



Senate

General Assembly

File No. 713

February Session, 2016

Substitute Senate Bill No. 1

Senate, April 25, 2016

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING INNOVATION, ENTREPRENEURSHIP AND CONNECTICUT'S ECONOMIC FUTURE.

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

1 Section 1. (NEW) (*Effective from passage*) (a) There is established
2 ImpaCT within Connecticut Innovations, Incorporated. The purposes
3 of ImpaCT shall be to foster innovation, start-up businesses and
4 entrepreneur community building; to serve as a catalyst to protect and
5 enhance the innovation ecosystem; to connect start-up entrepreneurs
6 with other start-up entrepreneurs and with state, federal and private
7 resources; to facilitate the establishment of innovation districts; to
8 facilitate mentorship for start-up entrepreneurs; and to provide
9 technical training and resources to start-up businesses and
10 entrepreneurs. ImpaCT shall not be an employer as defined in section
11 5-270 of the general statutes.

12 (b) ImpaCT shall be overseen by a board of directors, which shall be
13 known as the ImpaCT board of directors or the ImpaCT board. The

14 ImpaCT board of directors shall consist of seven members, a majority
15 of whom shall be serial entrepreneurs. By education or experience,
16 such members shall be qualified in one or more of the following: Start-
17 up business development and investment, innovation district
18 development, urban planning and technology commercialization in
19 higher education. The ImpaCT board shall consist of the following
20 members: (1) One appointed by the Governor for an initial term of four
21 years; (2) one appointed by the speaker of the House of
22 Representatives for an initial term of two years; (3) one appointed by
23 the president pro tempore of the Senate for an initial term of two years;
24 (4) one appointed by the minority leader of the House of
25 Representatives for an initial term of two years; (5) one appointed by
26 the minority leader of the Senate for an initial term of two years; and
27 (6) two jointly appointed by the chairpersons of the joint standing
28 committee of the General Assembly having cognizance of matters
29 relating to finance, revenue and bonding for an initial term of four
30 years. Thereafter, all members shall be appointed by the original
31 appointing authority for four-year terms. Any member of the board
32 shall be eligible for reappointment. Any vacancy occurring other than
33 by expiration of term shall be filled in the same manner as the original
34 appointment for the balance of the unexpired term. The appointing
35 authority for any member may remove such member for misfeasance,
36 malfeasance or wilful neglect of duty.

37 (c) All initial appointments to the board of directors shall be made
38 not later than July 1, 2016. The chief executive officer of Connecticut
39 Innovations, Incorporated shall schedule the first meeting of the board,
40 which shall be held not later than July 15, 2016. The ImpaCT board of
41 directors shall designate the chairperson of the board from among its
42 members.

43 (d) Members of the ImpaCT board of directors may not designate a
44 representative to perform in their absence their respective duties under
45 this section or section 2 of this act.

46 (e) The chairperson shall, with the approval of the members of the

47 ImpaCT board of directors, appoint an executive director of ImpaCT
48 who shall be an employee of ImpaCT and paid a salary prescribed by
49 the members. The executive director shall supervise the administrative
50 affairs and technical activities of ImpaCT in accordance with the
51 directives of the board.

52 (f) Each member of the ImpaCT board of directors shall serve
53 without compensation but shall be entitled to reimbursement for such
54 member's actual and necessary expenses incurred in the performance
55 of such member's official duties.

56 (g) Members may engage in private employment, or in a profession
57 or business, subject to any applicable laws, rules and regulations of the
58 state regarding official ethics or conflict of interest.

59 (h) Five members of the ImpaCT board of directors shall constitute a
60 quorum for the transaction of any business or the exercise of any
61 power of ImpaCT. For the transaction of any business or the exercise of
62 any power of the authority, and except as otherwise provided in this
63 section or section 2 of this act, the ImpaCT board may act by a majority
64 of the members present at any meeting at which a quorum is in
65 attendance.

66 (i) ImpaCT shall continue as long as it has obligations outstanding
67 and until its existence is terminated by law, provided no such
68 termination shall affect any outstanding contractual obligation of
69 ImpaCT and the state shall succeed to the obligations of ImpaCT under
70 any contract. Upon the termination of the existence of ImpaCT, all its
71 rights and properties shall pass to and be vested in Connecticut
72 Innovations, Incorporated.

73 (j) It shall not constitute a conflict of interest for a trustee, director,
74 partner or officer of any person, firm or corporation, or any individual
75 having a financial interest in a person, firm or corporation, to serve as a
76 member of the ImpaCT board of directors, provided such trustee,
77 director, partner, officer or individual complies with all applicable
78 provisions of chapter 10 of the general statutes. All members shall be

79 deemed public officials and shall adhere to the code of ethics for public
80 officials set forth in chapter 10 of the general statutes.

81 Sec. 2. (NEW) (*Effective from passage*) (a) For the purposes
82 enumerated in subsection (a) of section 1 of this act, ImpaCT is
83 authorized and empowered to:

84 (1) Sue and be sued in its own name, and plead and be impleaded;

85 (2) (A) Employ such assistants, agents and other employees as may
86 be necessary or desirable who shall not be employees, as defined in
87 subsection (b) of section 5-270 of the general statutes; (B) establish all
88 necessary or appropriate personnel practices and policies, including
89 personnel practices and policies relating to hiring, promotion,
90 compensation, retirement and collective bargaining, which need not be
91 in accordance with chapter 68 of the general statutes but may be in
92 accordance with the personnel practices and policies of Connecticut
93 Innovations, Incorporated; and (C) engage consultants, attorneys and
94 appraisers as may be necessary or desirable to carry out its purposes in
95 accordance with this section;

96 (3) Receive and accept grants or contributions from any source of
97 money, property, labor or other things of value, to be held, used and
98 applied to carry out the purposes of this section subject to such
99 conditions upon which such grants and contributions may be made,
100 including, but not limited to, grants or contributions from any
101 department, agency or instrumentality of the United States or this state
102 for any purpose consistent with this section;

103 (4) Make and enter into all contracts and agreements necessary or
104 incidental to the performance of its duties and the execution of its
105 powers under this section, including contracts and agreements for
106 such professional services as the authority deems necessary, including,
107 but not limited to, financial consultant and technical specialists;

108 (5) Procure insurance against any liability or loss in connection with
109 its property and other assets, in such amounts and from such insurers

110 as it deems desirable, and procure insurance for employees;

111 (6) Account for and audit funds of ImpaCT and funds of any
112 recipients of funds from ImpaCT;

113 (7) Establish advisory committees to assist in accomplishing its
114 duties under this section, which may include one or more members of
115 the ImpaCT board of directors and persons other than members;

116 (8) Serve as a resource to start-up entrepreneurs in this state by (A)
117 providing counseling and technical assistance in the areas of
118 entrepreneurial business planning and management, financing and
119 marketing for start-up businesses; and (B) conducting business
120 workshops, seminars and conferences with local partners, including,
121 but not limited to, public and independent institutions of higher
122 education, municipal governments, regional economic development
123 districts, private industry, chambers of commerce, small business
124 development organizations and economic development organizations;

125 (9) Facilitate partnerships between innovative start-up businesses,
126 research institutions and venture capitalists or financial institutions;

127 (10) Increase the quantity and availability of capital for start-up
128 businesses and entrepreneurs including, but not limited to, angel
129 investors and venture capitalists;

130 (11) Promote technology-based development in the state;

131 (12) Encourage and promote the establishment of and, within
132 available resources, provide financial aid to advanced technology
133 centers;

134 (13) Maintain an inventory of data and information concerning state
135 and federal programs that are related to the purposes of this section
136 and serve as a clearinghouse and referral service for such data and
137 information;

138 (14) Promote and encourage and, within available resources,

139 provide financial aid for the establishment, maintenance and operation
140 of incubator facilities;

141 (15) Promote and encourage the coordination of public and private
142 resources and activities within the state in order to assist technology-
143 based business entrepreneurs and business enterprises;

144 (16) Promote science, engineering, mathematics and other
145 disciplines that are essential to the development and application of
146 technology;

147 (17) Coordinate its efforts with existing business outreach centers, as
148 described in section 32-9qq of the general statutes;

149 (18) Provide financial aid to persons developing smart buildings, as
150 defined in section 32-23d of the general statutes, incubator facilities or
151 other information technology intensive office and laboratory space;

152 (19) Coordinate the development and implementation of strategies
153 regarding technology-based talent and innovation among state and
154 quasi-public agencies, including the creation and administration of the
155 Connecticut Small Business Innovation Research Office to act as a
156 centralized clearinghouse and provide technical assistance to
157 applicants in developing small business innovation research programs
158 in conformity with the federal program established pursuant to the
159 Small Business Research and Development Enhancement Act of 1992,
160 P.L. 102-564, as amended from time to time, and other proposals;

161 (20) Encourage the retention of younger generation start-up
162 entrepreneurs in the state;

163 (21) Promote entrepreneurship among students at institutions of
164 higher education;

165 (22) Make planning grants to entities seeking to apply for
166 innovation district status pursuant to section 7 of this act, provided
167 each such entity demonstrates that its proposed innovation district
168 meets the purposes set forth in section 6 of this act; and

169 (23) Do all acts and things necessary or convenient to carry out the
170 purposes of this section and the powers expressly granted by this
171 section.

172 (b) The board shall:

173 (1) Develop a plan to facilitate stronger relationships between
174 Connecticut businesses and institutions of higher education in order to
175 support entrepreneurial research and entrepreneurial talent
176 development;

177 (2) Establish an investment fund that supports student-owned start-
178 up businesses;

179 (3) Establish a state-wide technology transfer office to (A) support
180 the commercialization of ideas from students and faculty of
181 institutions of higher education; (B) identify the most efficient and
182 effective location for such office; (C) recommend the annual funding
183 level for such office; (D) promote and support entrepreneurship and
184 innovation among public institutions of higher education, private
185 institutions of higher education and Connecticut businesses; and (E)
186 provide advice and assistance to public and private research
187 institutions on strategies for technology transfer, including, but not
188 limited to, (i) assessing the viability and value of developing
189 technologies; (ii) defining and exploiting potential markets for such
190 technologies; (iii) commercialization strategies; (iv) intellectual
191 property issues, including, but not limited to, licensing strategies; and
192 (v) business development;

193 (4) Create an informational Internet web site known as ImpaCT that
194 (A) lists services, programs or events offered to entrepreneurs; (B)
195 advertises Connecticut based start-up businesses seeking funding,
196 including links to the Internet web sites where such funding
197 opportunities are available; (C) serves as an online community for
198 entrepreneurs; (D) lists current research projects related to
199 entrepreneurship and innovation being conducted by professors at
200 institutions of higher education; (E) provides information concerning

201 innovation and entrepreneurial programming available at institutions
202 of higher education, including, but not limited to, engineering,
203 computer science and bioscience; and (F) connects businesses seeking
204 to buy Connecticut made products for their business inputs;

205 (5) Publicize such informational Internet web site and any
206 workshops, seminars and conferences facilitated by such office;

207 (6) Advise the Governor, the General Assembly, the Commissioner
208 of Economic and Community Development, the president of The
209 University of Connecticut and the president of the Board of Regents
210 for Higher Education on matters relating to science, engineering and
211 technology that may have an impact on state policies, programs,
212 employers and residents, and on job creation and retention;

213 (7) Make recommendations for the designation of innovation
214 districts pursuant to sections 5 to 8, inclusive, of this act;

215 (8) Annually develop, update and implement a strategic state-wide
216 innovation and entrepreneurship marketing plan for the promotion of
217 Connecticut as an innovation and entrepreneurship hub. The executive
218 director shall report, in accordance with the provisions of section 11-4a
219 of the general statutes, to the joint standing committees of the General
220 Assembly having cognizance of matters relating to commerce and
221 finance, revenue and bonding, on or before January 1, 2017, and
222 annually thereafter, concerning the content of such plan;

223 (9) Develop a gap year program model for institutions of higher
224 education under which students work for a cybersecurity, data science,
225 software development, or other technology based start-up business for
226 one year prior to graduation and are provided with matching funds
227 from such start-up business to support their cost of living during the
228 year; and

229 (10) Develop a student loan deferral or forgiveness program for
230 students who start businesses in the state immediately after
231 graduation.

232 Sec. 3. (NEW) (*Effective from passage*) The members of the ImpaCT
233 board of directors shall adopt written procedures, in accordance with
234 the provisions of section 1-121 of the general statutes, for: (1) Adopting
235 an annual budget and plan of operations, including a requirement of
236 board approval before the budget or plan may take effect; (2) hiring,
237 dismissing, promoting and compensating employees of ImpaCT,
238 provided such procedures may be in accordance with those of
239 Connecticut Innovations, Incorporated and shall include an affirmative
240 action policy and a requirement of board approval before a position
241 may be created or a vacancy filled; (3) acquiring personal property and
242 personal services, including a requirement of board approval for any
243 nonbudgeted expenditure in excess of an amount to be determined by
244 the board; (4) contracting for financial, legal and other professional
245 services, including a requirement that ImpaCT solicit proposals at least
246 once every three years for each such service which it uses; (5)
247 awarding grants and other financial assistance, including eligibility
248 criteria, the application process and the role played by ImpaCT's staff
249 and board of directors; and (6) the use of surplus funds to the extent
250 authorized under this section or section 2 of this act or other provisions
251 of the general statutes.

252 Sec. 4. (NEW) (*Effective from passage*) (a) For the purposes of this
253 section, "administrator" means Connecticut Innovations, Incorporated
254 in its capacity as administrator of the ImpaCT Fund established
255 pursuant to this section.

256 (b) There is established an ImpaCT Fund, to be held, administered,
257 invested and disbursed by the administrator. The fund shall contain
258 any moneys required or permitted by law to be deposited in the fund
259 and any moneys received from any public or private contributions,
260 gifts, grants, donations, bequests or devises to the fund. Any balance
261 remaining in the fund shall be carried forward in the fund for the fiscal
262 year next succeeding.

263 (c) Any return on investment attributable to the investment of the
264 fund by the administrator shall be deposited and held for the use and

265 benefit of the fund. Moneys in or received for the fund may be
266 deposited with and invested by any institution as may be designated
267 by the administrator at its sole discretion and paid as the administrator
268 shall direct. The administrator may make payments from deposit
269 accounts for use in accordance with the provisions of this section.

270 (d) The ImpaCT Fund shall not be deemed an account within the
271 General Fund and shall be used exclusively for the purposes provided
272 in this section.

273 (e) The ImpaCT Fund shall be used (1) to provide grants to
274 innovation entities, as defined in section 5 of this act, (2) to provide
275 planning grants to entities pursuant to section 2 of this act, (3) to
276 provide grants to innovation places pursuant to section 8 of this act, (4)
277 to provide grants to business accelerators pursuant to section 21 of this
278 act, (5) for the purposes enumerated in sections 1 and 2 of this act, and
279 (6) for technology transfer purposes.

280 (f) All expenditures from the ImpaCT Fund shall be approved by
281 the ImpaCT board of directors. Any such approval shall be specific to
282 an individual expenditure to be made or for budgeted expenditures
283 with such variations as the ImpaCT board of directors may authorize
284 at the time of such budget approval.

285 (g) Connecticut Innovations, Incorporated shall provide any
286 necessary staff, office space, office systems and administrative support
287 for the administration of the ImpaCT Fund in accordance with this
288 section. In acting as administrator of the fund, the administrator shall
289 have and may exercise all of the powers of Connecticut Innovations,
290 Incorporated set forth in section 32-39 of the general statutes, as
291 amended by this act, provided expenditures from the fund shall be
292 approved by the ImpaCT board of directors pursuant to subsection (f)
293 of this section.

294 (h) Beginning January 1, 2017, the administrator shall prepare for
295 each fiscal year a plan of operations and an operating and capital
296 budget for the ImpaCT Fund. Not later than ninety days prior to the

297 start of the fiscal year, the administrator shall submit the plan and
298 budget to the ImpaCT board of directors for its review and approval.

299 (i) Not later than April 15, 2017, and annually thereafter, the
300 administrator shall provide a report of the activities of the ImpaCT
301 Fund to the ImpaCT board of directors for its review and approval.
302 Upon its approval of such report, the ImpaCT board of directors shall
303 provide such report, in accordance with the provisions of section 11-4a
304 of the general statutes, to the joint standing committees of the General
305 Assembly having cognizance of matters relating to commerce and
306 finance, revenue and bonding. Such report shall contain available
307 information on the status and progress of the operations and funding
308 of the ImpaCT Fund and the types, amounts and recipients of grants
309 awarded.

