

Commerce Committee JOINT FAVORABLE REPORT

Bill No.: SB-1404

AN ACT CONCERNING CONFORMING ADJUSTMENTS TO SUPPORT THE
Title: TRANSITION TO A RELEASE-BASED CLEANUP PROGRAM.

Vote Date: 3/20/2025

Vote Action: Joint Favorable

PH Date: 3/4/2025

File No.:

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SPONSORS OF BILL:

Commerce Committee

REASONS FOR BILL:

The Property Transfer Act is the state's current primary cleanup program, but Release-Based Cleanup Regulations (RBCRs) are set to replace this program pending their review by the Legislative Regulation Review Committee (LRRRC). According to DECD, the Transfer Act has failed to complete its goals, with only a quarter of the 4,200 properties that have entered the Transfer Act program having completed site cleanups. Per the recommendations of the Release-Based Regulations Working Group, this bill revises the pending RBCRs by 1) adjusting the sunset of the current Property Transfer Act to align with the date the new RBCRs take effect; 2) reconciling the existing environmental hazard notification statute with the RBCRs; and 3) creating a new voluntary parcel-wide remediation program to replace the existing voluntary site remediation program that better aligns with the proposed RBCRs. This is meant to ensure a smooth transition to the new regulations which will be beneficial to our state's cleanup goals and to prospective investors and developers.

RESPONSE FROM ADMINISTRATION/AGENCY:

Daniel O'Keefe, Commissioner, Department of Economic and Community

Development: They **support** this bill, being a proud partner with DEEP in trying to get RBCRs passed. They describe what this bill does, noting that it is identical to SB 1351 which came out of the Environment Committee. The Property Transfer Act deters investment, and this bill will help further cleanup goals in the state as well as make CT more appealing for real estate investors and developers. It expedites timelines and reduces costs for many required cleanups. They estimate that the move to RBCRs will generate "more than 2,100 new construction jobs, \$3.78 billion in new GDP growth and \$115 million in new revenue for the

state over the first five years alone." They emphasize the importance of adopting these new regulations as soon as possible that they, along with the Release-Based Regulations Working Group, have been ironing out over the last five years.

Katie S. Dykes, Commissioner, Department of Energy and Environmental Protection: They strongly **support** this bill, stating that it proposes revisions to the current RBCRs that are pending before the Legislative Regulation Review Committee (LRRC). They co-convened the Release-Based Regulations Working Group with DECD to create the proposed RBCRs along with the revisions proposed by this bill. They describe in detail what changes this bill would make, noting how the working group considered feedback from many sources in crafting the language.

Paul Aresta, Executive Director, Council on Environmental Quality: The Council on Environmental Quality (Council) is an independent board that reports annual findings regarding the environment in CT to the Governor, makes recommendations, advises state agencies, and investigates citizen complaints. The Council **supports** this bill, stating that it should be a significant improvement over the Transfer Act that will enhance public health and safety and boost the economy. They note that this change is major one and is very complex and technical, so they recommend implementing education and outreach efforts.

NATURE AND SOURCES OF SUPPORT:

Karmen Cheung, Regional Vice President, Pennrose: They write in **support** of this bill, applauding the work of DEEP and DECD in creating it. There is a housing crisis in CT, construction costs are high, and there is uncertainty around federal funding. With that in mind, this bill will help reduce the cost of and barriers to creating new housing in CT.

Katie D'Agostino, President and CEO, Central CT Chambers of Commerce: They are in strong **support** of this bill, stating that it will "unlock substantial economic and environmental benefits for Connecticut." The new RBCRs establish a transparent, consistent, and efficient process for dealing with pollution that will help protect the environment, promote economic growth and job creation, and reduce regulatory burdens.

Matthew Fulda, Executive Director, MetroCOG: They **support** this bill, noting that the current law governing environmental cleanup is too complex, expensive, and time-consuming, making it difficult for affected properties to remediate. The proposed change to RBCRs will bring CT in line with 48 other states that have implemented these types of regulations. This will incentivize redevelopment and reinvestment in CT communities which will benefit everyone.

