



House of Representatives

General Assembly

File No. 104

February Session, 2026

Substitute House Bill No. 5156

House of Representatives, March 23, 2026

The Committee on Environment reported through REP. PARKER of the 101st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING A CLIMATE CHANGE SUPERFUND.

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

1 Section 1. (NEW) (*Effective October 1, 2026*) (a) For purposes of this
2 section:

3 (1) "Department" means the Department of Energy and
4 Environmental Protection;

5 (2) "Climate change adaptive infrastructure project" means an
6 infrastructure project designed to avoid, moderate, repair or adapt to
7 negative impacts caused by climate change and to assist communities,
8 households and businesses in preparing for future climate change-
9 driven disruptions, including, but not limited to, restoring coastal
10 wetlands and developing other nature-based solutions and coastal
11 protections, upgrading stormwater drainage systems, making defensive
12 upgrades to roads, bridges, railroads and transit systems, preparing for
13 and recovering from extreme weather events, undertaking preventive
14 health care programs and providing medical care to treat illness or

15 injury caused by the effects of climate change, relocating, elevating or
16 retrofitting sewage treatment plants and other infrastructure vulnerable
17 to flooding, installing energy-efficient cooling systems and other
18 weatherization and energy-efficiency upgrades and retrofits in public
19 and private buildings, including schools and public housing, upgrading
20 parts of the electrical grid to increase reliability and resilience, including
21 supporting the creation of self-sufficient microgrids, addressing urban
22 heat island effects through green spaces, urban forestry and other
23 interventions and responding to toxic algae blooms, loss of agricultural
24 topsoil, crop loss and other climate-driven ecosystem threats to forests,
25 farms, fisheries and food systems;

26 (3) "Climate superfund cost recovery program" or "program" means
27 the climate adaptation cost recovery program established pursuant to
28 this section;

29 (4) "Climate Superfund Cost Recovery Program Fund" or "fund"
30 means the climate change adaptation fund established pursuant to this
31 section;

32 (5) "Coal" means bituminous coal, anthracite coal and lignite;

33 (6) "Commissioner" means the Commissioner of Energy and
34 Environmental Protection;

35 (7) "Controlled group" means two or more entities treated as a single
36 employer under 26 USC 52(a) or (b), without regard to 26 USC
37 1563(b)(2)(C), or, alternatively, 26 USC 414(m) or (o), provided for
38 purposes of this section, entities in a controlled group shall be treated as
39 a single entity for purposes of meeting the definition of "responsible
40 party" and shall be jointly and severally liable for payment of any cost
41 recovery demand owed by any entity in the controlled group;

42 (8) "Cost recovery demand" means a charge asserted against a
43 responsible party for cost recovery payments under the program for
44 payment to the fund;

45 (9) "Covered greenhouse gas emissions" means, with respect to any

46 entity, the total quantity of greenhouse gases released into the
47 atmosphere during the covered period, expressed in metric tons of
48 carbon dioxide equivalent, including, but not limited to, releases of
49 greenhouse gases resulting from the extraction, storage, production,
50 refinement, transport, manufacture, distribution, sale and use of fossil
51 fuels, that are extracted, produced, refined or sold by an entity;

52 (10) "Covered period" means the period that began on January 1,
53 1995, and ended on December 31, 2024;

54 (11) "Crude oil" means oil or petroleum of any kind and in any form,
55 including bitumen, oil sands, heavy oil, conventional and
56 unconventional oil, shale oil, natural gas liquids, condensates and
57 related fossil fuels;

58 (12) "Entity" means any individual, trustee, agent, partnership,
59 association, corporation, company, municipality, political subdivision
60 or other legal organization that holds or held an ownership interest in a
61 fossil fuel business during the covered period;

62 (13) "Environmental justice community" has the same meaning as
63 provided in section 22a-20a of the general statutes;

64 (14) "Fossil fuel" means coal, crude oil, fuel gases or petroleum
65 products;

66 (15) "Fossil fuel business" means a business engaged in the extraction
67 of fossil fuels or the refining of petroleum products;

68 (16) "Fuel gas" means methane, natural gas, liquified natural gas or
69 manufactured fuel gases;

70 (17) "Greenhouse gas" has the same meaning as provided in section
71 22a-200 of the general statutes;

72 (18) "Nature-based solutions" means projects that utilize or mimic
73 nature or natural processes and functions and that may also offer
74 environmental, economic and social benefits while increasing resilience.

