



# Senate

General Assembly

**File No. 463**

February Session, 2018

Substitute Senate Bill No. 260

*Senate, April 12, 2018*

The Committee on Commerce reported through SEN. HARTLEY, J. of the 15th 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 AUTHORIZING ADDITIONAL USES OF FUNDS AVAILABLE TO CTNEXT.***

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

1 Section 1. Subsection (b) of section 32-235 of the 2018 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective July 1, 2018*):

4 (b) The proceeds of the sale of said bonds, to the extent of the  
5 amount stated in subsection (a) of this section, shall be used by the  
6 Department of Economic and Community Development (1) for the  
7 purposes of sections 32-220 to 32-234, inclusive, including economic  
8 cluster-related programs and activities, and for the Connecticut job  
9 training finance demonstration program pursuant to sections 32-23uu  
10 and 32-23vv, provided (A) three million dollars shall be used by said  
11 department solely for the purposes of section 32-23uu and not more  
12 than five million two hundred fifty thousand dollars of the amount  
13 stated in said subsection (a) may be used by said department for the

14 purposes of section 31-3u, (B) not less than one million dollars shall be  
15 used for an educational technology grant to the deployment center  
16 program and the nonprofit business consortium deployment center  
17 approved pursuant to section 32-41l, (C) not less than two million  
18 dollars shall be used by said department for the establishment of a  
19 pilot program to make grants to businesses in designated areas of the  
20 state for construction, renovation or improvement of small  
21 manufacturing facilities, provided such grants are matched by the  
22 business, a municipality or another financing entity. The  
23 Commissioner of Economic and Community Development shall  
24 designate areas of the state where manufacturing is a substantial part  
25 of the local economy and shall make grants under such pilot program  
26 which are likely to produce a significant economic development  
27 benefit for the designated area, (D) five million dollars may be used by  
28 said department for the manufacturing competitiveness grants  
29 program, (E) one million dollars shall be used by said department for  
30 the purpose of a grant to the Connecticut Center for Advanced  
31 Technology, for the purposes of subdivision (5) of subsection (a) of  
32 section 32-7f, (F) fifty million dollars shall be used by said department  
33 for the purpose of grants to the United States Department of the Navy,  
34 the United States Department of Defense or eligible applicants for  
35 projects related to the enhancement of infrastructure for long-term, on-  
36 going naval operations at the United States Naval Submarine Base-  
37 New London, located in Groton, which will increase the military value  
38 of said base. Such projects shall not be subject to the provisions of  
39 sections 4a-60 and 4a-60a, (G) two million dollars shall be used by said  
40 department for the purpose of a grant to the Connecticut Center for  
41 Advanced Technology, Inc., for manufacturing initiatives, including  
42 aerospace and defense, and (H) four million dollars shall be used by  
43 said department for the purpose of a grant to companies adversely  
44 impacted by the construction at the Quinnipiac Bridge, where such  
45 grant may be used to offset the increase in costs of commercial  
46 overland transportation of goods or materials brought to the port of  
47 New Haven by ship or vessel, (2) for the purposes of the small  
48 business assistance program established pursuant to section 32-9yy,

49 provided fifteen million dollars shall be deposited in the small  
50 business assistance account established pursuant to said section 32-  
51 9yy, (3) to deposit twenty million dollars in the small business express  
52 assistance account established pursuant to section 32-7h, (4) to deposit  
53 four million nine hundred thousand dollars per year in each of the  
54 fiscal years ending June 30, 2017, to June 30, 2019, inclusive, and June  
55 30, 2021, and nine million nine hundred thousand dollars in the fiscal  
56 year ending June 30, 2020, in the CTNext Fund established pursuant to  
57 section 32-39i, which shall be used by CTNext to provide grants-in-aid  
58 to designated innovation places, as defined in section 32-39j, planning  
59 grants-in-aid pursuant to section 32-39l, and grants-in-aid for projects  
60 that network innovation places pursuant to subsection (b) of section  
61 32-39m, provided not more than three million dollars be used for  
62 grants-in-aid for such projects, and further provided any portion of  
63 any such deposit that remains unexpended in a fiscal year subsequent  
64 to the date of such deposit may be used by CTNext for any purpose  
65 described in subsection (e) of section 32-39i, (5) to deposit two million  
66 dollars per year in each of the fiscal years ending June 30, 2019, to June  
67 30, 2021, inclusive, in the CTNext Fund established pursuant to section  
68 32-39i, which shall be used by CTNext for the purpose of providing  
69 higher education entrepreneurship grants-in-aid pursuant to section  
70 32-39g, provided any portion of any such deposit that remains  
71 unexpended in a fiscal year subsequent to the date of such deposit may  
72 be used by CTNext for any purpose described in subsection (e) of  
73 section 32-39i, (6) for the purpose of funding the costs of the  
74 Technology Talent Advisory Committee established pursuant to  
75 section 32-7p, provided two million dollars per year in each of the  
76 fiscal years ending June 30, 2017, to June 30, 2021, inclusive, shall be  
77 used for such purpose, (7) to provide (A) a grant-in-aid to the  
78 Connecticut Supplier Connection in an amount equal to two hundred  
79 fifty thousand dollars in each of the fiscal years ending June 30, 2017,  
80 to June 30, 2021, inclusive, and (B) a grant-in-aid to the Connecticut  
81 Procurement Technical Assistance Program in an amount equal to  
82 three hundred thousand dollars in each of the fiscal years ending June  
83 30, 2017, to June 30, 2021, inclusive, (8) to deposit four hundred fifty