310 Sec. 5. (NEW) (*Effective from passage*) For the purposes of this section
311 and sections 6 to 8, inclusive, of this act, the following terms shall have
312 the following meanings unless the context otherwise requires:

313 (1) "Anchor institution" means an entity having a significant and
314 stable presence in the community, including, but not limited to, an
315 institution of higher education, hospital, major corporation, research
316 institution or existing business incubator or business accelerator;

317 (2) "ImpaCT board" or "board" means the ImpaCT board of directors
318 established pursuant to section 1 of this act;

319 (3) "Designated innovation district" means an area designated as an
320 innovation district pursuant to section 6 of this act;

321 (4) "District plan" means the plan submitted to the ImpaCT board
322 pursuant to subsection (a) of section 7 of this act;

323 (5) "Entity" means a corporation, association, partnership, limited
324 liability company, benefit corporation, nonprofit organization,
325 municipality, institution of higher education or any other similar
326 entity;

327 (6) "Executive director" means the executive director of ImpaCT;

328 (7) "Innovation entity" means an entity that has submitted an
329 application for innovation district status for a proposed innovation
330 district that is designated as an innovation district by the executive
331 director pursuant to subsection (a) of section 6 of this act;

332 (8) "Municipality" means any town, city, consolidated town and city
333 or consolidated town and borough;

334 (9) "New Haven Line" means the rail passenger service operated
335 between New Haven and intermediate points and Grand Central
336 Station, including the Danbury, Waterbury and New Canaan branch
337 lines;

338 (10) "Public transit" means the New Haven line, Shore Line East, the
339 New Haven Hartford Springfield rail line and the New Britain to
340 Hartford busway and any planned expansion of such busway; and

341 (11) "Shore Line East" means the rail service operating between New
342 Haven and New London.

343 Sec. 6. (NEW) (*Effective from passage*) (a) There is established an
344 innovation district program within ImpaCT. The purpose of such
345 program is to (1) foster innovation and entrepreneurship by facilitating
346 the designation and establishment of innovation districts in compact
347 geographic areas having entrepreneurial and innovation potential
348 where (A) existing anchor institutions, institutions, companies and
349 recreational spaces are in close proximity to start-up businesses, (B)
350 public transit is accessible, (C) a significant portion of the underlying
351 zoning allows for mixed-use development, including, but not limited
352 to, housing, office and retail, and (D) foot traffic is facilitated; (2)
353 identify, designate and fund the initial costs associated with
354 development of an innovation district; (3) encourage collaboration
355 among institutions of higher education, medical institutions, hospitals,
356 existing companies, start-up businesses, researchers and investors; (4)
357 encourage the leveraging of private investment in designated

358 innovation districts; (5) connect entrepreneurs who are facing similar
359 opportunities and challenges with other entrepreneurs and with
360 private and public resources; and (6) facilitate the establishment of
361 innovation places in municipalities having a connection to an
362 innovation district by transit, labor market patterns or some other
363 relationship, provided such innovation places have entrepreneurial
364 and innovation potential and are located in a compact geographic area
365 of high density land use within a walkable commercial and residential
366 center.

367 (b) The executive director shall designate as an innovation district
368 any proposed innovation district recommended for innovation district
369 status by the ImpaCT board pursuant to the provisions of section 8 of
370 this act, unless the executive director determines that good cause
371 exists, supported by substantial evidence, to reject such
372 recommendation on the grounds that the proposed innovation district
373 fails to comply with the purposes set forth in subsection (a) of this
374 section. The executive director shall award grants to innovation
375 entities in an amount equal to the amount recommended by the
376 ImpaCT board. Prior to awarding any such grant, the executive
377 director shall (1) enter into an agreement with any such innovation
378 entity concerning (A) allowable grant expenses, provided such
379 expenses shall be limited to those recommended by the ImpaCT board,
380 and (B) submission of an annual financial audit of grant expenditures
381 to the executive director until all grant moneys have been expended by
382 the innovation entity, provided any such audit shall be prepared by an
383 independent auditor, and (2) confirm that a significant portion of the
384 underlying zoning of the proposed district allows for mixed-use
385 development, including, but not limited to, housing, office and retail. If
386 the executive director finds that any such grant is being used for
387 purposes that are not in conformity with the expenses allowed
388 pursuant to subdivision (1) of this subsection, the executive director
389 may require repayment of such grant.

390 (c) The executive director shall report, in accordance with the
391 provisions of section 11-4a of the general statutes, to the joint standing

392 committees of the General Assembly having cognizance of matters
393 relating to commerce and finance, revenue and bonding on or before
394 July 1, 2017, and on or before July first annually thereafter until July 1,
395 2020, regarding the grants distributed pursuant to this section and
396 concerning the operation and effectiveness of the innovation district
397 program.

398 Sec. 7. (NEW) (*Effective from passage*) (a) Any entity may submit an
399 application for innovation district status to the ImpaCT board. Such
400 application shall be submitted on or before September 1, 2016, on a
401 form prescribed by the board and shall contain sufficient information
402 to establish that the proposed innovation district is suitable for the
403 purposes set forth in section 6 of this act.

404 (1) Such application shall include: (A) Information concerning the
405 proposed geographical boundaries of the proposed innovation district,
406 including, but not limited to, a map indicating the boundaries of the
407 proposed innovation district; (B) information concerning at least two
408 anchor institutions located within the geographical boundaries of the
409 proposed innovation district and how such anchor institutions have
410 agreed to participate in the development of and activities within the
411 proposed innovation district; (C) a summary of existing and proposed
412 transportation-related infrastructure within and around the proposed
413 innovation district; (D) a summary of existing and proposed
414 businesses, recreational facilities, public parks and any other public or
415 private gathering spaces located within the proposed innovation
416 district; (E) information concerning the walkability of the proposed
417 innovation district; (F) a district plan for the development of the
418 proposed innovation district, including a plan for connecting the
419 proposed district to public transit via rail or bus, a plan for leveraging
420 private investment and a proposed budget and timeline for use of any
421 moneys granted by the executive director. Such budget shall indicate
422 priority for the expenditure of grant funds in the event that moneys
423 granted are insufficient to cover the costs of the entire proposed
424 budget; (G) a list of municipal and state legislative action that may be
425 required for the execution of such district plan; (H) a letter of support

426 from the chief elected official of the municipality where the innovation
427 district is proposed that shall include a statement that the legislative
428 body of such municipality has, by majority vote, indicated its support
429 for the proposed innovation district and for any municipal legislative
430 action recommended in the district plan, provided a chief elected
431 official may only submit a letter of support for one proposed
432 innovation district located within the municipality; (I) letters of
433 support from private investors; (J) information concerning consistency
434 with the state plan of conservation and development adopted
435 pursuant to chapter 297 of the general statutes; and (K) information
436 concerning the capability of the applicant and other entities partnering
437 with the applicant to implement and administer the district plan and
438 how such partners will be involved in the decision-making process for
439 the proposed innovation district.

440 (2) A district plan may include, but shall not be limited to, (A) plans
441 for: (i) Attracting and directing support to start-up businesses; (ii)
442 development, in collaboration with private partners, of a business
443 incubator, coworking space, business accelerator or public meeting
444 space; (iii) events and community building; (iv) marketing and
445 outreach; (v) open space improvement; (vi) housing development; (vii)
446 improvement of technology infrastructure, including, but not limited
447 to, broadband improvement; (viii) bicycle paths; and (ix) attracting
448 anchor institutions, and (B) community letters of support from persons
449 or entities other than the applicant.

450 (b) The ImpaCT board shall screen all applications submitted to it
451 pursuant to subsection (a) of this section and shall select therefrom a
452 limited number of finalist applicants. The ImpaCT board shall hold at
453 least one public hearing on each application submitted by a finalist
454 applicant. Such hearing shall be held in the municipality where the
455 proposed innovation district is to be located and shall consist of a
456 presentation by the applicant finalist on its proposal and a public
457 comment period. The ImpaCT board shall conduct a site walk of any
458 proposed innovation district submitted by an applicant finalist. The
459 chairperson of the ImpaCT board shall give appropriate notice of such

460 hearing. The notice shall (1) state the time and place of the hearing to
461 be held not fewer than ten days after the date of such notice, and (2) be
462 posted in a conspicuous place in or near the office of the town clerk for
463 the municipality where the proposed innovation district is to be
464 located and posted on the Internet web site of such municipality.
465 Applicants may submit revised applications to the ImpaCT board
466 based on public comments received at such hearing.

467 Sec. 8. (NEW) (*Effective from passage*) Through the innovation district
468 program established pursuant to section 6 of this act, the ImpaCT
469 board shall:

470 (1) Review and evaluate applications for innovation district status
471 submitted by entities pursuant to section 7 of this act;

472 (2) (A) Make recommendations to the executive director on or
473 before January 1, 2017, for the approval of such applications. If no such
474 application meets the purposes set forth in subsection (a) of section 6 of
475 this act or the criteria set forth in this subdivision, the board shall not
476 recommend the approval of any application for innovation district
477 status to the executive director. Recommendations for the approval of
478 applications for innovation district status may include modifications to
479 an application, agreed to by the applicant, as a condition for approval
480 thereof. Such recommendations shall include recommendations for the
481 amount of grant moneys to be awarded to each recommended
482 applicant and recommendations for allowable grant expenses,
483 including, but not limited to, expenditures set forth in such applicant's
484 application, expenditures associated with any modifications
485 recommended thereto by the ImpaCT board, operating expenses and
486 the cost of the audit prescribed by subdivision (2) of subsection (b) of
487 section 6 of this act.

488 (B) No application may be recommended for innovation district
489 status by the ImpaCT board unless such application (i) such
490 application is consistent with the purposes set forth in section 6 of this
491 act, (ii) is for a proposed innovation district where a significant portion
492 of such proposed district is located in an existing or proposed mixed-

493 use zoning district, (iii) the application was prepared in collaboration
494 with the local chamber of commerce and the municipal economic
495 development department, or similar municipal authority, of the
496 municipality in which the proposed district is located, and (iv) is
497 approved by majority vote of the legislative body of the municipality
498 in which the proposed district is to be located.

499 (C) In determining whether to recommend an application for
500 approval, the ImpaCT board shall consider, but such consideration
501 shall not be limited to: (i) Whether the entities partnering together to
502 implement and administer the proposed district plan are of the quality
503 to, and have demonstrated the commitment to, implement and
504 administer the district plan in a manner sufficient to achieve the
505 purposes set forth in section 6 of this act. Preference shall be given to
506 applicants having (I) diverse partners, including, but not limited to,
507 anchor institutions, and (II) partnerships with entities located within
508 the proposed innovation district; (ii) whether the geography of the
509 proposed innovation district is sufficiently compact to achieve the
510 purposes set forth in section 6 of this act, provided no proposed
511 innovation district having a proposed geographic area consisting of
512 more than one half square mile shall be recommended by the ImpaCT
513 board unless the applicant demonstrates that good cause exists for
514 expanding such district beyond one half square mile; (iii) whether the
515 district plan is sufficient to achieve the purposes set forth in section 6
516 of this act and whether such plan includes (I) sufficient measures to
517 ensure walkability within the proposed district; (II) sufficient measures
518 to enhance regular interpersonal interactions among residents,
519 workers and visitors of the district; (III) adequate and accessible public
520 transportation; and (IV) existing or proposed restaurants, affordable
521 housing options, retail spaces and public spaces, indoor or outdoor,
522 that provide adequate opportunity for interpersonal interaction; (iv)
523 the extent to which the district plan leverages private investment; (v)
524 self-sustainability of the district after moneys granted by the executive
525 director are fully expended; (vi) whether the underlying zoning of the
526 proposed district provides for, or will be amended to provide for,
527 reduced minimum floor area for residential dwelling units; and (vii)

528 any other criteria the ImpaCT board determines is relevant for
529 evaluating whether the proposed district, if granted innovation district
530 status, will achieve the purposes set forth in section 6 of this act;

531 (3) Publicize and post on its Internet web site the deadline for
532 applications for innovation district status pursuant to section 7 of this
533 act; and

534 (4) Develop a program to provide grants to innovation places,
535 including, but not limited to, a process to apply for such grants, the
536 criteria for grant approval and a process for approving such grants,
537 provided such grants shall only be provided to innovation places that
538 meet the purposes set forth in section 6 of this act.

539 Sec. 9. (*Effective from passage*) On or before June 1, 2016, the
540 Commissioner of Economic and Community Development shall
541 publicize and post on its Internet web site the deadline for applications
542 for innovation district status pursuant to section 7 of this act and the
543 language of sections 5 to 8, inclusive, of this act.

544 Sec. 10. Section 32-235 of the 2016 supplement to the general statutes
545 is repealed and the following is substituted in lieu thereof (*Effective*
546 *from passage*):

547 (a) For the purposes described in subsection (b) of this section, the
548 State Bond Commission shall have the power, from time to time, to
549 authorize the issuance of bonds of the state in one or more series and
550 in principal amounts not exceeding in the aggregate one billion four
551 hundred fifteen million three hundred thousand dollars, provided (1)
552 one hundred forty million dollars of said authorization shall be
553 effective July 1, 2011, and twenty million dollars of said authorization
554 shall be made available for small business development; (2) two
555 hundred eighty million dollars of said authorization shall be effective
556 July 1, 2012, and forty million dollars of said authorization shall be
557 made available for the Small Business Express program established
558 pursuant to section 32-7g, as amended by this act, and not more than
559 twenty million dollars of said authorization may be made available for

560 businesses that commit to relocating one hundred or more jobs that are
561 outside of the United States to the state; and (3) one hundred million
562 dollars of said authorization shall be effective July 1, 2016. Any amount
563 of said authorizations that are made available for small business
564 development or businesses that commit to relocating one hundred or
565 more jobs that are outside of the United States to the state, but are not
566 exhausted for such purpose by the first day of the fiscal year
567 subsequent to the fiscal year in which such amount was made
568 available, shall be used for the purposes described in subsection (b) of
569 this section. For purposes of this subsection, a "small business" is one
570 employing not more than one hundred employees.

571 (b) The proceeds of the sale of said bonds, to the extent of the
572 amount stated in subsection (a) of this section, shall be used by the
573 Department of Economic and Community Development (1) for the
574 purposes of sections 32-220 to 32-234, inclusive, including economic
575 cluster-related programs and activities, and for the Connecticut job
576 training finance demonstration program pursuant to sections 32-23uu
577 and 32-23vv, provided (A) three million dollars shall be used by said
578 department solely for the purposes of section 32-23uu and not more
579 than five million two hundred fifty thousand dollars of the amount
580 stated in said subsection (a) may be used by said department for the
581 purposes of section 31-3u, (B) not less than one million dollars shall be
582 used for an educational technology grant to the deployment center
583 program and the nonprofit business consortium deployment center
584 approved pursuant to section 32-41l, (C) not less than two million
585 dollars shall be used by said department for the establishment of a
586 pilot program to make grants to businesses in designated areas of the
587 state for construction, renovation or improvement of small
588 manufacturing facilities, provided such grants are matched by the
589 business, a municipality or another financing entity. The
590 Commissioner of Economic and Community Development shall
591 designate areas of the state where manufacturing is a substantial part
592 of the local economy and shall make grants under such pilot program
593 which are likely to produce a significant economic development
594 benefit for the designated area, (D) five million dollars may be used by

595 said department for the manufacturing competitiveness grants
596 program, (E) one million dollars shall be used by said department for
597 the purpose of a grant to the Connecticut Center for Advanced
598 Technology, for the purposes of subdivision (5) of subsection (a) of
599 section 32-7f, (F) fifty million dollars shall be used by said department
600 for the purpose of grants to the United States Department of the Navy,
601 the United States Department of Defense or eligible applicants for
602 projects related to the enhancement of infrastructure for long-term, on-
603 going naval operations at the United States Naval Submarine Base-
604 New London, located in Groton, which will increase the military value
605 of said base. Such projects shall not be subject to the provisions of
606 sections 4a-60 and 4a-60a, (G) two million dollars shall be used by said
607 department for the purpose of a grant to the Connecticut Center for
608 Advanced Technology, Inc., for manufacturing initiatives, including
609 aerospace and defense, and (H) four million dollars shall be used by
610 said department for the purpose of a grant to companies adversely
611 impacted by the construction at the Quinnipiac Bridge, where such
612 grant may be used to offset the increase in costs of commercial
613 overland transportation of goods or materials brought to the port of
614 New Haven by ship or vessel, (2) for the purposes of the small
615 business assistance program established pursuant to section 32-9yy,
616 provided fifteen million dollars shall be deposited in the small
617 business assistance account established pursuant to said section 32-
618 9yy, [and] (3) to deposit twenty million dollars in the small business
619 express assistance account established pursuant to section 32-7h, (4) to
620 deposit twenty-five million dollars in the ImpaCT Fund established
621 pursuant to section 4 of this act, which shall be used by ImpaCT to
622 provide grants to designated innovation districts, as defined in section
623 5 of this act, or planning grants pursuant to section 2 of this act, (5) to
624 deposit five million dollars in the ImpaCT Fund established pursuant
625 to section 4 of this act, which shall be used by ImpaCT to provide
626 grants to innovation places pursuant to section 8 of this act, (6) sixty
627 million dollars shall be used by Startup CT for the purposes of
628 providing loans pursuant to section 20 of this act, (7) to deposit
629 twenty-five million dollars in the ImpaCT Fund established pursuant

630 to section 4 of this act, which shall be used by ImpaCT to provide
631 grants to business accelerators pursuant to section 21 of this act, and
632 (8) five million dollars shall be used by the State Department of
633 Education to provide grants to technical high schools for the provision
634 of evening training programs in the skilled trades, including, but not
635 limited to, manufacturing, masonry, electrical, plumbing and
636 carpentry trades, provided the purpose of any such program shall be
637 to prepare participants for earning a credential or degree recognized
638 by employers or trade associations, as applicable.

