



# House of Representatives

General Assembly

**File No. 147**

January Session, 2001

Substitute House Bill No. 6840

*House of Representatives, April 5, 2001*

The Committee on Commerce reported through REP. SAMOWITZ of the 129th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT PROMOTING INCUBATOR FACILITIES.***

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

1 Section 1. (NEW) (a) As used in this section "incubator facilities"  
2 means a building, structure or complex designed, constructed,  
3 renovated or developed to house and provide research and other  
4 services to assist small technology-based companies.

5 (b) There is established an incubator facilities grant program to be  
6 administered by Connecticut Innovation, Incorporated. During the  
7 twelve-month period beginning July 1, 2001, the corporation shall  
8 accept applications from eligible grant recipients in a form and manner  
9 prescribed by the corporation for state grants for the purpose of  
10 promoting and establishing incubator facilities. The total amount of  
11 grants provided by the corporation under this section shall be not less  
12 than two million dollars.

13 (c) On or before January 1, 2003, the corporation shall review all

14 applications timely received pursuant to this section, may approve  
15 such applications and provide approved grant recipients such financial  
16 assistance as it may determine will promote or establish incubator  
17 facilities. Eligible expenses shall be costs for renovations,  
18 improvements and operations. In approving any such application the  
19 corporation shall assess scientific and economic factors concerning the  
20 uses of the proposed grant.

21 (d) No application shall be approved unless the applicant submits  
22 (1) a feasibility study that includes the number of companies to be  
23 served and the number and types of jobs to be created, and (2) a  
24 business and marketing plan which addresses the incubator's role in  
25 regional and local economic development, and includes a service  
26 package with components on business coaching, low-cost space and  
27 entry and exit criteria.

28 (e) Not less than six months after approval of a grant, and  
29 biannually thereafter, grantees shall submit a report to the corporation  
30 on uses of grant funds which includes the following: (1) Financial  
31 statements on the incubator facility; (2) program performance,  
32 supported by data; (3) a summary on the incubator facility, including  
33 information on tenants, entry and exit dates, employment and industry  
34 section representation; and (4) verification of the number of jobs lost  
35 and gained.

36 (f) The corporation shall adopt written procedures in accordance  
37 with section 1-121 of the general statutes for implementation of this  
38 section. Such written procedures shall include a description of  
39 information required to be submitted under this subsection.

40 (g) On or before February 1, 2005, the corporation shall submit a  
41 report on the program established under this section to the joint  
42 standing committee of the General Assembly having cognizance of  
43 matters relating to commerce. Such report shall include a detailed  
44 analysis of grant applications as well as an analysis of approved grant

45 applications and may make recommendations for financial and  
46 technical assistance for incubator facilities.

47 Sec. 2. This act shall take effect July 1, 2001.

**Statement of Legislative Commissioners:**

In Subsec. (e) of section 1, "data" replaced "date" and "facility," was inserted after "incubator" for accuracy.

**CE**            *JOINT FAVORABLE SUBST.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** See Explanation Below

**Affected Agencies:** Connecticut Innovations, Inc. (quasi-public)

**Municipal Impact:** None

**Explanation**

**State Impact:**

This bill requires Connecticut Innovations, Inc. (CII) to establish and administer an incubator facilities grant program for a total amount of grants of not less than \$2 million. It is anticipated that CII will need an additional employee to administer the program at an estimated cost of \$85,000 for salary and associated expenses.

It is unclear what funds will be used for this program since no funding source is specified or new funds authorized. To the degree that current program funds are used to provide the assistance, this legislation could increase the need for future GO bond authorizations, and therefore, increase future costs for debt service.

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**OLR Bill Analysis**

sHB 6840

***AN ACT PROMOTING INCUBATOR FACILITIES.***

**SUMMARY:**

This bill authorizes grants for developing and promoting facilities housing small high technology companies and the technical and administrative services designed to support them. These facilities, generally called "incubators," help new start-up businesses grow to the point where they can operate independently in their own facilities.

Connecticut Innovations, Inc. (CII) must grant at least \$2 million through a one-time competitive application process. The bill designates no funding source. Recipients can use the grants to renovate, improve, or operate the facilities.

CII must adopt written procedures to accept, review, and approve grant applications between July 1, 2001 and January 1, 2003. Grant recipients must report every six months to CII, and CII must report to the Commerce Committee about them by February 1, 2005.

EFFECTIVE DATE: July 1, 2001

**GRANT ADMINISTRATION**

CII must develop the application forms and specify how eligible grant recipients must submit them. The bill does not define eligible recipients, but presumably leaves this to CII as it adopts the written procedures to administer the grants.

Besides the application, applicants must submit a feasibility study identifying the number of companies the incubator will serve and the number and types of jobs they will create. Applicants must also submit a business and marketing plan discussing the incubator's role in local and regional economic development and describing the service package the incubator will provide. The package must include

components on business coaching, low-cost space, and criteria for accepting businesses into the facility and determining when they should leave.

CII must accept applications from July 1, 2001 until June 30, 2002. It must review and approve them by January 1, 2003. Recipients must report every six months to CII on how they are using the grants. The reports must include the incubators' financial statements, performance data, the number and type of businesses they currently house and the number that left, the types of jobs they created, and a verified count of the jobs lost and gained.

**CII REPORT**

CII must report to the Commerce Committee about the incubator grants by February 1, 2005. The report must analyze the applications CII received and the ones it approved. It must also recommend ways to provide financial and technical assistance to the incubators.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Report  
Yea 26 Nay 0