

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.

As Amended by House "A" (LCO 7573)

House Calendar No.: 279

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

Note: GF=General 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 - 3 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, policies, and strategies to achieve various targets.

The additional requirements included in **Sections 1 - 3** that specifically target the Department of Energy and Environmental

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Protection (DEEP) do not result in an additional cost, as DEEP has the staff and expertise necessary to complete them.

Section 4 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 5 requires the Secretary of the State to waive any registration or renewal fees 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 70 certified benefit corporations operating in Connecticut.

Sections 6 and 7 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 8 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 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 9 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 10 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 11 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 12 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 13 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 14 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.

Section 15 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 16 expands eligible projects under the protected open space and watershed land acquisition grant program. 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 17 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.

House "A" strikes the underlying bill and its associated fiscal impact and replaces it with the fiscal impact described above.

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.