

TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE

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SB 401: AN ACT CONCERNING THE CONNECTICUT BIOSCIENCE INNOVATION FUND AND INVESTMENT BY CONNECTICUT INNOVATIONS, INCORPORATED.

Senator Hartley, Representative Perone, Senator Frantz, Representative Camillo and distinguished members of the Commerce Committee. Thank you for the opportunity to provide testimony in support of SB 401: An Act Concerning the Connecticut Bioscience Innovation Fund and Investment by Connecticut Innovations, Incorporated.

As you know, Connecticut Innovations (CI) is the leading source of financing and ongoing support for Connecticut's innovative and growing companies. By offering flexible financing, strategic guidance and introductions to valuable partners, we stimulate and promote technological innovation and encourage the development of new products and inventions. We enable promising businesses to attract capital and talent, and help Connecticut's economy grow and thrive.

Senate Bill 401 seeks to make a number of important changes to CI's ability to use the funding at its disposal. Though largely technical in nature, these changes are intended not only to allow CI to more effectively deploy its resources, but also to allow CI to become more self-sustaining as an organization.

Specifically, SB 401 proposes to have the returns on the Connecticut Bioscience Innovation Fund (CBIF) investments, which currently revert back to the fund itself, to accrue instead to CI. Given that CI provides sourcing and managing of investments to the fund, as well as deal flow from pending and existing CI portfolio companies, such a change seems warranted. More importantly, while this proposal does not affect how CBIF resources are originally deployed, it will provide CI greater flexibility on the redeployment of those funds. This additional flexibility promises to relieve the pressure on the other programs that CI manages and reduces the need for CI to request bond funds periodically to recapitalize those programs.

Senate Bill 401 also simplifies the definition of an "early-stage business" to a business that has yet to achieve annual commercial revenues in excess of two million dollars. Furthermore, it proposes to allow follow-on CBIF investments in companies that were "start-ups" or "early-stage" when first funded by CI or CBIF, but have since grown. By having the ability to utilize CBIF funding for



What's next starts here.

follow-on investing in later stage businesses, CI hopes to continue to assist those companies that the agency believes will generate jobs growth and generate positive investment returns.

Finally, SB 401 provides legislative clarification that CI can use its own resources (e.g., its Eli Whitney Fund) to invest in private equity funds to attract additional venture capital to the state. Such capital is critical to the continued development of the burgeoning bioscience and high tech sectors in the state.

We are confident that the important changes in SB 401, which have received the endorsement of the CI and CBIF boards, will allow CI to better and more effectively deploy the resources at its disposal. Thank you in advance for your consideration.