Senate

General Assembly

File No. 375

January Session, 2025

Substitute Senate Bill No. 1242

Senate, April 1, 2025

The Committee on Transportation reported through SEN. COHEN of the 12th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT FUNDING SMALL HARBOR IMPROVEMENT PROJECTS.

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

Section 1. Section 102 of public act 21-111, as amended by section 82 of public act 23-205, is amended to read as follows (*Effective July 1, 2025*):

(a) **[**The**]** For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power from time to time to authorize the issuance of bonds of the state **[**, in accordance with the provisions of section 3-20 of the general statutes,**]** in one or more series and in principal amounts not exceeding in the aggregate twenty million dollars for the Connecticut Port Authority established pursuant to section 15-31a of the general statutes. **[**The amount authorized for the issuance and sale of such bonds in each of the following fiscal years shall not exceed the following corresponding amount for each such fiscal year, provided, to the extent the authority does not provide for the use of all or a portion of such amount in any such fiscal year, such amount not provided for shall be carried forward and added to the authorized amount for the next succeeding fiscal year, and, provided further, the

costs of issuance and capitalized interest, if any, may be added to the capped amount in each fiscal year, and each of the authorized amounts shall be effective on July first of the fiscal year indicated as follows:

Fiscal Year Ending June Thirtieth	Amount
2022	$5,000,000
2023	5,000,000
2024	2,500,000
2025	2,500,000
2026	5,000,000
Total	$20,000,000**]**

(b) **[**The State Bond Commission shall approve a memorandum of understanding between the Connecticut Port Authority and the state, acting by and through the Secretary of the Office of Policy and Management and the Treasurer, providing for the issuance of said bonds for the purposes of projects undertaken by the Connecticut Port Authority regarding ports not located in the towns of New Haven, New London or Bridgeport, including provisions regarding the extent to which federal, private or other moneys then available or thereafter to be made available for costs should be added to the proceeds of the bonds authorized pursuant to this section for such projects. The memorandum of understanding shall be deemed to satisfy the provisions of section 3-20 of the general statutes and the exercise of any right or power granted thereby that is not inconsistent with the provisions of this section.**]** The proceeds of the sale of such bonds, to the extent of the amount stated in subsection (a) of this section, shall be deposited into the small harbor improvement projects account, established pursuant to section 13b-55d, as amended by this act.

(c) All provisions of section 3-20 of the general statutes, or the exercise

of any right or power granted thereby, that are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section. Temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section, and from time to time renewed. All bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the Treasurer shall pay such principal and interest as the same become due.

[(d) Subject to the amount of limitations of the capping provisions in subsection (a) of this section, the principal amount of the bonds authorized under this section shall be deemed to be an appropriation and allocation of such amount, and such approval of such request shall be deemed the allotment by the Governor of such capital outlays within the meaning of section 4-85 of the general statutes.**]**

Sec. 2. Section 13b-55d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) As used in this section, "small harbor" means any harbor in the state not under the authority of the Connecticut Port Authority.

(b) The Connecticut Port Authority, established under section 15-31a, shall establish a competitive grant program to be known as the small harbor improvements projects grant program. Such program shall provide funding to municipalities and private entities for small harbor improvement projects for purposes of improving the economy and infrastructure of the state. Such projects may include federal and nonfederal dredging projects in small harbors and private maritime infrastructure projects in small harbors, provided all applicable permits and authorizations are obtained before such private maritime

infrastructure projects receive any such grant award. With regard to federal and nonfederal dredging projects, grants may be awarded to (1) support, in full or in part, local and state matching requirements for such projects; (2) cover the incremental costs associated with applicable environmental regulatory requirements or management practices, including beneficial use; (3) cover part or all of the costs of such projects in the absence of adequate federal funds; and (4) provide reimbursement for such projects that were approved by the authority for funding or that commenced prior to the disbursement of such funds due to time considerations that impacted the flow of commerce at such small harbor.

(c) Applications shall be submitted annually to the Connecticut Port Authority at such times and in such manner as the authority prescribes. The authority shall develop the eligibility criteria for participation in the program and determine the amount a private entity shall be required to provide to match any such grant. The authority shall give preference to applications submitted by a municipality.

[(a)**]** (d) The Connecticut Port Authority shall establish an account to be known as the "small harbor improvement projects account". There shall be deposited in the account: (1) The proceeds of notes, bonds or other obligations issued by the state for the purpose of deposit therein and used in accordance with the permissible uses thereof; (2) funds appropriated by the General Assembly for the purpose of deposit therein and used in accordance with the permissible uses thereof; and (3) any other funds required or permitted by law to be deposited in the account. The funds in said account shall be expended by the authority for the **[**purposes described in subsection (b) of this section. As used in this section, "small harbor" means any harbor in the state not under the authority of the Connecticut Port Authority.

(b) The small harbor improvement projects account may be used (1) for federal and nonfederal dredging projects in small harbors to (A) support, in full or in part, local and state matching requirements for such projects; (B) cover the incremental costs associated with applicable

environmental regulatory requirements or management practices, including beneficial use; and (C) cover part or all of the costs of such projects in the absence of adequate federal funds; and (2) to fund private maritime infrastructure projects in small harbors, provided all applicable permits and authorizations are obtained before such private maritime infrastructure projects receive any such funding**]** purpose of providing grants pursuant to the program described in subsection (b) of this section. If the account is used for the purpose described in **[**subparagraph (C) of**]** subdivision **[**(1)**]** (3) of **[**this**]** subsection (b) of this section, the authority shall pursue reimbursement to the account from the federal government.

