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## **OLR Bill Analysis**

### **HB 5276**

#### ***AN ACT CONCERNING SUPPLEMENTAL FUNDING UNDER THE PRESEED FINANCING PROGRAM.***

#### **SUMMARY:**

This bill allows (1) businesses located anywhere, not just in Connecticut, to qualify for the Connecticut Innovations, Inc. (CII) pre-seed financing program, and (2) CII to provide additional funding to eligible businesses under the program.

Under current law, a business qualifies for up to \$150,000 in initial pre-seed financing if it is principally located in Connecticut and 75% of its employees work here. The bill removes the requirement that a business be principally located in Connecticut and specifies that the employee requirement applies only if a business has employees. As under current law, businesses must show they received private funding that equals at least half the state funds they seek.

The bill also allows CII to provide additional financing, up to \$200,000 per award, to eligible businesses at least two months after the initial award. A business qualifies for additional assistance if (1) at least 75% of its employees, if any, work in Connecticut and (2) it shows it received private funding equal to 10% of the state funds it seeks.

EFFECTIVE DATE: October 1, 2014

#### **BACKGROUND**

##### ***CII's Pre-Seed and Seed Financing Programs***

CII provides financing to companies through the pre-seed and seed financing programs. Pre-seed financing supports businesses that are developing concepts and helps these businesses get to the seed stage of development. In addition to criteria mandated by law, CII requires that pre-seed businesses: (1) have been operating for fewer than seven

years, (2) be developing a technology, (3) have nonrecurring revenues from non-grant sources of less than \$2 million, and (4) have fewer than 25 employees. CII's seed financing program provides up to \$1 million in investments to early-stage businesses looking to commercialize technology.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable

Yea 16 Nay 0 (03/11/2014)