



General Assembly

January Session, 2019

**Raised Bill No. 1026**

LCO No. 5416



Referred to Committee on COMMERCE

Introduced by:  
(CE)

***AN ACT ESTABLISHING CERTAIN INCENTIVES TO GROW THE  
BIOSCIENCE INDUSTRY IN THE STATE.***

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

1 Section 1. Subdivision (1) of subsection (a) of section 12-219 of the  
2 general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective July 1, 2019, and applicable to income and taxable years*  
4 *commencing on or after January 1, 2019*):

5 (a) (1) Each company subject to the provisions of this part shall pay  
6 for the privilege of carrying on or doing business within the state, the  
7 larger of the tax, if any, imposed by section 12-214 and the tax  
8 calculated under this subsection, except that any company with less  
9 than five hundred thousand dollars of net income in an income year  
10 shall be exempt from the tax under this section. The tax calculated  
11 under this section shall be a tax of three and one-tenth mills per dollar  
12 for each income year of the amount derived (A) by adding (i) the  
13 average value of the issued and outstanding capital stock, including  
14 treasury stock at par or face value, fractional shares, scrip certificates  
15 convertible into shares of stock and amounts received on subscriptions

16 to capital stock, computed on the balances at the beginning and end of  
17 the taxable year or period, the average value of surplus and undivided  
18 profit computed on the balances at the beginning and end of the  
19 taxable year or period, and (ii) the average value of all surplus reserves  
20 computed on the balances at the beginning and end of the taxable year  
21 or period, (B) by subtracting from the sum so calculated (i) the average  
22 value of any deficit carried on the balance sheet computed on the  
23 balances at the beginning and end of the taxable year or period, and (ii)  
24 the average value of any holdings of stock of private corporations  
25 including treasury stock shown on the balance sheet computed on the  
26 balances at the beginning and end of the taxable year or period, and  
27 (C) by apportioning the remainder so derived between this and other  
28 states under the provisions of section 12-219a, provided in no event  
29 shall the tax so calculated exceed one million dollars or be less than  
30 two hundred fifty dollars.

31 Sec. 2. Subparagraph (D) of subdivision (3) of subsection (a) of  
32 section 12-217zz of the general statutes is repealed and the following is  
33 substituted in lieu thereof (*Effective July 1, 2019, and applicable to income*  
34 *and taxable years commencing on or after January 1, 2019*):

35 (D) For income years commencing on or after January 1, 2019, the  
36 aggregate amount of tax credits and excess credits allowable shall [not  
37 exceed seventy] equal one hundred per cent of the amount of tax due  
38 from such taxpayer under this chapter with respect to any such income  
39 year of the taxpayer prior to the application of such credit or credits;

40 Sec. 3. Section 32-345 of the general statutes is repealed and the  
41 following is substituted in lieu thereof (*Effective October 1, 2020*):

42 (a) The Department of Economic and Community Development  
43 [may] shall establish a Connecticut development, research and  
44 economic assistance matching grant program [, within available  
45 appropriations and,] for the purposes of providing financial aid, as  
46 defined in subdivision (4) of section 32-34, to assist: (1) Connecticut  
47 small businesses in conducting marketing-related activities to facilitate

48 commercialization of research projects funded under the small  
49 business innovation research program or the small business  
50 technology transfer program; (2) business-led consortia or Connecticut  
51 businesses in connection with their participation in a federal  
52 technology support program; and (3) micro businesses, in conducting  
53 development and research. The department may enter into an  
54 agreement, pursuant to chapter 55a, with a person, firm, corporation or  
55 other entity to operate such program.

56 (b) Applications shall be submitted in the manner prescribed by the  
57 department. Each such application shall include the following: (1) The  
58 location of the principal place of business of the applicant; (2) an  
59 explanation of the intended use of the funding being applied for, the  
60 potential market for the end product of the project and the marketing  
61 strategy; and (3) such other information that the department deems  
62 necessary. Information contained in any such application submitted to  
63 the department under this section which is of a proprietary nature  
64 shall be exempt from the provisions of subsection (a) of section 1-210.

