An Act Concerning Crumbling Foundations

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

Section 1. NEW *(Effective from Passage*)

As used in this section:

(1) "Natural Gravel Aggregates" means aggregates that occur in natural, unconsolidated deposits of granular material which are derived from rock fragments such as boulders, cobbles, pebbles and granules and may be rounded, crushed or a combination of both. These deposits may be found either above or below the water table. Natural gravel aggregates consist predominantly of particles larger than the No. 4 sieve (4.75 mm).

(2) "Pyrrhotite" means a naturally occurring mineral comprised of the elements iron and sulfur.

(3) "Pyrrhotite Contamination" means pyrrhotite at a level of 0.23 percent of more as contained in any manufactured concrete product, foundation or similar structure.

Section 2. NEW (*Effective on Passage*)

(a) There is established and created a fund to be known as the "Crumbling Foundation Assistance Fund". Any revenue collected in accordance with this act shall be deposited in the fund and shall be held by the treasurer separate and apart from all other moneys, funds and accounts. Any balance remaining in said fund at the end of any fiscal year shall be carried forward in said fund for the fiscal year next succeeding.

(b) All moneys received in consideration of financial assistance, including payments of principal and interest on any loans made pursuant to this act, shall be credited to the account and shall become part of the assets of the account. At the discretion of the Secretary of the Office of Policy and Management any federal, private or other moneys received by the state in connection with projects undertaken pursuant to this act shall be credited to the assets of this account.

(c) Notwithstanding any provision of the general statutes, proceeds from the sale of bonds available pursuant to subdivision (1) of subsection (b) of section 4-66c may, with the approval of the Governor and the State Bond Commission, be used to capitalize the account.

(d) The fund shall be used by the Secretary of the Office of Policy and Management to carry out the provisions of this act, including but not limited to, the following: (1) testing of residential, including condominiums and planned unit development, foundations for the presence of pyrrhotite contamination; (2) to provide financial assistance for repair and replacement of residential, including condominiums and planned unit development, foundations as the result of pyrrhotite contamination and (3) for administrative costs not to exceed five per cent of such funds. Payments from the fund shall be made by the treasurer upon authorization of the commissioner.

(e) The State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate one hundred million dollars. The proceeds of the sale of said bonds shall be deposited in the Crumbling Foundations Assistance Fund established under section 2 of this Act for the purposes of making and guaranteeing loans and deferred loans as provided in this Act. All provisions of section 3-20, or the exercise of any right or power granted thereby which are not inconsistent with the provisions of this Act are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this Act and temporary notes in anticipation of the money

to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. Said bonds issued pursuant to Act shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the Treasurer shall pay such principal and interest as the same become due.

(e) On or before the second Wednesday after the convening of each regular session of the general assembly, the Secretary of the Office of Policy and Management shall submit a report to the joint standing committee of the general assembly having cognizance of matters relating to planning and development, insurance, public safety and banking which sets forth, for the year ending the preceding June thirtieth, the amount of income to and the expenditures from the fund and such other information as may be available to the commissioner concerning the status of the fund for the year covered by the report and for future fiscal years.

Section 3. NEW *(Effective July 1, 2017*)

(a) There shall be paid to the Commissioner of Revenue Services by the owner of any gravel or like natural elements extraction facility one dollar per cubic yard of material processed at the facility.

(b) Each owner of a gravel or like natural gravel aggregates extraction facility subject to the assessment as provided by this section shall submit a return quarterly to the Commissioner of Revenue Services, applicable with respect to the calendar quarter beginning July 1, 2017, and each calendar quarter thereafter, on

or before the last day of the month immediately following the end of each such calendar quarter, on a form prescribed by the commissioner, together with payment of the quarterly assessment determined and payable in accordance with the provisions of subsection (a) of this section.

(c) Whenever such assessment is not paid when due, a penalty of ten per cent of the amount due or fifty dollars, whichever is greater, shall be imposed, and such assessment shall bear interest at the rate of one per cent per month or fraction thereof until the same is paid. The Commissioner of Revenue Services shall cause copies of a form prescribed for submitting returns as required under this section to be distributed throughout the state. Failure to receive such form shall not be construed to relieve anyone subject to assessment under this section from the obligations of submitting a return, together with payment of such assessment within the time required.

(d) Any person liable for the service fee for gravel or like natural elements extraction delivered to a facility whose owner is subject to the assessment imposed by subsection (a) of this section shall reimburse the owner for any assessment paid for the gravel or like natural elements extraction delivered by such person. The assessment shall be a debt from the person responsible for paying such service fee to the owner.

(e) The provisions of sections 12-548 to 12-554, inclusive, and section 12-555a shall apply to the provisions of this section in the same manner and with the same force and effect as if the language of said sections 12-548 to 12-554, inclusive, and section 12-555a had been incorporated in full in this section, except that to the extent that any such provision is inconsistent with a provision in this section and except that the term "tax" shall be read as "gravel or like natural elements extraction assessment".

Section 4. NEW *(Effective July 1, 2017)*

(a) There shall be paid to the Commissioner of Revenue Services by the owner of any concrete production facility one dollar per cubic yard of bulk concrete processed at the facility.

(b) Each owner of a concrete production facility subject to the assessment as provided by this section shall submit a return quarterly to the Commissioner of Revenue Services, applicable with respect to the calendar quarter beginning July 1, 2017, and each calendar quarter thereafter, on or before the last day of the month immediately following the end of each such calendar quarter, on a form prescribed by the commissioner, together with payment of the quarterly assessment determined and payable in accordance with the provisions of subsection (a) of this section.

(c) Whenever such assessment is not paid when due, a penalty of ten per cent of the amount due or fifty dollars, whichever is greater, shall be imposed, and such assessment shall bear interest at the rate of one per cent per month or fraction thereof until the same is paid. The Commissioner of Revenue Services shall cause copies of a form prescribed for submitting returns as required under this section to be distributed throughout the state. Failure to receive such form shall not be construed to relieve anyone subject to assessment under this section from the obligations of submitting a return, together with payment of such assessment within the time required.