75 "Nature-based solutions" includes both green and natural
76 infrastructure;

77 (19) "Notice of cost recovery demand" means the written
78 communication from the department informing a responsible party of
79 the amount of the cost recovery demand payable to the fund;

80 (20) "Notice of intent" means the written communication from the
81 department informing a responsible party of such party's potential
82 liability for such party's share of emissions during the covered period;

83 (21) "Petroleum product" means any product refined or re-refined
84 from synthetic or crude oil or crude oil extracted from natural gas
85 liquids or other sources;

86 (22) "Qualified expenditure" means an authorized payment from the
87 fund to pay reasonable expenses associated with the administration of
88 the program and to pay for a climate change adaptation project,
89 including such project's operation, monitoring and maintenance;

90 (23) "Public registry" means the official database maintained by the
91 department to collect and store information about responsible parties
92 solely for the purposes of the program; and

93 (24) "Responsible party" means any entity, or a successor in interest
94 to any entity, that, during any part of the covered period, was engaged
95 in the trade or business of extracting fossil fuel or refining crude oil and
96 is determined by the department to be attributable for more than one
97 billion metric tons of covered greenhouse gas emissions during the
98 covered period. "Responsible party" does not include any person who
99 lacks sufficient connection with the state to satisfy the nexus
100 requirements of the Constitution of the United States.

101 (b) There is established the climate superfund cost recovery program
102 administered by the Department of Energy and Environmental
103 Protection. The purpose of the program shall be to: (1) Secure
104 compensatory payments from responsible parties based on a standard
105 of strict liability to provide a source of revenue for climate change

106 adaptive infrastructure projects within the state; (2) determine
107 proportional liability of responsible parties pursuant to this section; (3)
108 impose cost recovery demands on responsible parties and issue notices
109 of cost recovery demands; (4) accept and collect payment from
110 responsible parties; (5) identify climate change adaptative infrastructure
111 projects; (6) disperse funds to implement climate change adaptive
112 infrastructure projects; and (7) allocate funds in a way to achieve a goal
113 of not less than forty per cent of the qualified expenditures from the
114 program being expended on climate change adaptive infrastructure
115 projects that directly benefit environmental justice communities.

116 (c) Not later than six months after the effective date of this section,
117 the department shall determine, by order, the complete list of projects
118 that constitute climate change adaptive infrastructure projects, in
119 accordance with the provisions of this section.

120 (d) (1) Not later than six months after the effective date of this section,
121 the department shall adopt regulations, in accordance with the
122 provisions of chapter 54 of the general statutes, to establish the
123 methodology for obtaining and utilizing credible data that will aid the
124 department in making the assessments and estimates required by this
125 section;

126 (2) Not later than six months after the adoption of the regulations
127 described in subdivision (1) of this subsection, the department shall
128 issue notices of intent to responsible parties and create a registry of
129 responsible parties. Any such notice shall inform such party of their
130 status and shall include the following information:

131 (A) The definition of "responsible party", as defined in this section;

132 (B) The responsible party's total covered greenhouse gas emissions
133 for the covered period;

134 (C) The responsible party's rights to contest their status; and

135 (D) Information regarding the public registry of responsible partes;

136 (3) Not later than six months after the issuance of such notices
137 pursuant to subdivision (2) of this subsection, the department shall issue
138 notices of cost recovery demand to responsible parties informing such
139 parties of:

140 (A) The cost recovery demand amount;

141 (B) How and where cost recovery demands can be paid;

142 (C) The potential consequences of nonpayment and late payment;
143 and

144 (D) The responsible party's right to contest such an assessment; and

145 (4) Not later than three months after the issuance of cost recovery
146 demands pursuant to subdivision (3) of this subsection, the department
147 shall accept payments from, pursue collection efforts against and
148 negotiate settlements with responsible parties.

149 (e) Not later than eighteen months after the effective date of this
150 section, the department shall submit to the joint standing committee of
151 the General Assembly having cognizance of matters relating to the
152 environment an assessment of the cost to the state and its residents of
153 covered greenhouse gas emissions during the covered period. The
154 department shall hold not less than one in-person and one virtual public
155 hearing concerning this assessment, with a minimum thirty day public
156 notice prior to such hearings. Such assessment shall include:

157 (1) A summary of the cost-driving effects of covered greenhouse gas
158 emissions in the state, including any effects on public health, natural
159 resources, biodiversity, agriculture, economic development, flood
160 preparedness and safety, housing and any other effect that the
161 department determines is relevant;

162 (2) A categorized calculation of the costs incurred and that are
163 projected to be incurred in the future within the state of each of the
164 effects identified in subdivision (1) of this subsection; and

165 (3) A categorized calculation of the costs incurred and that are
166 projected to be incurred in the state to abate the effects of covered
167 greenhouse gas emissions from the covered period.