65 (c) In determining whether an applicant shall be selected for  
66 funding pursuant to this section, the department, or the operator, if  
67 any, selected pursuant to subsection (a) of this section, shall consider,  
68 but such consideration need not be limited to, the following factors: (1)  
69 The description of the small business innovation research project, the  
70 small business technology transfer project or the federally-supported  
71 technology project and the potential commercial applicability of such  
72 project; (2) evidence of satisfactory participation in the applicable small  
73 business innovation research program, the small business technology  
74 transfer program or the federal technology support program; (3) the  
75 potential impact of such research project on the workforce in the  
76 region where such small business is located; (4) the size of the potential  
77 market, strength of the marketing strategy, and ability of the applicant  
78 to execute the strategy and successfully commercialize the end  
79 product; and (5) the resources and record of success of the company  
80 relative to development and commercialization. Within the availability  
81 of funds, the department may provide financial aid to eligible

82 applicants, provided no business may receive more than fifty thousand  
83 dollars for any single small business innovation research project or  
84 small business technology transfer project. The department may  
85 require a business to repay such assistance or pay a multiple of the  
86 assistance to the department. All such repayments and payments shall  
87 be deposited in the Connecticut technology partnership assistance  
88 program revolving account established under section 32-346.

89 (d) The department may establish a development, research and  
90 economic assistance matching financial aid program for micro  
91 businesses that have received federal funds for Phase II proposals  
92 under the small business innovation research program and the small  
93 business technology transfer program. Any micro business receiving  
94 financial aid under this subsection shall use such financial aid for the  
95 same purpose such micro business was awarded said federal funds.  
96 The department may enter into an agreement, pursuant to chapter 55a,  
97 with a person, firm, corporation or other entity to operate such a  
98 program.

99 Sec. 4. Subsection (b) of section 32-235 of the general statutes is  
100 repealed and the following is substituted in lieu thereof (*Effective July*  
101 *1, 2019*):

102 (b) The proceeds of the sale of said bonds, to the extent of the  
103 amount stated in subsection (a) of this section, shall be used by the  
104 Department of Economic and Community Development (1) for the  
105 purposes of sections 32-220 to 32-234, inclusive, including economic  
106 cluster-related programs and activities, and for the Connecticut job  
107 training finance demonstration program pursuant to sections 32-23uu  
108 and 32-23vv, provided (A) three million dollars shall be used by said  
109 department solely for the purposes of section 32-23uu and not more  
110 than five million two hundred fifty thousand dollars of the amount  
111 stated in said subsection (a) may be used by said department for the  
112 purposes of section 31-3u, (B) not less than one million dollars shall be  
113 used for an educational technology grant to the deployment center  
114 program and the nonprofit business consortium deployment center

115 approved pursuant to section 32-41l, (C) not less than two million  
116 dollars shall be used by said department for the establishment of a  
117 pilot program to make grants to businesses in designated areas of the  
118 state for construction, renovation or improvement of small  
119 manufacturing facilities, provided such grants are matched by the  
120 business, a municipality or another financing entity. The  
121 Commissioner of Economic and Community Development shall  
122 designate areas of the state where manufacturing is a substantial part  
123 of the local economy and shall make grants under such pilot program  
124 which are likely to produce a significant economic development  
125 benefit for the designated area, (D) five million dollars may be used by  
126 said department for the manufacturing competitiveness grants  
127 program, (E) one million dollars shall be used by said department for  
128 the purpose of a grant to the Connecticut Center for Advanced  
129 Technology, for the purposes of subdivision (5) of subsection (a) of  
130 section 32-7f, (F) fifty million dollars shall be used by said department  
131 for the purpose of grants to the United States Department of the Navy,  
132 the United States Department of Defense or eligible applicants for  
133 projects related to the enhancement of infrastructure for long-term, on-  
134 going naval operations at the United States Naval Submarine Base-  
135 New London, located in Groton, which will increase the military value  
136 of said base. Such projects shall not be subject to the provisions of  
137 sections 4a-60 and 4a-60a, (G) two million dollars shall be used by said  
138 department for the purpose of a grant to the Connecticut Center for  
139 Advanced Technology, Inc., for manufacturing initiatives, including  
140 aerospace and defense, and (H) four million dollars shall be used by  
141 said department for the purpose of a grant to companies adversely  
142 impacted by the construction at the Quinnipiac Bridge, where such  
143 grant may be used to offset the increase in costs of commercial  
144 overland transportation of goods or materials brought to the port of  
145 New Haven by ship or vessel, (2) for the purposes of the small  
146 business assistance program established pursuant to section 32-9yy,  
147 provided fifteen million dollars shall be deposited in the small  
148 business assistance account established pursuant to said section 32-  
149 9yy, (3) to deposit twenty million dollars in the small business express