(d) Any person liable for the service fee for bulk concrete prepared by a facility whose owner is subject to the assessment imposed by subsection (a) of this section shall reimburse the owner for any assessment paid for the gravel or like natural elements extraction delivered by such person. The assessment shall be a debt from the person responsible for paying such service fee to the owner.

(e) The provisions of sections 12-548 to 12-554, inclusive, and section 12-555a shall apply to the provisions of this section in the same manner and with the same force and effect as if the language of said sections 12-548 to 12-554, inclusive, and section 12-555a had been incorporated in full in this section, except that to the extent that any such provision is inconsistent with a provision in this section and except that the term "tax" shall be read as "gravel or like natural elements extraction assessment".

Section 5. NEW (*Effective July 1, 2017*)

(a) There shall be paid to the Commissioner of Revenue Services to the Crumbling Foundation Assistance Fund by insurers in an amount of one hundred dollars per residential property insurance premium for residential homes, including condominiums and planned unit developments, issued in this state during the preceding calendar year on all insurers engaged in writing property insurance in this state.

(b) Whenever such assessment is not paid when due, a penalty of ten per cent of the amount due or fifty dollars, whichever is greater, shall be imposed, and such assessment shall bear interest at the rate of one per cent per month or fraction thereof until the same is paid. The Commissioner of Revenue Services shall cause copies of a form prescribed for submitting returns as required under this section to be distributed throughout the state. Failure to receive such form shall not be construed to relieve anyone subject to assessment under this section from the obligations of submitting a return, together with payment of such assessment within the time required.

(b) All funds received pursuant to the provisions of this section shall be deposited into the Crumbling Foundations Assistance Fund established under section 2 of this Act.

(c) The state shall save harmless and indemnify any insurance company in compliance this section action from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of alleged negligence or other act resulting in personal injury or property damage, which acts are not wanton, reckless or malicious.

(d) The provisions of this section shall sunset on July 1, 2024.

Section 6. NEW (*Effective on Passage*)

(a) There shall be paid to the Commissioner of Revenue Services to the Crumbling Foundation Assistance Fund a fee of fifty cents for each package or container containing a concrete pre-mix or similar product in excess of twenty-five pounds sold or offered for sale in this state by the retailer of such products.

(b) Whenever such assessment is not paid when due, a penalty of ten per cent of the amount due or fifty dollars, whichever is greater, shall be imposed, and such assessment shall bear interest at the rate of one per cent per month or fraction thereof until the same is paid. The Commissioner of Revenue Services shall cause copies of a form prescribed for submitting returns as required under this section to be distributed throughout the state. Failure to receive such form shall not be construed to relieve anyone subject to assessment under this section from the obligations of submitting a return, together with payment of such assessment within the time required.

(c) All funds received pursuant to the provisions of this section shall be deposited into the Crumbling Foundations Assistance Fund established under section 2 of this Act.

(d) The provisions of sections 12-548 to 12-554, inclusive, and section 12-555a shall apply to the provisions of this section in the same manner and with the same force and effect as if the language of said sections 12-548 to 12-554, inclusive, and

section 12-555a had been incorporated in full in this section, except that to the extent that any such provision is inconsistent with a provision in this section and except that the term "tax" shall be read as "concrete pre-mix or similar product assessment".

Section 7. NEW (*Effective on Passage*)

(a) The Secretary of the Office of Policy and Management shall establish a Crumbling Foundations Assistance Program, using the Crumbling Foundations Assistance Fund established in Section 2 of this Act, to provide grants of up to on-hundred and fifty thousand dollars for each impacted housing unit, including planned unit developments and condominiums, but not more than seventy-five-percent per housing unit, including planned unit developments and condominiums, of the total costs, to remediate the costs related to pyrrhotite contamination. The Secretary is further authorized to establish low-interest guaranteed loans for the balance of costs of crumbling foundation remediation projects to current homeowners owners to cover the difference between the grant amount provided in this section and the total costs of remediation.

(b) Priority shall be given to homeowners for the grants and loans outlined in subsection (a) of this Section for homeowners experiencing fifty-percent or more property devaluation as the result of pyrrhotite contamination as determined by the assessor for such municipality where such housing unit is located. Further prioritization shall be made to homeowners experiencing forty, thirty, twenty and ten percent property devaluation as the result of pyrrhotite contamination respectively as determined by the assessor for the municipality where such housing unit is located.

(c) An applicant for a loan pursuant to this section shall submit an application to the Secretary of the Office of Policy and Management on forms provided by the Secretary and with such information the Secretary deems necessary, including, but not limited to: (1) A description of the proposed remediation; (2) information

concerning the financial capacity of the applicant to undertake the proposed project; (4) a project budget; and (5) a description of the condition of the foundation, including the results of any environmental assessment of the foundation in the possession of or available to the applicant. The commissioner shall provide loans based upon immediacy of the foundations jeopardy to health and safety, municipal support, contribution to the community's tax base, and ability to pay.

(d) The Secretary, acting on behalf of the state, may, with respect to loans for which funds have been authorized by the State Bond Commission, in his discretion make low-cost loans or deferred loans to residents of this state for the remediation in residential structures of damage caused by pyrrhotite contaminated concrete, shall be eligible for such loans or deferred loans.

(e) Any such loan or deferred loan shall be available only for a residential structure, including planned unit developments and condominiums, shall be not more than two hundred and fifty thousand dollars per housing unit. In the case of a deferred loan, the contract shall require that payments on interest are due immediately but that payments on principal may be made at a later time. Repayment of loans made under this subsection shall be subject to a rate of interest of zero per cent for loans and such terms and conditions as the Secretary may establish. The state shall have a lien on each property for which a loan, deferred loan or guarantee has been made under this section to ensure compliance with such terms and conditions.