168 (f) Not later than two years after the effective date of this section, the
169 department, in consultation with Connecticut Equity and
170 Environmental Justice Advisory Council, shall adopt regulations, in
171 accordance with the provisions of chapter 54 of the general statutes, for
172 identifying and selecting climate change adaptive infrastructure
173 projects eligible to receive qualified expenditures and for the related
174 issuance of requests for proposals from municipalities and nonprofit
175 and community organizations and the provision of grants to private
176 individuals, or other methods as determined by the department, for
177 dispersing revenues from the fund for qualified expenditures. The
178 department shall hold not less than three public hearings in the state
179 regarding the regulations proposed pursuant to this subsection,
180 including not less than one virtual hearing, with a minimum of thirty
181 days' public notice prior to such public hearings.

182 (g) Not later than thirty months after the effective date of this section,
183 the department shall complete a state-wide climate change adaptation
184 master plan for the purpose of guiding the dispersal of funds in a timely,
185 efficient and equitable manner to all regions of the state in accordance
186 with the provisions of this section. In completing such plan, the
187 department shall:

188 (1) Identify and consult relevant state agencies and offices, including,
189 but not limited to, the Connecticut Equity and Environmental Justice
190 Advisory Council and the Departments of Administrative Services,
191 Agriculture, Economic and Community Development, Housing, Public
192 Health and Transportation;

193 (2) Assess the adaptation needs and vulnerabilities of areas vital to
194 the state's economy, normal functioning and the health and well-being
195 of state residents, including, but not limited to, agriculture, biodiversity,
196 ecosystem services, education, finance, healthcare, manufacturing,
197 housing and real estate, retail, tourism, transportation and municipal

198 government;

199 (3) Identify major potential, proposed and ongoing climate adaptive
200 infrastructure projects throughout the state;

201 (4) Identify opportunities for alignment with existing federal, state
202 and local funding streams;

203 (5) Consult with stakeholders, including local governments,
204 businesses, environmental advocates, relevant subject area experts and
205 environmental justice communities; and

206 (6) Provide opportunities for public engagement in all regions of the
207 state consistent with the provisions of section 22a-20a of the general
208 statutes, including, but not limited to, environmental justice
209 communities and other communities that have the most significant
210 exposure to the impacts of climate change.

211 (h) The department shall conduct an independent evaluation of the
212 program to determine the effectiveness of the program in achieving its
213 purposes as described in this section. Such evaluation shall be provided
214 to the Governor, the president pro tempore of the Senate, and speaker
215 of the House of Representatives, on or before January first of the second
216 calendar year following the effective date of this section and annually,
217 on or before, January first thereafter. Any entity contracted by the
218 department to conduct such evaluation shall receive prompt payment
219 of all moneys due upon completion of the evaluation from the fund.

220 (i) Each responsible party shall be strictly liable, without regard to
221 fault, for a share of the costs of climate change adaptive infrastructure
222 projects, including such party's operation and maintenance, and all
223 qualified expenditures supported by the fund.

224 (j) For the purposes of this section, entities in a controlled group:

225 (1) Shall be treated by the department as a single entity for the
226 purpose of identifying responsible parties; and

227 (2) Are jointly and severally liable for payment of any cost recovery
228 demand owed by an entity in the controlled group.

229 (k) With respect to each responsible party:

230 (1) The cost recovery demand shall be equal to an amount that bears
231 the same ratio to the cost to the state, as calculated by the department
232 pursuant to this section, from the emission of covered greenhouse gases
233 during the covered period as the responsible party's applicable share of
234 covered greenhouse gas emissions bears to the aggregate applicable
235 shares of covered greenhouse gas emissions resulting from the use of
236 fossil fuels extracted or refined during the covered period;

237 (2) The applicable share of covered greenhouse gas emissions taken
238 into account under this section for any responsible party shall be the
239 amount by which the covered greenhouse gas emissions attributable to
240 such responsible party exceeds one billion metric tons; and

241 (3) Whenever an entity owns a minority interest in another entity of
242 ten per cent or more, the calculation of the entity's applicable share of
243 greenhouse gas emissions taken into account under this section shall
244 include the applicable share of greenhouse gas emissions taken into
245 account under this section by the entity in which the responsible party
246 holds a minority interest, multiplied by the percentage of minority
247 interest held.

