



AN ACT ESTABLISHING A FUND FOR BIOSCIENCE INNOVATION.

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

1 Section 1. (NEW) (*Effective from passage*) For the purpose of this
2 section and sections 2 to 4, inclusive, of this act:

3 (1) "Administrative costs" means the costs paid or incurred by the
4 administrator, including, but not limited to, peer review costs,
5 professional fees, allocated staff costs and other out-of-pocket costs
6 attributable to the administration and operation of the Connecticut
7 Bioscience Innovation Fund.

8 (2) "Administrator" means Connecticut Innovations, Incorporated,
9 in its capacity as administrator of the Connecticut Bioscience
10 Innovation Fund established pursuant to section 3 of this act.

11 (3) "Advisory committee" means the Bioscience Innovation
12 Advisory Committee established pursuant to section 2 of this act.

13 (4) "Early-stage business" means a business that has been in
14 operation for not more than three years and is developing or testing a
15 product or service that is (A) not yet available for commercial release,
16 or (B) commercially available in a limited manner, including, but not
17 limited to, market testing of prototypes and clinical trials.

18 (5) "Eligible recipient" means a duly accredited college or university,

19 a nonprofit corporation or a for-profit start-up or early-stage business.

20 (6) "Financial assistance" means any and all forms of grants,
21 extensions of credit, loans or loan guarantees, equity investments or
22 other forms of financing.

23 (7) "Return on investment" means any and all forms of principal or
24 interest payments, guarantee fees, returns on equity investments,
25 royalties, options, warrants and debentures and all other forms of
26 remuneration to the administrator in return for any financial assistance
27 offered or provided.

28 Sec. 2. (NEW) (*Effective from passage*) (a) There shall be a Bioscience
29 Innovation Advisory Committee that shall consist of the following
30 thirteen members: (1) Four appointed by the Governor; (2) one
31 appointed by the president pro tempore of the Senate; (3) one
32 appointed by the speaker of the House of Representatives; (4) one
33 appointed by the majority leader of the Senate; (5) one appointed by
34 the majority leader of the House of Representatives; (6) one appointed
35 by the minority leader of the Senate; (7) one appointed by the minority
36 leader of the House of Representatives; (8) the Commissioner of
37 Economic and Community Development and the Commissioner of
38 Public Health, or their designees, who shall serve as ex-officio, voting
39 members; and (9) the chief executive officer and executive director of
40 Connecticut Innovations, Incorporated, who shall serve as the
41 chairperson of the advisory committee. Each appointed member shall
42 have skill, knowledge and experience in relevant businesses and
43 sciences related to health care delivery, medical devices, life sciences,
44 insurance or information technology. All initial appointments to the
45 committee pursuant to this subsection shall be made not later than July
46 1, 2013. Appointed members shall each serve a term that is
47 coterminous with the respective appointing authority. Each member
48 shall hold office until a successor is appointed. Any vacancy occurring
49 on the committee, other than by expiration of term, shall be filled in
50 the same manner as the original appointment for the balance of the
51 unexpired term.

52 (b) The chairperson shall call the first meeting of the advisory
53 committee not later than September 30, 2013. The advisory committee
54 shall meet not less than quarterly thereafter, and at such other times as
55 the chairperson deems necessary.

56 (c) No member of the advisory committee shall receive
57 compensation for such member's services, except that each member
58 shall be entitled to reimbursement for actual and necessary expenses
59 incurred during the performance of such member's official duties.

60 (d) Seven members of the advisory committee shall constitute a
61 quorum for the transaction of any business or the exercise of any
62 power of the advisory committee. The advisory committee may act by
63 a majority of the members present at any meeting at which a quorum
64 is in attendance, for the transaction of any business or the exercise of
65 any power of the advisory committee, except as otherwise provided in
66 this section.

67 (e) Notwithstanding any provision of the general statutes, it shall
68 not constitute a conflict of interest for a trustee, director, partner,
69 officer, manager, shareholder, proprietor, counsel or employee of an
70 eligible recipient, or any individual with a financial interest in an
71 eligible recipient, to serve as a member of the advisory committee,
72 provided such trustee, director, partner, officer, manager, shareholder,
73 proprietor, counsel, employee or individual shall abstain from
74 deliberation, action or vote by the advisory committee in specific
75 respect to such eligible recipient.

76 Sec. 3. (NEW) (*Effective from passage*) (a) There is established a
77 Connecticut Bioscience Innovation Fund, to be held, administered,
78 invested and disbursed by the administrator pursuant to this section.
79 The fund shall contain any moneys required or permitted by law to be
80 deposited in the fund and any moneys received from any public or
81 private contributions, gifts, grants, donations, bequests or devises to
82 the fund. Repayment of principal and interest on loans issued from the
83 fund shall be credited to the fund and shall become part of the assets of

84 the fund. Any balance remaining in the fund at the end of any fiscal
85 year shall be carried forward in the fund for the fiscal year next
86 succeeding.

