



General Assembly

Substitute Bill No. 5041

February Session, 2014



**AN ACT CONCERNING INVESTMENT IN CONNECTICUT'S
ADVANCED MANUFACTURING BUSINESSES.**

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

1 Section 1. (NEW) (*Effective from passage*) As used in this section and
2 sections 2 and 3 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 Manufacturing Innovation Fund;

8 (2) "Administrator" means the Department of Economic and
9 Community Development;

10 (3) "Advisory board" means the Manufacturing Innovation
11 Advisory Board established pursuant to section 2 of this act;

12 (4) "Eligible recipient" means (A) an aerospace, medical device or
13 other company or nonprofit organization specializing in or providing
14 technologically advanced commercial products or services; (B) an
15 entity desiring to leverage federal grant funds to support
16 advancements in manufacturing; or (C) a state or federally certified
17 education and training program designed to meet an anticipated

18 demand for appropriately skilled and trained workers;

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

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

27 Sec. 2. (NEW) (*Effective from passage*) (a) There is established a
28 Manufacturing Innovation Advisory Board that shall consist of the
29 following members: (1) Four appointed by the Governor; (2) one
30 appointed by the president pro tempore of the Senate; (3) one
31 appointed by the speaker of the House of Representatives; (4) one
32 appointed by the majority leader of the Senate; (5) one appointed by
33 the majority leader of the House of Representatives; (6) one appointed
34 by the minority leader of the Senate; (7) one appointed by the minority
35 leader of the House of Representatives; and (8) the Commissioner of
36 Economic and Community Development, or the commissioner's
37 designee, who shall serve as the chairperson of the advisory board.
38 Each appointed member shall (A) have skill, knowledge and
39 experience in industries and sciences related to aerospace, medical
40 devices, digital manufacturing, digital communication or advanced
41 manufacturing; (B) be a university faculty member in or hold a
42 graduate degree in a related discipline, including, but not limited to,
43 additive manufacturing and materials science; (C) have manufacturing
44 education and training expertise; or (D) represent manufacturing
45 related businesses or professional organizations. All initial
46 appointments to the advisory board pursuant to this subsection shall
47 be made not later than July 1, 2014. Appointed members shall each
48 serve a term that is coterminous with the respective appointing
49 authority. Each member shall hold office until a successor is
50 appointed. Any vacancy occurring on the advisory board, other than

51 by expiration of term, shall be filled in the same manner as the original
52 appointment for the balance of the unexpired term.

53 (b) The chairperson shall call the first meeting of the advisory board
54 not later than September 30, 2014. The advisory board shall meet at
55 such times as the chairperson deems necessary.

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

60 (d) A majority of the members of said advisory board shall
61 constitute a quorum for the transaction of any business or the exercise
62 of any power of the advisory board. The advisory board may act by a
63 majority of the members present at any meeting at which a quorum is
64 in attendance, for the transaction of any business or the exercise of any
65 power of the advisory board, except as otherwise provided in this
66 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 board,
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 board concerning any
75 matter relating to such eligible recipient.

76 Sec. 3. (NEW) (*Effective from passage*) (a) There is established the
77 Connecticut Manufacturing Innovation Fund, which shall be a
78 nonlapsing fund held by the Treasurer separate and apart from all
79 other moneys, funds and accounts. The following moneys shall be
80 deposited in the fund: (1) Any moneys required or permitted by law to
81 be deposited in the fund; (2) any moneys received in return for

82 financial assistance awarded from the Connecticut Manufacturing
83 Innovation Fund pursuant to the program established in subsection (k)
84 of this section; (3) all private contributions, gifts, grants, donations,
85 bequests or devises received by the fund; and (4) to the extent not
86 otherwise prohibited by state or federal law, any local, state or federal
87 funds received by the fund. Investment earnings credited to the assets
88 of such fund shall become part of the assets of such fund. The
89 Treasurer shall invest the moneys held by the Connecticut
90 Manufacturing Innovation Fund subject to use for financial assistance
91 in accordance with subsections (d) and (k) of this section.