248 (l) In determining the amount of greenhouse gas emissions
249 attributable to any entity:

250 (1) An amount equivalent to nine hundred forty-two and one-half
251 metric tons of carbon dioxide equivalent shall be treated by the
252 department as released for every million pounds of coal attributable to
253 such entity;

254 (2) An amount equivalent to four hundred thirty-two thousand one
255 hundred eighty metric tons of carbon dioxide equivalent shall be treated
256 by the department as released for every million barrels of crude oil
257 attributable to such entity;

258 (3) An amount equivalent to fifty-three thousand four hundred forty
259 metric tons of carbon dioxide equivalent shall be treated by the
260 department as released for every million cubic feet of fuel gases
261 attributable to such entity; and

262 (4) The department shall have the authority to issue information
263 requests to responsible parties for any calculation undertaken by the
264 department pursuant to this section.

265 (m) The department may adjust the cost recovery demand amount of
266 a responsible party that refines petroleum products, or a successor in
267 interest to such an entity, if such responsible party establishes to the
268 satisfaction of the department that a portion of the cost recovery
269 demand amount was attributable to the refining of crude oil extracted
270 by another responsible party.

271 (n) Not later than two years after the effective date of this section, the
272 department shall issue all cost recovery demands required by this
273 section.

274 (o) Payment of a cost recovery demand shall be made in full not later
275 than six months following the commissioner's issuance of the cost
276 recovery demand, unless a responsible party elects to pay in
277 installments in accordance with the provisions of subsection (p) of this
278 section.

279 (p) Any responsible party may elect to pay a cost recovery demand
280 amount in nine annual installments, the first of which shall be due not
281 later than six months after the commissioner's issuance of the cost
282 recovery demand and subject to conditions established by the
283 department.

284 (1) The first of any such installments shall be equal to twenty per cent
285 of the total cost recovery demand amount. Each subsequent installment
286 shall be paid one year after the initial payment and shall be equal to ten
287 per cent of the total cost recovery demand amount.

288 (2) The commissioner may charge reasonable interest on each

289 installment payment, or a payment delayed for any other reason, and,
290 at the commissioner's discretion, may adjust the amount of a subsequent
291 installment or a payment delayed for any other reason to reflect the
292 increases or decreases in the consumer price index.

293 (q) If there is: (1) Any addition to the original amount of the cost
294 recovery demand by the department for failure to timely pay any
295 installment required under this section, (2) a liquidation or sale of
296 substantially all the assets of the responsible party, including a
297 proceeding under USC Title 11, as amended from time to time, or
298 similar, (3) a cessation of business by the responsible party, or any
299 similar circumstance, the unpaid balance of all remaining installments
300 shall be due on the date of such event, or in the case of a proceeding
301 under USC Title 11, as amended from time to time, or similar, on the
302 day before the petition is filed. The provisions of this subsection shall
303 not apply to the sale of substantially all of the assets of a responsible
304 party to a buyer if such buyer enters into an agreement with the
305 department under which such buyer remains liable for the remaining
306 installments due as if such buyer were the responsible party.

307 (r) The department shall deposit cost recovery payments collected
308 under this section in the climate superfund cost recovery program fund.

309 (s) Any responsible party aggrieved by a notice of cost recovery
310 demand issued pursuant to this section may file a request for
311 reconsideration with the commissioner not later than thirty days after
312 the date of issuance of such notice. Any request for reconsideration shall
313 state the grounds for the request and include supporting
314 documentation. The commissioner shall notify the responsible party of
315 the final decision on any such request for reconsideration by issuing a
316 subsequent notice of cost recovery demand. Following any such request
317 for reconsideration, a responsible party may appeal a final decision of
318 the commissioner to the Superior Court.

319 (t) (1) There is created the Climate Superfund Cost Recovery Program
320 Fund to be administered by the commissioner to provide funding for
321 climate change adaptive infrastructure projects in the state. The fund

322 shall be nonlapsing and consist of:

323 (A) Cost recovery demand payments paid to the fund;

324 (B) Any funds appropriated, from time to time, to the fund by the
325 General Assembly; and

326 (C) Any and all other gifts, donations or other funds received from
327 any source, public or private, dedicated for deposit into the fund and
328 approved by the Commissioner of Administrative Services.

329 (2) The fund may be used only to pay qualified expenditures for:

330 (A) Climate change adaptive infrastructure projects authorized by
331 the department; and

332 (B) The reasonable administrative expenses of the program.

333 (u) Nothing in this section shall be construed to preclude the pursuit
334 of any civil action or other remedy by any person. The remedies
335 provided in this section are in addition to those otherwise provided by
336 existing statutory or common law.