(f) If a loan recipient sells a property subject to a loan granted pursuant to this section before the loan is repaid, the loan shall be payable upon closing of such sale, according to its terms, unless the commissioner agrees otherwise. The commissioner may carry the loan forward as an encumbrance to the purchaser with the same terms and conditions as the original loan.

(g) The Secretary shall adopt regulations in accordance with chapter 54, (1) concerning qualifications for such loans or deferred loans, requirements and limitations as to adjustments of terms and conditions of repayment and any

additional requirements deemed necessary to carry out the provisions of this section and to assure that those tax-exempt bonds and notes used to fund such loans or deferred loans qualify for exemption from federal income taxation, (2) providing for the maximum feasible availability of such loans or deferred loans for dwelling units owned or occupied by persons of low and moderate income, (3) establishing procedures to inform such persons of the availability of such loans or deferred loans and to encourage and assist them to apply for such loans or deferred loans, and (4) providing that (A) the interest payments received from the recipients of loans or deferred loans made on and after July 1, 2017, less the expenses incurred by the Secretary in the implementation of the program of loans, deferred loans and loan guarantees under this section.

Section 8. NEW (*Effective July 1, 2017*)

(a) Beginning July 1, 2017, (1) The Department of Consumer Protection shall test concrete aggregate intended for use in concrete foundations from the manufacturer or producer of such aggregate to be tested for the presence of the mineral pyrrhotite at intervals determined by the Commissioner. Testing for the mineral pyrrhotite shall be conducted by the University of Connecticut College of Engineering.

(b) All positive tests for pyrrhotite shall result in (1) an immediate cessation of aggregate removal from the positive site, (2) detailed inspection of the site by a certified geologist where such materials originated to determine if pyrrhotite is further present and to what extent it exists at such site, (3) the Commissioner, based on such testing shall make a determination as to the suitability of any further aggregate from the site being utilized as aggregate for concrete foundations, (4) immediate notification by the Department of Consumer Protection to each consumer that had foundation material with aggregate material such site couple with an explanation of the issues related to pyrrhotite and potential remedies available.(5) and such department shall forward any such positive results to all municipalities within twenty-five miles of the source of such positive finding of

pyrrhotite, and maintain a copy of such documentation electronically for not less than thirty years in accordance with the Connecticut Freedom of Information Act.

(c) Any reuse or recycling of pyrrhotite aggregate or pyrrhotite contaminated concrete is prohibited.

(d) Notwithstanding any other provision of the general statutes, any cost of testing material from a gravel or like natural elements extraction facility and or a concrete production facility for the presence of pyrrhotite shall be paid by the owner of the facility.

Section 9. Section 29-252 of the of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(a) As used in this subsection, "geotechnical" means any geological condition, including the presence of pyrrhotite**,** as soil and subsurface soil condition, which may affect the structural characteristics of a building or structure. The State Building Inspector and the Codes and Standards Committee shall, jointly, with the approval of the Commissioner of Administrative Services, adopt and administer a State Building Code based on a nationally recognized model building code and the standards for pyrrhotite contaminations developed in the Province of Quebec, Canada for the purpose of regulating the design, construction and use of buildings or structures to be erected and the alteration of buildings or structures already erected and make such amendments thereto as they, from time to time, deem necessary or desirable. Such amendments shall be limited to administrative matters, geotechnical and weather-related portions of said code, amendments to said code necessitated by a provision of the general statutes and any other matter which, based on substantial evidence, necessitates an amendment to said code. The code shall be revised not later than January 1, 20~~05~~18**,** and thereafter as deemed necessary to incorporate any subsequent revisions to the code not later than eighteen months following the date of first publication of such subsequent revisions to the code. The purpose of said Building Code shall also include, but

not be limited to, promoting and ensuring that such buildings and structures are designed and constructed in such a manner as to conserve energy and, wherever practicable, facilitate the use of renewable energy resources, including provisions for electric circuits capable of supporting electric vehicle charging in any newly constructed residential garage in any code adopted after July 8, 2013. Said Building Code includes any code, rule or regulation incorporated therein by reference.

Section 10. Section (*Effective on Passage*):Sec. 29-263 is repealed and the following is substituted in lieu thereof: (*Effective on Passage*):

(a) Except as provided in subsection (h) of section 29-252a and the State Building Code adopted pursuant to subsection (a) of section 29-252, after October 1, 1970, no building or structure shall be constructed or altered until an application has been filed with the building official and a permit issued. Such permit shall be issued or refused, in whole or in part, within thirty days after the date of an application. No permit shall be issued except upon application of the owner of the premises affected or the owner's authorized agent. No permit shall be issued to a contractor who is required to be registered pursuant to chapter 400, for work to be performed by such contractor, unless the name, business address and Department of Consumer Protection registration number of such contractor is clearly marked on the application for the permit, and the contractor has presented such contractor's certificate of registration as a home improvement contractor. Prior to the issuance of a permit and within said thirty-day period, the building official shall review the plans of buildings or structures to be constructed or altered, including, but not limited to, plans prepared by an architect licensed pursuant to chapter 390, a professional engineer licensed pursuant to chapter 391 or an interior designer registered pursuant to chapter 396a acting within the scope of such license or registration, to determine their compliance with the requirements of the State Building Code and, where applicable, the local fire marshal shall review such plans to determine their compliance with the Fire Safety Code. Such plans submitted for review shall be in substantial compliance with the

provisions of the State Building Code and, where applicable, with the provisions of the Fire Safety Code.