150 assistance account established pursuant to section 32-7h, (4) to deposit  
151 four million nine hundred thousand dollars per year in each of the  
152 fiscal years ending June 30, 2017, to June 30, 2019, inclusive, and June  
153 30, 2021, and nine million nine hundred thousand dollars in the fiscal  
154 year ending June 30, 2020, in the CTNext Fund established pursuant to  
155 section 32-39i, which shall be used by CTNext to provide grants-in-aid  
156 to designated innovation places, as defined in section 32-39j, planning  
157 grants-in-aid pursuant to section 32-39l, and grants-in-aid for projects  
158 that network innovation places pursuant to subsection (b) of section  
159 32-39m, provided not more than three million dollars be used for  
160 grants-in-aid for such projects, and further provided any portion of  
161 any such deposit that remains unexpended in a fiscal year subsequent  
162 to the date of such deposit may be used by CTNext for any purpose  
163 described in subsection (e) of section 32-39i, (5) to deposit two million  
164 dollars per year in each of the fiscal years ending June 30, 2019, to June  
165 30, 2021, inclusive, in the CTNext Fund established pursuant to section  
166 32-39i, which shall be used by CTNext for the purpose of providing  
167 higher education entrepreneurship grants-in-aid pursuant to section  
168 32-39g, provided any portion of any such deposit that remains  
169 unexpended in a fiscal year subsequent to the date of such deposit may  
170 be used by CTNext for any purpose described in subsection (e) of  
171 section 32-39i, (6) for the purpose of funding the costs of the  
172 Technology Talent Advisory Committee established pursuant to  
173 section 32-7p, provided two million dollars per year in each of the  
174 fiscal years ending June 30, 2017, to June 30, 2021, inclusive, shall be  
175 used for such purpose, (7) to provide (A) a grant-in-aid to the  
176 Connecticut Supplier Connection in an amount equal to two hundred  
177 fifty thousand dollars in each of the fiscal years ending June 30, 2017,  
178 to June 30, 2021, inclusive, and (B) a grant-in-aid to the Connecticut  
179 Procurement Technical Assistance Program in an amount equal to  
180 three hundred thousand dollars in each of the fiscal years ending June  
181 30, 2017, to June 30, 2021, inclusive, (8) to deposit four hundred fifty  
182 thousand dollars per year, in each of the fiscal years ending June 30,  
183 2017, to June 30, 2021, inclusive, in the CTNext Fund established  
184 pursuant to section 32-39i, which shall be used by CTNext to provide

185 growth grants-in-aid pursuant to section 32-39g, provided any portion  
186 of any such deposit that remains unexpended in a fiscal year  
187 subsequent to the date of such deposit may be used by CTNext for any  
188 purpose described in subsection (e) of section 32-39i, (9) to transfer  
189 fifty million dollars to the Labor Department which shall be used by  
190 said department for the purpose of funding work force pipeline  
191 programs selected pursuant to section 31-11rr, (10) to transfer twenty  
192 million dollars to Connecticut Innovations, Incorporated, provided ten  
193 million dollars shall be used by Connecticut Innovations, Incorporated  
194 for the purpose of the proof of concept fund established pursuant to  
195 subsection (b) of section 32-39x and ten million dollars shall be used by  
196 Connecticut Innovations, Incorporated for the purpose of the venture  
197 capital fund program established pursuant to section 32-41oo, (11) for  
198 the purpose of the Connecticut development, research and economic  
199 assistance matching grant program, established pursuant to section 32-  
200 345, as amended by this act, provided not less than two million five  
201 hundred thousand dollars per year in each of the fiscal years ending  
202 June 30, 2020, to June 30, 2021, inclusive, shall be used for such  
203 purpose. Not later than thirty days prior to any use of unexpended  
204 funds under subdivision (4), (5) or (8) of this subsection, the CTNext  
205 board of directors shall provide notice of and the reason for such use to  
206 the joint standing committees of the General Assembly having  
207 cognizance of matters relating to commerce and finance, revenue and  
208 bonding.