337 (v) Notwithstanding the authorized uses of the fund described in this
338 section, the first three hundred thousand dollars deposited into the fund
339 shall be used to reimburse the General Fund for the funds appropriated
340 to the fund pursuant to section 2 of this act.

341 (w) The provisions of this section, being necessary for the general
342 health, safety and welfare of the people of this state, shall be liberally
343 construed to effect its purpose.

344 Sec. 2. (*Effective July 1, 2026*) The sum of three hundred thousand
345 dollars is appropriated to the Department of Energy and Environmental
346 Protection from the General Fund, for the fiscal year ending June 30,
347 2027, for the purpose of funding the Climate Superfund Cost Recovery
348 Program Fund established pursuant to section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2026	New section
Sec. 2	July 1, 2026	New section

Statement of Legislative Commissioners:

In Section 1(a)(6), "the Commissioner of the Department of Energy and Environmental Protection" was changed to "the Commissioner of Energy and Environmental Protection" for consistency with standard drafting conventions.

ENV *Joint Favorable Subst. -LCO*

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 27 \$	FY 28 \$
Department of Energy and Environmental Protection	GF - Cost	1,708,904	508,904
State Comptroller - Fringe Benefits ¹	GF - Cost	171,004	171,004
Department of Energy and Environmental Protection	Climate Superfund/General Fund - See Below	See Below	See Below

Note: Various=Various; GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Department of Energy and Environmental Protection (DEEP) to establish a new cost recovery program to assess certain businesses for Connecticut's cost from specified greenhouse gas (GHG) emissions. The bill results in a total cost to the state of approximately \$1,879,908 in FY 27 and \$679,908 in FY 28 and annually thereafter, to establish and administer the climate superfund cost recovery program and meet the requirements contained within the bill.

DEEP will require five new positions to support the additional requirements contained within the bill, including: securing compensatory payments from responsible parties, determining proportional liability, imposing cost recovery demands and issuing

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

notices, accepting and collecting payments, identifying adaptive infrastructure projects and allocating funds to identified projects.

The five new positions and corresponding salaries include:

Job Title	Salary (\$)
Associate Research Analyst	90,309
Research Analyst	78,296
Staff Attorney	99,570
Paralegal	74,750
Fiscal Administrative Assistant	65,979
Total	408,904

In addition to the annual salary costs of \$408,904, corresponding fringe benefit costs of \$171,004 will be incurred, totaling annual salary and fringe benefits costs of \$579,908, beginning in FY 27.

It is estimated, based on previous contracts, that DEEP will require approximately \$1.3 million in FY 27 to contract with consultants to submit an assessment on the costs incurred, identify and select climate change adaptive infrastructure projects (\$700,000) and complete a statewide climate master plan (\$500,000). These consulting costs will be one-time in nature. The bill also requires DEEP to conduct an annual independent evaluation of the program to determine its effectiveness, which is anticipated to cost \$100,000 in consulting fees, annually.

Lastly, the bill appropriates \$300,000 to DEEP from the General Fund, in FY 27, and requires this money be repaid to the General Fund from the first \$300,000 deposited in the program fund. The climate superfund cost recovery program fund will contain cost recovery demand payments and be used to fund qualified projects based on the fund balance.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, except for the consulting costs in FY 27, which are one-time in nature.

OLR Bill Analysis**sHB 5156*****AN ACT CONCERNING A CLIMATE CHANGE SUPERFUND.*****SUMMARY**

This bill establishes the climate superfund cost recovery program designed to assess certain fossil fuel businesses and crude oil refiners (responsible parties) for Connecticut's cost from specified greenhouse gas (GHG) emissions over a 30-year period and use those payments to fund climate change-related infrastructure improvements in the state. Under the bill, responsible parties that produced over 1 billion metric tons of GHG emissions from January 1, 1995, through December 31, 2024 (covered period) must pay for their proportional share of Connecticut's costs from the total GHG emissions over this period.

The Department of Energy and Environmental Protection (DEEP) must administer the program and a dedicated fund the bill establishes for the required payments. Specifically, the program must:

1. secure compensatory payments from responsible parties, which are generally the current or former people, businesses, municipalities, and other entities that hold or held an ownership in a fossil fuel business during the covered period that was responsible for more than 1 billion metric tons of covered GHG emissions;
2. determine these responsible parties' proportional liability for these payments;
3. impose cost recovery demands on these parties and issue notices of these demands;

4. accept and collect payment from responsible parties and deposit the payments into the fund;
5. identify climate change adaptive infrastructure projects and disperse funds to implement them; and
6. allocate funds to achieve the goal of spending at least 40% of the qualified expenditures on climate change adaptive infrastructure projects that directly benefit environmental justice communities (see BACKGROUND – *Environmental Justice Communities*).