639 (c) All provisions of section 3-20, or the exercise of any right or
640 power granted thereby which are not inconsistent with the provisions
641 of this section are hereby adopted and shall apply to all bonds
642 authorized by the State Bond Commission pursuant to this section, and
643 temporary notes in anticipation of the money to be derived from the
644 sale of any such bonds so authorized may be issued in accordance with
645 said section 3-20 and from time to time renewed. Such bonds shall
646 mature at such time or times not exceeding twenty years from their
647 respective dates as may be provided in or pursuant to the resolution or
648 resolutions of the State Bond Commission authorizing such bonds.
649 None of said bonds shall be authorized except upon a finding by the
650 State Bond Commission that there has been filed with it a request for
651 such authorization, which is signed by or on behalf of the Secretary of
652 the Office of Policy and Management and states such terms and
653 conditions as said commission, in its discretion, may require. Said
654 bonds issued pursuant to this section shall be general obligations of the
655 state and the full faith and credit of the state of Connecticut are
656 pledged for the payment of the principal of and interest on said bonds
657 as the same become due, and accordingly and as part of the contract of
658 the state with the holders of said bonds, appropriation of all amounts
659 necessary for punctual payment of such principal and interest is
660 hereby made, and the Treasurer shall pay such principal and interest
661 as the same become due.

662 Sec. 11. Section 32-39 of the general statutes is repealed and the
663 following is substituted in lieu thereof (*Effective October 1, 2016*):

664 The purposes of the corporation shall be to stimulate and encourage
665 the research and development of new technologies, businesses and
666 products, to encourage the creation and transfer of new technologies,
667 to assist existing businesses in adopting current and innovative
668 technological processes, to stimulate and provide services to industry
669 that will advance the adoption and utilization of technology, to
670 achieve improvements in the quality of products and services, to
671 stimulate and encourage the development and operation of new and
672 existing science parks and incubator facilities, and to promote science,
673 engineering, mathematics and other disciplines that are essential to the
674 development and application of technology within Connecticut by the
675 infusion of financial aid for research, invention and innovation in
676 situations in which such financial aid would not otherwise be
677 reasonably available from commercial or other sources, and for these
678 purposes the corporation shall have the following powers:

679 (1) To have perpetual succession as a body corporate and to adopt
680 bylaws, policies and procedures for the regulation of its affairs and
681 conduct of its businesses as provided in section 32-36;

682 (2) To enter into venture agreements with persons, upon such terms
683 and on such conditions as are consistent with the purposes of this
684 chapter, for the advancement of financial aid to such persons for the
685 research, development and application of specific technologies,
686 products, procedures, services and techniques, to be developed and
687 produced in this state, and to condition such agreements upon
688 contractual assurances that the benefits of increasing or maintaining
689 employment and tax revenues shall remain in this state and shall
690 accrue to it;

691 (3) To solicit, receive and accept aid, grants or contributions from
692 any source of money, property or labor or other things of value, to be
693 held, used and applied to carry out the purposes of this chapter,
694 subject to the conditions upon which such grants and contributions
695 may be made, including but not limited to, gifts or grants from any
696 department or agency of the United States or the state;

697 (4) To invest in, acquire, lease, purchase, own, manage, hold and
698 dispose of real property and lease, convey or deal in or enter into
699 agreements with respect to such property on any terms necessary or
700 incidental to the carrying out of these purposes; provided, however,
701 [that] (A) all such acquisitions of real property for the corporation's
702 own use with amounts appropriated by the state to the corporation or
703 with the proceeds of bonds supported by the full faith and credit of the
704 state shall be subject to the approval of the Secretary of the Office of
705 Policy and Management and the provisions of section 4b-23, and (B)
706 the corporation shall relocate its main office to a designated innovation
707 district, as defined in section 9 of this act, on or before January 1, 2018,
708 and shall establish a satellite office in each other designated innovation
709 district;

710 (5) To borrow money or to guarantee a return to the investors in or
711 lenders to any capital initiative, to the extent permitted under this
712 chapter;

713 (6) To hold patents, copyrights, trademarks, marketing rights,
714 licenses, or any other evidences of protection or exclusivity as to any
715 products as defined herein, issued under the laws of the United States
716 or any state or any nation;

717 (7) To employ such assistants, agents and other employees as may
718 be necessary or desirable, which employees shall be exempt from the
719 classified service and shall not be employees, as defined in subsection
720 (b) of section 5-270; establish all necessary or appropriate personnel
721 practices and policies, including those relating to hiring, promotion,
722 compensation, retirement and collective bargaining, which need not be
723 in accordance with chapter 68, and the corporation shall not be an
724 employer, as defined in subsection (a) of section 5-270; and engage
725 consultants, attorneys and appraisers as may be necessary or desirable
726 to carry out its purposes in accordance with this chapter;

727 (8) To make and enter into all contracts and agreements necessary or
728 incidental to the performance of its duties and the execution of its
729 powers under this chapter;

730 (9) To sue and be sued, plead and be impleaded, adopt a seal and
731 alter the same at pleasure;

732 (10) With the approval of the State Treasurer, to invest any funds
733 not needed for immediate use or disbursement, including any funds
734 held in reserve, in obligations issued or guaranteed by the United
735 States of America or the state of Connecticut and in other obligations
736 which are legal investments for retirement funds in this state;

737 (11) To procure insurance against any loss in connection with its
738 property and other assets in such amounts and from such insurers as it
739 deems desirable;

740 (12) To the extent permitted under its contract with other persons, to
741 consent to any termination, modification, forgiveness or other change
742 of any term of any contractual right, payment, royalty, contract or
743 agreement of any kind to which the corporation is a party;

744 (13) To do anything necessary and convenient to render the bonds
745 to be issued under section 32-41 more marketable;

746 (14) To acquire, lease, purchase, own, manage, hold and dispose of
747 personal property, and lease, convey or deal in or enter into
748 agreements with respect to such property on any terms necessary or
749 incidental to the carrying out of these purposes;

750 (15) In connection with any application for assistance under this
751 chapter, or commitments therefor, to make and collect such fees as the
752 corporation shall determine to be reasonable;

753 (16) To enter into venture agreements with persons, upon such
754 terms and conditions as are consistent with the purposes of this
755 chapter to provide financial aid to such persons for the marketing of
756 new and innovative services based on the use of a specific technology,
757 product, device, technique, service or process;

758 (17) To enter into limited partnerships or other contractual
759 arrangements with private and public sector entities as the corporation

760 deems necessary to provide financial aid which shall be used to make
761 investments of seed venture capital in companies based in or
762 relocating to the state in a manner which shall foster additional capital
763 investment, the establishment of new businesses, the creation of new
764 jobs and additional commercially-oriented research and development
765 activity. The repayment of such financial aid shall be structured in
766 such manner as the corporation deems will best encourage private
767 sector participation in such limited partnerships or other
768 arrangements. The board of directors, chief executive officer, officers
769 and staff of the corporation may serve as members of any advisory or
770 other board which may be established to carry out the purposes of this
771 subdivision;

772 (18) To account for and audit funds of the corporation and funds of
773 any recipients of financial aid from the corporation;

774 [(19) To advise the Governor, the General Assembly, the
775 Commissioner of Economic and Community Development and the
776 president of the Board of Regents for Higher Education on matters
777 relating to science, engineering and technology which may have an
778 impact on state policies, programs, employers and residents, and on
779 job creation and retention;

780 (20) To promote technology-based development in the state;

781 (21) To encourage and promote the establishment of and, within
782 available resources, to provide financial aid to advanced technology
783 centers;

784 (22) To maintain an inventory of data and information concerning
785 state and federal programs which are related to the purposes of this
786 chapter and to serve as a clearinghouse and referral service for such
787 data and information;]

788 [(23)] (19) To conduct and encourage research and studies relating
789 to technological development;

790 [(24)] (20) To provide technical or other assistance and, within

791 available resources, to provide financial aid to the Connecticut
792 Academy of Science and Engineering, Incorporated, in order to further
793 the purposes of this chapter;

794 [(25)] (21) To recommend a science and technology agenda for the
795 state that will promote the formation of public and private
796 partnerships for the purpose of stimulating research, new business
797 formation and growth and job creation;

798 [(26)] (22) To encourage and provide technical assistance and,
799 within available resources, to provide financial aid to existing
800 manufacturers and other businesses in the process of adopting
801 innovative technology and new state-of-the-art processes and
802 techniques;

803 [(27)] (23) To recommend state goals for technological development
804 and to establish policies and strategies for developing and assisting
805 technology-based companies and for attracting such companies to the
806 state;

807 [(28)] To promote and encourage and, within available resources, to
808 provide financial aid for the establishment, maintenance and operation
809 of incubator facilities;

810 (29) To promote and encourage the coordination of public and
811 private resources and activities within the state in order to assist
812 technology-based entrepreneurs and business enterprises;]

813 [(30)] (24) To provide services to industry that will stimulate and
814 advance the adoption and utilization of technology and achieve
815 improvements in the quality of products and services;

816 [(31)] To promote science, engineering, mathematics and other
817 disciplines that are essential to the development and application of
818 technology;

819 (32) To coordinate its efforts with existing business outreach centers,
820 as described in section 32-9qq;]

821 [(33)] (25) To do all acts and things necessary and convenient to
822 carry out the purposes of this chapter;

823 [(34)] (26) To accept from the department: (A) Financial assistance,
824 (B) revenues or the right to receive revenues with respect to any
825 program under the supervision of the department, and (C) loan assets
826 or equity interests in connection with any program under the
827 supervision of the department; to make advances to and reimburse the
828 department for any expenses incurred or to be incurred by it in the
829 delivery of such assistance, revenues, rights, assets, or interests; to
830 enter into agreements for the delivery of services by the corporation, in
831 consultation with the department and the Connecticut Housing
832 Finance Authority, to third parties, which agreements may include
833 provisions for payment by the department to the corporation for the
834 delivery of such services; and to enter into agreements with the
835 department or with the Connecticut Housing Finance Authority for the
836 sharing of assistants, agents and other consultants, professionals and
837 employees, and facilities and other real and personal property used in
838 the conduct of the corporation's affairs;

839 [(35)] (27) To transfer to the department: (A) Financial assistance, (B)
840 revenues or the right to receive revenues with respect to any program
841 under the supervision of the corporation, and (C) loan assets or equity
842 interests in connection with any program under the supervision of the
843 corporation, provided the transfer of such financial assistance,
844 revenues, rights, assets or interests is determined by the corporation to
845 be practicable, within the constraints and not inconsistent with the
846 fiduciary obligations of the corporation imposed upon or established
847 upon the corporation by any provision of the general statutes, the
848 corporation's bond resolutions or any other agreement or contract of
849 the corporation and to have no adverse effect on the tax-exempt status
850 of any bonds of the state;

851 [(36)] (28) With respect to any capital initiative, to create, with one
852 or more persons, one or more affiliates and to provide, directly or
853 indirectly, for the contribution of capital to any such affiliate, each such

854 affiliate being expressly authorized to exercise on such affiliate's own
855 behalf all powers which the corporation may exercise under this
856 section, in addition to such other powers provided to it by law;

857 [(37)] (29) To provide financial aid to enable biotechnology,
858 bioscience and other technology companies to lease, acquire, construct,
859 maintain, repair, replace or otherwise obtain and maintain production,
860 testing, research, development, manufacturing, laboratory and related
861 and other facilities, improvements and equipment; and

862 [(38) To provide financial aid to persons developing smart
863 buildings, as defined in section 32-23d, incubator facilities or other
864 information technology intensive office and laboratory space;]

865 [(39)] (30) To provide financial aid to persons developing or
866 constructing the basic buildings, facilities or installations needed for
867 the functioning of the media and motion picture industry in this state.
868 [;]

869 [(40) To coordinate the development and implementation of
870 strategies regarding technology-based talent and innovation among
871 state and quasi-public agencies, including the creation and
872 administration of the Connecticut Small Business Innovation Research
873 Office to act as a centralized clearinghouse and provide technical
874 assistance to applicants in developing small business innovation
875 research programs in conformity with the federal program established
876 pursuant to the Small Business Research and Development
877 Enhancement Act of 1992, P.L. 102-564, as amended, and other
878 proposals.]

879 Sec. 12. Subsection (h) of section 32-35 of the general statutes is
880 repealed and the following is substituted in lieu thereof (*Effective*
881 *October 1, 2016*):

882 (h) The corporation shall provide funding for the operation of the
883 Connecticut Small Business Innovation Research Office in accordance
884 with subdivision [(41) of section 32-39] (19) of section 2 of this act.

885 Sec. 13. (NEW) (*Effective from passage*) Notwithstanding any
886 provision of the general statutes, any venture agreement, investment
887 agreement or other similar agreement entered into by Connecticut
888 Innovations, Incorporated on or after the effective date of this section
889 shall involve one or more private partners.

890 Sec. 14. (*Effective from passage*) On or before December 1, 2016,
891 Connecticut Innovations, Incorporated shall submit a performance
892 audit of such corporation conducted by an independent accounting or
893 management consulting firm which shall include, but not be limited to
894 a recommendation as to: (1) Whether the staffing levels of such
895 corporation are appropriate; (2) if any innovation district has been
896 designated as an innovation district pursuant to section 6 of this act on
897 or before December 1, 2016, a recommendation as to which of such
898 districts the corporation should relocate to; (3) whether the corporation
899 should shift to a fund model similar to that established pursuant to
900 section 20 of this act; (4) recommended measures for the corporation to
901 take in order to improve its ranking in two or more ranking systems
902 prepared by organizations that rank public venture capital entities by
903 varying success measures; (5) an analysis of performance based on any
904 other performance measures recommended by the ImpaCT board,
905 established pursuant to section 1 of this act; and (6) an analysis of
906 compensation policies at private investment firms and
907 recommendations for compensation amounts for employees of
908 Connecticut Innovations, Incorporated that will maximize
909 performance by said employees in a manner that allows Connecticut
910 Innovations, Incorporated to achieve its purposes.

911 Sec. 15. (NEW) (*Effective from passage*) (a) The Commissioner of
912 Economic and Community Development shall establish a mentorship
913 network to connect start-up entrepreneurs in technology based
914 ventures, including, but not limited to, cybersecurity, data science,
915 software development, and other technology based start-up business,
916 with qualified mentors. The commissioner shall provide mentorship
917 training to any Connecticut business seeking to participate in such
918 mentorship network.

919 (b) The commissioner may forgive a portion of any state assistance
920 received by a technology based business and owed to the state if such
921 business participates in the mentorship network established pursuant
922 to subsection (a) of this section. The commissioner shall develop a
923 formula to calculate such state assistance forgiveness based on the
924 hours of mentorship provided by any such business.

925 Sec. 16. Section 52 of public act 11-1 of the October special session is
926 repealed and the following is substituted in lieu thereof (*Effective from*
927 *passage*):

928 (a) For the purposes described in subsection (b) of this section, the
929 State Bond Commission shall have the power, from time to time to
930 authorize the issuance of bonds of the state in one or more series and
931 in principal amounts not exceeding in the aggregate one hundred
932 twenty-five million dollars, provided twenty-five million dollars of
933 said authorization shall be effective July 1, 2012, twenty-five million
934 dollars of said authorization shall be effective July 1, 2013, twenty-five
935 million dollars of said authorization shall be effective July 1, 2014, and
936 twenty-five million dollars of said authorization shall be effective July
937 1, 2015.

938 (b) The proceeds of the sale of said bonds, to the extent of the
939 amount stated in subsection (a) of this section, shall be used (1) by
940 Connecticut Innovations, Incorporated for the purpose of
941 recapitalizing the programs established in chapter 581 of the general
942 statutes, provided (A) up to fifteen million dollars shall be made
943 available for the preseed financing program established pursuant to
944 section 32-41x of the general statutes, (B) five million dollars is
945 deposited per year in the ImpaCT Fund established pursuant to section
946 4 of this act in each of the fiscal years ending June 30, 2017, to June 30,
947 2021, inclusive, which shall be used for the purposes enumerated in
948 subsection (a) of section 1 of this act, and (C) one million dollars is
949 deposited per year in the ImpaCT Fund established pursuant to section
950 4 of this act in each of the fiscal years ending June 30, 2017, to June 30,
951 2021, inclusive, which shall be used by ImpaCT for technology transfer

952 purposes, and (2) by The University of Connecticut for the purpose of
953 hiring staff for its entrepreneurship program in an amount up to one
954 million dollars in each of the fiscal years ending June 30, 2017, to June
955 30, 2021, inclusive, which shall be used for such purposes, provided
956 (A) the university provides matching funds for such hiring, and (B) the
957 university establishes a partnership with a designated innovation
958 district, as defined in section 5 of this act, in which said university
959 agrees to establish, in such district, its branch campus for programs
960 that relate to the specialty of such innovation district.

