

# OFFICE OF FISCAL ANALYSIS

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sSB-453

## AN ACT CONCERNING A CLIMATE CHANGE RELATED SURCHARGE ON CERTAIN INSURANCE POLICIES.

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### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Insurance Dept. <sup>1</sup>	IF - Cost	120,000	157,000

Note: IF=Insurance Fund

#### ***Municipal Impact:***

Municipalities	Effect	FY 27 \$	FY 28 \$
Various Municipalities	Potential Revenue Gain	None	Potential

#### ***Explanation***

The bill results in a cost to the Insurance Fund of \$120,000 in FY 27 and \$157,000 annually thereafter associated with one new position for an administrative officer. The bill creates a nonlapsing climate resilience account and requires the Insurance Department to collect a 5% surcharge on fossil fuel infrastructure insurance policies for deposit into the account, necessitating an additional position. The bill may also result in a potential revenue gain to municipalities for climate resilience grants from the account, beginning in FY 28.

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<sup>1</sup>The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 85.92% of payroll in FY 27.

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The annualized cost for the new Insurance Department position is anticipated to be \$84,000 in salary and \$73,000 in fringe benefits beginning in FY 28. Partial-year personnel costs in FY 27 are anticipated to be \$63,000 and \$55,000 respectively, reflecting an October 1, 2026 start date. Other expenses for the new position are expected to total \$2,000 in FY 27 for a laptop and related supplies.

The bill requires the Commissioner of the Department of Energy and Environmental Protection to establish the account and administer the disbursement of funds, resulting in no cost to the state, as the department has sufficient resources to meet the bill's requirements.

To the extent that the account provides grant funding to municipalities for climate resilience infrastructure, the bill may result in a revenue gain to municipalities that apply for the funding, beginning in FY 28. The magnitude and timing of any revenue gain is dependent on the funds disbursed.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and grants disbursed from the account.