



General Assembly

January Session, 2011

Raised Bill No. 1172

LCO No. 4236

* SB01172CE 032211 *

Referred to Committee on Commerce

Introduced by:
(CE)

**AN ACT CONCERNING THE RECOMMENDATIONS OF THE
CONNECTICUT TECHNOLOGY COUNCIL.**

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

1 Section 1. (*Effective from passage*) (a) On or before October 1, 2011, the
2 Commissioner of Higher Education, in consultation with the
3 Commissioner of Economic and Community Development, or their
4 designees, shall, within existing budgetary resources, develop a plan to
5 create and implement a university and industry research initiative to
6 create a joint research institute between The University of Connecticut
7 and private colleges in the state and use such joint research initiative to
8 promote technology transfer programs to promote commercialization
9 of technology developed at The University of Connecticut and private
10 colleges. Such plan shall also identify business entities that may be
11 interested in providing such joint research initiative with financial
12 resources or other support.

13 (b) On or before January 1, 2012, the Commissioner of Higher
14 Education shall report to the joint standing committees of the General
15 Assembly having cognizance of matters relating to higher education
16 and commerce on the plan developed pursuant to subsection (a) of this

17 section. Such report shall include the projected cost of creating and
18 implementing a joint research institute between The University of
19 Connecticut and private colleges in the state, a list of researchers at The
20 University of Connecticut or private colleges willing to participate in
21 the joint research initiative, the name of any private college in the state
22 willing to participate in the initiative, the identities of any business
23 entity willing to support such joint research initiative, and
24 recommendations for administrative or legislative action needed to
25 implement the plan.

26 Sec. 2. (NEW) (*Effective July 1, 2011*) (a) For purposes of this section
27 "virtual incubator portal" means an Internet web site designed and
28 developed to provide research, consulting and other services to assist
29 small technology-based companies.

30 (b) The Commissioner of Economic and Community Development
31 shall establish the virtual business incubator program to provide
32 grants, subject to the availability of funds, to small technology-based
33 companies that are assisted by the virtual incubator portal. The
34 Department of Economic and Community Development may enter
35 into an agreement, pursuant to chapter 55a of the general statutes, with
36 a person, firm, corporation or other entity to operate the virtual
37 incubator portal. The department, or a program operator selected
38 pursuant to this subsection, shall operate the virtual incubator portal to
39 provide assistance to small technology-based companies. In
40 accordance with written guidelines developed by the department, the
41 department or program operator, if any, may provide grants to assist
42 small businesses operating within the virtual incubator portal. Grants
43 made pursuant to this section shall be used by such small businesses to
44 provide operating funds and related services, including business plan
45 preparation, assistance in acquiring financing and management
46 counseling.

47 (c) A small technology-based company shall submit an application
48 for a grant pursuant to this section in the manner prescribed by the
49 Commissioner of Economic and Community Development.

50 (d) There is established an account to be known as the virtual
51 business incubator account, which shall be a separate, nonlapsing
52 account within the General Fund. The commissioner may use funds
53 from the account to provide administrative expenses and grants
54 pursuant to this section.

55 (e) (1) There is established a Virtual Business Incubator Advisory
56 Board. Said board shall consist of: (A) The Commissioner of Economic
57 and Community Development or a designee; (B) the president of the
58 Connecticut Development Authority and the executive director of
59 Connecticut Innovations, Incorporated, as ex-officio nonvoting
60 members, or their designees; (C) one member to be appointed by the
61 Governor; (D) two members to be appointed by the speaker of the
62 House of Representatives, who shall have experience in the field of
63 technology transfer and commercialization; (E) two members to be
64 appointed by the president pro tempore of the Senate, who shall have
65 experience in new product and market development; (F) one member
66 to be appointed by the majority leader of the Senate; (G) one member
67 to be appointed by the majority leader of the House of Representatives;
68 (H) one member to be appointed by the minority leader of the House
69 of Representatives, who shall have experience in seed and early stage
70 capital investment; and (I) one member to be appointed by the
71 minority leader of the Senate, who shall have experience in seed and
72 early stage capital investment. All initial appointments to said board
73 shall be made not later than October 1, 2011.

