

Commerce Committee Testimony
Public Hearing on House Bills No. 5583, 5584, 6750, 6749
February 23, 2017

Senator Hartley, Senator Frantz, Representative Simmons, Representative Yaccarino, and distinguished members of the Commerce Committee. Thank you for the opportunity to speak to you today. My name is Hugh Seaton, and I am an entrepreneur in Connecticut and community organizer. I am testifying in favor of HB 5583: An Act Expanding Investment Eligibility Under the Angel Investor Tax Credit Program; HB 5584: An Act Concerning the Creation of a Small Business Hotline; HB 6750: An Act Encouraging Entrepreneurship Through a Public-Private Start-Up Business Awards Competition; and HB 6749: An Act Concerning a Public-Private Marketing Partnership to Recruit Businesses to CT.

I support these bills overall because they collectively encourage startup formation and early success. As we all know, startup success rates are low, so the more we are able to encourage early formation and early success, the higher the likelihood that Connecticut will create more Datto and Priceline level successes.

Specific bills do this for different reasons:

HB 5583 addresses the issue of capital formation/deployment in Connecticut. Our state is unique for its preponderance of high net worth individuals and relative dearth of investment activity. This bill is a smart way to address this by adding incentives for Angel investors to focus their activity in Connecticut vs. New York or elsewhere.

HB 5584 addresses a very real issue – most startups are very good at what they're starting but not very good at interfacing with complex counterparties – be they government, or large customers. It is easy to get overwhelmed by regulations, tax filings and employee obligations. The creation of a hotline is both smart as a practical way to lower the regulatory overhead startups face, and is a good thing to be able to tell startups outside of our state that are considering Connecticut as a destination.

HB 6750 will help smaller companies to get their names out, both to investors and to customers. To be able to cite this award to either will make a material difference to the startup's business. I would encourage the implementation of this bill to spread the net wide so that there are sector-specific awards, and thus a larger pool of awardee's. I would also encourage an explicit directive that categories can go empty, if there are no startups of adequate quality in that year.

HB6749 addresses the number of startup businesses in Connecticut, and I view this as important for several reasons. The first is that more startups will mean more support for all of them in the form of service businesses geared towards startups, a larger talent pool, and greater capital attention to Connecticut startups. The second is that a guided marketing effort could help to create a self-sustaining number of sector-specific startups that might generate positive returns to scale – a proto-cluster. This idea is essentially

what happens when reason #1 gets carried forward and a little luck intervenes. The third reason I support this bill is that existing startups will likely receive elements of this campaign and it will have a beneficial retention affect.