



Senate

General Assembly

File No. 740

January Session, 2017

Substitute Senate Bill No. 1058

Senate, May 9, 2017

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist. and SEN. FRANTZ, L. of the 36th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE IDENTIFICATION OF EMERGING ECONOMIC TRENDS.

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

1 Section 1. (NEW) (*Effective from passage*) (a) The CTNext board of
2 directors established pursuant to section 32-39f of the general statutes
3 shall issue a request for proposals to enter into an agreement with a
4 private research organization to advise, guide and assist the state in
5 short-term and long-term strategic economic planning by (1)
6 identifying emerging industries in which the state should make
7 strategic investments, considering the state's existing and potential
8 strengths in the relevant workforce, education capacity, research
9 capacity and the mix of existing businesses and industries in the state,
10 (2) suggesting changes in state policy to bolster the state's workforce,
11 education capacity and research capacity in support of the emerging
12 industries identified under subdivision (1) of this subsection and to
13 better meet the needs of the state's established industries, (3)
14 periodically and regularly assessing the health of and potential

15 strategic threats to the state's established industries, (4) accelerating the
16 pace of innovation among new and existing businesses in the state, (5)
17 forecasting short-term and long-term business trends that may impact
18 existing businesses and new businesses in the state, (6) developing
19 opportunities and business strategies to attract, retain and develop
20 emerging and mature industries and businesses to and in the state, and
21 (7) (A) periodically and regularly assessing economic conditions in the
22 state to identify strategic strengths, weaknesses, opportunities and
23 threats with respect to the objectives described in subdivisions (1) to
24 (6), inclusive, of this subsection, and (B) develop and promote concrete
25 policy recommendations informed by such assessment.

26 (b) To accomplish the objectives described in subsection (a) of this
27 section, the selected research organization shall:

28 (1) Track and analyze developments in the state's major industry
29 sectors, including, but not limited to: Health care and bioscience;
30 financial services; insurance; venture capital; advanced manufacturing;
31 aerospace; digital media and information technology; software
32 development; data analytics; green technology; and tourism;

33 (2) Have expertise in or consult with experts in each of the following
34 academic disciplines: Connecticut economic history and forecasting;
35 technology and advancements in technology; strategic business
36 planning and organizational development; investment and finance; the
37 research and development process; and technology commercialization;

38 (3) Consult with representatives of employee organizations, as
39 defined in section 5-270 of the general statutes, and private employee
40 organizations to inform the research organization of developments in
41 the workforce that shall be considered in the assessment undertaken
42 by the research organization;

43 (4) Consult with representatives from public institutions of higher
44 education in the state and from independent institutions of higher
45 education in the state to inform the research organization of
46 developments in higher education that shall be considered in the

47 assessment undertaken by the research organization. The research
48 organization shall examine: The relationship between institutions of
49 higher education in the state and the state's major industry sectors; the
50 extent of regular communications between institutions of higher
51 education in the state and businesses in the state's major industry
52 sectors; the alignment of curricula, degree programs and graduation
53 rates in all fields of study offered by institutions of higher education in
54 the state with the workforce and skill needs of the state's major
55 industry sectors; and the responsiveness of institutions of higher
56 education in the state to changing needs of the state's major industry
57 sectors; and

58 (5) Develop contacts and working relationships with representatives
59 of the businesses, organizations and institutions described in
60 subdivisions (1) to (4), inclusive, of this subsection, in order to be
61 updated continually and informed about emerging trends within their
62 respective fields.

63 (c) (1) The research organization shall present, in accordance with
64 the provisions of subdivision (2) of this subsection, an analysis of such
65 assessments and action-oriented recommendations for legislative and
66 programmatic changes to the CTNext board of directors and the joint
67 standing committees of the General Assembly having cognizance of
68 matters relating to finance, revenue and bonding and commerce. The
69 CTNext board of directors shall specify annually the scope of work for
70 such research organization. The CTNext board of directors may change
71 or adjust the scope of work if such directors deem such change or
72 adjustment necessary or prudent in light of economic developments or
73 trends, provided any such change or adjustment does not result in
74 additional costs to the state.

