



CONNECTICUT
SECRETARY OF THE STATE
CAPITOL OFFICE

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STATE OF CONNECTICUT

GOVERNOR NED LAMONT

July 13, 2021

The Honorable Denise W. Merrill
Secretary of the State
165 Capitol Avenue
Hartford, CT 06106

Dear Madam Secretary:

I hereby return, without my signature, Senate Bill 1110, *An Act Concerning the Conveyance of Parcels of State Land to the New Haven Port Authority*. The bill would require the Department of Transportation (DOT) to deduct from the sale price of several parcels of land approved for conveyance three years ago any costs for environmental investigation and remediation.

This property was originally purchased using federal funds. Except in certain circumstances, federal law requires the sale be for fair market value; not the fair market value less remediation costs.¹ The Federal Highway Administration (FHWA) also requires that the sale proceeds be used as a match toward other federally participating projects. FHWA annually audits and reviews DOT's property transactions and has the authority to withhold federal funding for current and future projects for being non-compliant with federal law. As a result, DOT cannot use any of the sale proceeds to cover the remediation costs but must find an alternative source of funds.

Standard appraisal practice does not deduct remediation costs from the property value unless there are remediation orders issued by the Department of Energy and Environmental Protection.² Environmental testing is typically part of the due diligence of the purchaser, here the New Haven Port Authority, and not paid by the seller, DOT.

¹ Under DOT's agreement with FHWA, the sale should be for fair market value, absent a public interest finding by FHWA and a separate approval by the Secretary of Transportation.

² Here, there is no information to show that the property outlined in the bill is an Establishment pursuant to the Connecticut Transfer Act. *See Conn. Gen. Stat. § 22a-134*. There are no required remediation orders from the Department of Energy and Environmental Protection and there are no known significant environmental hazards present on the site.

While the legislation requires remediation, it does not specify the level of remediation. The level of remediation and associated costs are dependent on the use of the land. The legislation is silent as to how the land will be used. As written, therefore, the legislation opens DOT and consequently the state taxpayers to an unknown and potentially very high cost.

For these reasons, I disapprove of Senate Bill 1110, *An Act Concerning the Conveyance of Parcels of State Land to the New Haven Port Authority*. Pursuant to Section 15 of Article Fourth of the Constitution of the State of Connecticut, I am returning Senate Bill 1110 without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read "Ned Lamont", written in a cursive style.

Ned Lamont
Governor