The bill requires DEEP to conduct an annual independent evaluation of the program to determine its effectiveness and submit it to the governor, Senate president pro tempore, and House speaker starting by January 1, 2028. DEEP must promptly pay, from the program fund, any entity contracted to conduct this evaluation when the evaluation is completed.

The bill also appropriates \$300,000 to DEEP from the General Fund for FY 27 to fund the program fund, and requires this money to be repaid to the General Fund from the first \$300,000 deposited in the program fund.

The bill also requires DEEP to (1) submit an assessment on the cost to Connecticut and its residents of covered GHG emissions during the covered period, (2) adopt regulations for identifying and selecting climate change adaptive infrastructure projects to be funded under the program, and (3) complete a statewide climate change adaptation plan.

Lastly, the bill specifies that its remedies are in addition to those otherwise provided by law and its provisions should not be construed as precluding any civil action or other remedy. It requires that its provisions be liberally construed to achieve its purposes.

EFFECTIVE DATE: October 1, 2026, except the appropriation is effective July 1, 2026.

RESPONSIBLE PARTIES AND COST RECOVERY***Definition of Responsible Party and Covered GHG Emissions***

Under the bill, a “responsible party” is (1) any entity, or successor to that entity, that was engaged in the business of extracting “fossil fuels” or refining “crude oil” during any part of the covered period and (2) found responsible by DEEP for more than 1 billion metric tons of “covered GHG emissions” during the covered period. But it excludes any person who lacks sufficient connection with the state under the U.S. Constitution. An “entity” refers to any person, trustee, business, municipality, political subdivision, or other legal organization that holds or held an ownership interest during the covered period in a fossil fuel business (a business engaged in the extraction of fossil fuels or refining of petroleum products).

Under the bill, “covered GHG emissions” are the amount of GHG released into the atmosphere during the covered period for any entity. This amount is expressed in metric tons of carbon dioxide equivalent (see *Attributable Covered GHG Emissions*) and includes releases of GHG from fossil fuels extracted, produced, refined, or sold by an entity through various means (for example, extracting, storing, manufacturing, or distributing). “Greenhouse gases” are any chemical or physical substance emitted into the air and that DEEP may reasonably anticipate will cause or contribute to climate change, including (1) carbon dioxide, (2) methane, (3) nitrous oxide, (4) hydrofluorocarbons, (5) perfluorocarbons, and (6) sulfur hexafluoride.

Under the bill, “fossil fuels” are coal, crude oil, methane, natural gas, liquified natural gas, manufactured fuel gases, or petroleum products. “Crude oil” is any oil or petroleum, including bitumen, oil sands, heavy oil, conventional and unconventional oil, natural gas liquids, condensates, and related fossil fuels.

Notices of Intent and Public Registry

Under the bill, by April 1, 2027, DEEP must adopt regulations to establish a methodology for obtaining and using credible data to help it make the bill’s required assessments and estimates. Within six months

of adopting those regulations, DEEP must issue written notices to responsible parties that inform them of their potential liability for their share of emissions during the covered period (notices of intent).

DEEP must also create a responsible party registry within six months of adopting these regulations. The registry is an official database maintained by DEEP to collect and store information about responsible parties only for the program's purposes.

The notices must inform the responsible party of its status as a responsible party and contain (1) the bill's definition of responsible party, as described above; (2) the responsible party's total covered GHG emissions for the covered period; (3) the responsible party's rights to contest its status; and (4) information on the responsible party registry.

Cost Recovery Demands and Payment

Notice of Cost Recovery Demand. Within six months of issuing the notices of intent, DEEP must issue notices of "cost recovery demands" to responsible parties, which are assessments on a responsible party for cost recovery payments to the fund. These notices must include (1) the cost recovery demand amount, (2) how and where the cost recovery demands may be paid, (3) the potential consequences of late or missed payments, and (4) the party's right to contest the assessment. DEEP must issue all cost recovery demands by October 1, 2028.

Within three months after issuing cost recovery demands, DEEP must accept payments from, pursue collections efforts against, and negotiate settlements with, responsible parties. DEEP must deposit all payments received into the program fund. Responsible parties must pay the demands within six months of the cost recovery demand's issuance or in nine annual installments, as described below.

Installment Payments. Responsible parties paying in installments must pay the first one within six months after the cost recovery demand's issuance, subject to DEEP's conditions. The first installment is 20% of the total demand, and each subsequent payment is 10% and due one year after the initial payment date. DEEP may (1) charge

reasonable interest on each installment payment, or any delayed payment, and (2) at the commissioner's discretion, adjust the amount of subsequent installments or delayed payments to reflect changes in the consumer price index.

