaining the appeal, may render a judgment that modifies the Aquarion representative policy board decision, orders the Aquarion representative policy board action, or orders the Aquarion representative policy board to take such action as may be necessary to effect the particular action.

(i) In any case in which an aggrieved party claims that he cannot pay the costs of an appeal under this section and will thereby be deprived of a right to which he is entitled, he shall, within the time permitted for filing the appeal, file with the clerk of the court to which the appeal is to

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be taken an application for waiver of payment of such fees, costs and necessary expenses, including the requirements of bond, if any. After such hearing as the court determines is necessary, the court shall enter its judgment on the application, which judgment shall contain a statement of the facts the court has found, with its conclusions thereon. The filing of the application for the waiver shall toll the time limits for the filing of an appeal until such time as a judgment on such application is entered.

(j) Neither the authority nor the Aquarion representative policy board shall be construed to be an agency within the scope of chapter 54 of the general statutes.

Sec. 64. (a) Whenever the authority acquires the property and franchises of any private water company or companies operating a water supply system within its district, all employees of such company or companies who are necessary for the operation of the authority, except senior managerial officers, shall become employees of the authority and shall be credited by the authority with all rights that have accrued as of the date of such acquisition with respect to seniority, sick leave, vacation, insurance and pension benefits in accordance with the records, personnel policies or labor agreements of the acquired company or companies.

(b) The authority shall assume and observe all accrued pension obligations of such acquired company or companies, and members and beneficiaries of any pension, retirement or other employee benefit system established by the acquired company or companies shall continue to have such rights, privileges, benefits, obligations and status with respect to such established systems as have accrued as of the date of such acquisition. The authority may enter into agreements with representatives of its employees relative to the inclusion of its employees in any applicable state or municipal employee's retirement plan or plans, and the authority shall constitute a municipality eligible

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to participate in such retirement plans. The authority may enter into agreements with representatives of its employees relative to the transfer to or the establishment of pension trust funds under the joint control of such authority and representatives of its employees, and shall have all powers necessary to maintain and administer such trust funds jointly with representatives of its employees.

(c) The authority shall assume and observe all labor contracts of such company or companies in existence at the time of transfer and all obligations incurred by such contracts regarding wages, salaries, hours, sick leave and other leave, working conditions, grievance procedures, collective bargaining and pension or retirement.

(d) The authority shall assume and observe personnel policies of such company or companies in existence at the time of transfer relating to personnel not covered by labor contracts, and all obligations incurred through such personnel policies regarding wages, salaries, hours, sick leave, vacation, pension and retirement, subject to such modifications therein as the authority may subsequently adopt, provided such modifications shall not affect any rights of such employees which have vested prior to such modification.

(e) Nothing in this section shall prevent the authority from hiring any senior managerial officers of such company on such terms as it may determine or be construed to prohibit the authority from exercising the normal prerogatives of management with respect to such matters as the promotion, demotion, assignment, transfer or discharge of its employees, nor shall the authority be bound by any term of any personnel policy entered into by such company or companies in anticipation of acquisition by the authority.

Sec. 65. The relations between the authority and its employees with respect to collective bargaining and the arbitration of labor disputes shall be governed by sections 7-467 to 7-477, inclusive, of the general

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statutes.

Sec. 42. (*Effective from passage*) Sections 34 to 41, inclusive, of this act shall not be effective on and after December 31, 2027, unless the Public Utilities Regulatory Authority approves the South Central Connecticut Regional Water Authority or the Aquarion Water Authority to own and operate the Aquarion Water Company, or one or more of its subsidiaries, by said date.

Sec. 43. (NEW) (*Effective October 1, 2024*) (a) As used in this section:

(1) "Actions which may significantly affect the environment" has the same meaning as provided in section 22a-1c of the general statutes, but does not include any action that (A) is a major federal action under the National Environmental Policy Act, 42 USC 4321 et seq., as amended from time to time, (B) is an undertaking under the National Historic Preservation Act, 54 USC 300101 et seq., as amended from time to time, (C) affects an archaeological site, or (D) affects a sacred site;

(2) "Archaeological site" has the same meaning as provided in section 10-381 of the general statutes;

(3) "Historic structures and landmarks" has the same meaning as provided in section 10-410 of the general statutes;