(b) On and after July 1, 1999, the building official shall assess an education fee on each building permit application. During the fiscal year commencing July 1, 1999, the amount of such fee shall be sixteen cents per one thousand dollars of construction value as declared on the building permit application and the building official shall remit such fees quarterly to the Department of Administrative Services, for deposit in the General Fund. Upon deposit in the General Fund, the amount of such fees shall be credited to the appropriation to the Department of Administrative Services and shall be used for the code training and educational programs established pursuant to section 29-251c and the educational programs required in subsections (a) and (b) of section 29-262. On and after July 1, 2000, the assessment shall be made in accordance with regulations adopted pursuant to subsection (d) of section 29-251c. All fees collected pursuant to this subsection shall be maintained in a separate account by the local building department. During the fiscal year commencing July 1, 1999, the local building department may retain two per cent of such fees for administrative costs incurred in collecting such fees and maintaining such account. On and after July 1, 2000, the portion of such fees which may be retained by a local building department shall be determined in accordance with regulations adopted pursuant to subsection (d) of section 29-251c. Any fees described in this section shall not apply to remediation work done as the result of pyrrhotite contamination.

(c) Any municipality may, by ordinance adopted by its legislative body, exempt Class I renewable energy source projects from payment of building permit fees imposed by the municipality.

Section 11. NEW (Effective on Passage):

Notwithstanding any provision of the general statutes, any municipality may, by ordinance, provide that any person, firm or corporation that owns a residence,

building, structure or other improvement to real property damaged or destroyed by pyrrhotite contaminated concrete, shall be allowed to reconstruct or repair such residence, building, structure or improvement in accordance with any previously approved permit or other authorization for the construction or repair of such residence, building, structure or improvement to the dimensions and specifications for such residence, building, structure or improvement prior to said damage without seeking or obtaining additional approval from any municipal board or commission or paying any related permit fee provided any such reconstructed or repaired residence, building, structure or other improvement complies with the state building, fire and health codes in effect as of July 1, 2017.

Section 12. Section 52-5771 of the of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(a) No product liability claim, as defined in section 52-572m, shall be brought but within three years from the date when the injury, death or property damage is first sustained or discovered or in the exercise of reasonable care should have been discovered, except that, subject to the provisions of subsections (c), (d) and (e) of this section, no such action may be brought against any party nor may any party be impleaded pursuant to subsection (b) of this section later than ten years from the date that the party last parted with possession or control of the product.

(b) In any such action, a product seller may implead any third party who is or may be liable for all or part of the claimant's claim, if such third party defendant is served with the third party complaint within one year from the date the cause of action brought under subsection (a) of this section is returned to court.

(c) The ten-year limitation provided for in subsection (a) of this section shall not apply to any product liability claim brought by a claimant who is not entitled to compensation under chapter 568, provided the claimant can prove that the harm occurred during the useful safe life of the product. In determining whether a product's useful safe life has expired, the trier of fact may consider among other

factors: (1) The effect on the product of wear and tear or deterioration from natural causes; (2) the effect of climatic and other local conditions in which the product was used; (3) the policy of the user and similar users as to repairs, renewals and replacements; (4) representations, instructions and warnings made by the product seller about the useful safe life of the product; and (5) any modification or alteration of the product by a user or third party.

(d) The ten-year limitation provided for in subsection (a) of this section shall be extended pursuant to the terms of any express written warranty that the product can be used for a period longer than ten years, and shall not preclude any action against a product seller who intentionally misrepresents a product or fraudulently conceals information about it, provided the misrepresentation or fraudulent concealment was the proximate cause of harm of the claimant.

(e) The ten-year limitation provided for in subsection (a) of this section shall not apply to any product liability claim, whenever brought, involving injury, death or property damage caused by contact with or exposure to asbestos, except that (1) no such action for personal injury or death may be brought by the claimant later than eighty years from the date that the claimant last had contact with or exposure to asbestos, and (2) no such action for damage to property may be brought by the claimant later than thirty years from the date of last contact with or exposure to asbestos.

(e) The ten-year limitation provided for in subsection (a) of this section shall not apply to any product liability claim, whenever brought, involving injury, death or property damage caused by pyrrhotite contamination, except that (1) no such action for personal injury or death may be brought by the claimant later than twenty-five years from the date that the claimant first learns that a condition of pyrrhotite contamination exists with their foundation or other concrete residential structures.

Section 13. Section 20-327b of the of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(a) Except as otherwise provided in this section, each person who offers residential property in the state for sale, exchange or for lease with option to buy, shall provide a written residential condition disclosure report to the prospective purchaser at any time prior to the prospective purchaser's execution of any binder, contract to purchase, option or lease containing a purchase option. A photocopy, duplicate original, facsimile transmission or other exact reproduction or duplicate of the written residential condition report containing the prospective purchaser's written receipt shall be attached to any written offer, binder or contract to purchase. A photocopy, duplicate original, facsimile transmission or other exact reproduction or duplicate of the written residential condition report containing the signatures of both seller and purchaser shall be attached to any agreement to purchase the property.

(b) The following shall be exempt from the provisions of this section: (1) Any transfer from one or more co-owners solely to one or more of the co-owners; (2) transfers made to the spouse, mother, father, brother, sister, child, grandparent or grandchild of the transferor where no consideration is paid; (3) transfers pursuant to an order of the court; (4) transfers of newly-constructed residential real property for which an implied warranty is provided under chapter 827; (5) transfers made by executors, administrators, trustees or conservators; (6) transfers by the federal government, any political subdivision thereof or any corporation, institution or quasi-governmental agency chartered by the federal government; (7) transfers by deed in lieu of foreclosure; (8) transfers by the state of Connecticut or any political subdivision thereof; (9) transfers of property which was the subject of a contract or option entered into prior to January 1, 1996; and (10) any transfer of property acquired by a judgment of strict foreclosure or by foreclosure by sale or by a deed in lieu of foreclosure.

(c) The provisions of this section shall apply only to transfers by sale, exchange or lease with option to buy, of residential real property consisting of not less than one nor more than four dwelling units which shall include cooperatives and condominiums, and shall apply to all transfers, with or without the assistance of a licensed real estate broker or salesperson, as defined in section 20-311.