961 (c) All provisions of section 3-20 of the general statutes, or the
962 exercise of any right or power granted thereby, which are not
963 inconsistent with the provisions of this section are hereby adopted and
964 shall apply to all bonds authorized by the State Bond Commission
965 pursuant to this section, and temporary notes in anticipation of the
966 money to be derived from the sale of any such bonds so authorized
967 may be issued in accordance with said section 3-20 and from time to
968 time renewed. Such bonds shall mature at such time or times not
969 exceeding twenty years from their respective dates as may be provided
970 in or pursuant to the resolution or resolutions of the State Bond
971 Commission authorizing such bonds. None of said bonds shall be
972 authorized except upon a finding by the State Bond Commission that
973 there has been filed with it a request for such authorization which is
974 signed by or on behalf of the Secretary of the Office of Policy and
975 Management and states such terms and conditions as said commission,
976 in its discretion, may require. Said bonds issued pursuant to this
977 section shall be general obligations of the state and the full faith and
978 credit of the state of Connecticut are pledged for the payment of the
979 principal of and interest on said bonds as the same become due, and
980 accordingly and as part of the contract of the state with the holders of
981 said bonds, appropriation of all amounts necessary for punctual
982 payment of such principal and interest is hereby made, and the State
983 Treasurer shall pay such principal and interest as the same become
984 due.

985 Sec. 17. Subsection (c) of section 32-7g of the general statutes is

1986 repealed and the following is substituted in lieu thereof (*Effective*
1987 *October 1, 2016*):

1988 (c) The commissioner shall establish a streamlined application
1989 process for the Small Business Express program. The small business
1990 applicant may receive assistance pursuant to said program not later
1991 than thirty days after submitting a completed application to the
1992 department. Any small business meeting the eligibility criteria in
1993 subsection (a) of this section may apply to said program. The
1994 commissioner shall give priority for available funding to small
1995 businesses creating jobs and may give priority for available funding to
1996 (1) economic base industries, as defined in subsection (d) of section 32-
1997 222, including, but not limited to, those in the fields of precision
1998 manufacturing, business services, green and sustainable technology,
1999 bioscience and information technology, [and] (2) businesses attempting
1000 to export their products or services to foreign markets, and (3)
1001 businesses located in designated innovation districts, as defined in
1002 section 5 of this act.

1003 Sec. 18. Section 10-395a of the general statutes is repealed and the
1004 following is substituted in lieu thereof (*Effective from passage*):

1005 There is established an account within the General Fund to be
1006 known as the "state-wide tourism, innovation and entrepreneurship
1007 marketing account". The account may contain all moneys required by
1008 law to be deposited in the account. Any balance remaining in said
1009 account at the end of any fiscal year shall be carried forward in said
1010 account for the fiscal year next succeeding. The moneys in said account
1011 shall be allocated for implementation of the state-wide marketing plan
1012 in accordance with section 10-396 and implementation of the state-
1013 wide innovation and entrepreneurship marketing plan in accordance
1014 with section 2 of this act.

1015 Sec. 19. Section 12-704d of the general statutes is repealed and the
1016 following is substituted in lieu thereof (*Effective July 1, 2016, and*
1017 *applicable to taxable years commencing on or after January 1, 2016*):

1018 (a) As used in this section:

1019 (1) "Angel investor" means an accredited investor, as defined by the
1020 Securities and Exchange Commission, or network of accredited
1021 investors who review new or proposed businesses for potential
1022 investment and who may seek active involvement, such as consulting
1023 and mentoring, in a Connecticut business, but "angel investor" does
1024 not include (A) a person controlling fifty per cent or more of the
1025 Connecticut business invested in by the angel investor, (B) a venture
1026 capital company, or (C) any bank, bank and trust company, insurance
1027 company, trust company, national bank, savings association or
1028 building and loan association for activities that are a part of its normal
1029 course of business;

1030 (2) "Cash investment" means the contribution of cash, at a risk of
1031 loss, to a qualified Connecticut business in exchange for qualified
1032 securities;

1033 (3) "Connecticut business" means any business with its principal
1034 place of business in Connecticut that is engaged in bioscience,
1035 advanced materials, photonics, information technology, clean
1036 technology or any other emerging technology as determined by the
1037 Commissioner of Economic and Community Development;

1038 (4) "Bioscience" means manufacturing pharmaceuticals, medicines,
1039 medical equipment or medical devices and analytical laboratory
1040 instruments, operating medical or diagnostic testing laboratories, or
1041 conducting pure research and development in life sciences;

1042 (5) "Advanced materials" means developing, formulating or
1043 manufacturing advanced alloys, coatings, lubricants, refrigerants,
1044 surfactants, emulsifiers or substrates;

1045 (6) "Photonics" means generation, emission, transmission,
1046 modulation, signal processing, switching, amplification, detection and
1047 sensing of light from ultraviolet to infrared and the manufacture,
1048 research or development of opto-electronic devices, including, but not

1049 limited to, lasers, masers, fiber optic devices, quantum devices,
1050 holographic devices and related technologies;

1051 (7) "Information technology" means software publishing, motion
1052 picture and video production, teleproduction and postproduction
1053 services, telecommunications, data processing, hosting and related
1054 services, custom computer programming services, computer system
1055 design, computer facilities management services, other computer
1056 related services and computer training;

1057 (8) "Clean technology" means the production, manufacture, design,
1058 research or development of clean energy, green buildings, smart grid,
1059 high-efficiency transportation vehicles and alternative fuels,
1060 environmental products, environmental remediation and pollution
1061 prevention; and

1062 (9) "Qualified securities" means any form of equity, including a
1063 general or limited partnership interest, common stock, preferred stock,
1064 with or without voting rights, without regard to seniority position that
1065 must be convertible into common stock.

1066 (b) There shall be allowed a credit against the tax imposed under
1067 this chapter, other than the liability imposed by section 12-707, for a
1068 cash investment of not less than twenty-five thousand dollars in the
1069 qualified securities of a Connecticut business by an angel investor. The
1070 credit shall be in an amount equal to twenty-five per cent of such
1071 investor's cash investment, provided the total tax credits allowed to
1072 any angel investor shall not exceed two hundred fifty thousand
1073 dollars. The credit shall be claimed in the taxable year in which such
1074 cash investment is made by the angel investor. [and shall not be
1075 transferable.] The credit may be sold, assigned or otherwise
1076 transferred, in whole or in part.

1077 (c) To qualify for a tax credit pursuant to this section, a cash
1078 investment shall be in a Connecticut business that (1) has been
1079 approved as a qualified Connecticut business pursuant to subsection
1080 (d) of this section; (2) had annual gross revenues of less than one

1081 million dollars in the most recent income year of such business; (3) has
1082 fewer than twenty-five employees, not less than seventy-five per cent
1083 of whom reside in this state; (4) has been operating in this state for less
1084 than seven consecutive years; (5) is primarily owned by the
1085 management of the business and their families; and (6) received less
1086 than two million dollars in cash investments eligible for the tax credits
1087 provided by this section.

1088 (d) (1) A Connecticut business may apply to Connecticut
1089 Innovations, Incorporated, for approval as a Connecticut business
1090 qualified to receive cash investments eligible for a tax credit pursuant
1091 to this section. The application shall include (A) the name of the
1092 business and a copy of the organizational documents of such business,
1093 (B) a business plan, including a description of the business and the
1094 management, product, market and financial plan of the business, (C) a
1095 description of the business's innovative technology, product or service,
1096 (D) a statement of the potential economic impact of the business,
1097 including the number, location and types of jobs expected to be
1098 created, (E) a description of the qualified securities to be issued and the
1099 amount of cash investment sought by the qualified Connecticut
1100 business, (F) a statement of the amount, timing and projected use of
1101 the proceeds to be raised from the proposed sale of qualified securities,
1102 and (G) such other information as the chief executive officer of
1103 Connecticut Innovations, Incorporated, may require.

1104 (2) Said chief executive officer shall, on a monthly basis, compile a
1105 list of approved applications, categorized by the cash investments
1106 being sought by the qualified Connecticut business and type of
1107 qualified securities offered.

1108 (e) (1) Any angel investor that intends to make a cash investment in
1109 a business on such list may apply to Connecticut Innovations,
1110 Incorporated, to reserve a tax credit in the amount indicated by such
1111 investor. The aggregate amount of all tax credits under this section that
1112 may be reserved by Connecticut Innovations, Incorporated, shall not
1113 exceed six million dollars annually for the fiscal years commencing

1114 July 1, 2010, to July 1, 2012, inclusive, and shall not exceed three
1115 million dollars in each fiscal year thereafter. Connecticut Innovations,
1116 Incorporated, shall not reserve tax credits under this section for any
1117 investment made on or after July 1, [2016] 2019.

1118 (2) The amount of the credit allowed to any investor pursuant to this
1119 section shall not exceed the amount of tax due from such investor
1120 under this chapter, other than section 12-707, with respect to such
1121 taxable year. Any tax credit that is claimed by the angel investor but
1122 not applied against the tax due under this chapter, other than the
1123 liability imposed under section 12-707, may be carried forward for the
1124 five immediately succeeding taxable years until the full credit has been
1125 applied.

1126 (f) If the angel investor is an S corporation or an entity treated as a
1127 partnership for federal income tax purposes, the tax credit may be
1128 claimed by the shareholders or partners of the angel investor. If the
1129 angel investor is a single member limited liability company that is
1130 disregarded as an entity separate from its owner, the tax credit may be
1131 claimed by such limited liability company's owner, provided such
1132 owner is a person subject to the tax imposed under this chapter.

1133 (g) A review of the cumulative effectiveness of the credit under this
1134 section shall be conducted by Connecticut Innovations, Incorporated,
1135 by July 1, 2014, and by July first annually thereafter. Such review shall
1136 include, but need not be limited to, the number and type of
1137 Connecticut businesses that received angel investments, the number of
1138 angel investors and the aggregate amount of cash investments, the
1139 current status of each Connecticut business that received angel
1140 investments, the number of employees employed in each year
1141 following the year in which such Connecticut business received the
1142 angel investment, and the economic impact in the state, of the
1143 Connecticut business that received the angel investment. Such review
1144 shall be submitted to the Office of Policy and Management and to the
1145 joint standing committee of the General Assembly having cognizance
1146 of matters relating to commerce, in accordance with the provisions of

1147 section 11-4a.

1148 Sec. 20. (NEW) (*Effective July 1, 2016, and applicable to taxable years*
1149 *commencing on or after January 1, 2016*) (a) For the purposes of this
1150 section:

1151 (1) "Cash investment" means the contribution of cash, at a risk of
1152 loss, to a qualified Connecticut business in exchange for qualified
1153 securities;

1154 (2) "Connecticut Innovations, Incorporated" means Connecticut
1155 Innovations, Incorporated or any successor thereto;

1156 (3) "Eligible debt security" means a senior debt instrument issued by
1157 a growth fund in exchange for cash, at par value or a premium;

1158 (4) "Eligible equity investment" means an equity investment in or
1159 eligible debt security issued by a growth fund that is acquired at its
1160 original issue solely in exchange for cash; and

1161 (5) "Start-up fund" means an entity certified by Connecticut
1162 Innovations, Incorporated pursuant to this section.

1163 (b) (1) There is established a Connecticut venture loan program to
1164 be known as Startup CT for the purposes of increasing the amount of
1165 preseed financing and seed financing, as defined in section 32-34 of the
1166 general statutes, available in Connecticut. Connecticut Innovations,
1167 Incorporated shall certify up to six entities as start-up funds under this
1168 section and may make up to sixty million dollars in forgivable loans to
1169 such entities, provided one such start-up fund shall make investments
1170 exclusively in intellectual property and start-ups developed by
1171 students, faculty and researchers from The University of Connecticut.
1172 On and after September 1, 2016, entities may submit applications for
1173 approval as a start-up fund, on a form prescribed by Connecticut
1174 Innovations, Incorporated, which shall include: (A) A description of
1175 intended industry targets, preferred stage of investment and any
1176 geographic cluster strategy; (B) a detailed description of the track
1177 record of key fund managers with an emphasis on experience with

1178 seed and early stage investments; (C) the specific strategy the fund
1179 manager will pursue to raise the necessary private capital to qualify for
1180 a growth loan and a fund-raising track record for funds with similar
1181 characteristics and targets; and (D) any other information reasonably
1182 required by Connecticut Innovations, Incorporated.

1183 (2) Connecticut Innovations, Incorporated shall review and consider
1184 each application and approve or reject such application within thirty
1185 days of receipt. Upon approval of an entity as a start-up fund,
1186 Connecticut Innovations, Incorporated shall: (A) Enter into a loan
1187 agreement with the start-up fund which shall (i) provide a loan in an
1188 amount up to ten million dollars, which shall be specifically
1189 conditioned upon the start-up fund securing equity investments in the
1190 form of cash in an amount at least equal to twenty million dollars; and
1191 (ii) include the economic goals the start-up fund must achieve to be
1192 granted loan forgiveness, and (B) make an allocation of tax credits to
1193 the start-up fund, if applicable, pursuant to subsection (c) of this
1194 section. Approved applicants may submit an additional application for
1195 loans under this section in the event that Connecticut Innovations,
1196 Incorporated has not approved the maximum number of start-up
1197 funds by October 15, 2016.

1198 (3) Within sixty days after receiving approval for a loan under this
1199 section, the start-up fund shall collect an amount of eligible equity
1200 investments in an amount equal to twenty million dollars. Within
1201 sixty-five days after receiving such approval, the growth fund shall
1202 send documentation to Connecticut Innovations, Incorporated
1203 sufficient to prove receipt of such equity contribution. Upon receipt of
1204 such documentation, the state shall make the growth loan to the start-
1205 up fund.

1206 (4) Prior to any cash investment by a start-up fund, Connecticut
1207 Innovations, Incorporated shall certify such business as eligible for
1208 investment based on guidelines promulgated by Connecticut
1209 Innovations, Incorporated. Such guidelines shall require that the
1210 business be (A) principally located in or willing to relocate to

1211 Connecticut, and (B) in the early stages of development.

1212 (5) On or before December thirty-first of the year containing the fifth
1213 anniversary of the closing date of the loan, and annually thereafter, the
1214 start-up fund shall provide a state revenue impact assessment
1215 prepared by a nationally recognized third-party independent
1216 economic forecasting firm using a dynamic economic forecasting
1217 model that analyzes the economic impact of the investments of the
1218 start-up fund, including, but not limited to, jobs created or retained
1219 thereby. Connecticut Innovations, Incorporated shall forgive all or part
1220 of the loan upon the achievement of economic development goals
1221 agreed to by Connecticut Innovations, Incorporated and the start-up
1222 fund in the loan agreement.

1223 (c) (1) There shall be allowed a credit against the tax imposed under
1224 chapter 207 or 208 of the general statutes for an equity investment in
1225 the form of cash in a start-up fund. The credit shall be earned and
1226 vested upon the making of an eligible equity investment into a start-up
1227 fund and shall be available for utilization against the tax imposed by
1228 chapter 207 or 208 of the general statutes in an amount equal to
1229 twenty-five per cent of such investment in each of the years containing
1230 the third and fourth anniversaries of the investment date, for a total
1231 credit equal to fifty per cent of the investment and shall be
1232 transferable.

1233 (2) The credit earned under this subsection shall be subject to
1234 recapture if a start-up fund fails to invest thirty million dollars within
1235 five years of the loan awarded under this section within four years of
1236 the closing date of such loan. If a start-up fund fails to comply with the
1237 provisions of this subdivision, Connecticut Innovations, Incorporated
1238 shall notify the officers of the start-up fund of the potential recapture,
1239 in writing, ninety days prior to such potential recapture. Such credit
1240 shall be recaptured by Connecticut Innovations, Incorporated unless
1241 the deficiency is waived by Connecticut Innovations, Incorporated or
1242 is corrected by the start-up fund within such ninety days.

1243 (3) The credit earned under this section may be sold, assigned or

1244 otherwise transferred, in whole or in part.

1245 (4) The aggregate amount of tax credits that may be earned under
1246 this section as a result of equity investments in the form of cash in a
1247 start-up fund shall not exceed sixty million dollars.

1248 Sec. 21. (NEW) (*Effective from passage*) There is established, within
1249 ImpaCT, AccelerateCT, which shall provide grants to qualified private
1250 business accelerators for the purpose of developing such accelerators
1251 and providing financial assistance to growth stage companies utilizing
1252 such accelerators. Such grants may be in an amount up to four
1253 hundred thousand dollars and shall be disbursed over two years. Such
1254 grant moneys may be used by a qualified private business accelerator
1255 for (1) overhead and operational expenses associated with such
1256 business accelerator, including, but not limited to, lease payments for
1257 up to two years, information technology infrastructure and
1258 management personnel costs, and (2) providing financial assistance to
1259 growth stage companies utilizing such accelerator. ImpaCT shall
1260 establish an application process for such grants, the criteria for
1261 approval for such grants and an approval process for such grants,
1262 provided the criteria for approval shall include, but not be limited to,
1263 consideration of sufficiency of matching private capital, the location of
1264 the qualified private business accelerator, investment team expertise,
1265 network capacity, and the number of growth stage companies
1266 committed to utilizing such business accelerator. For the purposes of
1267 this section, growth stage company means a company with five
1268 hundred thousand to five million dollars in revenue, at least one
1269 intern, defendable intellectual property, strong management and
1270 proven sales, as determined by the qualified private business
1271 accelerator.