84 thousand dollars per year, in each of the fiscal years ending June 30,  
 85 2017, to June 30, 2021, inclusive, in the CTNext Fund established  
 86 pursuant to section 32-39i, which shall be used by CTNext to provide  
 87 [four hundred fifty thousand dollars in each of the fiscal years ending  
 88 June 30, 2017, to June 30, 2021, inclusive, for the purposes of] growth  
 89 grants-in-aid pursuant to section 32-39g, provided any portion of any  
 90 such deposit that remains unexpended in a fiscal year subsequent to  
 91 the date of such deposit may be used by CTNext for any purpose  
 92 described in subsection (e) of section 32-39i. Not later than thirty days  
 93 prior to any use of unexpended funds under subdivision (4), (5) or (8)  
 94 of this subsection, the CTNext board of directors shall provide notice  
 95 of and the reason for such use to the joint standing committees of the  
 96 General Assembly having cognizance of matters relating to commerce  
 97 and finance, revenue and bonding.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2018	32-235(b)

**CE**      *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:**

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill adjusts the ways in which CTNext can administer certain General Obligation (GO) bond funds obligated to CTNext programs. The bill does not change GO bond authorizations relevant to CTNext programs.

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.

**The Out Years**

The ongoing fiscal impact identified above would continue into the future subject to bond spending levels and inflation.

**OLR Bill Analysis****sSB 260****AN ACT AUTHORIZING ADDITIONAL USES OF FUNDS AVAILABLE TO CTNEXT.****SUMMARY**

This bill broadens the purposes for which CTNext can use certain money in the CTNext Fund.

Existing law requires portions of Manufacturing Assistance Act (MAA) bond funds to be deposited into the CTNext Fund and used for specific purposes designated by law. The bill allows CTNext to use certain unspent funds for any purpose for which it may use CTNext Fund resources. It also eliminates the requirement that CTNext spend the entire amount it receives for growth-stage company grants in the year of receipt.

Under the bill, the CTNext board must notify the Commerce and Finance, Revenue and Bonding committees of its plans to use unspent funds, and its reason for doing so, at least 30 days before spending them.

EFFECTIVE DATE: July 1, 2018

**BONDS EARMARKED FOR CTNEXT**

Existing law, unchanged by the bill, earmarks portions of MAA bond funds for specified CTNext programs and purposes, as shown in Table 1. Under the bill, if any of these earmarked funds remain unspent in the fiscal year after that in which they were initially deposited, the money may be spent for any purpose for which the law allows CTNext funds to be spent (see below).

Table 1: MAA Bond Earmarks for CTNext

§	Amount (in millions)					Total	Purpose
	FY 17	FY 18	FY 19	FY 20	FY 21		
32-235 (b)(4)	\$4.9	\$4.9	\$4.9	\$9.9	\$4.9	\$29.5	Innovation Places Program: grants for planning designated innovation places, and projects that network innovation places
32-235 (b)(5)	--	--	2.0	2.0	2.0	6	Higher Education entrepreneurship grants
32-235 (b)(8)	0.45	0.45	0.45	0.45	0.45	2.25	Grants to growth-stage companies

### **CT Next Fund Authorized Purposes**

By law, the CTNext Fund's resources may be used for the following:

1. grants to entities planning and developing designated innovation places (see BACKGROUND);
2. projects that connect such places;
3. CTNext's statutory powers and duties;
4. higher education entrepreneurship programs;
5. grants to growth-stage companies;
6. required assessments, audits, and analyses of CTNext's programs and initiatives;
7. grants to startup businesses located in or relocating to designated innovation places; and
8. any other statutorily authorized purpose or activity (CGS §§ 32-39i(e)).

### **BACKGROUND**

#### ***Innovation Place Program***

PA 16-3, May Special Session, established the innovation place program to foster innovation and entrepreneurship in compact, mixed-use geographic areas with startups, growth-stage businesses, anchor institutions, and access to public transit. It authorized entities such as corporations, municipalities, and higher education institutions to submit applications for the designation of an innovation place. The law earmarked previously authorized bond funds to fund planning grants to entities preparing applications and implementation grants for designated innovation places, among other things.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Substitute

Yea 19 Nay 1 (03/22/2018)