(d) (1) Not later than ~~January 1, 2013~~ October 1, 2017, the Commissioner of Consumer Protection shall, by regulations adopted in accordance with the provisions of chapter 54, prescribe the form of the written residential disclosure report required by this section and sections 20-327c to 20-327e, inclusive. The regulations shall provide that the form include information concerning:

(A) Municipal assessments, including, but not limited to, sewer or water charges and pyrrhotite contamination applicable to the property. Such information shall include: (i) Whether such assessment is in effect and the amount of the assessment; (ii) whether there is an assessment on the property that has not been paid, and if so, the amount of the unpaid assessment; and (iii) to the extent of the seller's knowledge, whether there is reason to believe that the municipality may impose or adjust an assessment in the future;

(B) Leased items on the premises, including, but not limited to, propane fuel tanks, water heaters, major appliances and alarm systems;

(C) (i) Whether the real property is located in a municipally designated village district or municipally designated historic district or has been designated on the National Register of Historic Places, and (ii) a statement that information concerning village districts and historic districts may be obtained from the municipality's village or historic district commission, if applicable.

(2) Such form of the written residential disclosure report shall contain the following:

(A) A certification by the seller in the following form:

"To the extent of the seller's knowledge as a property owner, the seller acknowledges that the information contained above is true and accurate for those areas of the property listed. In the event a real estate broker or salesperson is utilized, the seller authorizes the brokers or salespersons to provide the above information to prospective buyers, selling agents or buyers' agents.

.... (Date)

.... (Seller)

.... (Date)

.... (Seller)"

(B) A certification by the buyer in the following form:

"The buyer is urged to carefully inspect the property and, if desired, to have the property inspected by an expert. The buyer understands that there are areas of the property for which the seller has no knowledge and that this disclosure statement does not encompass those areas. The buyer also acknowledges that the buyer has read and received a signed copy of this statement from the seller or seller's agent.

.... (Date)

.... (Seller)

.... (Date)

.... (Seller)"

(C) A statement concerning the responsibility of real estate brokers in the following form:

"This report in no way relieves a real estate broker of the broker's obligation under the provisions of section 20-328-5a of the Regulations of Connecticut State Agencies to disclose any material facts. Failure to do so could result in

punitive action taken against the broker, such as fines, suspension or revocation of license."

(D) A statement that any representations made by the seller on the written residential disclosure report shall not constitute a warranty to the buyer.

(E) A statement that the written residential disclosure report is not a substitute for inspections, tests and other methods of determining the physical condition of property.

(F) Information concerning environmental matters such as lead, radon, subsurface sewage disposal, flood hazards, pyrrhotite contamination, if the residence is or will be served by well water, as defined in section 21a-150, the results of any water test performed for volatile organic compounds and such other topics as the Commissioner of Consumer Protection may determine would be of interest to a buyer.

(G) A statement that information concerning the residence address of a person convicted of a crime may be available from law enforcement agencies or the Department of Emergency Services and Public Protection and that the Department of Emergency Services and Public Protection maintains a site on the Internet listing information about the residence address of persons required to register under section 54-251, 54-252, 54-253 or 54-254, who have so registered.

(H) If the property is located in a common interest community, whether the property is subject to any community or association dues or fees.

(I) Whether, during the seller's period of ownership, there is or has ever been an underground storage tank located on the property, and, if there is or was, if it has been removed. If such underground storage tank has been removed, such seller shall state when it was removed, who removed it and shall provide

any and all written documentation of such removal within the seller's possession and control.

(J) A statement that the prospective purchaser should consult with the municipal building official in the municipality in which the property is located to confirm that building permits and certificates of occupancy have been issued for work on the property, where applicable.

(K) A statement that the prospective purchaser should have the property inspected by a licensed home inspector.

(L) A statement that the perspective purchaser should have the property inspected by a professional certified in the detection of pyrrhotite contamination.

(~~L~~M) A question as to whether the seller is aware of any prior or pending litigation, government agency or administrative action, order or lien on the premises related to the release of any hazardous substance.

(~~M~~N) Whether there are smoke detectors and carbon monoxide detectors located in a dwelling on the premises, the number of such detectors, whether there have been any problems with such detectors and an explanation of any such problems.

(e) On or after January 1, 1996, the Commissioner of Consumer Protection shall make available the residential disclosure report prescribed in accordance with the provisions of this section and sections 20-327c to 20-327e, inclusive, to the Division of Real Estate, all municipal town clerks, the Connecticut Association of Realtors, Inc., and any other person or institution that the commissioner believes would aid in the dissemination and distribution of such form. The commissioner shall also cause information concerning such form and the completion of such

form to be disseminated in a manner best calculated, in the commissioner's judgment, to reach members of the public, attorneys and real estate licensees.

Section 14. Section 4-66g of the of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate two hundred sixty million dollars, provided twenty million dollars of said authorization shall be effective July 1, 2014.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by the Office of Policy and Management for a small town economic assistance program the purpose of which shall be to provide grants-in-aid to any municipality or group of municipalities, provided the municipality and each municipality that is part of a group of municipalities is not economically distressed within the meaning of subsection (b) of section 32-9p, does not have an urban center in any plan adopted by the General Assembly pursuant to section 16a-30 and is not a public investment community within the meaning of subdivision (9) of subsection (a) of section 7-545. Such grants shall be used for purposes for which funds would be available under section 4-66c. No group of municipalities may receive an amount exceeding in the aggregate five hundred thousand dollars per municipality in such group in any one fiscal year under said program. No individual municipality may receive more than five hundred thousand dollars in any one fiscal year under said program, except that any municipality that receives a grant under said program as a member of a group of municipalities shall continue to be eligible to receive an amount equal to five hundred thousand dollars less the amount of such municipality's proportionate share of such grant. Notwithstanding the provisions of this subsection and section 4-66c, a municipality that is (1) a distressed municipality within the meaning of subsection (b) of section 32-9p or a public

investment community within the meaning of subdivision (9) of subsection (a) of section 7-545, and (2) otherwise eligible under this subsection for the small town economic assistance program may elect to be eligible for said program individually or as part of a group of municipalities in lieu of being eligible for financial assistance under section 4-66c, by a vote of its legislative body or, in the case of a municipality in which the legislative body is a town meeting, its board of selectmen, and submitting a written notice of such vote to the Secretary of the Office of Policy and Management. Any such election shall be for the four-year period following submission of such notice to the secretary and may be extended for additional four-year periods in accordance with the same procedure for the initial election.