1272 Sec. 22. (NEW) (*Effective October 1, 2016*) (a) Notwithstanding the
1273 provisions of section 32-70 of the general statutes, the Commissioner of
1274 Economic and Community Development may establish a knowledge
1275 center enterprise zone surrounding any institution of higher learning
1276 in the state upon receipt from such institution of a proposal

1277 recommending the establishment of such a zone, provided: (1) The
1278 commissioner determines that the economic development benefits of
1279 establishing such a knowledge center enterprise zone outweigh the
1280 anticipated costs to the state and the affected municipalities; and (2)
1281 such proposal complies with the state plan of conservation and
1282 development adopted pursuant to chapter 297 of the general statutes.
1283 The commissioner may establish not more than ten knowledge center
1284 enterprise zones.

1285 (b) Any proposal submitted by an institution of higher learning
1286 pursuant to subsection (a) of this section shall include, but not be
1287 limited to: (1) The geographic scope of the proposed knowledge center
1288 enterprise zone, including designation of all census blocks that such
1289 institution proposes incorporating into such zone, provided no zone
1290 shall extend beyond a two-mile radius of such institution; (2) the
1291 nature of business and industry that will be developed and how such
1292 business and industry align with the mission of such institution; (3)
1293 how such business and industry will collaborate with such institution
1294 to create jobs and the anticipated number of jobs to be created; (4) such
1295 institution's experience with business collaboration or plan for such
1296 collaboration; (5) any other economic and community developments
1297 anticipated from the establishment of such zone; and (6) the
1298 anticipated lost revenue to the state and municipalities as a result of
1299 establishing such zone.

1300 (c) The commissioner may modify the geographic scope of any
1301 proposed knowledge center enterprise zone to improve the balance
1302 between the anticipated economic benefit and the cost to the state and
1303 affected municipalities.

1304 (d) Businesses located within a knowledge center enterprise zone
1305 shall be entitled to the same benefits, subject to the same conditions,
1306 under the general statutes for which businesses located in an
1307 enterprise zone qualify.

1308 (e) The commissioner shall adopt regulations in accordance with the
1309 provisions of chapter 54 of the general statutes to implement the

1310 provisions of this section. Such regulations shall include, but need not
1311 be limited to: (1) A review and approval process for proposals
1312 submitted pursuant to subsection (a) of this section; (2) goals and
1313 performance standards for knowledge center enterprise zones; and (3)
1314 procedures to assess the performance of knowledge center enterprise
1315 zones.

1316 (f) Not less than ten years from the original date of approval of a
1317 knowledge center enterprise zone, the commissioner shall assess the
1318 performance of such zone. The commissioner may remove the
1319 designation of such knowledge center enterprise zone if such zone fails
1320 to meet the goals and performance standards set forth in the
1321 regulations adopted pursuant to subsection (e) of this section.

1322 Sec. 23. Subsection (e) section 13 of public act 15-1 of the June special
1323 session is amended to read as follows (*Effective from passage*):

1324 (e) For the Department of Economic and Community Development:
1325 (1) For the Connecticut Manufacturing Innovation Fund established by
1326 section 32-7o of the general statutes, not exceeding \$20,000,000,
1327 provided (A) not more than \$3,500,000 shall be used as a grant-in-aid
1328 to the Connecticut Center for Advanced Technology for research and
1329 development of the machining of high rate laser-engineered additive
1330 manufacturing; and (B) \$2,750,000 shall be used as a grant-in-aid to be
1331 deposited in the Innovation Talent Fund established pursuant to
1332 section 24 of this act for use by ImpaCT to provide grants to programs
1333 intended to increase software development technology talent and
1334 other technology talent as provided in subsection (e) of section 24 of
1335 this act;

1336 (2) For the Small Business Express program established by section
1337 32-7g of the general statutes, not exceeding \$50,000,000;

1338 (3) For the Brownfield Remediation and Revitalization program, not
1339 exceeding \$20,000,000; and

1340 (4) For the implementation of a minority business enterprise

1341 assistance program to assist such businesses in obtaining surety bonds,
1342 including bid, performance and payment bonds, for capital
1343 construction projects, which program may be run by a nonprofit entity
1344 with which said department shall contract, not exceeding \$2,000,000.

1345 Sec. 24. (NEW) (*Effective from passage*) (a) For the purposes of this
1346 section, "administrator" means ImpaCT in its capacity as administrator
1347 of the Innovation Talent Fund established pursuant to this section.

1348 (b) There is established an Innovation Talent Fund, to be held,
1349 administered, invested and disbursed by the administrator. The fund
1350 shall contain any moneys required or permitted by law to be deposited
1351 in the fund and any moneys received from any public or private
1352 contributions, gifts, grants, donations, bequests or devises to the fund.
1353 Any balance remaining in the fund shall be carried forward in the fund
1354 for the fiscal year next succeeding.

1355 (c) Any return on investment attributable to the investment of the
1356 fund by the administrator shall be deposited and held for the use and
1357 benefit of the fund. Moneys in or received by the fund may be
1358 deposited with and invested by any institution as may be designated
1359 by the administrator at its sole discretion and paid as the administrator
1360 shall direct. The administrator may make payments from such deposit
1361 accounts for use in accordance with the provisions of this section.

1362 (d) The Innovation Talent Fund shall not be deemed an account
1363 within the General Fund and shall be used exclusively for the purposes
1364 provided in this section.

1365 (e) Amounts in the Innovation Talent Fund shall initially be used to
1366 provide grants to programs intended to increase software
1367 development technology talent in this state. After such grants are
1368 made, amounts in the fund shall be used to provide grants to
1369 programs intended to increase other technology talent in this state.

1370 (f) All expenditures from the Innovation Talent Fund shall be
1371 approved by the ImpaCT board of directors. Any such approval shall

1372 be specific to an individual expenditure to be made or for budgeted
1373 expenditures with such variations as the ImpaCT board of directors
1374 may authorize at the time of such budget approval.

1375 (g) ImpaCT shall provide any necessary staff, office space, office
1376 systems and administrative support for the operation of the Innovation
1377 Talent Fund in accordance with this section. In acting as administrator
1378 of the fund, the administrator shall have and may exercise all of the
1379 powers of ImpaCT set forth in section 2 of this act, provided
1380 expenditures from the fund shall be approved by the ImpaCT board of
1381 directors pursuant to subsection (f) of this section.

1382 (h) Beginning January 1, 2017, the administrator shall prepare for
1383 each fiscal year a plan of operations and an operating and capital
1384 budget for the Innovation Talent Fund. Not later than ninety days
1385 prior to the start of the fiscal year, the administrator shall submit the
1386 plan and budget to the ImpaCT board of directors for its review and
1387 approval.

1388 (i) Not later than April 15, 2017, and annually thereafter, the
1389 administrator shall provide a report of the activities of the Innovation
1390 Talent Fund to the ImpaCT board of directors for its review and
1391 approval. Upon its approval of such report, the ImpaCT board of
1392 directors shall provide such report, in accordance with the provisions
1393 of section 11-4a of the general statutes, to the joint standing committees
1394 of the General Assembly having cognizance of matters relating to
1395 commerce and finance, revenue and bonding. Such report shall contain
1396 available information on the status and progress of the operations and
1397 funding of the Innovation Talent Fund and the types, amounts and
1398 recipients of grants awarded.

1399 Sec. 25. (*Effective July 1, 2016*) The proceeds of securities of any issue,
1400 not exceeding in the aggregate the amount specified under subsection
1401 (a) of section 10a-109e of the general statutes, as amended by this act,
1402 shall be used to provide grants-in-aid to the city of Waterbury, to be
1403 administered by the Department of Administrative Services, for the
1404 purpose of property acquisition, construction, reconstruction,

1405 renovations and improvements by the city of Waterbury of real
1406 property in the city of Waterbury that shall be leased by The
1407 University of Connecticut as part of its downtown Waterbury campus.

1408 Sec. 26. Subsection (a) of section 10a-109e of the 2016 supplement to
1409 the general statutes is repealed and the following is substituted in lieu
1410 thereof (*Effective July 1, 2016*):

1411 (a) The university may administer, manage, schedule, finance,
1412 further design and construct UConn 2000, to operate and maintain the
1413 components thereof in a prudent and economical manner and to
1414 reserve for and make renewals and replacements thereof when
1415 appropriate, it being hereby determined and found to be in the best
1416 interest of the state and the university to provide this independent
1417 authority to the university along with providing assured revenues
1418 therefor as the efficient and cost effective course to achieve the
1419 objective of avoiding further decline in the physical infrastructure of
1420 the university and to renew, modernize, enhance and maintain such
1421 infrastructure, the particular project or projects, each being hereby
1422 approved as a project of UConn 2000, and the presently estimated cost
1423 thereof being as follows:

T1	UConn 2000 Project	Phase I	Phase II	Phase III
T2		Fiscal Years	Fiscal Years	Fiscal Years
T3		1996-1999	2000-2005	2005-2024
T4				
T5	Academic and Research			[450,000,000]
T6				<u>443,000,000</u>
T7	Facilities			
T8				
T9	Agricultural Biotechnology			
T10	Facility	9,400,000		
T11				
T12	Agricultural Biotechnology			
T13	Facility Completion		10,000,000	

T14			
T15	Alumni Quadrant		
T16	Renovations	14,338,000	
T17			
T18	Arjona and Monteith		
T19	(new classroom buildings)		66,100,000
T20			
T21	Avery Point Campus		
T22	Undergraduate and		
T23	Library Building		35,000,000
T24			
T25	Avery Point Marine		
T26	Science Research Center -		
T27	Phase I	34,000,000	
T28			
T29	Avery Point Marine		
T30	Science Research Center -		
T31	Phase II	16,682,000	
T32			
T33	Avery Point Renovation	5,600,000	15,000,000
T34			
T35	Babbidge Library	0	
T36			
T37	Balancing Contingency	5,506,834	
T38			
T39	Beach Hall Renovations		10,000,000
T40			
T41	Benton State Art Museum		
T42	Addition	1,400,000	3,000,000
T43			
T44	Biobehavioral Complex		
T45	Replacement		4,000,000
T46			
T47	Bishop Renovation		8,000,000
T48			

T49	Budds Building		
T50	Renovation	2,805,000	
T51			
T52	Business School		
T53	Renovation	4,803,000	
T54			
T55	Chemistry Building	53,700,000	
T56			
T57	Commissary Warehouse		1,000,000
T58			
T59	Deferred Maintenance/ Code/ADA Renovation		
T60	Lump Sum	39,332,000	805,000,000
T61			
T62			
T63	Deferred Maintenance & Renovation Lump Sum		
T64	Balance	104,668,000	
T65			
T66			
T67	East Campus North		
T68	Renovations	11,820,000	
T69			
T70	Engineering Building		
T71	(with Environmental		
T72	Research Institute)		36,700,000
T73			
T74	Equine Center	1,000,000	
T75			
T76	Equipment, Library		
T77	Collections &		
T78	Telecommunications	60,500,000	470,000,000
T79			
T80	Equipment, Library		
T81	Collections &		
T82	Telecommunications		
T83	Completion	182,118,146	

T84			
T85	Family Studies (DRM)		
T86	Renovation		6,500,000
T87			
T88	Farm Buildings Repairs/		
T89	Replacement		6,000,000
T90			
T91	Fine Arts Phase II		20,000,000
T92			
T93	Floriculture Greenhouse		3,000,000
T94			
T95	Gant Building Renovations		34,000,000
T96			
T97	Gant Plaza Deck	0	
T98			
T99	Gentry Completion		10,000,000
T100			
T101	Gentry Renovation	9,299,000	
T102			
T103	Grad Dorm Renovations	7,548,000	
T104			
T105	Gulley Hall Renovation	1,416,000	
T106			
T107	Hartford Relocation		
T108	Acquisition/Renovation	56,762,020	70,000,000
T109			
T110	Hartford Relocation Design	1,500,000	
T111			
T112	Hartford Relocation		
T113	Feasibility Study	500,000	
T114			
T115	Heating Plant Upgrade	10,000,000	
T116			
T117	Hilltop Dormitory New	30,000,000	
T118			

T119	Hilltop Dormitory		
T120	Renovations		3,141,000
T121			
T122	Ice Rink Enclosure	2,616,000	
T123			
T124	Incubator Facilities		10,000,000
T125			
T126	International House		
T127	Conversion		800,000
T128			
T129	Intramural, Recreational		
T130	and Intercollegiate		
T131	Facilities		31,000,000
T132			
T133	Jorgensen Renovation		7,200,000
T134			
T135	Koons Hall Renovation/		
T136	Addition		7,000,000
T137			
T138	Lakeside Renovation		3,800,000
T139			
T140	Law School Renovations/		
T141	Improvements		15,000,000
T142			
T143	Library Storage Facility		5,000,000
T144			
T145	Litchfield Agricultural		
T146	Center - Phase I	1,000,000	
T147			
T148	Litchfield Agricultural		
T149	Center - Phase II		700,000
T150			
T151	Manchester Hall		
T152	Renovation		6,000,000
T153			

T154	Mansfield Apartments		
T155	Renovation	2,612,000	
T156			
T157	Mansfield Training School		
T158	Improvements	27,614,000	29,000,000
T159			
T160	Natural History Museum		
T161	Completion		4,900,000
T162			
T163	North Campus Renovation	2,654,000	
T164			
T165	North Campus Renovation		
T166	Completion	21,049,000	
T167			
T168	North Hillside Road		
T169	Completion		11,500,000
T170			
T171	North Superblock Site		
T172	and Utilities	8,000,000	
T173			
T174	Northwest Quadrant		
T175	Renovation	2,001,000	
T176			
T177	Northwest Quadrant		
T178	Renovation	15,874,000	
T179			
T180	Observatory		1,000,000
T181			
T182	Old Central Warehouse		18,000,000
T183			
T184	Parking Garage #3		78,000,000
T185			
T186	Parking Garage – North	10,000,000	
T187			
T188	Parking Garage – South	15,000,000	

T189			
T190	Pedestrian Spinepath		2,556,000
T191			
T192	Pedestrian Walkways		3,233,000
T193			
T194	Psychology Building		
T195	Renovation/ Addition		20,000,000
T196			
T197	Residential Life Facilities		162,000,000
T198			
T199	Roadways		10,000,000
T200			
T201	School of Business	20,000,000	
T202			
T203	School of Pharmacy/	3,856,000	
T204	Biology		
T205			
T206	School of Pharmacy/		
T207	Biology Completion		61,058,000
T208			
T209	Shippee/Buckley		
T210	Renovations		6,156,000
T211			
T212	Social Science K Building		20,964,000
T213			
T214	South Campus Complex	13,127,000	
T215			
T216	Stamford Campus		
T217	Improvements/Housing		13,000,000
T218			
T219	Stamford Downtown		
T220	Relocation - Phase I	45,659,000	
T221			
T222	Stamford Downtown		
T223	Relocation - Phase II		17,392,000

T224		
T225	Storrs Hall Addition	4,300,000
T226		
T227	Student Health Services	12,000,000
T228		
T229	Student Union Addition	23,000,000
T230		
T231	Support Facility	
T232	(Architectural and	
T233	Engineering Services)	2,000,000
T234		
T235	Technology Quadrant -	
T236	Phase IA	38,000,000
T237		
T238	Technology Quadrant -	
T239	Phase IB	16,611,000
T240		
T241	Technology Quadrant -	
T242	Phase II	72,000,000
T243		
T244	Technology Quadrant -	
T245	Phase III	15,000,000
T246		
T247	Torrey Life Science	
T248	Renovation	17,000,000
T249		
T250	Torrey Renovation	
T251	Completion and Biology	
T252	Expansion	42,000,000
T253		
T254	Torrington Campus	
T255	Improvements	1,000,000
T256		
T257	Towers Renovation	17,794,000
T258		

T259	UConn Products Store		1,000,000
T260			
T261	Undergraduate Education		
T262	Center	650,000	
T263			
T264	Undergraduate Education		
T265	Center		7,450,000
T266			
T267	Underground Steam &		
T268	Water Upgrade	3,500,000	
T269			
T270	Underground Steam &		
T271	Water Upgrade		
T272	Completion		9,000,000
T273			
T274	University Programs		
T275	Building - Phase I	8,750,000	
T276			
T277	University Programs		
T278	Building - Phase II		
T279	Visitors Center		300,000
T280			
T281	Waring Building		
T282	Conversion	7,888,000	
T283			
T284	Waterbury Downtown		
T285	Campus		3,000,000
T286			
T287	Waterbury Property		
T288	<u>Purchase and Grants-in-Aid</u>		
T289	<u>to Waterbury for Acquisition</u>		
T290	<u>Construction, Reconstruction,</u>		
T291	<u>Renovations/Improvements</u>	325,000	<u>7,000,000</u>
T292			
T293	West Campus Renovations		14,897,000

