OFFICE OF FISCAL ANALYSIS

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sHB-5004
AN ACT CONCERNING THE PROTECTION OF THE ENVIRONMENT AND THE DEVELOPMENT OF RENEWABLE ENERGY SOURCES AND ASSOCIATED JOB SECTORS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Secretary of the State	GF - Revenue Loss	Minimal	Minimal
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
DEEP/PURA[1]	CC&PUCF - Cost	545,433	545,433

Note: GF=General Fund; CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact:

Municipalities	Effect	FY 26 $	FY 27 $
Local and Regional School Districts; All Municipalities	Potential Revenue Gain/Potential Cost	See Below	See Below

Explanation

Sections 1 - 4 set new state targets for greenhouse gas (GHG) emissions to reach an economy-wide net zero GHG emission reduction level by January 1, 2050. The requirements contained in these sections do not result in a cost to the state, as they either codify existing practice or are non-binding planning GHG targets with proposals for regulations,

[1]The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 83.26% of payroll in FY 26.

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policies, and strategies to achieve various targets.

The additional requirements included in **Sections 1 - 4** that specifically target the Department of Energy and Environmental Protection (DEEP) do not result in an additional cost, as DEEP has the staff and expertise necessary to complete them.

Section 5 allows the Department of Economic and Community Development to give a preference to certain applications under the JobsCT tax rebate program. This does not result in any fiscal impact as it does not change the existing aggregate credit cap of $40 million annually.

Section 6 requires the Secretary of the State to waive any registration or renewal fees[2] for any benefit corporation in the state resulting in a minimal revenue loss to the Secretary of the State. As of March 21, 2025, there are approximately 40 certified benefit corporations operating in Connecticut.[3]

Sections 7 and 8 have no fiscal impact by establishing the Connecticut Clean Economy Council with the Commissioner of Economic and Community Development and the Chief Workforce Officer as co-chairpersons of the Council. The Department of Economic and Community Development and the Office of Workforce Strategy have the expertise necessary to fulfill the Council's duties as required by the bill.

Section 9 expands the list of allowable non-priority list projects to include certain school air quality projects and is anticipated to increase long-term state spending under the school construction program. The state’s share of costs for the school construction program is funded using General Obligation (GO) bonds, which are in turn repaid through General Fund debt service payments. The bill does not change bond authorization levels for the program. The increased GO bond spending

[2] Registration fees depend on the type of registration sought and typically cost between $60-$120. The price for a renewal typically costs between $60-$100.
[3] B Corporation.net

will finance revenue gains to municipalities and school districts for those projects that would not have otherwise been funded as part of larger school construction projects.

Section 10 requires DEEP to develop a plan and report on various issues related to heat pumps. This is not anticipated to result in a fiscal impact as DEEP has the staff and expertise necessary to complete both the plan and report.

Section 11 requires the Department of Administrative Services (DAS) to develop policy guidelines for environmentally sustainable purchasing for municipalities, which results in no fiscal impact to the state.

Section 12 requires DAS to develop a plan to consider energy efficient options when repairing or building real assets and retrofitting existing fossil fuel based heating and cooling systems, which codifies current practice and does not result in any fiscal impact.

Section 13 requires DEEP to evaluate various nature-based solutions and to consider best practices when identifying the best solutions. This is not anticipated to result in a cost to DEEP as they have the staff and expertise necessary to complete the nature-based solution requirements.

Section 14 requires the Public Utilities Regulatory Authority (PURA) to submit a report on a solar canopy strategy and is not anticipated to result in a fiscal impact as PURA has the staff and expertise necessary to do so.

Section 15 requires DEEP to submit a report on various issues related to energy and is not anticipated to result in a fiscal impact as DEEP has the staff and expertise necessary to do so.

Sections 16 - 17 results in additional annual costs to PURA, beginning in FY 26, of approximately $345,811, associated with the establishment of a utility-scale renewable thermal energy network program, which includes a pilot component, working group, and a study of various issues.

PURA would require two additional full-time staff to complete the requirements contained within the bill. The new positions would include: one full-time Economist, with an approximate annual salary of $85,700 (plus $71,353 in fringe benefits) and one full-time Associate Research Analyst, with an approximate annual salary of $103,000 ($85,758 in fringe benefits). The new staff would be responsible for developing parameters and procedures or filing proposals for the networks as well as standardizing a data collection system that allows PURA and the public to track a network's status and performance.

Section 17 may result in a potential cost and potential revenue gain to municipalities beginning in FY 26. The section requires gas companies to provide incentive payments to municipalities to reduce the state's demand for natural gas and electricity. To the extent municipalities choose to pursue eligible projects the section may result in a potential cost for the project. This cost may be partially or fully offset by the incentive payments.

Section 18 results in additional annual costs to PURA, beginning in FY 26, of approximately $199,622, associated with a new full-time Public Utilities Engineer ($108,928 in salary and $90,694 in fringe benefits). The new position would be responsible for approving and reviewing gas contracts and determining which net costs are recoverable.

Section 19 alters eligible uses of funding under the Housing Environmental Improvement Revolving Loan and Grant program, which is funded through General Obligation (GO) bond funds. Future General Fund debt service costs may be incurred or incurred sooner due to the program's changes 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 is an unallocated bond balance of $125 million for the program. The bill does not change GO bond authorizations.

Section 20 authorizes the DEEP commissioner to allocate up to 10%

of the total amount of Open Space and Watershed Land Acquisition Program (OWSA) program funds to mitigate wildfire risks on protected property by managing vegetative fuel loads. Additionally, the bill expands the allowable uses of grants to certain municipalities and land trusts to restore or protect open space land they already own. These changes are not anticipated to result in additional costs to the state, as no new funding is designated for the program. However, these changes could result in a redistribution of funds, which could impact grant recipients.

Section 21 requires DEEP to study renters' use of the state energy efficiency and clean energy programs, which is not anticipated to result in a fiscal impact as DEEP has the staff and expertise necessary to complete the study.

Rate Payer Impact

There are several mechanisms within the bill that could impact rate payers. However, it is estimated that the various changes within the bill will (on average) result in a potential savings to rate payers. The bill is likely to expand efficiency and demand response programs that have provided bill reductions for direct program participants and avoids costs at the system level.

Allowing active demand response projects and gas demand response projects to settle Renewable Energy Certificates instead of reselling them in the market would likely save administrative fees, which could be passed on to rate payers in the form of savings. Additionally, the bill seeks to avoid costs associated with gas expansion through the development of thermal energy networks, which could also result in savings to the rate payer.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the terms of any bonds issued and future grant awards.