(c) All provisions of section 3-20, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

(d) Any grant-in-aid allowed under the small town economic assistance program under this section may be administered on behalf of the Office of Policy and Management by another state agency as determined by the Secretary of the Office of Policy and Management.

(e) Notwithstanding the provisions of section 16a-31, no municipality that has a population of less than fifteen thousand as determined by the most recent decennial census and in which at least five thousand five hundred acres of land but not more than six thousand acres of land is owned by a regional water authority shall be denied a grant pursuant to subsections (a) to (d), inclusive, of this section for a sewer project solely because such project is not consistent with the locational guide map accompanying the state plan of conservation and development adopted under chapter 297.

(f) Priority selection for grant-in-aid allowed under the small town economic assistance program shall be made for towns experiencing loss of residential assessment due to pyrrhotite contamination to support residential homeowners to remediate problems associated with such contamination.

Section 15. NEW (*Effective on Passage*) Title 38a of the General Statutes is amended to include the following:

(a) No policy of residential property insurance may be issued or delivered or, with respect to policies in effect on the effective date of this Act, initially renewed in this state by any insurer unless the named insured is offered coverage for loss or damage caused by the peril of foundation collapse due to pyrrhotite contamination. That coverage may be provided in the policy of residential property insurance itself, either by specific policy provision or endorsement, or in a separate policy or certificate of insurance which specifically provides coverage for

loss or damage caused by the peril of foundation collapse due to pyrrhotite contamination.

(b) The foundation collapse due to pyrrhotite contamination coverage shall be in accordance with the insurer's rules and rating plan, provided, however, that nothing contained in this Act shall require an insurer to issue a policy of residential property insurance except in accordance with the insurer's usual underwriting standards. However, those standards shall not permit an insurer to provide a policy of residential property insurance unless the offer of coverage required by this chapter is made.

(c) The offer of coverage required by section (a) may be made prior to, concurrent with, or within 60 days following the issuance or renewal of a residential property insurance policy. If the offer of coverage is mailed to the named insured or applicant, it shall be mailed to the mailing address shown on the policy of residential property insurance or on the application. The offer of foundation collapse due to pyrrhotite contamination coverage shall contain the following language in at least 10-point boldface type:

> YOUR POLICY DOES NOT PROVIDE COVERAGE AGAINST THE PERIL OF FOUNDATION COLLAPSE DUE TO PYRRHOTITE CONTAMINATION. CONNECTICUT LAW REQUIRES THAT FOUNDATION COLLAPSE DUE TO PYRRHOTITE CONTAMINATION COVERAGE BE OFFERED TO YOU AT YOUR OPTION.
>
> WARNING: THESE COVERAGES MAY DIFFER SUBSTANTIALLY FROM AND PROVIDE LESS PROTECTION THAN THE COVERAGE PROVIDED BY YOUR HOMEOWNERS' INSURANCE POLICY. THERE ARE EXCLUSIONS AND LIMITATIONS SUCH AS OUTBUILDINGS, SWIMMING POOLS, MASONRY FENCES, AND MASONRY CHIMNEYS.

THIS DISCLOSURE FORM CONTAINS ONLY A GENERAL DESCRIPTION OF COVERAGES AND IS NOT PART OF YOUR FOUNDATION COLLAPSE DUE TO PYRRHOTITE CONTAMINATION INSURANCE POLICY. ONLY THE SPECIFIC PROVISIONS OF YOUR POLICY WILL DETERMINE WHETHER A PARTICULAR LOSS IS COVERED AND, IF SO, THE AMOUNT PAYABLE. THE COVERAGE, SUBJECT TO POLICY PROVISIONS, MAY BE PURCHASED AT ADDITIONAL COST ON THE FOLLOWING TERMS:

(A) AMOUNT OF DWELLING COVERAGE: ____
(B) APPLICABLE DEDUCTIBLE: IF YOUR LOSS IS BELOW THIS AMOUNT, YOU MAY NOT RECEIVE ANY PAYMENT FROM YOUR COVERAGE. YOUR INSURANCE COMPANY OR AGENT WILL PROVIDE WRITTEN NOTICE AS TO HOW THE DEDUCTIBLE APPLIES TO THE MARKET VALUE OF YOUR COVERAGE, THE INSURED VALUE OF YOUR COVERAGE, OR THE REPLACEMENT VALUE OF YOUR COVERAGE.

(C) CONTENTS COVERAGE: IF YOUR LOSS DOES NOT EXCEED THE DEDUCTIBLE FOR THE DWELLING, YOU WILL NOT RECEIVE ANY PAYMENT FOR THIS COVERAGE. YOUR INSURANCE COMPANY OR AGENT WILL PROVIDE WRITTEN NOTICE AS TO HOW THE DEDUCTIBLE APPLIES TO THE AMOUNT YOU RECEIVE PURSUANT TO THIS COVERAGE.

(D) ADDITIONAL LIVING EXPENSES: ____

(E) RATE OR PREMIUM: YOU MUST ASK THE COMPANY TO ADD FOUNDATION COLLAPSE DUE TO PYRRHOTITE CONTAMINATION COVERAGE WITHIN 30 DAYS FROM THE DATE OF MAILING OF THIS NOTICE OR IT SHALL BE CONCLUSIVELY PRESUMED THAT YOU HAVE NOT ACCEPTED THIS OFFER. THIS COVERAGE SHALL BE EFFECTIVE ON THE DAY YOUR ACCEPTANCE OF THIS OFFER IS RECEIVED BY US.