92 (b) Any moneys held in the Connecticut Manufacturing Innovation
93 Fund may, pending the use or application of the proceeds thereof for
94 an authorized purpose, be (1) invested and reinvested in such
95 obligations, securities and investments as are set forth in subsection (f)
96 of section 3-20 of the general statutes, in participation certificates in the
97 Short Term Investment Fund created under sections 3-27a and 3-27f of
98 the general statutes and in participation certificates or securities of the
99 Tax-Exempt Proceeds Fund created under section 3-24a of the general
100 statutes, (2) deposited or redeposited in any bank or banks, at the
101 direction of the Treasurer, or (3) invested in participation units in the
102 combined investment funds, as defined in section 3-31b of the general
103 statutes. Proceeds from investments authorized by this subsection shall
104 be credited to the Connecticut Manufacturing Innovation Fund.

105 (c) The Connecticut Manufacturing Innovation Fund shall not be
106 deemed an account within the General Fund. The moneys of the fund
107 shall be used in accordance with the provisions of subsections (d) and
108 (k) of this section and are in addition to any other resources available
109 from state, federal or other entities that support the purposes described
110 in subsections (d) and (k) of this section.

111 (d) The Connecticut Manufacturing Innovation Fund shall be used:
112 (1) To provide financial assistance to eligible recipients as may be
113 approved by the Manufacturing Innovation Advisory Board pursuant
114 to subsection (g) of this section, and (2) to pay or reimburse the

115 administrator for administrative costs pursuant to subsection (m) of
116 this section. Such financial assistance shall be awarded for the purpose
117 of: (A) Furthering the development or modernization of
118 manufacturing equipment; (B) supporting advancements in
119 manufacturing; (C) supporting advanced manufacturing research and
120 development; (D) supporting expansion and training by eligible
121 recipients; (E) attracting new manufacturers to the state; (F) supporting
122 education and training programs designed to meet an anticipated
123 demand for appropriately skilled and trained workers; (G) matching
124 federal grants or otherwise leveraging federal grant funds to aid
125 Connecticut universities and nonprofit organizations to increase
126 research efforts; and (H) funding a voucher program as described in
127 subsection (k) of this section. Additionally, such financial assistance
128 shall target aerospace, medical device, composite materials, digital
129 manufacturing and other technologically advanced commercial
130 products and services' supply chains and related disciplines that are
131 likely to lead to an improvement in or development of products or
132 services that are commercializable and designed to advance the state of
133 technology and the competitive position of eligible recipients, and that
134 promise, directly or indirectly, to lead to job growth in the state in
135 these or related fields.

136 (e) The administrator, in consultation with the Manufacturing
137 Innovation Advisory Board, shall give priority consideration to
138 proposals from any company that is located in or planning to relocate
139 to: (1) A distressed municipality, as defined in section 32-9p of the
140 general statutes; (2) a targeted investment community, as defined in
141 section 32-222 of the general statutes; (3) a public investment
142 community, as defined in section 7-545 of the general statutes; (4) an
143 enterprise zone designated pursuant to section 32-70 of the general
144 statutes; or (5) a manufacturing innovation district established
145 pursuant to subsection (f) of this section.

146 (f) The administrator, in consultation with the Manufacturing
147 Innovation Advisory Board, may establish manufacturing innovation

148 districts in order to promote economic development priorities
149 identified by the administrator.

150 (g) All expenditures from the Connecticut Manufacturing
151 Innovation Fund, except for administrative costs reimbursed to the
152 administrator pursuant to subsection (j) of this section, shall be
153 approved by the advisory board, provided the advisory board may
154 delegate to staff of the administrator the approval of transactions not
155 greater than one hundred thousand dollars. Any such approval by the
156 advisory board shall be (1) specific to an individual expenditure to be
157 made; (2) for budgeted expenditures with such variations as the
158 advisory board may authorize at the time of such budget approval; or
159 (3) for a financial assistance program to be administered by staff of the
160 administrator, subject to limits, eligibility requirements and other
161 conditions established by the Manufacturing Innovation Advisory
162 Board at the time of such program approval.