Under the bill, unpaid installments are due sooner under specified circumstances. Specifically, if (1) there are any additions to the amount to be paid because of late payment; (2) substantially all of the responsible party's assets are liquidated or sold (including bankruptcy); or (3) the responsible party ceases its business, or if a similar circumstance occurs, the unpaid balance is due either the day of the event, or a day before a bankruptcy petition is filed, where applicable. This does not apply if a responsible party sells substantially all of its assets and the buyer enters into an agreement with DEEP to assume the liability for paying the remaining installments.

Aggrieved Responsible Parties. Responsible parties aggrieved by a cost recovery demand notice may request the DEEP commissioner to reconsider the demand within 30 days after its issuance. The request must state the grounds and supporting information for the request. DEEP must notify the party of its final decision by issuing a subsequent notice of a cost recovery demand, and the responsible party may appeal the final decision to Superior Court.

Cost Recovery Demand Calculations

Under the bill, each responsible party's cost recovery demand is based on its proportional share of covered GHG emissions during the covered period, but only for attributable emissions (as described below) that exceed 1 billion metric tons.

Specifically, DEEP must calculate the state's cost from covered GHG emissions during the covered period. A responsible party's cost recovery demand is its share of this cost, based on its applicable share of the covered emissions from the use of fossil fuels extracted or refined during the covered period. So, for example, if a responsible party's applicable share of covered GHG emissions was 1%, its cost recovery

demand equals 1% of the total cost to the state of GHG emissions during the covered period.

Entities that own a minority interest in another entity of 10% or more are responsible for that same percentage of the entity's emissions.

Attributable Covered GHG Emissions

Under the bill, DEEP must use the following benchmarks in determining the amount of GHGs attributable to an entity:

1. 942.5 metric tons of carbon dioxide equivalent released for every 1 million pounds of coal (bituminous coal, anthracite coal, and lignite) attributable to the entity;
2. 432,180 metric tons of carbon dioxide equivalent released for every 1 million barrels of crude oil attributable to the entity; and
3. 53,440 metric tons of carbon dioxide equivalent released for every million cubic feet of fuel gases (methane, natural gas, liquified natural gas, or manufactured fuel gases) attributable to the entity.

The bill authorizes DEEP to issue information requests to responsible parties for any calculations required under the bill. It also authorizes DEEP to adjust cost recovery demands if the responsible party that refines petroleum products, or is a successor to that party, establishes to DEEP's satisfaction that a portion of the cost recovery demand is attributable to the refining of crude oil extracted by another responsible party.

Controlled Groups

DEEP must treat entities in a controlled group as a single entity and these entities are jointly and severally liable for payment of any cost recovery demand owned by any entity in the controlled group. A "controlled group" is two or more entities that are treated as a single employer under specified federal tax laws and are treated as a single entity in meeting the definition of "responsible party." Controlled groups are jointly and severally liable for cost recovery demand

payments owed by any entity in the controlled group.

Strict Liability

Under the bill, responsible parties are strictly liable for a share of the costs of the climate change adaptive infrastructure projects and qualified fund expenditures. (Generally, strict liability means liability regardless of fault.)

DEEP ASSESSMENT OF CONNECTICUT'S COSTS FROM COVERED GHG EMISSIONS

By April 1, 2028, DEEP must submit an assessment to the Environment Committee on the cost to the state and its residents of covered GHG emissions during the covered period. DEEP must hold at least one in-person and one virtual public hearing on the assessment and give 30 days' public notice of these meetings. The assessment must include a:

1. summary of the cost-driving effects of covered GHG emissions in the state, including any effects on public health, natural resources, biodiversity, agriculture, economic development, flood preparedness and safety, housing, and any other relevant effect; and
2. categorized calculation of costs incurred and projected to be incurred in Connecticut (a) for each of these effects and (b) to abate them.