When the insurer, agent, or broker establishes delivery of the disclosure form by obtaining the signature of the applicant or insured, or when an insurer, agent, or broker provides the applicant with the disclosure form and the applicant does not return a signed acknowledgment of receipt within 60 days of the date it was provided, there shall be a conclusive presumption that the insurer, agent, or broker has complied with the disclosure requirements of this section.

(d) An insurer which issues or delivers a policy of residential property insurance in this state may comply with the provisions of this Act in any of the following ways: (1) By offering to underwrite directly the risk of loss or damage caused by peril of foundation collapse due to pyrrhotite contamination, (2) by arranging for foundation collapse due to pyrrhotite contamination coverage to be offered by an affiliated insurer and (3) by arranging for the coverage to be offered through an insurance agent or broker under a policy or certificate of insurance issued by a nonaffiliated insurer.

(e) If the insurer establishes proof of mailing or delivery of the required offer and the offer of foundation collapse due to pyrrhotite contamination coverage is not accepted by the named insured within 30 days from the date of mailing or delivery of the offer, there shall be a conclusive presumption that the named insured elected not to accept the coverage. An election, actual or presumed, by any named insured shall be binding upon any other person insured or any other party having an insurable interest in the insured property.

(f) If an offer of foundation collapse due to pyrrhotite contamination coverage is accepted, the coverage shall be continued at the applicable rates and conditions for the policy term, provided the policy of residential property insurance is not terminated by the named insured or insurer. (1) At any renewal, an insurer may modify the terms and conditions of an existing policy, rider, or endorsement providing coverage against loss or damage caused by the peril of foundation collapse due to pyrrhotite contamination if the modified terms and conditions provide the minimum coverages established by the Commissioner of Insurance.

(g) An insurer that modifies the terms and conditions of an existing policy, rider, or endorsement shall provide the insured with the renewal notice in a stand-alone disclosure document stating the changes in the terms and conditions of the insured's existing policy, rider, or endorsement. Proof of mailing of the disclosure document by first-class mail to a named insured at the mailing address shown on the policy or application creates a conclusive presumption that the disclosure document was provided. The disclosure shall include
the following statement in 14-point boldface type:

> THE COVERAGE IN THE POLICY WE ARE OFFERING YOU WITH THIS RENEWAL HAS BEEN REDUCED, AND SUBSTANTIALLY DIFFERS FROM THE COVERAGES PROVIDED BY YOUR HOMEOWNERS' POLICY. INSURANCE COMPANIES ARE ALLOWED TO RENEW FOUNDATION COLLAPSE DUE TO PYRRHOTITE CONTAMINATION INSURANCE POLICIES WITH COVERAGE THAT IS REDUCED FROM THE COVERAGE YOU PREVIOUSLY PURCHASED. YOU MAY REQUEST A SAMPLE COPY OF THIS NEW POLICY TO REVIEW PRIOR TO MAKING A DECISION TO ACCEPT THIS RENEWAL, AND WE WILL MAIL OR DELIVER IT TO YOU WITHIN 14 DAYS OF YOUR REQUEST. A REQUEST FOR THE SAMPLE COPY SHALL NOT CHANGE OR EXTEND THE POLICY EXPIRATION DATE SPECIFIED IN THE RENEWAL NOTICE. A SUMMARY OF THE CHANGES IS INCLUDED WITH THIS NOTICE.

(h) Where the offer of foundation collapse due to pyrrhotite contamination coverage has not been accepted, the insurer shall notify the named insured that the policy does not provide that coverage. After the offer on an every other year basis, the notice of non-coverage shall be provided prior to or concurrent with the renewal of the policy of residential property insurance. This section shall not affect any other provisions of this chapter nor shall it affect coverage under the policy of residential property insurance.

(i) Every policy of residential property insurance which provides coverage for loss or damage to a structure from the peril of foundation collapse due to pyrrhotite

contamination, but that provides for an uninsured deductible amount computed as a percentage, shall clearly disclose on the page setting forth the policy declarations the basis upon which the percentage is computed. This disclosure shall be printed in at least 10-point bold typeface.

(j) At a minimum, an offer of coverage of loss or damage caused by the peril of foundation collapse due to pyrrhotite contamination shall include the following coverages: (1) dwelling, not including outbuildings, appurtenant structures, swimming pools, masonry fences and walls not necessary for the structural integrity of the dwelling, walkways and patios not necessary for regular ingress or egress from the dwelling, awnings or other patio coverings, decorative or artistic features including plaster if other covering would be more cost-effective, or landscaping. An insurer that provides foundation collapse due to pyrrhotite contamination coverage for the dwelling that is narrower than coverage provided under the policy of residential property insurance shall, upon approval of the commissioner, establish the premium for the foundation collapse due to pyrrhotite contamination coverage in a manner that reflects the exclusion of those items not covered by the foundation collapse due to pyrrhotite contamination policy, rider, or endorsement.

(k) The Commissioner shall adopt regulations setting forth standards governing the training of insurance adjusters in evaluating damage caused by pyrrhotite contamination. On or before December 31, 2017, insurers shall train and accredit adjusters in accordance with these standards. Thereafter, an insurer using one or more adjusters who are not trained and accredited in accordance with those standards shall submit the names of those adjusters to the department, along with the claim number of the claim adjusted by that adjuster. An adjuster trained and accredited by one insurer pursuant to this section shall not be required to receive training and accreditation again in order to adjust claims for a different insurer. An insurer using an adjuster who has been trained and accredited by another insurer pursuant to this section shall not be required to submit the name of that adjuster to the department.

(a) No person may use a geographically based pyrrhotite contamination assessment system or program for the purpose of requiring pyrrhotite contamination insurance, or imposing a fee or any other condition in lieu of requiring pyrrhotite contamination insurance.