87 (b) Any return on investment received by the administrator as a
88 result of financial assistance provided from the Connecticut Bioscience
89 Innovation Fund to eligible recipients, or attributable to the investment
90 of the fund by the administrator, shall be deposited and held for the
91 use and benefit of the fund. Moneys in or received for the fund may be
92 deposited with and invested by any institution as may be designated
93 by the administrator at its sole discretion and paid as the administrator
94 shall direct. The administrator may make payments from such deposit
95 accounts for use in accordance with the provisions of this section.

96 (c) The Connecticut Bioscience Innovation Fund shall not be deemed
97 an account within the General Fund and shall be used exclusively for
98 the purposes provided in this section.

99 (d) The Connecticut Bioscience Innovation Fund shall be used (1) to
100 provide financial assistance to eligible recipients as may be approved
101 by the advisory committee pursuant to subsection (e) of this section,
102 (2) for the repayment of state bonds in such amounts as may be
103 required by the State Bond Commission, and (3) to pay or reimburse
104 the administrator for administrative costs pursuant to subsection (j) of
105 this section. Such financial assistance shall be awarded to further the
106 development of bioscience, biomedical engineering, health information
107 management, medical care, medical devices, medical diagnostics,
108 pharmaceuticals, personalized medicine and other related disciplines
109 that are likely to lead to an improvement in or development of
110 services, therapeutics, diagnostics or devices that are commercializable
111 and designed to advance the coordination, quality or efficiency of
112 health care and lower health care costs, and that promise, directly or
113 indirectly, to lead to job growth in the state in these or related fields.

114 (e) All expenditures from the Connecticut Bioscience Innovation
115 Fund, except for administrative costs reimbursed to the administrator

116 pursuant to subsection (j) of this section and amounts required for the
117 repayment of state bonds in such amounts as may be required by the
118 State Bond Commission, shall be approved by the advisory committee.
119 Any such approval shall be (1) specific to an individual expenditure to
120 be made, (2) for budgeted expenditures with such variations as the
121 advisory committee may authorize at the time of such budget
122 approval, or (3) for a financial assistance program to be administered
123 by staff of the administrator, subject to limits, eligibility requirements
124 and other conditions established by the advisory committee at the time
125 of such program approval.

126 (f) Connecticut Innovations, Incorporated shall provide any
127 necessary staff, office space, office systems and administrative support
128 for the operation of the Connecticut Bioscience Innovation Fund in
129 accordance with this section. In acting as administrator of the fund, the
130 administrator shall have and may exercise all of the powers of
131 Connecticut Innovations, Incorporated set forth in section 32-39 of the
132 general statutes, provided expenditures from the fund shall be
133 approved by the advisory committee pursuant to subsection (e) of this
134 section.

135 (g) The advisory committee shall establish an application and
136 approval process with guidelines and terms for financial assistance
137 awarded from the Connecticut Bioscience Innovation Fund to eligible
138 recipients. Such guidelines and terms shall include (1) a requirement
139 that any applicant for financial assistance shall be operating in the
140 state, or proposing to relocate operations to the state, in whole or in
141 part, as a condition of such financial assistance, (2) limitations on the
142 total amount of financial assistance that may be awarded in the form of
143 loans and grants, (3) eligibility requirements for loans and grants
144 designed to encourage and support collaborative ventures among
145 eligible recipients, (4) peer review requirements, (5) a process for
146 preliminary review of applications for strength and eligibility by the
147 administrator before such applications are presented to the advisory
148 committee for consideration, (6) return on investment objectives, and

149 (7) such other guidelines and terms as the advisory committee
150 determines to be necessary and appropriate in furtherance of the
151 objectives of this section.

152 (h) Financial assistance awarded from the Connecticut Bioscience
153 Innovation Fund to eligible recipients shall be used for costs related to
154 facilities, necessary furniture, fixtures and equipment, materials and
155 supplies, peer review, proof of concept or relevance, compensation,
156 and such other costs that the advisory committee determines to be
157 eligible for financial assistance within the purposes of this section.

158 (i) Beginning January 1, 2014, the administrator shall prepare for
159 each fiscal year a plan of operations and an operating and capital
160 budget for the Connecticut Bioscience Innovation Fund. Not later than
161 ninety days prior to the start of the fiscal year, the administrator shall
162 submit the plan and budget to the advisory committee for its review
163 and approval.