209       Sec. 5. (NEW) (*Effective July 1, 2019*) Not later than February 1, 2020,  
210 Connecticut Innovations, Incorporated shall, in consultation with a  
211 bioscience trade group, contract with an advertising agency to create a  
212 marketing plan, social media campaign and dedicated Internet web  
213 site to promote Connecticut as a bioscience hub. Not later than January  
214 1, 2021, Connecticut Innovations, Incorporated shall submit a report on  
215 the results of such marketing plan, social media campaign and  
216 dedicated Internet web site to the joint standing committee of the  
217 General Assembly having cognizance of matters relating to commerce,  
218 in accordance with the provisions of section 11-4a of the general

219 statutes.

220 Sec. 6. Section 32-41dd of the general statutes is repealed and the  
221 following is substituted in lieu thereof (*Effective July 1, 2019*):

222 (a) (1) The State Bond Commission shall authorize the issuance of  
223 bonds of the state, in accordance with the provisions of section 3-20, in  
224 principal amounts not exceeding in the aggregate two hundred four  
225 million dollars for the Connecticut Bioscience Innovation Fund  
226 established pursuant to section 32-41cc. The amount authorized for the  
227 issuance and sale of such bonds in each of the following fiscal years  
228 shall not exceed the following corresponding amount for each such  
229 fiscal year, provided, to the extent the advisory committee does not  
230 provide for the use of all or a portion of such amount in any such fiscal  
231 year, such amount not provided for shall be carried forward and  
232 added to the authorized amount for the next succeeding fiscal year,  
233 and provided further, the costs of issuance and capitalized interest, if  
234 any, may be added to the capped amount in each fiscal year, and each  
235 of the authorized amounts shall be effective on July first of the fiscal  
236 year indicated as follows:

T1	Fiscal Year Ending	Amount
T2	June Thirtieth	
T3	2013	\$10,000,000
T4	2014	10,000,000
T5	2015	15,000,000
T6	2016	15,000,000
T7	2017	0
T8	2018	15,000,000
T9	2019	15,000,000
T10	2020	25,000,000
T11	2021	25,000,000
T12	2022	25,000,000



T13	2023	25,000,000
T14	2024	24,000,000
T15	Total	\$204,000,000

237 (2) For each fiscal year ending June 30, 2018, June 30, 2019, and June  
238 30, 2020, not less than three million dollars of the amount for each such  
239 fiscal year authorized in accordance with subdivision (1) of this  
240 subsection shall be made available as a grant-in-aid to the Yale  
241 Connecticut Precision Medicine Initiative.

242 (3) For the fiscal year ending June 30, 2020, not less than one million  
243 dollars of the amount for such fiscal year authorized in accordance  
244 with subdivision (1) of this subsection shall be made available to  
245 Connecticut Innovations, Incorporated for the purpose of contracting  
246 with an advertising agency to create a marketing plan, social media  
247 campaign and dedicated Internet web site to promote Connecticut as a  
248 bioscience hub, in accordance with section 5 of this act.

