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## **OLR Bill Analysis**

**SB 1401**

### ***Emergency Certification***

#### ***AN ACT ESTABLISHING THE CONNECTICUT BIOSCIENCE COLLABORATION PROGRAM.***

##### **SUMMARY:**

This bill creates the Connecticut Bioscience Collaboration program within Connecticut Innovations, Inc. (CII) to support establishing a bioscience cluster anchored by a research lab at the UConn Health Center. It requires the State Bond Commission to authorize up to \$290,685,000 in general obligation (GO) bonds, with the money going to a Connecticut Bioscience Collaboration Fund, administered by CII. The fund must be used for the program's purposes and repaying the bonds in amounts the State Bond Commission may require.

The bill requires the State Bond Commission to approve a memorandum of understanding (MOU) between CII's board of directors and the state regarding the bonds. Under the bill, once approved, the MOU satisfies the standard statutory bond commission requirements. Other bonding provisions that are consistent with the bill's provisions apply.

The bill requires CII to collaborate with a federally tax-exempt organization to develop, construct, and equip a structure for a research lab and office. The bill authorizes the CII board to provide loans for this purpose and CII, at the board's direction, to (1) provide an annual operations, research, and development grant to the organization and (2) enter into venture agreements with the organization. The bill allows the board to set the application process and guidelines and terms for grants and loans. It must review and approve each application.

The bill requires the CII board to (1) report quarterly to certain legislative committees on the program's operations and funding and (2) submit the program's operating and capital budget each fiscal year to the governor, Office of Policy and Management (OPM) secretary, and certain legislative committees.

EFFECTIVE DATE: Upon passage

## **BONDS**

Under the bill, the State Bond Commission must approve a MOU between the CII board and the state, acting through the OPM secretary and treasurer, regarding the bond issuance, including the extent that federal, private, or other available funds should be added to the bond proceeds. The MOU satisfies the standard statutory bond commission requirements.

The bill sets bond amounts for each year from FY 12 to FY 21, as displayed in Table 1.

**Table 1: Annual Bond Authorizations Under the Bill**

<b>FY</b>	<b>Bonding Amount</b>
2012	\$34,162,000
2013	85,113,000
2014	59,728,000
2015	19,669,000
2016	21,425,000
2017	21,108,000
2018	15,820,000
2019	12,525,000
2020	10,565,000
2021	10,570,000
Total	290,685,000

If the CII board does not provide for use of all or a portion of the authorized amount in a fiscal year, the bill adds the unused amount to the authorized amount for the following year. The bill also allows the costs of issuance and any capitalized interest to be added to the authorized amount in each fiscal year.

## **LOANS, GRANTS, AND VENTURE AGREEMENTS**

The bill authorizes the CII board to provide loans to develop, construct, and equip a structure for a research lab and office. The board (1) must review and approve loan terms and conditions, (2) can require matching funds from private or non-state entities, (3) can allow deferred payments on loans, and (4) can forgive all or part of the loans based on its assessment of the organization's fulfillment of the loan's terms and conditions.

The bill also allows CII, at the board's direction, to:

1. provide an annual operations, research, and development grant to the organization for annual operating expenses and bioscience medical research, including research on stem cells, DNA, systems genomics, and genome-based medicine and
2. enter into venture agreements with the organization on terms and conditions that benefit the state, organization, and private entities in the bioscience cluster.

## **FUND**

The bill requires CII to hold and administer the fund separately. The amounts authorized by the State Bond Commission are paid to CII for deposit in the fund. As with other bond authorizations, the bill allows the treasurer to issue temporary notes in anticipation of the bond sale.

CII funds or revenues from investments or loan repayments under the program must be held, administered, and invested by CII or deposited with and invested by any institution designated by CII and paid as CII directs. All money in these accounts must be used for the program's purposes and CII can make payments from the accounts to the fund.

## **REPORTS**

Quarterly, beginning by April 15, 2012, the bill requires the CII board to report to the Appropriations; Commerce; Finance, Revenue and Bonding; and Higher Education and Employment Advancement

committees on the status and progress of the program's operations and funding.

The bill requires the CII executive director to (1) prepare an operating and capital budget for the program each fiscal year and (2) submit it to the CII board 90 days before the fiscal year starts. The bill requires the board to submit a copy of the budget to the governor; OPM secretary; and the Appropriations; Commerce; Finance, Revenue and Bonding; and Higher Education and Employment Advancement committees.