74 (2) The Commissioner of Economic and Community Development
75 shall schedule the first meeting of said board not later than January 1,
76 2012. Thereafter, the board shall meet at least once annually to evaluate
77 and recommend changes to the guidelines adopted pursuant to this
78 section.

79 (f) The Commissioner of Economic and Community Development
80 shall adopt regulations, in accordance with the provisions of chapter
81 54 of the general statutes, establishing eligibility criteria for the
82 distribution and use of grants pursuant to this section.

83 Sec. 3. (*Effective July 1, 2011*) The sum of fifty million dollars is
84 appropriated to Connecticut Innovations, Incorporated, from the
85 General Fund, for the fiscal year ending June 30, 2012, for the provision
86 of preseed financing, seed financing, start-up financing, early or first-
87 stage financing and expansion financing to companies in the state
88 through the early-stage venture capital program, established pursuant
89 to section 32-41w of the general statutes.

90 Sec. 4. (NEW) (*Effective October 1, 2011*) (a) There is established a
91 sidecar investment fund program to be administered by Connecticut
92 Innovations, Incorporated, for the purpose of providing grants to
93 match preseed financing or seed financing by angel investors investing
94 in companies in the state. "Angel investor" shall have the same
95 meaning as in section 12-704d of the general statutes, as amended by
96 this act, and "preseed financing" and "seed financing" shall have the
97 same meanings as in section 32-34 of the general statutes.

98 (b) To implement the program established in subsection (a) of this
99 section, the corporation shall establish criteria for providing matching
100 investments and shall develop and implement a plan to market the
101 program.

102 (c) The board of the corporation shall review and approve each
103 application for matching grants for such financing.

104 (d) The grants authorized pursuant to this section shall be allocated
105 as follows: (1) Ninety per cent of the investments shall match angel
106 investment funding; and (2) not more than ten per cent shall be set
107 aside to invest in state university student entrepreneurs receiving
108 angel investment funding. Not more than a fifty per cent match, up to
109 a maximum of two hundred fifty thousand dollars, shall be invested in
110 any single company.

111 (e) The corporation shall adopt procedures, pursuant to section 1-
112 121 of the general statutes, to implement the provisions of this section,
113 including a list of the criteria required pursuant to subsection (b) of
114 this section.

115 (f) A review of the effectiveness of the program established by this
116 section shall be conducted by the corporation by September 1, 2016.
117 Such review shall be submitted, in accordance with the provisions of
118 section 11-4a of the general statutes, to the joint standing committees of
119 the General Assembly having cognizance of matters relating to
120 commerce and finance, revenue and bonding.

121 Sec. 5. (NEW) (*Effective July 1, 2011*) (a) There is established the
122 Young Innovators Corp Board within the Department of Economic and
123 Community Development. The board shall consist of ten members, of
124 which seven are voting members and three are ex-officio nonvoting
125 members.

126 (b) (1) The voting members of the board shall be appointed as
127 follows: (A) One appointed by the Governor; (B) one appointed by the
128 speaker of the House of Representatives; (C) one appointed by the
129 president pro tempore of the Senate; (D) one appointed by the majority
130 leader of the House of Representatives; (E) one appointed by the
131 majority leader of the Senate; (F) one appointed by the minority leader
132 of the House of Representatives; and (G) one appointed by the
133 minority leader of the Senate. All the members appointed pursuant to
134 this section shall represent businesses in the state that develop new
135 technologies, provide venture capital, manufacture products or
136 provide business consulting services in the state.

137 (2) The ex-officio nonvoting members shall consist of the following
138 members, or their designees: The Commissioners of Higher Education
139 and Economic and Community Development and the chairperson of
140 the board of Connecticut Innovations, Incorporated.

141 (3) The voting members shall serve for a term of four years. The
142 members of the board shall serve without compensation but shall,
143 within the limits of available funds, be reimbursed for expenses
144 necessarily incurred in the performance of their duties.

145 (4) The Governor's appointee shall be the chairperson of the board.
146 The board may create other positions it deems necessary and may fill

147 such positions from among its members. The powers of the board shall
148 be vested in and exercised by not less than four members of the board.
149 Four members of the board shall constitute a quorum. The board may
150 solicit and receive funds from any public or private sources to carry
151 out its activities.