249 (b) The State Bond Commission shall approve a memorandum of  
250 understanding between the administrator and the state, acting by and  
251 through the Secretary of the Office of Policy and Management and the  
252 Treasurer, providing for the issuance of said bonds for the purposes of  
253 the Connecticut Bioscience Innovation Fund, including provisions  
254 regarding the extent to which federal, private or other moneys then  
255 available or thereafter to be made available for costs should be added  
256 to the proceeds of the bonds authorized pursuant to this section for  
257 such project or program. The memorandum of understanding shall be  
258 deemed to satisfy the provisions of section 3-20 and the exercise of any  
259 right or power granted thereby that is not inconsistent with the  
260 provisions of this section.

261 (c) All provisions of section 3-20, or the exercise of any right or  
262 power granted thereby, that are not inconsistent with the provisions of  
263 this section are hereby adopted and shall apply to all bonds authorized  
264 by the State Bond Commission pursuant to this section. Temporary

265 notes in anticipation of the money to be derived from the sale of any  
266 such bonds so authorized may be issued in accordance with said  
267 section, and from time to time renewed. All bonds issued pursuant to  
268 this section shall be general obligations of the state and the full faith  
269 and credit of the state of Connecticut are pledged for the payment of  
270 the principal of and interest on said bonds as the same become due,  
271 and accordingly and as part of the contract of the state with the holders  
272 of said bonds, appropriation of all amounts necessary for punctual  
273 payment of such principal and interest is hereby made, and the  
274 Treasurer shall pay such principal and interest as the same become  
275 due.

276 (d) Subject to the amount of limitations of the capping provisions in  
277 subsection (a) of this section, the principal amount of the bonds  
278 authorized under this section shall be deemed to be an appropriation  
279 and allocation of such amount, and such approval of such request shall  
280 be deemed the allotment by the Governor of such capital outlays  
281 within the meaning of section 4-85.

282 Sec. 7. (NEW) (*Effective from passage*) (a) There shall be, within  
283 available appropriations, a biotechnology ambassador appointed by  
284 the Commissioner of Economic and Community Development.

285 (b) The biotechnology ambassador shall have (1) at least ten years of  
286 experience in the biotechnology industry, (2) a background in financial  
287 management, and (3) familiarity with current state and federal  
288 programs concerning biotechnology assistance.

289 (c) The biotechnology ambassador shall: (1) Act as a liaison to the  
290 state's biotechnology companies and startups, (2) host regular forums  
291 for biotechnology companies to share their opinions and needs with  
292 the biotechnology ambassador, (3) evaluate targeted financial  
293 incentives for growing biotechnology companies, (4) prioritize  
294 investments in areas of the state with the highest concentration of  
295 biotechnology companies, (5) explore opportunities for capturing  
296 adjacencies to Yale's new genomics and precision medicine effort, (6)

297 partner with academic, medical and private-sector stakeholders to  
 298 create a biotechnology-specific incubator with wet lab space for early-  
 299 stage biotechnology companies, (7) work with Connecticut  
 300 Innovations, Incorporated to attract private venture capital to the  
 301 state's biotechnology companies, and (8) expand mentorship  
 302 capabilities and outreach to potential biotechnology entrepreneurs.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019, and applicable to income and taxable years commencing on or after January 1, 2019</i>	12-219(a)(1)
Sec. 2	<i>July 1, 2019, and applicable to income and taxable years commencing on or after January 1, 2019</i>	12-217zz(a)(3)(D)
Sec. 3	<i>October 1, 2020</i>	32-345
Sec. 4	<i>July 1, 2019</i>	32-235(b)
Sec. 5	<i>July 1, 2019</i>	New section
Sec. 6	<i>July 1, 2019</i>	32-41dd
Sec. 7	<i>from passage</i>	New section

**Statement of Purpose:**

To (1) eliminate the capital base tax for companies with less than five hundred thousand dollars of net income in an income year; (2) eliminate the cap on the aggregate amount of tax credits and excess tax credits allowable to businesses subject to the corporation business tax; (3) require the Commissioner of Economic and Community Development to implement the development, research and economic assistance matching grant program; (4) require Connecticut Innovations, Incorporated to contract with an advertising agency to develop a marketing plan, social media campaign, and Internet web site to promote the state as a bioscience hub; and (5) establish the position of biotechnology ambassador within the Department of Economic and Community Development.

*[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.]*