(4) "Sacred site" has the same meaning as provided in section 10-381 of the general statutes;

(5) "Sponsoring agency" has the same meaning as described in sections 22a-1 to 22a-1h, inclusive, of the general statutes;

(6) "State entity" means a state department, institution or agency under sections 22a-1 to 22a-1h, inclusive, of the general statutes;

(7) "State funding recipient" means any person that receives funds from the state to be used for an activity or a sequence of planned

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activities that are subject to the process established by sections 22a-1 to 22a-1h, inclusive, of the general statutes; and

(8) "State Historic Preservation Officer" means the individual appointed by the Governor pursuant to 54 USC 302301(1), as amended from time to time, to administer the state historic preservation program in accordance with 54 USC 302303, as amended from time to time.

(b) Whenever a sponsoring agency requests an initial determination from the State Historic Preservation Officer, in accordance with sections 22a-1 to 22a-1h, inclusive, of the general statutes, as to whether an individual activity or a sequence of planned activities proposed to be undertaken by the sponsoring agency, a state entity or a state funding recipient, as applicable, is within the category of actions which may significantly affect the environment because such activity or sequence of activities could have an impact on the state's historic structures and landmarks, the officer shall:

(1) In making such initial determination, consider all information provided by the sponsoring agency, state entity or state funding recipient, as applicable; and

(2) Make such initial determination not later than thirty days after the officer receives information the officer deems reasonably necessary to make such initial determination.

(c) If the State Historic Preservation Officer makes an initial determination that such individual activity or sequence of planned activities will not have any effect on historic structures and landmarks, or is not within the category of actions which may significantly affect the environment because such activity or sequence of activities will not have an impact on historic structures and landmarks, the officer shall provide such determination in writing to the sponsoring agency, state entity or state funding recipient, as applicable. Such written

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determination shall constitute a final determination by the officer for the purposes of this section.

(d) (1) If the State Historic Preservation Officer makes an initial determination that such individual activity or sequence of planned activities will have an effect on historic structures and landmarks, or is within the category of actions which may significantly affect the environment because such activity or sequence of activities will have an impact on historic structures and landmarks, the officer shall, in collaboration with the sponsoring agency, state entity or state funding recipient, as applicable, propose a prudent or feasible alternative to such individual activity or sequence of planned activities to avoid such impact, if such alternative is possible.

(2) If the State Historic Preservation Officer and the sponsoring agency, state entity or state funding recipient, as applicable, reach an agreement regarding such alternative, the officer shall provide to such sponsoring agency, state entity or state funding recipient, as applicable, a written determination that such alternative (A) will not have any effect on historic structures and landmarks, or (B) is not within the category of actions which may significantly affect the environment because such activity or sequence of activities will not have an impact on historic structures and landmarks. Such written determination shall constitute a final determination by the officer for the purposes of this section.

(3) (A) If the State Historic Preservation Officer and the sponsoring agency, state entity or state funding recipient, as applicable, cannot reach an agreement regarding such alternative, the officer shall provide to such sponsoring agency, state entity or state funding recipient, as applicable, a written determination that such individual activity or sequence of planned activities (i) will have an effect on historic structures and landmarks, or (ii) is within the category of actions which may significantly affect the environment because such activity or sequence of activities will have an impact on historic structures and

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landmarks.

(B) (i) Notwithstanding subsection (c) of section 22a-1b of the general statutes, after the State Historic Preservation Officer provides a written determination under subparagraph (A) of this subdivision, the officer shall, in collaboration with the sponsoring agency, state entity or state funding recipient, as applicable, propose a mitigation plan requiring such sponsoring agency, state entity or state funding recipient, as applicable, to mitigate such impact.

(ii) The sponsoring agency, state entity or state funding recipient, as applicable, shall, to the extent possible, submit to the State Historic Preservation Officer all pertinent information regarding such individual activity or sequence of planned activities that may affect such mitigation plan. Such information shall be considered by the officer in the development of the mitigation plan.

