

H.B. 6441: An Act Concerning Climate Change Adaptation
Section 3: Enabling a Municipal Funding Option for Climate Resilience

Frequently Asked Questions

Purpose of Bill

What is the Municipal Funding Option? [HB 6441](#), **The Governor’s Act Concerning Climate Change Adaptation** includes several proposals which provide municipalities with funding tools to better respond to the impacts of climate change. **Section 3 of the bill** enables a **Municipal Funding Option**, giving communities the opportunity to establish a **limited buyer’s conveyance fee program** to generate revenue for climate resilience and other local environmental projects.

If enacted, would this legislation require all towns to establish the program? No. The program is voluntary. This legislation authorizes, but does not require municipalities to decide whether to take advantage of this funding mechanism.

Why is this needed in Connecticut? Many cities and towns need a sustainable source of funding to address climate change and for local conservation and stewardship efforts that would not impact the municipal mill rate or require additional bonding. Nearby states (MA, NY, RI, PA, WV) have allowed some municipalities to enact a buyer’s conveyance fee, with the income dedicated to conserving and caring for local natural areas and farmland.

Use of Funds

For what purposes can the fee be used?

- **Municipalities that meet the state’s affordable housing requirements***, may use the fee for land conservation and stewardship; climate resilience projects; urban forestry, planting of trees and other environmental projects; matching of Community Investment Act (CIA) funded programs (including for affordable housing) and other state and federal grants; and repayment of municipal bonds obtained for any of these purposes.
- **Municipalities that do not meet the state’s affordable housing requirements**, may use the fee for any of these purposes, except for land acquisition.

* [See state’s list here](#). Towns listed as “exempt” are deemed to meet the state’s affordable housing requirements per Connecticut General Statutes Section 8-37qqq and may use the funds for any of the purposes enumerated in the bill.

Can the fund be raided for other purposes? No. If enacted, the legislation would require that funds raised through this program by the community be dedicated to climate resilience and other community environmental projects as listed in the bill.

For towns eligible to use the funds for land acquisition, would the land need to remain as municipal land? This is a municipal decision. Municipalities could choose to make purchases in cooperation with land trusts, forming a local partnership that would make funds go further.

Fee Structure and Impact on Local Real Estate

How do the fees apply? The fee structure is progressive, as follows:

- **Purchases equal to or less than \$800,000**: The fee is not more than .5% on the portion of the purchase price that exceeds \$150,000.
- **Purchases greater than \$800,000 but equal to or less than \$2.5 million**: The fee is not more than 1% on the portion of the purchase price that exceeds \$800,000.
- **Purchases greater than \$2.5 million**: The fee is not more than 1.5% on the portion of the purchase price that exceeds \$2.5 million.

May a municipality impose a lower fee? Yes. The proposed legislation indicates that the conveyance fee may be up to a certain percentage per level of purchase price.

If enacted, would the fee apply to all real property (i.e., residential, commercial, industrial)? Yes, the proposed legislation is drafted to include all real property. However, a municipality may choose to restrict the fee to purchases of only residential property.

Will a conveyance fee deter homebuyers or commercial investors? Experience in other states shows the opposite. People and businesses are attracted to communities that have cleaner air and water, recreation options, local food sources, and protected natural beauty. The fee is a local investment which helps to sustain the community's natural assets, mitigate the natural and economic impacts of climate change, avoid the hidden costs of development, and even increase local property values (Gies, Conservation: An Investment that Pays, 2009).

What is the difference between a fee and a tax? The primary purpose of a tax is to raise revenue; whereas, a fee is a payment in exchange for a service or privilege. The conveyance fee proposed by this Municipal Funding Option is revenue neutral and provides community investments that benefit the local environment and economy.

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Our Mission

The Connecticut Land Conservation Council advocates for land conservation, stewardship and funding, and works to ensure the long-term strength and viability of the land conservation community across the state.

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