152 (c) The Young Innovators Corp Board shall:

153 (1) Develop and implement a plan to attract youths from around the
154 world to live and establish businesses in the state by using
155 competitions for best global business plans with stipends and start-up
156 financing, as defined in section 32-34 of the general statutes, as prizes;

157 (2) Develop and implement a plan to solicit socially-useful
158 community-based projects using social media and new technologies by
159 using competitions, and provide stipends and project funding as
160 prizes; and

161 (3) Develop and propose a plan to provide business entities in the
162 state with interns, provided the state agrees to pay the first year of
163 costs associated with such interns and the business entity agrees to hire
164 any provided interns for one or more additional years.

165 (d) The board may request other state agencies, including, but not
166 limited to, the Departments of Higher Education and Economic and
167 Community Development, and Connecticut Innovations, Incorporated,
168 to provide information, reports and other assistance in carrying out its
169 duties.

170 (e) On or before January 1, 2012, and annually thereafter, the
171 chairperson of the board shall submit a report, in accordance with the
172 provisions of section 11-4a of the general statutes, to the Governor and
173 the joint standing committee of the General Assembly having
174 cognizance of matters relating to commerce. Such report shall indicate
175 any progress made by the board in the development and
176 implementation of the competitions or intern program in accordance
177 with subsection (c) of this section, provide recommendations for

178 sources of revenue to fund this section and recommendations for
179 legislative action needed to assist the board in achieving its directive.

180 Sec. 6. Subsection (b) of section 12-704d of the general statutes is
181 repealed and the following is substituted in lieu thereof (*Effective*
182 *July 1, 2011*):

183 (b) There shall be allowed a credit against the tax imposed under
184 this chapter, other than the liability imposed by section 12-707, for a
185 cash investment of not less than one hundred thousand dollars in the
186 qualified securities of a Connecticut business by an angel investor. The
187 credit shall be in an amount equal to twenty-five per cent of such
188 investor's cash investment, provided the total tax credits allowed to
189 any angel investor shall not exceed two hundred fifty thousand
190 dollars. The credit shall be claimed in the taxable year in which such
191 cash investment is made by the angel investor. [and shall not be
192 transferable] Any credit allowed pursuant to this section may be sold,
193 assigned or otherwise transferred, in whole or in part, to one or more
194 taxpayers.

195 Sec. 7. Subsection (a) of section 32-1c of the general statutes is
196 repealed and the following is substituted in lieu thereof (*Effective*
197 *July 1, 2011*):

198 (a) In addition to any other powers, duties and responsibilities
199 provided for in this chapter, chapter 131, chapter 579 and section 4-8
200 and subsection (a) of section 10-409, the commissioner shall have the
201 following powers, duties and responsibilities: (1) To administer and
202 direct the operations of the Department of Economic and Community
203 Development; (2) to report annually to the Governor, as provided in
204 section 4-60; (3) to conduct and administer the research and planning
205 functions necessary to carry out the purposes of said chapters and
206 sections; (4) to encourage and promote the development of industry
207 and business in the state and to investigate, study and undertake ways
208 and means of promoting and encouraging the prosperous
209 development and protection of the legitimate interest and welfare of