T294			
T295	West Hartford Campus		
T296	Renovations/		
T297	Improvements		25,000,000
T298			
T299	White Building Renovation	2,430,000	
T300			
T301	Wilbur Cross Building		
T302	Renovation		3,645,000
T303			
T304	Young Building		
T305	Renovation/ Addition		17,000,000
T306			
T307	HEALTH CENTER		
T308			
T309	CLAC Renovation		
T310	Biosafety Level 3 Lab		14,000,000
T311			
T312	Deferred Maintenance/		
T313	Code/ADA Renovation		
T314	Sum - Health Center		61,000,000
T315			
T316	Dental School Renovation		5,000,000
T317			
T318	Equipment, Library		
T319	Collections and		
T320	Telecommunications -		
T321	Health Center		75,000,000
T322			
T323	Library/Student Computer		
T324	Center Renovation		5,000,000
T325			
T326	Main Building Renovation		125,000,000
T327			
T328	Medical School Academic		

T329	Building Renovation			9,000,000
T330				
T331	Parking Garage - Health			
T332	Center			8,400,000
T333				
T334	Research Tower			60,000,000
T335				
T336	Support Building			
T337	Addition/Renovation			4,000,000
T338				
T339	The University of			
T340	Connecticut			
T341	Health Center			
T342	New Construction and			
T343	Renovation			394,900,000
T344				
T345	Planning and Design Costs			25,000,000
T346				
T347	Total - Storrs and Regional			
T348	Campus Project List			2,583,000,000
T349				
T350	Total - Health Center			
T351	Project List			786,300,000
T352				
T353	TOTAL	382,000,000	868,000,000	3,369,300,000

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
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section

Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>from passage</i>	32-235
Sec. 11	<i>October 1, 2016</i>	32-39
Sec. 12	<i>October 1, 2016</i>	32-35(h)
Sec. 13	<i>from passage</i>	New section
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	New section
Sec. 16	<i>from passage</i>	PA 11-1 of the October Sp. Sess., Sec. 52
Sec. 17	<i>October 1, 2016</i>	32-7g(c)
Sec. 18	<i>from passage</i>	10-395a
Sec. 19	<i>July 1, 2016, and applicable to taxable years commencing on or after January 1, 2016</i>	12-704d
Sec. 20	<i>July 1, 2016, and applicable to taxable years commencing on or after January 1, 2016</i>	New section
Sec. 21	<i>from passage</i>	New section
Sec. 22	<i>October 1, 2016</i>	New section
Sec. 23	<i>from passage</i>	PA 15-1 of the June Sp. Sess., (e) Sec. 13
Sec. 24	<i>from passage</i>	New section
Sec. 25	<i>July 1, 2016</i>	New section
Sec. 26	<i>July 1, 2016</i>	10a-109e(a)

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

SUMMARY

The bill results in the following impacts enumerated below. Specifically the bill:

1. Repurposes \$164.75 million from existing bond authorizations for various programs and funds established under the bill.
2. Extends the angel investor tax credit for three years, resulting in a revenue loss of \$3 million from FY 17 to FY 19.
3. Creates a Mentorship Network, resulting in (1) a potential cost of up to \$50,000 to the Department of Economic and Community Development (DECD) and (2) a potential acceleration of debt service costs associated with the potential forgiveness of certain state assistance.
4. Requires Connecticut Innovations (CI) to relocate its main office and create satellite offices in innovation districts, resulting in a cost of at least \$50,000 to the agency.
5. Requires CI to enter into venture capital agreements, resulting in a potential acceleration of debt service costs, depending upon CI's need for additional state bonds to support these agreements.

6. Establishes a tax credit for certain investments made through the Startup CT program, resulting in an aggregate revenue loss of \$60 million in the out years.
7. Allows for the creation of up to ten knowledge enterprise zones, resulting in (1) a potential significant annual revenue loss to the corporation tax and real estate conveyance tax and (2) a potential grand list reduction to certain municipalities.
8. Requires the University of Connecticut to lease property from the city of Waterbury as part of a downtown campus, resulting in an outyears cost in excess of \$150,000 per year.

The following sections provide further detail on the impacts by topic.

BONDING

The bill reauthorizes and repurposes bond authorizations for various agencies and programs for the new programs created within the bill.

1. Manufacturing Assistance Act

The bill carves out \$120 million from the Manufacturing Assistance Act (MAA) for various purposes listed in the table below.

Manufacturing Assistance Act Bond Authorizations		
To Agency/Program	Amount	Description
ImpaCT	25,000,000	Innovation District program grants and planning grants
ImpaCT	5,000,000	Innovation Places Grants
ImpaCT	25,000,000	Accelerate CT
Startup CT	60,000,000	Loans
SDE	5,000,000	Grants to technical high schools
TOTAL	120,000,000	

The current unallocated bond balance for MAA, after the March 24 State Bond Commission meeting, is approximately \$114.3 million. An additional \$100 million is authorized for FY 17 from PA 15-1 JSS. sSB 11, as voted out of committee, includes a cancellation of \$10 million.

Background: The Manufacturing Assistance Act is a multipurpose program administered by DECD which provides different types of financing for businesses and infrastructure development, including the First Five Program. The State Bond Commission allocated \$119,478,850 to MAA during FY 15.

2. Connecticut Innovations Recapitalization

The bill carves out \$35 million from bond authorizations for the recapitalization of CI for various purposes listed in the table below.

CT Innovations Recapitalization Bond Authorizations		
To Agency/Program	Amount	Description
ImpaCT	25,000,000	\$5 million per year from FY 17 to FY 21 for purposes of ImpaCT outlined in the bill
ImpaCT	5,000,000	\$1 million per year from FY 17 to FY 21 for technology purposes
UConn	5,000,000	\$1 million per year from FY 17 to FY 21 for hiring staff for its entrepreneurship program.
TOTAL	35,000,000	

The current unallocated bond balance for CI's recapitalization, after the March 24 State Bond Commission meeting, is approximately \$85 million. sSB 11, as voted out of committee, includes a cancellation of \$35 million.

Background: PA 11-1 of the October Special Session, authorized a total of \$125 million for grants-in-aid to recapitalize the CI's programs. CI's current venture pipeline alone is over \$31 million in order to finish out FY 16 and continue through FY 17. The breakdown of the Equity

Pipeline is as follows:

- \$10 million for Follow-on Funding for current portfolio,
- \$15 million in Equity Pipeline for new companies and
- \$6 million in PreSeed Funds.

The State Bond Commission allocated \$80 million of the \$125 million since 2011 to CI.

3. Connecticut Manufacturing Innovation Fund

The bill carves out \$2.75 million from the Connecticut Manufacturing Innovation Fund (MIF) for providing grants under the technology talent program ImpaCT develops.

The current unallocated bond balance of MIF is \$29.5 million as of March 24th. sSB 11, as voted out of committee, includes a cancellation of \$10 million.

Background: The Manufacturing Innovation Fund, administered by DECD, targets financial assistance to support the growth, innovation, and progress of Connecticut's advanced manufacturing sector. It provides matching grants to manufacturers to assist with purchase of equipment as well as research and development costs. The State Bond Commission allocated \$13.5 million to MIF during FY 15.

4. UConn 2000

The bill carves out \$7 million from the UConn 2000 authorization to finance a project at the UConn Waterbury campus. The bill subsequently decreases an existing Academic and Research Facilities project from \$450 million to \$443 million to do so.

IMPACT

Sections 1 - 4, 11 and 12 establishes ImpaCT within CI. The bill provides \$5 million in bond authorizations carved out of CI's

recapitalization authorization for the purposes of funding the entity and its duties as outlined in the bill.

The bill also establishes various programs to be administered by ImpaCT, including the Innovation District program, Accelerate CT, and Innovation Talent Fund. These programs are also funded by existing bond authorizations carved out under the bill, as listed above.

CONNECTICUT INNOVATION RELOCATION

Section 11 results in a one-time cost of up to \$50,000 in moving expenses to CI by requiring the agency to relocate its main office to an innovation district and establish a satellite office in each of the other districts. The agency may also incur potential increases in rent associated with more offices and new locations.

As a quasi-public state agency, CI's funding sources include returns on investment and loans, as well as General Obligation (GO) bonds proceeds from the state, as mentioned above. The identified costs will not be incurred by state-appropriated funds.

VENTURE INVESTMENTS

Section 13 requires CI to enter into venture capital agreements, investment agreements, and other similar agreements. It is anticipated that CI may require additional GO bond funds to support this requirement. Future General Fund debt service costs may be incurred sooner under the bill to the degree that the bill causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

STARTUP ENTREPRENEUR MENTORSHIP NETWORK

Section 15 requires DECD to establish a mentorship network for entrepreneurs and provide training for businesses seeking to participate in the network. There is a potential cost of up to \$50,000 to DECD to create the network and provide training supports to participants. The cost will depend upon the level of training and

outreach needed to prepare businesses for roles as mentors.

The bill also allows DECD to forgive a portion of any state assistance received by certain businesses if they are participating in the network. This may impact repayments that may otherwise be used for future projects.

Such assistance is typically funded by GO bond funds. Future General Fund debt service costs may be incurred sooner under the bill to the degree that the bill causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

PRIORITY SMALL BUSINESS EXPRESS

Section 17 allows DECD to give priority for financial assistance in the Small Business Express program to businesses located in innovation districts. There is no anticipated fiscal impact.

STATEWIDE MARKETING ACCOUNT

Section 18 expands the Statewide Marketing account, a General Fund appropriated account, to include innovation and entrepreneurship.

sHB 5044, the revised FY 17 budget bill, as favorably reported by the Appropriations Committee, appropriates \$8 million to the account in FY 17.

ANGEL INVESTOR TAX CREDIT

Section 19 extends the Angel Investor Tax credit program through July 1, 2019 and makes the credits transferable, which results in a \$3 million revenue loss annually from FY 17 through FY 19.

STARTUP CT

Section 20 establishes a tax credit for certain investments made through the Startup CT program under the bill. This results in an aggregate revenue loss of \$60 million in the out years; it is anticipated

that revenue loss will occur no earlier than FY 20 and will not exceed \$30 million in any given fiscal year.

KNOWLEDGE ENTERPRISE ZONES

Section 22 allows DECD to establish up to ten knowledge enterprise zones. These zones receive the same benefits as those located in general enterprise zones.

This may result in a significant annual revenue loss from the corporation tax and the real estate conveyance tax beginning as early as FY 17. The revenue loss could be off-set by additional tax revenue from the creation of new or the expansion of existing businesses to the extent that these financial incentives result in economic development that otherwise would not have occurred.

There is a potential grand list reduction to municipalities with knowledge enterprise zones beginning as early as FY 18 due to multiple five-year property tax breaks for which certain businesses located in enterprise zones are eligible. Such grand list reductions result in a loss of property tax revenue, given a constant mill rate. Towns will be partially reimbursed for the revenue loss relating to this provision via the Distressed Municipalities grant program administered by the Office of Policy and Management. Correspondingly, this increases the cost of fully funding the Distressed Municipalities grant program. As the grant is subject to proration, if the grant is not fully funded, then an increase in grant funding to towns with knowledge enterprise zones will result in a decrease in funding to other towns that receive Distressed Municipalities funding.

UCONN WATERBURY CAMPUS

Section 25 of the bill results in a future cost to the University of Connecticut in excess of \$150,000 per year and an equal revenue gain to the city of Waterbury as it requires the university to lease property from Waterbury as part of a downtown campus. The university currently leases a smaller property in downtown Waterbury for

\$150,000 per year.

The Out Years

State Impact: See Above

Municipal Impact: See Above

OLR Bill Analysis**sSB 1*****AN ACT CONCERNING INNOVATION, ENTREPRENEURSHIP AND CONNECTICUT'S ECONOMIC FUTURE.*****SUMMARY:**

This bill establishes a number of mechanisms to stimulate and support innovation and entrepreneurship in Connecticut.

It establishes within Connecticut Innovations, Inc. (CI) a new entity called "ImpaCT" to support the entrepreneurship community and new business development in Connecticut (§§ 1-4). It gives ImpaCT a number of broad and innovation-specific powers and duties and creates a board of directors to carry them out. ImpaCT must develop and administer a number of programs to promote, among other things, university-based entrepreneurship, including a technology transfer office and a website to connect entrepreneurs to existing resources in the state. The bill funds ImpaCT and its programs by earmarking \$87.75 million in existing Manufacturing Assistance Act (MAA), CI, and Manufacturing Innovation Fund bond authorizations (§§ 10, 16 & 23).

The bill creates an Innovation District program to designate districts in compact geographic areas having innovation and entrepreneurial potential. These areas, among other things, must have access to public transit and be anchored by significant institutions (e.g., higher education institutions and major corporations). ImpaCT selects the districts through a competitive process and provides grants to develop them (§§ 5-9).

The bill also establishes a number of new programs to provide businesses, particularly new and young businesses, with financial and technical assistance. These programs include the following:

1. the “Startup CT” program, through which CI must (a) certify up to six privately-managed funds as “start-up funds” that must raise private capital and invest in early-stage businesses and (b) provide the start-up funds with tax credits to award to their investors (§ 20) and forgivable loans;
2. the “Accelerate CT” program to provide grants to business accelerators and the businesses they assist (§ 21); and
3. knowledge center enterprise zones around colleges and universities (§ 22).

The bill creates the following initiatives to develop entrepreneurs and other talent in technology-based industries: (1) the “Innovation Talent Fund,” administered by ImpaCT, to provide grants to programs intended to increase technology talent in the state (§ 24) and (2) a mentorship network to connect certain entrepreneurs to qualified mentors (§ 15).

In addition to the programs above, the bill provides funding from existing bond authorizations for (1) UConn’s entrepreneurship programs, (2) grants to technical high schools to expand skilled trade training programs, and (3) a grant to Waterbury for its UConn campus (§§ 10, 16, 25 & 26).

The bill also makes a number of changes to existing programs and laws by doing the following, among other things:

1. extending the angel investor tax credit until July 1, 2019 and allowing the credits to be sold or transferred (§ 19);
2. requiring CI to (a) submit a performance audit that includes certain information, (b) relocate to an innovation district, and (c) invest with private partners (§§ 11, 13 & 14);
3. allowing the Department of Economic and Community Development (DECD) commissioner to give priority for Small Business Express funds to business in innovation districts (§ 17);

and

4. requiring money in the existing statewide tourism marketing account to also be used to market Connecticut as an entrepreneurship and innovation hub (§ 18).

Finally, the bill makes technical and conforming changes.

EFFECTIVE DATE: Upon passage, unless otherwise noted below.

§§ 1-4, 11 & 12 — IMPACT

The bill establishes ImpaCT, a new entity within CI. CI is a quasi-public agency subject to the statutory procedural, operating, and reporting requirements for quasi-public agencies. The bill, however, does not specify (1) the type of entity ImpaCT is (e.g., subsidiary or department) or (2) with one exception, its relationship to CI. Consequently, it is unclear if certain government administration laws that generally apply to quasi-public agencies (e.g., employee indemnification and compliance audits by the auditors of public accounts) apply to ImpaCT. For the purpose of these laws, CI subsidiaries are deemed quasi-public agencies under existing law, but it is not clear if ImpaCT is a CI subsidiary (CGS § 32-11e (c)).

Under the bill, ImpaCT must:

1. foster innovation, start-up businesses, and entrepreneur community building;
2. serve as a catalyst to protect and enhance the innovation ecosystem;
3. connect start-up entrepreneurs with each other and state, federal, and private resources;
4. facilitate (a) the establishment of innovation districts and (b) mentoring for start-up entrepreneurs; and
5. provide technical training and resources to start-up businesses and entrepreneurs.

ImpaCT continues as long as it has outstanding obligations and until it is legally terminated. Termination does not affect any of its outstanding contractual obligations. Upon termination, (1) the state succeeds to ImpaCT's obligations under any contract, and (2) ImpaCT's rights and properties pass to and vest in CI.

ImpaCT is not subject to state collective bargaining laws.

ImpaCT Board (§1)

ImpaCT is governed by a seven-member board of directors, most of whom must be serial entrepreneurs. (Although the bill does not explicitly define the term, "serial entrepreneur," it presumably refers to someone who has created and developed more than one business or product.)

Board members must have education or experience in at least one of the following areas:

1. business start-up development and investment,
2. innovation district development,
3. urban planning, and
4. technology commercialization in higher education.

Appointment and Length of Terms. Three members of the board serve initial four-year terms, and four members serve initial two-year terms. The chairs of the Finance, Revenue and Bonding Committee jointly appoint two of the members serving initial four-year terms; the governor appoints the third such member. The House speaker, Senate president pro tempore, and House and Senate minority leaders each appoint one member to serve an initial two-year term. Successor members, appointed by the original appointing authorities, serve four-year terms.

Board members are eligible for reappointment, and the original appointing authority fills any vacancy for the balance of an unexpired

term. The appointing authority may remove, for misfeasance, malfeasance, or willful neglect of duty, any member it appoints.

Reimbursement and Conflicts of Interest. Board members are reimbursed for the actual and necessary expenses they incur performing their official duties. They are public officials and may engage in private employment or in a profession or business, subject to applicable state laws, rules, and regulations on ethics and conflict of interest.

It does not constitute a conflict of interest for a trustee, director, partner, or officer of any person, firm, or corporation or any individual with a financial interest in a person, firm, or corporation to serve on the board, provided such trustee, director, partner, officer, or individual complies with the State Code of Ethics. Among other things, this means that members must abstain from taking official action on a matter if they have a substantial conflict of interest.