75 (2) The research organization shall provide to the CTNext board of
76 directors on a quarterly basis (A) an update on the status and progress
77 of any prior legislative or programmatic changes recommended by
78 such organization, including, but not limited to, a report on any such
79 changes implemented by a state agency and whether such changes are

80 accomplishing or are predicted to accomplish the purposes of such
81 changes, and (B) any economic or business issues or problems forecast
82 to adversely impact the state's economy or a major industry sector in
83 the state. The research organization shall include annually in its fourth
84 quarter report legislative and programmatic changes the organization
85 recommends and specific action steps to accomplish the state's goals as
86 described in subsection (a) of this section. The research organization
87 shall provide to the CTNext board of directors annually a
88 comprehensive report that includes the information required under
89 this section.

90 (3) Prior to the hearing required under subdivision (4) of this
91 subsection, a lead representative of the research organization shall
92 provide to the chairpersons of the joint standing committees of the
93 General Assembly having cognizance of matters relating to finance,
94 revenue and bonding and commerce a list of the department heads, as
95 defined in section 4-5 of the general statutes, chief executive officers,
96 presidents, deans or other comparable officials, (A) whose state
97 agencies or state institutions are included, with respect to current or
98 proposed programs or initiatives, in the research organization's
99 comprehensive annual report required under subdivision (2) of this
100 subsection, and (B) whose testimony at such hearing the lead
101 representative believes would be helpful. The chairpersons of said
102 committees may require additional department heads, chief executive
103 officers, presidents, deans or other comparable officials of state
104 agencies or state institutions to appear at such hearing to offer
105 testimony.

106 (4) (A) The lead representative of the research organization who
107 provided the list under subdivision (3) of this subsection and the
108 chairperson of the CTNext board of directors shall present annually
109 the comprehensive report under subdivision (2) of this subsection at a
110 hearing held jointly by the joint standing committees of the General
111 Assembly having cognizance of matters relating to finance, revenue
112 and bonding and commerce. At such hearing, members of said
113 committees may question any individual appearing before them, and

114 the lead representative of the research organization and the
 115 chairperson of the CTNext board of directors may question any of the
 116 department heads, chief executive officers, presidents, deans or
 117 comparable officials presenting testimony pursuant to subdivision (3)
 118 of this subsection.

119 (B) Said committees shall include in proposed legislation in the
 120 regular session of the General Assembly immediately following such
 121 hearing any legislative changes recommended by the research
 122 organization.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In Section 1, "(NEW)" was added for accuracy, and Subsec. (a)(7), the first sentence of Subsec. (b) and Subsecs. (b)(5) and (c)(2) were rewritten for accuracy and consistency with standard drafting conventions.

FIN *Joint Favorable Subst. -LCO*

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:

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$
CT Next (CT Innovations Inc)	GF - Acceleration of Debt Service Costs	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill is anticipated to accelerate the use of General Obligation bond funds by requiring the CTNext Board to retain and direct an independent research organization to conduct ongoing strategic planning and generate recommendations.

The bill does not authorize any General Obligation bonds, the funding source of CTNext, for this specific purpose. It is therefore anticipated that funding will sourced from G.O. bond authorizations available to CTNext.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB-1058*****AN ACT CONCERNING THE IDENTIFICATION OF EMERGING ECONOMIC TRENDS.*****SUMMARY**

This bill establishes a process to continuously analyze economic and business conditions and generate for legislators periodic reports that, among other things, recommend appropriate legislative and programmatic actions. These tasks must be performed by a private research organization selected by the board of CTNext, a subsidiary of Connecticut Innovations that fosters innovation and entrepreneurship.

The bill specifies how the organization must perform the tasks. Among other things, it must track developments in the state's major industry sectors and develop contacts and working relationships with business organizations, unions, and academic institutions. When consulting academic institutions, it must assess the extent to which they interact with businesses and develop programs that meet their needs.

The organization must meet with the CTNext board at least quarterly. It must also submit a comprehensive annual report to the board that recommends specific steps to achieve the goals established through the assessment process. The board's chairperson and the organization's lead representative must present the report to the Commerce and Finance, Revenue and Bonding committees at a joint hearing, which various state officials must attend. The committees must include the organization's recommendations in the bills they propose during the next regular legislative session.