163 (h) The administrator shall provide any necessary staff, office space,
164 office systems and administrative support for the operation of the
165 Connecticut Manufacturing Innovation Fund in accordance with this
166 section. In acting as administrator of the fund, the Department of
167 Economic and Community Development shall have and may exercise
168 all of the powers set forth in chapter 578 of the general statutes,
169 provided expenditures from the fund shall be approved by the
170 Manufacturing Innovation Advisory Board pursuant to subsection (g)
171 of this section.

172 (i) The Manufacturing Innovation Advisory Board shall establish an
173 application and approval process with guidelines and terms for
174 financial assistance awarded from the Connecticut Manufacturing
175 Innovation Fund to any eligible recipient. Such guidelines and terms
176 shall include: (1) A requirement that any applicant for financial
177 assistance operate in the state, or propose to relocate operations to the
178 state, in whole or in part, as a condition of such financial assistance; (2)
179 limitations on the total amount of financial assistance that may be
180 awarded in the form of loans and grants; (3) eligibility requirements

181 for loans and grants, including a requirement for applicants to obtain
182 matching funds from nonstate sources; (4) a process for preliminary
183 review of applications for strength and eligibility by the administrator
184 before such applications are presented to the advisory board for
185 consideration; (5) return on investment objectives, including, but not
186 limited to, job growth and leveraged investment opportunities; and (6)
187 such other guidelines and terms as the advisory board determines to
188 be necessary and appropriate in furtherance of the objectives of this
189 section.

190 (j) Financial assistance awarded from the Connecticut
191 Manufacturing Innovation Fund to eligible recipients shall be used for
192 costs related to facilities, necessary furniture, fixtures and equipment,
193 tooling development and manufacture, materials and supplies, proof
194 of concept or relevance, research and development, compensation and
195 such other costs that the Manufacturing Innovation Advisory Board
196 determines pursuant to subsection (i) of this section to be eligible for
197 financial assistance within the purposes of this section.

198 (k) The Manufacturing Innovation Advisory Board may establish a
199 voucher program that shall provide eligible recipients access to
200 technical experts in universities, nonprofit organizations and other
201 organizations that can provide specialized expertise to such eligible
202 recipients to solve engineering, marketing and other challenges. The
203 Commissioner of Economic and Community Development, in
204 consultation with the advisory board, may adopt regulations, in
205 accordance with the provisions of chapter 54 of the general statutes, to
206 implement such voucher program.

207 (l) On or before July 1, 2015, and prior to each fiscal year thereafter,
208 the administrator shall prepare a plan of operations and an operating
209 and capital budget for the Connecticut Manufacturing Innovation
210 Fund, provided not later than ninety days prior to the start of each
211 fiscal year, the administrator shall submit such plan and budget to the
212 Manufacturing Innovation Advisory Board for its review and
213 approval.

214 (m) Administrative costs shall be paid or reimbursed to the
 215 administrator from the Connecticut Manufacturing Innovation Fund,
 216 provided the total of such administrative costs in any fiscal year shall
 217 not exceed five per cent of the total amount of the allotted funding for
 218 such fiscal year as determined in the operating budget prepared
 219 pursuant to subsection (l) of this section. Nothing in this section or
 220 section 2 of this act shall be deemed to require the administrator to risk
 221 or expend the funds of the Department of Economic and Community
 222 Development in connection with the administration of the Connecticut
 223 Manufacturing Innovation Fund.

224 (n) Not later than January 1, 2016, and annually thereafter, the
 225 administrator shall provide a report of the activities of the Connecticut
 226 Manufacturing Innovation Fund to the Manufacturing Innovation
 227 Advisory Board for the advisory board's review and approval. Upon
 228 such approval, the advisory board shall provide such report, in
 229 accordance with the provisions of section 11-4a of the general statutes,
 230 to the joint standing committee of the General Assembly having
 231 cognizance of matters relating to commerce. Such report shall contain
 232 available information on the status and progress of the operations and
 233 funding of the Connecticut Manufacturing Innovation Fund and the
 234 types, amounts and recipients of financial assistance awarded and any
 235 returns on investment.

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| 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 |

Statement of Legislative Commissioners:

In section 3(d)(F), "training programs to meet anticipated demand" was changed to "training programs designed to meet an anticipated demand" for clarity and consistency with the language of section 1(4).

CE *Joint Favorable Subst.*