Thomas Gill, Director of OPED, City of Bridgeport: They express **support** for this bill and state that the Transfer Act has been challenging for all affected bodies to deal with. The release-based cleanup approach will be more efficient and effective by incentivizing owners to investigate and remediate contamination quickly, instead of just when/if they want to sell.

Brent Henebry, President, Environmental Professionals Organization of Connecticut: They **support** this bill and the move to the new RBCRs in general. They describe what this bill does and note that new voluntary parcel-wide remediation program will reduce the administrative burden for stakeholders and department staff and will reduce required fees for

stakeholders. They also believe, however, that the program could benefit from some relaxed entry conditions to allow more sites to utilize it. They make two recommendations: 1) the 60-day requirement for initiating a parcel-wide Phase II ESA should be extended or removed; and 2) the entry process should be simplified by allowing for use of the program if a sitewide Phase II ESA is completed and DEEP is notified within 365 days.

David Kooris, Executive Director, Municipal Redevelopment Authority: They **support** this bill and its furtherance of the move toward a release-based approach which is consistent with 48 other states. They believe this is the perfect time to make this move to help us meet the current housing and mixed-use needs of CT residents, and they commend the efforts of all involved in making this happen.

Sara Mendillo, Government Affairs, Middlesex Chamber of Commerce: They **support** this bill and appreciate the work that DEEP and DECD have done with their working group regarding the RBCRs. This bill will promote a smoother transition from the Transfer Act to the new RBCRs, prevent regulatory overlap, and create a new voluntary remediation program. This will enhance efficiency and provided greater certainty and flexibility to property owners.

Francis Pickering, Executive Director, WestCOG: They write to state their **support** for this bill, first making the case for replacing the Transfer Act in general and describing the real impacts of this reform. They then list some of the notable improvements made by SB 1352, SB 1404, and HB 7085, stating that these "establish a clear and predictable regulatory framework for environmental remediation." They also echo DECD's estimates for how these new RBCRs will affect the economy and environment and conclude by urging passage of the above-mentioned bills.

Emilee Scott, Attorney, Robinson & Cole, LLP: She submits testimony on behalf of only herself in **support** of the RBCRs in general, and of this bill specifically. Regarding this bill, she supports it, but notes that it should be amended to clearly state that the Transfer Act stops and the RBCRs begin at their effective date, not when they are adopted.

Alicea Charamut, Executive Director, Rivers Alliance of Connecticut: As a member of the Release-Based Regulations Working Group, they enthusiastically **support** the transition to the pending RBCRs and the current proposed bill amending them. They describe this bill as making technical changes necessary to implement the new regulations and then they outline the specifics of what it does.

Elizabeth Gara, Executive Director, CT Water Works Association: They **support** provisions of this bill and a move to a release-based system in general, but they do have some concerns regarding specific provisions. The issues they have, however, are unrelated to the changes made in SB 1404, except that they believe these issues should result in a transition period being implemented to address them more fully.

Chase Lindemann, Peter B. Cooper Legal Fellow, Save the Sound: They state their **support** for this bill, opining that the Transfer Act did not live up to its intended potential both economically and environmentally. They believe the new RBCRs will close loopholes that have allowed property owners to evade cleanup responsibilities for significant periods of time resulting in polluted environments that are often located in disadvantaged neighborhoods.

Stephen Sack, President, Sack Energy Corporation: He **supports** fixing the way the Transfer Act classifies properties which he believes will spur more commercial development in Connecticut.

NATURE AND SOURCES OF OPPOSITION:

Art Corey, SVP General Counsel, CT Bankers Association and CT REALTORS: They write to express concerns about how the new RBCRs might impact residential property transactions. They note that they have and will continue to have discussions with DEEP and DECD to ensure that the new regulations protect the environment and the allows for an improved transaction process.

Brian Warner, CT LEP: He **opposes** this bill, stating that he believes two very different sets of regulations are being proposed which will create inconsistent regulations for handling releases. He says that the RBCRs exclude regulations pertaining to underground storage tank (UST) systems that are common across the state. There is different legislation being proposed that would regulate USTs in a very different way than the RBCRs, and he believes this regulatory framework should be consistent to avoid confusion and uncertainty for stakeholders.

Reported by: Alexander Mercier, Clerk

Date: 4/2/2025