[(c)**]** (e) The authority shall adopt procedures in accordance with section 1-121 to implement the provisions of this section, including, but not limited to, a process for contracting for projects in small harbors under this section.

Sec. 3. Subsection (m) of section 32 of public act 15-1 of the June special session, as amended by section 230 of public act 16-4 of the May special session and section 540 of public act 17-2 of the June special session, is amended to read as follows (*Effective July 1, 2025*):

(m) For the Connecticut Port Authority: Grants-in-aid for improvements to ports, harbors and marinas, including dredging and navigational improvements, and reimbursement for dredging projects at small harbors, as defined in section 13b-55d, as amended by this act, not exceeding $6,750,000, provided not less than $5,000,000 shall be made available to the ports, harbors and marinas in the state other than the deep water ports in the cities of Bridgeport, New Haven and New London.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2025*	PA 21-111, Sec. 102
Sec. 2	*July 1, 2025*	13b-55d

Sec. 3	*July 1, 2025*	PA 15-1 of the June Sp. Sess., Sec. 32(m)

Statement of Legislative Commissioners:
Section 3 was redrafted to reflect the current version of subsection (m) of section 32 of public act 15-1.

TRA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Treasurer, Debt Serv.	GF - See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill expands eligible uses of funding under two programs involving small harbors, which are both funded through General Obligation (GO) bonds. Future General Fund debt service costs may be incurred or incurred sooner due to the programs' expansion to the degree that it causes authorized GO bond funds to be expended or to be expended more quickly than they otherwise would have been.

As of March 1, 2025, there are unallocated bond balances of approximately $17 million for the two programs. The bill does not change overall GO bond authorization levels.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to any bonds issued.

OLR Bill Analysis
sSB 1242

AN ACT FUNDING SMALL HARBOR IMPROVEMENT PROJECTS.

SUMMARY

This bill requires the Connecticut Port Authority (CPA) to establish the Small Harbor Improvement Projects Program (SHIPP) to provide grants for improvements at harbors in the state that are not under CPA's authority (i.e. small harbors). It funds the program with an existing $20 million general obligation (GO) bond authorization and subjects the bonds to the standard State Bond Commission approval process.

In effect, the bill codifies, and provides additional funding for, CPA's existing, substantially similar program of the same name. CPA established SHIPP administratively to distribute bond funds the authority received for ports and harbors not under its control. The bill's program differs by, among other things, (1) making private entities eligible for grants and (2) allowing CPA to award the grants to reimburse certain projects. The projects eligible for grants under the bill are also substantially similar to those that may be funded through CPA's existing small harbor improvement projects account, which was enacted under PA 24-48 but has not been funded to date.

The bill also broadens the allowable uses of an existing $6.75 million GO bond authorization for CPA grants for port, harbor, and marina improvements (including dredging and navigational improvements). Under the bill, this authorization may also be used to reimburse for dredging projects at small harbors. By law, at least $5 million of this authorization must used for ports, harbors, and marinas other than the deep water ports in Bridgeport, New Haven, and New London.

EFFECTIVE DATE: July 1, 2025

SMALL HARBOR IMPROVEMENT PROJECTS PROGRAM

Eligible Grantees and Projects

Under the bill, CPA must establish and administer SHIPP as a competitive grant program to give funding to municipalities and private entities for small harbor improvement projects to improve the state's economy and infrastructure. CPA must give preference to grant applications submitted by municipalities. (Under the CPA-administered SHIPP, only municipalities were eligible for the grants.)

Under the bill, projects funded through SHIPP may include (1) federal and nonfederal dredging projects and (2) private maritime infrastructure projects that have been issued any applicable permits and authorizations.

For federal and nonfederal dredging projects, the bill allows CPA to award grants to:

1. fully or partially support projects' local and state matching requirements;

2. cover the incremental costs associated with applicable environmental requirements or management practices, including beneficial use;

3. fully or partially cover project costs in the absence of adequate federal funds; and

4. provide reimbursement for projects that CPA approved for funding or that began before the funds were disbursed due to time considerations that impacted the flow of commerce at the small harbor. (The CPA-administered SHIPP does not provide reimbursements.)

Under the bill, CPA must develop eligibility criteria for participating in the program and determine the amount a private entity must provide to match any SHIPP grant. Applications must be submitted to the CPA annually, at times and in the way the authority determines.

BOND AUTHORIZATION

The bill funds SHIPP with an existing $20 million GO bond authorization, which current law requires to be used for projects CPA undertakes for ports not located in New Haven, New London, or Bridgeport. Under the bill, proceeds from this authorization instead must be deposited into CPA's small harbor improvement projects account and used for SHIPP.

Current law requires these bonds to be authorized through a memorandum of understanding (MOU) between the State Bond Commission and CPA that would "auto-allocate" the bonds over a five year period from FY 22 to FY 26. The bill instead subjects this authorization to the standard Bond Commission approval process and makes conforming changes.

BACKGROUND

Connecticut Port Authority

The Connecticut Port Authority is a quasi-public agency charged with marketing and developing the state's ports and maritime economy. Specifically, its purpose is to (1) coordinate port development, focusing on private and public investment; (2) work with state, local, and private entities to maximize the economic potential of the state's ports and harbors; (3) support and enhance the state's maritime economy; and (4) coordinate the state's maritime policy (CGS § 15-31a et seq.).

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute
Yea 35 Nay 0 (03/12/2025)