CLIMATE CHANGE ADAPTIVE INFRASTRUCTURE PROJECTS

Project List

By April 1, 2027, DEEP must determine, by order, a complete list of climate change adaptive infrastructure projects. These projects must be designed to avoid, moderate, repair, or adapt to negative impacts caused by climate change and help communities, households, and businesses prepare for future climate change driven disruptions. They must include:

1. restoring coastal wetlands and developing other nature-based

- solutions (projects that use or mimic nature or natural processes and functions that may also offer environmental, economic, and social benefits while increasing resilience, including green and natural infrastructure) and coastal protections;
2. upgrading stormwater drainage systems;
 3. making defensive upgrades to roads, bridges, railroads, and transit systems;
 4. preparing for and recovering from extreme weather events;
 5. undertaking preventive health care programs and providing medical care to treat illness or injury caused by climate change's effects;
 6. relocating, elevating, or retrofitting sewage treatment plants and other infrastructure vulnerable to flooding;
 7. installing energy-efficient cooling systems and other weatherization and energy-efficiency upgrades and retrofits in public and private buildings, including schools and public housing;
 8. upgrading parts of the electrical grid to increase reliability and resilience, including supporting the creation of self-sufficient microgrids;
 9. addressing urban heat island effects through green spaces; and
 10. urban forestry and other interventions and responding to toxic algae blooms, loss of agricultural topsoil, crop loss and other climate-driven ecosystem threats to forests, farms, fisheries, and food systems.

Regulations

By October 1, 2028, DEEP, in consultation with the Connecticut Equity and Environmental Justice Advisory Council (see

BACKGROUND – *Connecticut Equity and Environmental Justice Advisory Council*), must adopt regulations to:

1. identify and select climate change adaptive infrastructure projects eligible to receive qualified expenditures and issue related requests for proposals from municipalities and nonprofit and community organizations, and
2. disperse revenue from the fund for qualified expenditures by providing grants to private individuals or other methods determined by DEEP.

DEEP must hold at least three public hearings on these regulations, including at least one virtual hearing, with 30 days' notice before each public hearing.

Under the bill, “qualified expenditures” are authorized payments from the fund to pay for a climate change adaptation project, including the project’s operation, monitoring, and maintenance costs, as well as the program’s reasonable administrative costs.

STATEWIDE CLIMATE CHANGE ADAPTATION MASTER PLAN

By April 1, 2029, DEEP must complete a statewide climate change adaptation plan designed to guide the dispersal of funds in a timely, efficient, and equitable way to the entire state. In completing the plan, DEEP must:

1. identify and consult relevant state agencies and offices, including the Connecticut Equity and Environmental Justice Advisory Council and the Departments of Administrative Services, Agriculture, Economic and Community Development, Housing, Public Health, and Transportation;
2. assess the adaptation needs and vulnerabilities of areas vital to the state’s economy; state residents’ normal functioning, health and well-being (including agriculture, biodiversity, ecosystem services, education, finance, healthcare, manufacturing, housing

and real estate); and retail, tourism, transportation and municipal government;

3. identify major potential, proposed, and ongoing climate change adaptive infrastructure projects in the state;
4. identify ways to align with existing federal, state, and local funding streams;
5. consult with stakeholders, such as local governments, businesses, environmental advocates, relevant subject area experts and environmental justice communities; and
6. provide opportunities for statewide public engagement, including environmental justice communities and other communities that have the most significant exposure to the impacts of climate change.

CLIMATE SUPERFUND COST RECOVERY PROGRAM FUND

The bill creates a nonlapsing climate superfund cost recovery program fund to provide funding for climate change adaptive infrastructure projects in Connecticut. The fund must contain (1) cost recovery demand payments; (2) any funds appropriated to it; and (3) all other gifts, donations, and other funds received by any public or private source and approved by the Department of Administrative Services commissioner.

Qualified expenditures from the fund must be used for (1) climate change adaptive infrastructure projects authorized by DEEP or (2) the climate superfund program's reasonable administrative expenses.

BACKGROUND

Environmental Justice Communities

By law, an environmental justice community (EJC) is a (1) U.S. census block group in which at least 30% of the population consists of noninstitutionalized, low-income people with income below 200% of the federal poverty level or (2) distressed municipality (CGS § 22a-20a).

Connecticut Equity and Environmental Justice Advisory Council

The Connecticut Equity and Environmental Justice Advisory Council is an advisory council to DEEP that advises on the issues of current and historic environmental injustice and inequities in Connecticut. It was created by Executive Order 21-3, and its purposes include:

1. integrating environmental justice considerations into DEEP’s programs, policies, and activities to improve the health and environment of EJCs, including in rulemaking, permitting standards and processes, compliance and enforcement, science and data, and equitable program delivery;
2. providing mechanisms for EJCs to have a meaningful opportunity to participate in decisions to place or expand certain facilities in the EJC;
3. developing a model plan for community engagement and stakeholder outreach; and
4. strengthening DEEP’s partnerships with other governmental agencies, other states, tribal, local governments, and community leaders and organizations on environmental justice issues.

COMMITTEE ACTION

Environment Committee

Joint Favorable

Yea 23 Nay 10 (03/04/2026)