By law, directors, officers, and employees of quasi-public agencies, including CI and their subsidiaries, are generally not personally liable for the debts, obligations, or liabilities of the agency, and such agencies must generally protect, save harmless, and indemnify them from financial loss and expense arising from claims against the agency (CGS §§ 1-125 and 32-11e (e)). It is unclear whether these provisions apply to ImpaCT's directors, officers, and employees.

Officers, Meetings, and Quorum. The board must designate its chairperson from among its members. Initial appointments to the board must be made by July 1, 2016, and CI's chief executive officer must schedule the board's first meeting, which must be held by July 15, 2016.

Five members of the board constitute a quorum to transact business and exercise any power. Except as the bill provides otherwise, the board may act by a majority of the members present at any meeting at which there is a quorum. A board member may not, in his or her absence, designate a representative to perform his or her official duties

under the bill (e.g., entering into contracts or promoting technology-based development).

Executive Director. The chairperson, with board approval, must appoint an executive director to supervise ImpaCT's administrative affairs and technical activities as the board directs. The executive director is an ImpaCT employee and receives a salary set by the board.

ImpaCT Powers and Duties (§§ 2, 11 & 12)

General Administrative Powers. The bill gives ImpaCT many of the general powers and duties of state quasi-public agencies. It specifically allows ImpaCT to do the following:

1. sue and be sued in its own name and plead and be impleaded;
2. employ assistants, agents, and other employees, who, under the bill, are not state employees;
3. establish necessary and appropriate personnel practices and policies, including hiring, promotion, compensation, retirement, and collective bargaining policies, which may align with CI's but do not have to align with the state's;
4. engage consultants, attorneys, and appraisers to fulfill its purposes;
5. receive and accept grants or contributions from any source to fulfill its purposes, subject to the source's terms and conditions;
6. enter into contracts and agreements to execute its powers and fulfill its purposes, including contracts for professional services;
7. insure its property, assets, and employees;
8. audit its funds and those of the parties it funds; and
9. establish advisory committees to help fulfill ImpaCT's duties.

Powers and Duties Specific to Innovation and

Entrepreneurship. The bill also grants broad powers and duties to ImpaCT that it needs to fulfill its purpose. ImpaCT may do the following:

1. encourage younger generation start-up entrepreneurs to stay in Connecticut,
2. promote entrepreneurship at colleges and universities, and
3. do all things necessary to carry out its purposes and execute its powers.

The other powers and duties the bill assigns to ImpaCT are narrower. ImpaCT may do the following:

1. counsel and assist start-up entrepreneurs with preparing business plans and managing, financing, and marketing their businesses;
2. hold workshops, seminars, and conferences on business topics with other organizations, including chambers of commerce and small business development organizations;
3. facilitate partnerships between innovative start-up businesses and research institutions and venture capitalists or financial institutions;
4. increase the capital supply for entrepreneurs and start-up companies, including capital supplied by angel investors and venture capitalists; and
5. award planning grants to entities seeking designation as an innovation districts, as long as the entities demonstrate that the proposed district meets the innovation district program's purposes (see §§ 5-9).

The bill reassigns the following CI powers to ImpaCT:

1. promoting technology-based development in Connecticut;

2. encouraging and promoting the establishment of advanced technology centers and, within available resources, providing financial assistance to them;
3. maintaining an inventory of information concerning state and federal technology programs and serving as a clearinghouse and referral service for such data and information;
4. promoting and encouraging the establishment, maintenance, and operation of incubator facilities and, within available resources, providing financial assistance to them;
5. promoting and encouraging the coordination of public and private resources and activities in Connecticut aimed at helping technology-based entrepreneurs and business enterprises;
6. promoting science, engineering, mathematics, and other disciplines necessary for developing and applying technology;
7. coordinating efforts with existing business outreach centers; and
8. providing financial aid to people developing smart buildings, incubator facilities, or other offices and laboratories that rely heavily on information technology.

Under the bill, ImpaCT, instead of CI, must coordinate the development and implementation of strategies regarding technology-based talent and innovation among state and quasi-public agencies. This includes creating and administering the Connecticut Small Business Innovation Research Office to provide information and technical assistance to businesses seeking to participate in the federal small business research and development programs. The bill makes a conforming change requiring CI to fund ImpaCT's operation of the office.

The bill also requires the ImpaCT board to perform some of the advisory responsibilities that the law currently assigns to CI. Specifically, ImpaCT must advise several state officials on science,

engineering, and technology matters that may affect (1) state policies, programs, employers, and residents and (2) the state's efforts to create and retain jobs. Those officials are the governor, legislators, the economic and community development commissioner, and the Board of Regents for Higher Education president.

EFFECTIVE DATE: The provisions eliminating CI's ability to exercise the powers and duties the bill reassigns to ImpaCT are effective October 1, 2016.

Specific Powers and Duties Given to the ImpaCT Board. The bill requires the board to make recommendations regarding the designation of innovation districts (see §§ 5-9). It must also do several things to promote university-based entrepreneurship and innovation, including the following:

1. develop a plan to support entrepreneurial research and develop entrepreneurial talent by strengthening the relationships between the state's businesses and institutions of higher education;
2. establish an investment fund that supports student-owned business start-ups;
3. develop a "gap year" program model in which cybersecurity, data science, software development, or other technology start-up businesses hire college students for one year before they graduate and provide them with matching funds to cover their living expenses; and
4. develop a program to defer or forgive student loans for students who immediately start a business in Connecticut after graduating.

Statewide Technology Transfer Office. ImpaCT must also establish a statewide technology transfer office to encourage faculty and students to find commercial applications for university research and perform other specified tasks. The statewide technology transfer

office must do the following:

1. promote and support (a) entrepreneurship at the state's public and private higher education institutions and (b) the commercialization of ideas from college and university faculty and students;
2. identify the most efficient and effective place for locating the office;
3. recommend annual funding levels for the office; and
4. advise and assist public and private research institutions on technology transfer strategies, including (a) assessing the viability and value of developing technologies, (b) defining and exploring potential markets for such technologies, (c) technology commercialization, (d) technology licensure and other intellectual property issues, and (e) business development.

Informational Website. The board must also (1) create an informational Internet website (also called "ImpaCT") that offers information and services of value to entrepreneurs and (2) publicize the website and other workshops, seminars, and conferences ImpaCT offers. (In practice, CI maintains a website called CTNext that provides similar information.) The website must:

1. list services, programs, and events aimed at entrepreneurs;
2. advertise Connecticut-based start-ups seeking funding and provide links to other websites where such funding opportunities are available;
3. function as an online community for entrepreneurs;
4. list entrepreneurial and innovation-related research projects that professors at higher education institutions are undertaking;
5. provide information about college and university innovation and entrepreneurial programs, including those related to

engineering, computer science, and bioscience; and

6. connect businesses seeking to buy Connecticut-made products for their business inputs.

Marketing. The board must also annually develop, update, and implement a strategic statewide plan for promoting Connecticut as a hub for innovation and entrepreneurship. ImpaCT's executive director must report on the plan to the Commerce and Finance, Revenue and Bonding committees by January 1, 2017 and annually thereafter.

ImpaCT Written Policies and Procedures (§ 3)

ImpaCT's board must adopt written procedures, according to the laws that quasi-public agencies follow, for the following:

1. adopting an annual budget and operations plan that take effect only after the board approves them;
2. hiring, dismissing, promoting, and compensating ImpaCT employees, which may be consistent with CI's procedures, as long as they (a) include an affirmative action policy and (b) require the board to approve new positions or fill vacant ones;
3. acquiring personal property and personal services, including a requirement that the board approve any non-budgeted expenditure above a board-determined amount;
4. contracting for financial, legal, and professional services, including a requirement that ImpaCT solicit proposals at least once every three years for the services it uses;
5. awarding grants and other financial assistance, including specifying eligibility criteria, the application process, and the roles of ImpaCT's staff and board; and
6. using surplus funds, to the extent allowed under the bill and the law.

ImpaCT Fund (§ 4)

The bill establishes the ImpaCT Fund as a nonlapsing fund outside the General Fund and requires CI to administer it. The fund must contain any money the law requires and any contributions, gifts, grants, donations, bequests, or devises from any public or private source.

CI may invest the fund's money in any institution it chooses, and these institutions must invest or pay that money as CI directs. CI may tap the fund, with approval by the ImpaCT board, for (1) grants to fund ImpaCT programs, specifically innovation districts, innovation places, and business accelerators; (2) technology transfer purposes; and (3) other ImpaCT purposes as the bill specifies.

Under the bill, the ImpaCT's board must approve individual and budgeted expenditures under the conditions it established when it approved the budget.

CI must administer the fund, providing any staff, office space, office systems, and administrative support needed to operate it. CI can do so by using all of its statutory powers but must obtain the board's approval before it can spend funds.

Starting January 1, 2017, CI must annually prepare an operations plan and capital budget for the fund and submit it to the board for review and approval at least 90 days before the fiscal year begins.

Starting April 15, 2017, CI must also submit an annual report on the fund's activities to the board for review and approval. The report must provide available information on fund's status and operations, including information on the grants it awarded. After the board approves the report, it must submit the report to the Commerce and Finance, Revenue and Bonding committees.

§§ 5-9 — INNOVATION DISTRICT PROGRAM

The bill establishes, within ImpaCT, an innovation district program to foster innovation and entrepreneurship in compact, mixed use geographic areas with "anchor institutions" and access to public

transit. Under the bill, an “anchor institution” is an entity having a significant and stable presence in the community, including an institution of higher education, hospital, major corporation, research institution, or existing business incubator or accelerator. “Public transit” means the New Haven rail line (including the Danbury, Waterbury, and New Canaan branch lines), the Shore Line East rail line, the New Haven Hartford Springfield rail line, and the New Britain to Hartford busway and any planned expansion of such busway.

Under the bill, entities such as corporations, associations, nonprofit organizations, municipalities, and institutions of higher education may submit applications for the designation of an innovation district. The bill (1) establishes eligibility and selection criteria and (2) specifies the information an application must include. Among other things, an application must outline a plan for developing the district and leveraging private investment. Designated districts are eligible for grants for initial development costs. Additionally, “innovation places” are eligible for grants, if they serve the program’s purposes.

Applications are due by September 1, 2016. By January 1, 2017, the ImpaCT board must recommend applications for approval to ImpaCT’s executive director.

The bill requires ImpaCT’s executive director to report by July 1, 2017 and annually for three years thereafter to the Commerce and Finance, Revenue and Bonding committees on the operation and effectiveness of the innovation district program and grants distributed under it.

Program’s Purposes

Under the bill, the purpose of the innovation district program is to do the following:

1. foster innovation and entrepreneurship by facilitating the designation and establishment of innovation districts in compact geographic areas having entrepreneurial and

-
- innovation potential where (a) existing anchor institutions, companies, institutions, and recreational spaces are in close proximity to start-up businesses; (b) public transit is accessible; (c) a significant portion of the underlying zoning allows for mixed-use development; and (d) foot traffic is promoted;
2. identify, designate, and fund the initial costs associated with developing an innovation district;
 3. encourage collaboration among higher education institutions, medical institutions, hospitals, existing companies, start-up businesses, researchers, and investors;
 4. encourage the leveraging of private investment in innovation districts;
 5. connect entrepreneurs who are facing similar opportunities and challenges with other entrepreneurs and with private and public resources; and
 6. assist in the establishment of innovation places in municipalities having a connection to an innovation district by transit, labor market patterns, or some other relationship, provided such places have entrepreneurial and innovation potential and are located in a compact geographic area of high density land use within a walkable commercial and residential center.

Applying for Innovation District Designation

The bill requires the ImpaCT board to screen all submitted applications and select several finalists. It specifies the required application contents and the criteria by which the board must judge them.

The bill requires the ImpaCT board to publicize and post on its website the deadline (September 1, 2016) by which entities must submit an application for innovation district designation. (This requirement applies on passage, but ImpaCT does not yet have a

website.) The bill also requires DECD to publicize and post on its website, by June 1, 2016, the (1) application deadline and (2) portion of the bill setting forth definitions related to the innovation district program, the program's purposes, and the application and review process.

Application Contents. Applicants must submit an application on a board-prescribed form and include with it information on the proposed innovation district, including (1) a plan for its development ("district plan," see below), (2) a list of municipal and state legislative action that may be required to execute such plan, and (3) information concerning the capability of the applicant and its partners to implement and administer the plan and how such partners will be involved in the decision-making process.

The application must also include information on the following topics:

1. the proposed district's conformity with the program's purposes;
2. the district's geographical boundaries (including a map) and walkability;
3. at least two anchor institutions in the district and how they will participate in its development and activities;
4. existing and proposed transportation-related infrastructure in and around the district;
5. existing and proposed businesses, recreational facilities, public parks, and other public or private gathering spaces in the district; and
6. the proposal's consistency with the State Plan of Conservation and Development.

The application must also include a letters of support from (1) private investors and (2) the chief elected official of the affected

municipality. The latter letter must include a statement that the municipality's legislative body has, by majority vote, indicated its support for the proposed district and for any municipal legislative action recommended in the district plan. A chief elected official may submit a letter of support for only one proposed district in his or her municipality.

District Plan. As noted above, the application must include a district plan outlining the applicant's plans for developing the district. The plan must include a proposal for connecting the district to public transit via rail or bus and leveraging private investment. It must also establish a proposed budget and timeline for spending grant money awarded by the ImpaCT board. The budget must indicate spending priorities, should grants be insufficient to cover the entire proposed budget.

Applicants may include in their submitted plan letters of support from community members and plans for the following initiatives:

1. attracting and directing support to start-up businesses and attracting anchor institutions;
2. developing, in collaboration with private partners, a business incubator, co-working space, business accelerator, or public meeting space;
3. events, community building, marketing, and outreach; and
4. open space improvement, housing development, bicycle paths, and improved technology infrastructure, including broadband.

Application Review

The ImpaCT board must review and evaluate applications and recommend to the executive director by January 1, 2017 which should be approved, if any. The board must select from the applicants a limited number of finalists.

Minimum Requirements. The bill prohibits the board from

recommending an application for approval unless the following occurs:

1. the proposed district is consistent with the program's purposes;
2. the district does not exceed one-half square mile, unless good cause exists for its extension;
3. a significant portion of the district is in an area zoned for mixed uses or mixed use zoning is proposed;
4. it was prepared in collaboration with the local chamber of commerce and the affected municipality's economic development department, or similar authority; and
5. it is supported by the affected municipality's legislative body, as demonstrated by a majority vote of the body.

Other Criteria. In determining whether to recommend an application for approval, the ImpaCT board must consider whether the entities partnering together to implement and administer the proposed district plan are of the quality to, and have demonstrated the commitment to, implement and administer the district plan in a manner sufficient to achieve program's purposes. The board must give preference to applicants with diverse partners (including anchor institutions) and partnerships with entities located within the proposed district.

The board must generally consider whether the plan is sufficient to achieve the program's purposes and specifically consider whether the plan leverages private investment and includes the following:

1. proposed boundaries that are sufficiently compact to achieve the program's purposes (see half-mile limit, above);
2. sufficient measures to (a) ensure walkability within the district and (b) enhance regular interpersonal interactions among the district's residents, workers, and visitors;

3. adequate and accessible public transportation; and
4. existing or proposed restaurants, affordable housing options, and indoor or outdoor retail and public spaces providing an adequate opportunity for interpersonal interaction.

The board must also consider whether the (1) district will be self-sustaining after it expends any ImpaCT grants and (2) district's underlying zoning provides for, or will be amended to provide for, dwellings with reduced square footage.

The bill authorizes the board to consider any other criteria it determines is relevant for evaluating whether the proposed district will achieve the program's purposes.

Finalists. The ImpaCT board must conduct a site walk of each finalist's proposed district and hold a public hearing on each finalist's application in the affected municipality. The board's chairperson must give at least 10 days' notice of the hearing. The notice must include the hearing's time and place and be posted (1) in a conspicuous place in or near the town clerk's office and (2) on the municipality's website. (It appears that some municipalities lack a website.)

At the public hearing, the applicant must present its proposal, and the public must be given an opportunity to comment. Applicants may revise their applications based on public hearing comments.

Application Approval

ImpaCT's executive director must approve any recommended application unless he or she determines that good cause exists, and is supported by substantial evidence, to reject such recommendation on the grounds that the proposed district fails to comply with the program's purposes.

The board may condition its recommendation on modifications agreed to by the applicant.

Grants to Innovation Districts and Innovation Places

Innovation Districts. Entities designated as innovation districts are eligible for grants for expenses (1) outlined in their application, (2) associated with application modifications suggested by the board, and (3) related to financial audits of grant spending. The grant amounts are determined by the ImpaCT board; it submits grant recommendations to the executive director at the same time that it submits applications recommended for approval. The executive director must award grants in the amounts recommended by the board.

Before awarding a grant, the executive director must enter into an agreement with the grantee (1) concerning allowable grant expenses (i.e., those recommended by the board) and (2) requiring an annual financial audit of grant expenditures prepared by an independent auditor. The executive director must also confirm that a significant portion of the underlying zoning of the proposed district allows for mixed-use development.