210 Connecticut business, industry and commerce, within and outside the
211 state; (5) to serve, ex officio as a director on the board of Connecticut
212 Innovations, Incorporated; (6) to serve as a member of the Committee
213 of Concern for Connecticut Jobs; (7) to promote and encourage the
214 location and development of new business in the state as well as the
215 maintenance and expansion of existing business and for that purpose
216 to cooperate with state and local agencies and individuals both within
217 and outside the state; (8) to plan and conduct a program of information
218 and publicity designed to attract tourists, visitors and other interested
219 persons from outside the state to this state and also to encourage and
220 coordinate the efforts of other public and private organizations or
221 groups of citizens to publicize the facilities and attractions of the state
222 for the same purposes; (9) to advise and cooperate with municipalities,
223 persons and local planning agencies within the state for the purpose of
224 promoting coordination between the state and such municipalities as
225 to plans and development; (10) by reallocating funding from other
226 agency accounts or programs, to assign adequate and available staff to
227 provide technical assistance to businesses in the state in exporting,
228 manufacturing and cluster-based initiatives and to provide guidance
229 and advice on regulatory matters; (11) to provide all necessary staff,
230 services, accounting and office space and equipment required by the
231 Connecticut Development Authority subject to the provisions of
232 section 4b-23, where real estate acquisitions are involved; (12) to aid
233 minority businesses in their development; (13) to appoint such
234 assistants, experts, technicians and clerical staff, subject to the
235 provisions of chapter 67, as are necessary to carry out the purposes of
236 said chapters and sections; (14) to employ other consultants and
237 assistants on a contract or other basis for rendering financial, technical
238 or other assistance and advice; (15) to acquire or lease facilities located
239 outside the state subject to the provisions of section 4b-23; (16) to
240 advise and inform municipal officials concerning economic
241 development and collect and disseminate information pertaining
242 thereto, including information about federal, state and private
243 assistance programs and services pertaining thereto; (17) to inquire
244 into the utilization of state government resources and coordinate

245 federal and state activities for assistance in and solution of problems of
246 economic development and to inform and advise the Governor about
247 and propose legislation concerning such problems; (18) to conduct,
248 encourage and maintain research and studies relating to industrial and
249 commercial development; (19) to prepare and review model
250 ordinances and charters relating to these areas; (20) to maintain an
251 inventory of data and information and act as a clearinghouse and
252 referral agency for information on state and federal programs and
253 services relative to the purpose set forth herein. The inventory shall
254 include information on all federal programs of financial assistance for
255 defense conversion projects and other projects consistent with a
256 defense conversion strategy and shall identify businesses which would
257 be eligible for such assistance and provide notification to such business
258 of such programs; (21) to conduct, encourage and maintain research
259 and studies and advise municipal officials about forms of cooperation
260 between public and private agencies designed to advance economic
261 development; (22) to promote and assist the formation of municipal
262 and other agencies appropriate to the purposes of this chapter; (23) to
263 require notice of the submission of all applications by municipalities
264 and any agency thereof for federal and state financial assistance for
265 economic development programs as relate to the purposes of this
266 chapter; (24) with the approval of the Commissioner of Administrative
267 Services, to reimburse any employee of the department, including the
268 commissioner, for reasonable business expenses, including but not
269 limited to, mileage, travel, lodging, and entertainment of business
270 prospects and other persons to the extent necessary or advisable to
271 carry out the purposes of subdivisions (4), (7), (8) and (11) of this
272 subsection and other provisions of this chapter; (25) to assist in
273 resolving solid waste management issues; (26) (A) to serve as an
274 information clearinghouse for various public and private programs
275 available to assist businesses, (B) to identify specific micro businesses,
276 as defined in section 32-344, whose growth and success could benefit
277 from state or private assistance and contact such small businesses in
278 order to (i) identify their needs, (ii) provide information about public
279 and private programs for meeting such needs, including, but not

280 limited to, technical assistance, job training and financial assistance,
281 and (iii) arrange for the provision of such assistance to such businesses;
282 (27) to enhance and promote the digital media and motion picture
283 industries in the state; (28) by reallocating funding from other agency
284 accounts or programs, to develop a marketing campaign that promotes
285 Connecticut as a place of innovation and a place with a high quality of
286 life, and highlights the state as a hub between the cities of New York,
287 New York and Boston, Massachusetts; and (29) by reallocating funding
288 from other agency accounts or programs, to execute the steps
289 necessary to implement the knowledge corridor agreement with
290 Massachusetts to promote the biomedical device industry.

