



General Assembly

February Session, 2016

Raised Bill No. 401

LCO No. 1611



Referred to Committee on COMMERCE

Introduced by:
(CE)

**AN ACT CONCERNING THE CONNECTICUT BIOSCIENCE
INNOVATION FUND AND INVESTMENTS BY CONNECTICUT
INNOVATIONS, INCORPORATED.**

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

1 Section 1. Section 32-39 of the general statutes is amended by adding
2 subdivision (41) as follows (*Effective July 1, 2016*):

3 (NEW) (41) To invest in private equity investment funds, or funds
4 of funds, and enter into related agreements of limited partnership or
5 other contractual arrangements with such investment funds. Any such
6 investment fund may be organized and managed, and may invest in
7 businesses, located within or outside the state, provided the
8 investment objectives and criteria for such fund shall be consistent
9 with policies adopted by the corporation's board of directors,
10 including, but not limited to, a requirement that not less than the
11 amount invested by the corporation in such investment fund, net of
12 reasonable management fees and closing costs, shall be invested in a
13 manner that supports (A) the growth of business operations of
14 companies in the technology, bioscience or precision manufacturing
15 sectors in the state, or (B) the relocation of companies in such sectors to

16 the state.

17 Sec. 2. Section 32-41aa of the 2016 supplement to the general statutes
18 is repealed and the following is substituted in lieu thereof (*Effective July*
19 *1, 2016*):

20 For the purpose of this section and sections 32-41bb to 32-41dd,
21 inclusive:

22 (1) "Administrative costs" means the costs paid or incurred by the
23 administrator, including, but not limited to, peer review costs,
24 professional fees, allocated staff costs and other out-of-pocket costs
25 attributable to the administration and operation of the Connecticut
26 Bioscience Innovation Fund.

27 (2) "Administrator" means Connecticut Innovations, Incorporated,
28 in its capacity as administrator of the Connecticut Bioscience
29 Innovation Fund established pursuant to section 32-41cc, as amended
30 by this act.

31 (3) "Advisory committee" means the Bioscience Innovation
32 Advisory Committee established pursuant to section 32-41bb.

33 (4) "Early-stage business" means a business that has [been in
34 operation for not more than seven years and is developing or testing a
35 product or service that is (A) not yet available for commercial release,
36 or (B) commercially available in a limited manner, including, but not
37 limited to, market testing of prototypes and clinical trials that have not
38 begun phase II evaluation] not yet achieved an annual commercial
39 revenue greater than two million dollars.

40 (5) "Eligible recipient" means a duly accredited college or university,
41 a nonprofit corporation or a for-profit start-up or early-stage business.
42 "Eligible recipient" includes an early-stage business that has (A)
43 received financial assistance from the Connecticut Bioscience
44 Innovation Fund or from Connecticut Innovations, Incorporated, and

45 (B) has achieved an annual commercial revenue greater than two
46 million dollars for purposes of additional financial assistance from
47 such fund.

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

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

56 [(8) "Phase II evaluation" means a phase II clinical trial conducted
57 under the auspices of an independent peer-reviewed protocol that has
58 been reviewed and approved by one of the National Institutes of
59 Health or the federal Food and Drug Administration.]

60 Sec. 3. Subsections (a) and (b) of section 32-41cc of the 2016
61 supplement to the general statutes are repealed and the following is
62 substituted in lieu thereof (*Effective July 1, 2016*):

63 (a) There is established a Connecticut Bioscience Innovation Fund,
64 to be held, administered, invested and disbursed by the administrator
65 pursuant to this section. The fund shall contain any moneys required
66 or permitted by law to be deposited in the fund and any moneys
67 received from any public or private contributions, gifts, grants,
68 donations, bequests or devises to the fund. [Repayment of principal
69 and interest on loans issued from the fund] Pending disbursement as
70 financial assistance to eligible recipients, moneys in or received for the
71 fund may be deposited with and invested by any institution as may be
72 designated by the administrator at its sole discretion and paid as the
73 administrator shall direct. The administrator may make payments
74 from such deposit accounts for use in accordance with the provisions
75 of this section. Earnings attributable to such investments shall be

76 credited to the fund and shall become part of the assets of the fund.
 77 Any balance remaining in the fund at the end of any fiscal year shall be
 78 carried forward in the fund for the fiscal year next succeeding.

79 (b) Any return on investment, repayment of loan principal or
 80 interest or other income or earnings received by the administrator as a
 81 result of financial assistance provided from the Connecticut Bioscience
 82 Innovation Fund to eligible recipients [, or attributable to the
 83 investment of the fund by the administrator, shall be deposited and
 84 held for the use and benefit of the fund. Moneys in or received for the
 85 fund may be deposited with and invested by any institution as may be
 86 designated by the administrator at its sole discretion and paid as the
 87 administrator shall direct. The administrator may make payments
 88 from such deposit accounts for use in accordance with the provisions
 89 of this section] shall be deemed unrestricted funds of the corporation
 90 for the purposes of subsection (b) of section 32-41a.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	32-39
Sec. 2	<i>July 1, 2016</i>	32-41aa
Sec. 3	<i>July 1, 2016</i>	32-41cc(a) and (b)

Statement of Purpose:

To allow Connecticut Innovations, Incorporated, to invest in private equity funds, to allow funds in the Connecticut Bioscience Innovation Fund to be invested prior to being awarded as financial assistance, to redefine early-stage business and allow follow-on financial assistance and to make loan repayments and other earnings from bioscience fund investments to be used by Connecticut Innovations, Incorporated, as unrestricted funds.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]