If a grantee uses grants for expenses other than those specified in the agreement, the executive director may require the grantee to repay the misused amounts.

Innovation Places. The bill requires the ImpaCT board to develop a program for making grants to “innovation places,” which are places (1) in municipalities connected to an innovation district by transit, labor market patterns, or some other relationship; (2) with entrepreneurial and innovation potential; and (3) located in a compact geographic area of high density land use within a walkable commercial and residential center.

In developing this program, the board must establish a process for applying for and approving grants and criteria for grant approval. Grants may only be provided to innovation places that serve the same purposes as innovation districts.

§§ 10, 16, 23, 25 & 26 — EARMARKED BOND FUNDS

Bonds for ImpaCT’s Programs and Purposes

As shown in Table 1, the bill earmarks \$87.75 million from existing bond authorizations to fund ImpaCT's programs and purposes.

Table 1: Bonds Earmarked for ImpaCT's Purposes

§	Existing Authorization	Total Amount	To	Purpose
10	MAA	\$25,000,000	ImpaCT Fund	Innovation District program grants and planning grants
10	MAA	5,000,000	ImpaCT Fund	Innovation Places Grants
10	MAA	25,000,000	ImpaCT Fund	Accelerate CT
16	CI	25,000,000	ImpaCT Fund	ImpaCT's general purposes ¹
16	CI	5,000,000	ImpaCT Fund	Technology Transfer Program ²
23	Manufacturing Innovation Fund	2,750,000	Innovation Talent Fund (see § 24)	Providing grants under the technology talent program ImpaCT develops

¹Under the bill, \$5 million per year in each FY 17 to 21 must be deposited into the ImpaCT fund for these purposes.

²Under the bill, \$1 million per year in each FY 17 to 21 must be deposited into the ImpaCT fund for these purposes.

Bonds for Other Purposes

As shown in Table 2, the bill earmarks \$77 million from existing bond authorizations for other purposes.

Table 2: Bonds Earmarked for Other Purposes

§	Existing Authorization	Total Amount	To	Purpose
10	MAA	\$60,000,000	Startup CT ¹	Startup CT Loans (see § 20)
10	MAA	5,000,000	State Department of Education (SDE)	Grants to technical high schools (see <i>below</i>)
16	CI	5,000,000	UConn	UConn's Entrepreneurship programs (see <i>below</i>)
25 & 26	UConn 2000, Phase III	7,000,000	City of Waterbury	UConn Waterbury Campus (see <i>below</i>)

¹Presumably, this means to CI for the purposes of the Startup CT program.

Grants to Technical High Schools. Under the bill, the bond funds the State Department of Education (SDE) receives for technical high school grants must be used to provide evening training programs in the skilled trades, including, but not limited to, manufacturing, masonry, electrical, plumbing, and carpentry trades. The purpose of any program that receives grants must be to prepare participants for earning a credential or degree recognized by employers or trade associations, as applicable.

UConn Entrepreneurship Programs. Under the bill, UConn receives \$1 million per year in each FY 17 to 21, for a total of \$5 million, in order to hire staff for its entrepreneurship program. UConn may only receive the money if it (1) provides matching funds and (2) establishes a partnership with a designated innovation district in which UConn agrees to establish a branch campus in the district for programs that related to the district's specialty. It is unclear whether UConn could receive funds in the event that the ImpaCT board does not designate any innovation districts.

Grant to Waterbury for UConn Branch Campus. The bill adds a new \$7 million project to Phase III of the UConn 2000 infrastructure improvement program and reduces the cost of another project by the same amount. Specifically, it adds this funding to an existing Waterbury property purchase project and expands it to include grants to Waterbury for acquisition, construction, reconstruction, renovations, or improvements. It decreases an existing Academic and Research Facilities project from \$450 million to \$443 million.

The bill also specifies that the proceeds of any bond issuance, up to the total amount of bonds authorized under UConn 2000, must be used to provide grants to the city of Waterbury, administered by the Department of Administrative Services, to acquire, construct, reconstruct, renovate, and improve real property in the city to be leased to UConn as part of its downtown Waterbury campus. Presumably, this provision refers to a bond issuance for the \$7 million grant to Waterbury described above.

EFFECTIVE DATE: The provisions providing bond funds for a grant to Waterbury are effective July 1, 2016.

§§ 11, 13 & 14 — CI CHANGES

Relocation of CI to Innovation District (§ 11)

The bill requires CI to relocate, by January 1, 2018, its main office to an innovation district designated under the bill and establish a satellite office each of the other designated districts.

EFFECTIVE DATE: October 1, 2016

Venture Investments (§ 13)

The bill requires CI to enter into venture capital agreements, investment agreements, and other similar agreements with one or more private investor partners. By law, CI invests in people and businesses in Connecticut that research, develop, or apply specific technologies, procedures, services, and techniques. In exchange, CI receives rights to products or inventions, a share of the proceeds from their sale, or equity in the businesses that make the products or provide the services. The equity can be in the form of common and preferred stocks (CGS § 32-39 (2)). CI makes these investments by entering into venture agreements with a person or business.

Performance Audit (§ 14)

The bill requires CI to have an independent accounting or management consulting firm conduct a performance audit of its operation and submit it to an unspecified party by December 1, 2016. The audit must make recommendations concerning the following:

1. whether CI's staffing levels are appropriate;
2. in which innovation district CI should relocate its office, if such districts have been designated by the audit's submission date;
3. whether CI should make its investments indirectly by lending money to private investment funds investing in business start-ups, as the bill specifies (i.e., Startup CT; see below); and

4. how CI can improve its ranking in two or more systems that rank public venture capital entities based on various measures.

The audit must also analyze (1) CI performance based on performance measures ImpaCT's board recommends and (2) private investment firms' compensation policies. The analysis of the compensation policies must include recommendations for a compensation policy that will maximize the performance of CI's employees in way that allows CI to achieve its public purposes.

§ 15 — START-UP ENTREPRENEUR MENTORSHIP PROGRAM

The bill requires the DECD commissioner to (1) establish a mentorship network connecting start-up entrepreneurs in technology-based ventures with qualified mentors and (2) provide training to businesses seeking to participate in the network. Eligible start-up ventures include those in the cybersecurity, data science, and software development areas.

The bill allows the commissioner to forgive a portion of state assistance provided to a technology-based business according to a formula she must develop that bases the forgiveness on the number of hours the business spends mentoring a start-up entrepreneur.

§ 17 — PRIORITY SMALL BUSINESS EXPRESS (EXP) PROGRAM

DECD's EXP program provides grants, loans, and other forms of financial assistance to eligible businesses with fewer than 100 employees. The bill allows the commissioner to give priority to businesses located in designated innovation districts. Current law requires her to give priority to businesses that create jobs and allows her to give priority to businesses that sell most of their products or services to customers located outside Connecticut (i.e., economic base businesses) or attempt to export them to foreign markets.

EFFECTIVE DATE: October 1, 2016

§ 18 — FUNDING FOR THE STATEWIDE INNOVATION AND ENTREPRENEURSHIP MARKETING PLAN

The bill provides a source to fund the strategic statewide innovation and entrepreneurship marketing plan that ImpaCT's board must prepare. It requires the funds deposited in the existing statewide tourism marketing account to be used for this purpose and renames the account the "statewide tourism, innovation and entrepreneurship account." By law, the account must contain any funds appropriated to it, and any year-end fund balances must be carried forward to the next fiscal year.

§ 19 — ANGEL INVESTOR TAX CREDIT

The bill extends the sunset date for the angel investor tax credit by three years, from July 1, 2016 to July 1, 2019, and allows taxpayers to sell, assign, or transfer all or part of the credit to other taxpayers.

The credits, which are available through CI, apply against the personal income tax and equal 25% of the amount taxpayers invest in technology-based businesses, up to \$250,000.

EFFECTIVE DATE: July 1, 2016 and applicable to taxable years beginning on or after January 1, 2016

§ 20 — STARTUP CT

The bill creates a venture loan program called "Startup CT" in order to increase the amount of preseed and seed financing in the state. By law, "preseed financing" means financial aid provided for research and formulation of a concept, and "seed financing" means financial aid to an inventor or entrepreneur to assess the viability of a concept and to qualify for start-up financing (CGS § 32-34).

Under the bill, CI must certify up to six entities as "start-up funds" and may provide up to \$60 million in forgivable loans to the entities, as long as one start-up fund invests exclusively in intellectual property and start-ups developed by UConn students and faculty researchers. (It appears that, in order to comply with the bill, the first entity CI approves as a start-up fund must invest exclusively in UConn start-ups and intellectual property.) The loans are contingent on the start-up funds raising matching capital. Under the bill, CI also allocates tax

credits to approved start-up funds, which provide them to people and businesses that invest in their fund. These credits are capped at \$60 million overall.

CI must develop guidelines for certifying businesses as eligible for investments from a start-up fund. The guidelines must require that the business be (1) principally located in or willing to relocate to Connecticut and (2) in the early stages of development. Before a start-up fund invests in a business, CI must certify that the business is eligible according to the guidelines.

Start-up Fund Approval

Beginning September 1, 2016, entities may apply to CI, in a form CI prescribes, for approval as a start-up fund. The applications must include the following:

1. a detailed description of the fund's intended industry targets, preferred stage of investment, and any geographic cluster strategy;
2. a detailed description of key fund managers' track records, with an emphasis on seed and early-stage investment experience;
3. the specific strategy the fund manager will pursue to raise the private capital needed to qualify for a loan and a fundraising track record for funds with similar characteristics and targets; and
4. any other information CI reasonably requires.

Within 30 days of receipt, CI must review and consider each application for approval as a start-up fund. If CI has not approved six start-up funds by October 15, 2016, approved start-up funds may submit applications for additional loans.

Loan and Tax Credit Agreement. Upon approving an entity as a start-up fund, CI must (1) enter into a loan agreement with the fund and (2) allocate tax credits to the fund, if applicable. The loan

agreement must (1) provide up to a \$10 million loan, conditioned on the start-up securing at least \$20 million in private capital, and (2) include the economic goals the start-up fund must achieve to be granted loan forgiveness.

Loan Issuance and Forgiveness

Under the bill, start-up funds must collect \$20 million in private capital within 60 days of receiving approval for a CI loan. (Presumably, “receiving approval for a loan” refers to entering into a loan agreement with CI.) Within 65 days of the approval, the start-up fund must send CI sufficient documentation to prove it has collected the required private capital. After receiving the documentation, CI must make the loan to the start-up fund.

By December 31st of the year containing the fifth anniversary of the closing date of the loan, the start-up fund must provide a state revenue impact assessment prepared by a nationally-recognized third-party independent economic forecasting firm using a dynamic economic forecasting model that analyzes the economic impact of the start-up fund’s investments. The impacts analyzed must include, but are not limited to, jobs created or retained by the investments. CI must forgive all or part of the loan when the start-up fund achieves the economic development goals agreed to in the loan agreement.

Tax Credits

The bill creates a tax credit, applicable against the corporation business and insurance premium taxes, for investing in a start-up fund. The credit amount equals 50% of the investment. Half of the credit may be claimed in each of the third and fourth years after making the investment. Under the bill, the credit (1) is earned and vested when a person or business invests in the start-up fund and (2) may be sold, assigned, or otherwise transferred, in whole or in part.

Under the bill, these credits are subject to recapture if a start-up fund fails to invest \$30 million within a certain time period. It is unclear whether this time period is four or five years. If a start-up fund

does not invest the required amount, CI must notify the start-up fund's officers, in writing, of the potential recapture 90 days before the recapture. CI must recapture the credits unless it waives the deficiency or the start-up fund corrects the deficiency within 90 days.

EFFECTIVE DATE: July 1, 2016, and applicable to taxable years beginning on or after January 1, 2016.

§ 21 — ACCELERATE CT

The bill establishes, within ImpaCT, the Accelerate CT program to provide grants to qualified business accelerators. The grants may be up to \$400,000 and must be dispersed over two years. The bill does not define "business accelerator", but it is generally understood to mean an organization that provides a variety of support services, with or without office space, to help later-stage start-ups grow.

Under the bill, accelerators may use the grants for (1) overhead and operation expenses related to the accelerator, including, but not limited to, up to two years of lease payments, information technology infrastructure, and management personnel costs and (2) providing financial assistance to growth stage businesses using the accelerator. For the purposes of the Accelerate CT program, a "growth stage company" is one who has, as determined by the accelerator, \$500,000 to \$5,000,000 in revenue; at least one intern; defensible intellectual property; strong management; and proven sales.

ImpaCT must establish, for Accelerate CT grants, an application process, an approval process, and approval criteria. The criteria must consider, but is not limited to, (1) the sufficiency of matching private capital, (2) the accelerator's location, (3) investment team expertise, (4) network capacity, and (5) the number of growth stage companies committed to using the accelerator.

§ 22 — KNOWLEDGE CENTER ENTERPRISE ZONES

The bill authorizes the DECD commissioner to establish up to 10 knowledge center enterprise zones in the state based on proposals submitted by higher education institutions.

Proposing and Approving Zones

Under the bill, a higher education institution may submit a proposal to DECD to establish a knowledge center enterprise zone, which must include the following components:

1. the proposed zone's geographic scope, including all of the census blocks incorporated in the zone, which may extend for up to a two-mile radius beyond the institution's boundaries;
2. the nature of the business and industry that will be developed in the zone;
3. how the business and industry (a) aligns with the institution's mission and (b) will collaborate with the institution to create jobs;
4. the (a) number of jobs, (b) state and local revenue loss, and (c) economic and community development anticipated from the zone's establishment; and
5. the institution's experience collaborating with businesses or planning for such collaboration.

The bill authorizes the DECD commissioner to approve a zone if she determines that (1) its economic development benefits outweigh the anticipated costs to the state and affected municipalities and (2) the proposal complies with the State Plan of Conservation and Development. She may modify the proposed zone's geographic scope to improve the balance between its anticipated economic benefit and cost to the state and affected municipalities.

Zone Benefits

Under the bill, businesses located in knowledge center enterprise zones receive the same benefits, subject to the same conditions, as those located in general enterprise zones.

By law, benefits given to businesses in enterprise zones include the following:

1. property and real estate conveyance tax exemptions and corporation business tax credits mainly for developing facilities, with the state reimbursing municipalities for a portion of the revenue loss from the property tax exemption (CGS §§12-81, 12-498, & 12-217e) and
2. a 10-year corporation business tax credit for any newly formed corporations locating in the zones (CGS §12-271v).

Performance Assessment

The bill requires the DECD commissioner to assess each zone's performance within 10 years of its establishment. It authorizes her to remove a zone's designation if it fails to meet the established goals and standards outlined in regulations.

Regulations

The bill requires the DECD commissioner to adopt regulations to implement the knowledge center enterprise zone program, including regulations on (1) reviewing and approving proposals, (2) establishing zone goals and performance standards, and (3) assessing their performance.

EFFECTIVE DATE: October 1, 2016

§§ 23 & 24 — INNOVATION TALENT FUND

Purpose

The bill establishes an "Innovation Talent Fund" to provide grants for increasing the development talent in the software technology and other unspecified technology fields. It requires ImpaCT to administer grants, presumably allowing it to determine grant amounts and eligible uses and recipients.

Fund Administration

The bill establishes the fund as a nonlapsing fund outside the General Fund and capitalizes it with (1) \$2.75 million in bonds authorized for DECD's Connecticut Manufacturing Innovation Fund; (2) any other funds the law requires or allows to be deposited in the

fund; and (3) public or private contributions, gifts, grants, donations, bequests, or devises made to the fund.

Although CI administers the ImpaCT fund, ImpaCT must hold and administer the Innovation Talent Fund, which includes investing and dispersing its money. ImpaCT may deposit the fund's money in an institution for investment as ImpaCT directs. Any returns on these investments must remain with the fund and be used for its benefit. ImpaCT may use the fund only to make grants for developing technology talent.

ImpaCT must provide staff, office space, office systems and administrative support needed to operate the fund and may do so by using all of its authorized powers. But it cannot spend funds without its board's approval.

Beginning January 1, 2017, ImpaCT must prepare the fund's annual operations plan and operations and capital budget and submit it to the board of directors for its review and approval at least 90 days before the fiscal year begins.

Grant Administration

ImpaCT must initially award grants for increasing talent in the software technology field and then may award them for increasing talent in other technology fields. ImpaCT's board of directors must approve each expenditure from the fund, including budgeted expenditures subject to any variations the board allows.

Annual Report

Starting in 2017, ImpaCT must submit an annual report to the board on the fund's activities by April 15 annually. After the board approves the report, the board must submit it to the Commerce and Finance, Revenue and Bonding committees. The report must contain any available information on the fund's status and progress, including the types and amount of grants ImpaCT awarded and the grant recipients.

BACKGROUND

Related Bill

sHB 5592 (File 610), favorably reported by the Finance, Revenue and Bonding Committee, suspends the angel investor tax credit program in FY 17 and restarts it in FY 18 with no sunset date.

SB 383 (File 385), favorably reported by the Education Committee, requires the technical high school system's superintendent to create a manufacturing training for incumbent workers pilot program at one of the technical high schools after regular school hours.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 51 Nay 0 (04/07/2016)