(iii) In establishing the mitigation plan, the State Historic Preservation Officer shall consult with the Commissioner of Economic and Community Development, or the commissioner's designee, about the economic impact of (I) the individual activity or sequence of planned activities proposed to be undertaken by the sponsoring agency, state entity or state funding recipient, as applicable, and (II) the mitigation plan. Any information provided by the commissioner during such consultation shall be considered by the officer in the development of the mitigation plan.

(iv) Not later than forty-five days after the State Historic Preservation Officer receives the information submitted under subparagraph (B)(ii) of this subdivision, the officer shall memorialize the mitigation plan in a proposed mitigation agreement that may be executed by the sponsoring agency, state entity or state funding recipient, as applicable. If the sponsoring agency, state entity or state funding recipient, as applicable, executes such proposed mitigation agreement, the officer

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shall also execute such proposed mitigation agreement. The execution of such mitigation agreement shall constitute (I) a determination by the officer that the officer is satisfied the effect on historic structures and landmarks will be mitigated pursuant to the terms of such mitigation agreement, and (II) a final determination by the officer for the purposes of this section.

(v) At the time the State Historic Preservation Officer provides the mitigation agreement proposed under subparagraph (B)(iv) of this subdivision to the sponsoring agency, state entity or state funding recipient, as applicable, the officer shall notify such sponsoring agency, state entity or state funding recipient, as applicable, that a request may be submitted in accordance with the provisions of subdivision (1) of subsection (e) of this section to the Commissioner of Economic and Community Development to review such proposed mitigation agreement.

(e) (1) If the sponsoring agency, state entity or state funding recipient, as applicable, declines to execute the mitigation agreement proposed under subparagraph (B)(iv) of subdivision (3) of subsection (d) of this section, such sponsoring agency, state entity or state funding recipient, as applicable, may submit, not later than fifteen days after the State Historic Preservation Officer provides such proposed mitigation agreement to such sponsoring agency, state entity or state funding recipient, as applicable, a request to the Commissioner of Economic and Community Development to review the proposed mitigation agreement and make recommendations to revise such proposed mitigation agreement. Such request shall be in the form and manner prescribed by the commissioner and may include a request for a conference with the commissioner, the officer, the sponsoring agency, the state entity or the state funding recipient, as applicable, and any other interested party.

(2) (A) Not later than thirty days after receiving such request, the commissioner shall (i) if such conference was requested, hold such

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conference, and (ii) make recommendations, if any, for revisions to the proposed mitigation agreement. If such revisions are recommended, the commissioner's review pursuant to this subsection shall be concluded and the State Historic Preservation Officer shall include such revisions in a revised mitigation agreement. Such revised mitigation agreement may be executed by the sponsoring agency, state entity or state funding recipient, as applicable. If the sponsoring agency, state entity or state funding recipient, as applicable, executes such revised mitigation agreement, the officer shall also execute such revised mitigation agreement. The execution of such revised mitigation agreement shall constitute (I) a determination by the officer that the officer is satisfied the effect on historic structures and landmarks will be mitigated pursuant to the terms of such revised mitigation agreement, and (II) a final determination by the officer for the purposes of this section.

(B) If the commissioner makes no recommendations for revisions to the mitigation agreement, the commissioner's review pursuant to this subsection shall be concluded. The sponsoring agency, state entity or state funding recipient, as applicable, may subsequently elect to execute the mitigation agreement proposed by the State Historic Preservation Officer under subparagraph (B)(iv) of subdivision (3) of subsection (d) of this section. If the sponsoring agency, state entity or state funding recipient, as applicable, executes such proposed mitigation agreement, the officer shall also execute such proposed mitigation agreement. The execution of such mitigation agreement shall constitute (i) a determination by the officer that the officer is satisfied the effect on historic structures and landmarks will be mitigated pursuant to the terms of such mitigation agreement, and (ii) a final determination by the officer for the purposes of this section.

(f) If the State Historic Preservation Officer proposes a mitigation plan pursuant to subparagraph (B)(i) of subdivision (3) of subsection (d) of this section but a mitigation agreement is not executed, the

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sponsoring agency shall conduct an early public scoping process in accordance with subsection (b) of section 22a-1b of the general statutes.

(g) Not later than January first, annually, the State Historic Preservation Officer shall post on the Department of Economic and Community Development's Internet web site all mitigation agreements executed during the preceding fiscal year.

Approved July 1, 2024