291 Sec. 8. Section 32-4f of the general statutes is repealed and the
292 following is substituted in lieu thereof (*Effective July 1, 2011*):

293 (a) There is created a Connecticut Economic Conference Board. Said
294 board shall consist of (1) the Governor, or his designee; (2) the
295 Commissioner of Economic and Community Development; (3) the
296 Commissioner of Higher Education and the commissioners of four
297 state agencies in the executive department which have jurisdiction
298 over matters of importance to economic clusters, who shall be
299 appointed by the Governor; (4) the chairpersons and ranking members
300 of the joint standing committees of the General Assembly having
301 cognizance of matters relating to commerce, finance, revenue and
302 bonding, and education; (5) a representative of each of the following
303 areas: (A) Technology research, discovery or deployment, who shall be
304 appointed by the president pro tempore of the Senate; (B) workforce
305 training, job retention or human resources, who shall be appointed by
306 the majority leader of the Senate; (C) financial or venture capital, who
307 shall be appointed by the minority leader of the Senate; (D)
308 telecommunications, energy, transportation or other physical
309 infrastructure, who shall be appointed by the speaker of the House of
310 Representatives; (E) regulatory, taxes or other financial services, who
311 shall be appointed by the majority leader of the House of
312 Representatives; (F) environmental, housing, the arts or any other
313 aspect of quality of life, who shall be appointed by the minority leader

314 of the House of Representatives; and (6) two economists, who shall be
315 appointed by the Governor. Each member of the board described in
316 subdivision (2), (3) or (4) of this subsection may designate a deputy to
317 represent him as a member at meetings of the board, with full powers
318 to act and vote in his behalf. All appointments under subdivisions (3),
319 (5) and (6) of this subsection shall be made by October 1, 1996. The
320 persons initially appointed under subparagraphs (A) and (D) of
321 subdivision (5) of this subsection shall serve for a term of three years
322 from October 1, 1996, the persons initially appointed under
323 subparagraphs (B) and (E) of said subdivision shall serve for a term of
324 two years from October 1, 1996, and the persons initially appointed
325 under subparagraphs (C) and (F) of said subdivision shall serve for a
326 term of one year from October 1, 1996. Thereafter all persons
327 appointed under said subdivision (5) shall serve for terms of three
328 years from October first in the year of their appointment. Any vacancy
329 under said subdivision shall be filled by the appointing authority. Each
330 member of the board shall serve without compensation. The board
331 shall choose a chairman from among its members.

332 (b) The Governor shall schedule and convene the first meeting of
333 the board after the initial appointment of members under subdivisions
334 (3), (5) and (6) of subsection (a) of this section. Such meeting shall be
335 held no later than November 1, 1996.

336 (c) Not later than January 1, 1998, and annually thereafter, the board
337 shall submit a report to the Governor, the Commissioner of Economic
338 and Community Development and the General Assembly on the state
339 of economic clusters in the state and the nation. Such report shall
340 include, but not be limited to, analyses of (1) the growth, maturity and
341 decline of existing economic clusters, and (2) the formation of new
342 economic clusters which employ emerging technologies. The board
343 shall annually hold an economic cluster conference for the purpose of
344 gathering information for such report. The board shall invite to the
345 conference, business leaders, government officials and higher
346 education faculty who work in, support or study economic clusters.

347 (d) Not later than January 1, 2012, the board shall establish a data
 348 center to monitor economic cluster growth in the state and to track the
 349 success of new businesses in the state. The data center established
 350 pursuant to this subsection shall be within the Department of
 351 Economic and Community Development for administrative purposes.
 352 The data compiled by the data center shall be provided to the board
 353 and shall be used to prepare a report for the quarter commencing July
 354 1, 2012, and for each quarter thereafter. The chairperson of the board
 355 shall submit the report, in accordance with the provisions of section
 356 11-4a, to the Governor and the joint standing committee of the General
 357 Assembly having cognizance of matters relating to commerce. Such
 358 report shall detail any growth in an economic cluster, identify business
 359 entities with high growth potential, detail the number of new business
 360 entities established in each quarter and shall recommend
 361 administrative or legislative action needed to facilitate the growth of
 362 business entities or economic clusters in the state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>July 1, 2011</i>	New section
Sec. 3	<i>July 1, 2011</i>	New section
Sec. 4	<i>October 1, 2011</i>	New section
Sec. 5	<i>July 1, 2011</i>	New section
Sec. 6	<i>July 1, 2011</i>	12-704d(b)
Sec. 7	<i>July 1, 2011</i>	32-1c(a)
Sec. 8	<i>July 1, 2011</i>	32-4f

CE *Joint Favorable*