164 (j) Administrative costs shall be paid or reimbursed to the
165 administrator from the Connecticut Bioscience Innovation Fund,
166 provided the total of such administrative costs in any fiscal year shall
167 not exceed five per cent of the total amount of the allotted funding for
168 such fiscal year as determined in the operating budget prepared
169 pursuant to subsection (i) of this section. Nothing in sections 1 and 2 of
170 this act and this section shall require the administrator to risk or
171 expend the funds of Connecticut Innovations, Incorporated in
172 connection with the administration of the Connecticut Bioscience
173 Innovation Fund.

174 (k) Not later than April 15, 2014, and annually thereafter, the
175 administrator shall provide a report of the activities of the Connecticut
176 Bioscience Innovation Fund to the advisory committee for its review
177 and approval. Upon its approval, the advisory committee shall provide
178 such report, in accordance with the provisions of section 11-4a of the
179 general statutes, to the joint standing committees of the General
180 Assembly having cognizance of matters relating to finance, revenue

181 and bonding, appropriations, commerce, public health and higher
 182 education. Such report shall contain available information on the status
 183 and progress of the operations and funding of the Connecticut
 184 Bioscience Innovation Fund and the types, amounts and recipients of
 185 financial assistance awarded and any returns on investment.

186 Sec. 4. (NEW) (*Effective from passage*) (a) The State Bond Commission
 187 shall authorize the issuance of bonds of the state, in accordance with
 188 the provisions of section 3-20 of the general statutes, in principal
 189 amounts not exceeding in the aggregate two hundred million dollars
 190 for the Connecticut Bioscience Innovation Fund established pursuant
 191 to section 3 of this act. The amount authorized for the issuance and sale
 192 of such bonds in each of the following fiscal years shall not exceed the
 193 following corresponding amount for each such fiscal year, provided, to
 194 the extent the advisory committee does not provide for the use of all or
 195 a portion of such amount in any such fiscal year, such amount not
 196 provided for shall be carried forward and added to the authorized
 197 amount for the next succeeding fiscal year, and provided further, the
 198 costs of issuance and capitalized interest, if any, may be added to the
 199 capped amount in each fiscal year, and each of the authorized amounts
 200 shall be effective on July first of the fiscal year indicated as follows:

T1	Fiscal Year Ending	Amount
T2	June Thirtieth	
T3		
T4	2013	\$10,000,000
T5	2014	10,000,000
T6	2015	15,000,000
T7	2016	15,000,000
T8	2017	25,000,000
T9	2018	25,000,000
T10	2019	25,000,000
T11	2020	25,000,000
T12	2021	25,000,000

T13	2022	25,000,000
T14		
T15	Total	\$200,000,000

201 (b) The State Bond Commission shall approve a memorandum of
202 understanding between the administrator and the state, acting by and
203 through the Secretary of the Office of Policy and Management and the
204 Treasurer, providing for the issuance of said bonds for the purposes of
205 the Connecticut Bioscience Innovation Fund, including provisions
206 regarding the extent to which federal, private or other moneys then
207 available or thereafter to be made available for costs should be added
208 to the proceeds of the bonds authorized pursuant to this section for
209 such project or program. The memorandum of understanding shall be
210 deemed to satisfy the provisions of section 3-20 of the general statutes
211 and the exercise of any right or power granted thereby that is not
212 inconsistent with the provisions of this section.

213 (c) All provisions of section 3-20 of the general statutes, or the
214 exercise of any right or power granted thereby, that are not
215 inconsistent with the provisions of this section are hereby adopted and
216 shall apply to all bonds authorized by the State Bond Commission
217 pursuant to this section. Temporary notes in anticipation of the money
218 to be derived from the sale of any such bonds so authorized may be
219 issued in accordance with said section, and from time to time renewed.
220 All bonds issued pursuant to this section shall be general obligations of
221 the state and the full faith and credit of the state of Connecticut are
222 pledged for the payment of the principal of and interest on said bonds
223 as the same become due, and accordingly and as part of the contract of
224 the state with the holders of said bonds, appropriation of all amounts
225 necessary for punctual payment of such principal and interest is
226 hereby made, and the Treasurer shall pay such principal and interest
227 as the same become due.

228 (d) Subject to the amount of limitations of the capping provisions in

229 subsection (a) of this section, the principal amount of the bonds
230 authorized under this section shall be deemed to be an appropriation
231 and allocation of such amount, and such approval of such request shall
232 be deemed the allotment by the Governor of such capital outlays
233 within the meaning of section 4-85 of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In the introductory provision of section 1, "2 and 3" was changed to "2 to 4, inclusive," for statutory consistency.

CE *Joint Favorable C/R*

FIN

FIN *Joint Favorable Subst.-LCO*