Section 15. Section 38a-10 of the General Statutes is repealed and the following is substituted in lieu thereof: (Effective on Passage)

(a)(1) The Insurance Department may establish a mediation program for any open claim for loss or damage to personal or real property that arises under an insured's (A) personal risk insurance policy, as defined in section 38a-663, other than a private passenger nonfleet automobile insurance policy, (B) condominium association master policy under section 47-83, **(C) owner occupied housing units, including condominiums and planned unit developments impacted by pyrrhotite contamination** or (~~C~~ **D**) unit owners' association property insurance policy under section 47-255, as a result of a catastrophic event for which the Governor has declared a state of emergency. Any company licensed to write the lines of insurance set forth in subparagraphs (A) to (~~C~~ **D)**, inclusive, of this subdivision shall participate in the mediation program. For purposes of this section, "claim" means any dispute between an insured and such insured's insurer arising from such catastrophic event in which the difference between the position of the parties for the actual cash value or the amount of loss is five thousand dollars or more, notwithstanding any applicable deductible, except that the parties may agree to mediate a dispute involving a lesser amount.

(2) This section shall not apply to any claim (A) made under a flood insurance policy issued by the National Flood Insurance Program, (B) for which coverage is in dispute, or (C) with respect to which coverage has been exhausted.

(b) The Insurance Commissioner shall designate an entity as the commissioner's designee to carry out the mediations pursuant to this section. The insurer shall pay the mediation fee to the designated entity not later than ten business days after

such insurer receives an invoice for such mediation from such entity. The insurer shall not be responsible for any costs incurred by an insured including, but not limited to, costs incurred for advisors, representatives, attorneys or public adjusters.

(c) The mediation shall be conducted in accordance with procedures established by the designated entity and approved by the commissioner. The commissioner shall not designate an entity as the commissioner's designee unless:

(1) Such entity agrees (A) that the commissioner shall oversee the operational procedures of such entity with respect to the administration of the mediation program, (B) that the commissioner shall have access to all systems, databases and records related to the mediation program, and (C) to make reports to the commissioner in a form and manner prescribed by the commissioner;

(2) Such entity's procedures require that (A) the parties agree, in writing, prior to the mediation that statements made during the mediation are confidential and will not be admitted into evidence in any civil action concerning the claim, except with respect to any proceeding or investigation of insurance fraud, (B) a settlement agreement reached in a mediation shall be transcribed into a written agreement, on a form approved by the commissioner, that is signed by the insured and a representative of the insurer with the authority to do so, and (C) a settlement agreement prepared during a mediation shall include a provision affording the insured a right to rescind the agreement within five business days after the date such agreement is reached, provided the insured has not cashed or deposited any check or draft disbursed to the insured for the disputed matters as a result of such agreement; and

(3) Such entity's procedures provide that (A) the mediator may terminate a mediation session if the mediator determines that either the insured or the insurer's representative is not participating in the mediation in good faith, or if even after good faith efforts, a settlement cannot be reached, (B) the designated

entity may schedule additional mediation sessions if it believes the sessions may result in a settlement, (C) the designated entity may require the insurer to send a different representative to a rescheduled mediation session if the first representative has not participated in the mediation in good faith, and any fee for such other representative shall be paid by the insurer, and (D) the designated entity may reschedule a mediation session if the mediator determines that the insured is not participating in good faith, but only if the insured pays the entity's fee for the mediation.

(d) An insured's right to request mediation pursuant to this section shall not affect any other right the insured may have to redress the dispute after the completion of the mediation, including any remedies specified in the insurance policy or any right provided by law, unless a settlement agreement for the dispute has been entered into and the insured did not rescind such agreement as provided under subparagraph (C) of subdivision (2) of subsection (c) of this section.

(e) The commissioner may adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this section. Such regulations shall include, but not be limited to, (1) the form and manner of notification by the insurer to an insured of the right to mediation, (2) the forms and procedures for an insured or an insurer to request a mediation proceeding, and (3) the requirements for an insurer's participation at the mediation hearing.

Section 16. NEW (*Effective on Passage*)

(a) There is established a Crumbling Foundation's Oversight Committee. The committee shall advise on (1) the development and implementation of the responses put in place to address the crumbling foundation issue (2) use and operation of the Crumbling Foundations Assistance Fund and (3) make recommendations for any policy changes to improve that response, with the overall goal of resolving related issues in a timely, effective and cost efficient manner.

(b) The committee shall consist of the following members:

(1) Four members of the General Assembly, one of whom shall be appointed by the speaker of the House of Representatives, one of whom shall be appointed by the president pro tempore of the Senate, one of whom shall be appointed by the minority leader of the House of Representatives, and one of who shall be appointed by the minority leader of the Senate;

(2) The Commissioner of Consumer Protection or the Commissioner's designee;

(3) The Commissioner of Banks or the Commissioner's designee;

(4) The Commissioner of Insurance or the Commissioner's designee;

(5) The Secretary of the Office of Policy and Management or the Secretary's designees;

(6) The executive director of the Capital Region Council of Governments or his designee;

(7) The executive director of the Northeastern Connecticut Council of Governments or his designee;

(8) The Dean of the College of Engineering at the University of Connecticut or his designee;

(10) Two chief elected officials or chief administrative officers of towns impacted by crumbling foundations, one of whom shall be appointed by the majority leader of the House of Representatives, and one who shall be appointed by the majority leader of the Senate; and

(11) Such other members as the committee may prescribe.

(c) All appointments to the committee under subdivisions (1) to (11), inclusive, of subsection (b) of this section shall be made not later than thirty days after June 30, 2017. Any vacancy shall be filled by the appointing authority.

(d) A member of the General Assembly selected jointly by the speaker of the House of Representatives and the president pro tempore of the Senate shall be the chairperson of the committee. Such chairperson shall schedule the first meeting of the committee, which shall be held not later than thirty days after June 30, 2017.

(e) Members of the committee shall serve without compensation, except for necessary expenses incurred in the performance of their duties.

(f) Not later than October 1, 2017, and annually thereafter, the committee shall submit a report to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to Banks, Insurance, Public Safety and Planning and Development, in accordance with section 11-4a, analyzing progress made in addressing issues related to crumbling foundations and any recommendations for modifications to existing policies or new policies to further address such issues.