EFFECTIVE DATE: Upon passage

CTNEXT BOARD

The bill requires CTNext's board of directors, after issuing a request for proposals, to select a private research organization and enter into an agreement with it, although the bill does not set a deadline for doing so. (Presumably, the board would use its fund to compensate the organization.) The board must annually specify the organization's scope of work and may change it as it deems necessary or prudent in light of economic trends and developments, as long as these changes do not generate additional costs to the state.

RESEARCH ORGANIZATION***Purpose***

The research organization must continuously advise, guide, and assist the state in short- and long-term strategic economic development planning by:

1. identifying emerging industries that can contribute to the state's long-term economic growth, given the existing and potential strength of the state's workforce, education and research capacity, and mix of existing businesses and industries;
2. suggesting policy changes to support emerging industries and better meet the needs of established ones by bolstering the state's workforce and education and research capacity;
3. periodically and regularly assessing the health of, and the potential strategic threats to, the established industries;
4. forecasting short-term and long-term business trends that could affect new and existing businesses;
5. developing opportunities and business strategies to attract, retain, and develop emerging and mature businesses and industries;
6. accelerating the pace at which the businesses innovate; and
7. periodically assessing the state's economic conditions to (a)

identify strengths, weaknesses, opportunities, and threats and (b) develop and promote policy recommendations based on this assessment.

Method

The bill specifies the kinds of things the organization must do to fulfill its statutory purposes, including:

1. tracking and analyzing developments in the state's major industry sectors, including health care and bioscience, financial services, insurance, venture capital, advanced manufacturing, aerospace, digital media and information technology, software development, data analytics, green technologies, and tourism;
2. having expertise in Connecticut economic history and forecasting, technology and technological advancements, strategic business planning and organizational development, investment and finance, the research and development process, and commercializing technology, or consult with experts in these fields;
3. consulting with representatives of (a) public and private employee organizations about the development of the state's workforce and (b) public and independent higher education in the state about developments in their sphere; and
4. developing contacts and working relationships with representatives of the above businesses, organizations, and institutions to be continually up-to-date and informed about emerging trends in their fields.

In consulting with higher education representatives, the organization must examine the institutions' relationships with the state's major industry sectors. It must specifically examine the extent to which:

1. these institutions regularly communicate with businesses in the

state's major industry sectors;

2. academic curricula, degree programs, and graduation rates in all the institutions' academic fields align with the workforce and skill needs of the state's major industry sectors; and
3. the institutions are responsive to these sectors' changing needs.

The organization must consider in its economic assessments the information it receives from the representatives of employee organizations and higher education institutions.

RESEARCH AND REPORTING

The bill generally requires the organization to continuously gather and analyze economic information, periodically report its findings and legislative and programmatic recommendations to CTNext's board, and advise it on the status of previously recommended actions.

Quarterly Reporting

The organization must report quarterly to the board, updating it on the status of previously recommended legislative and programmatic changes, including whether the agencies implementing these changes are achieving their goals or are expected to do so. The organization must also inform the board about any economic or business problems or issues that could harm the state's major industry sectors.

The organization's fourth quarter report must include the organization's recommendations for legislative and programmatic recommendations and actions aimed at achieving the state's economic development goals.

Lastly, the organization must submit an annual comprehensive report to the board that includes the information it gathered throughout the year. (The bill does not specify a date by which the organization must start reporting.)

Public Hearing

The CTNext board and the organization's lead representative must

present the organization’s annual report to a joint hearing of the Commerce and Finance, Revenue and Bonding committees. Before the hearing, the lead representative must provide the committees’ chairpersons with a list of the department heads, chief executive officers, presidents, deans, and comparable officials whose (1) state agencies or institutions are included in the report and (2) testimony the representative believes would be helpful. The committee chairpersons may also require representatives from other state agencies and institutions to testify at the hearing.

At the hearing, Commerce and Finance committee members may question any individual who appears before them, including the lead representative and the chairperson of the CTNext board. The lead representative and the chairperson may also question the people testifying at the hearing.

Legislative Proposals

The bill requires the Commerce and Finance committees to include the organization’s recommendations in the bills they propose during the subsequent regular legislative session.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 49 Nay 2 (04/27/2017)