



General Assembly

Substitute Bill No. 1026

January Session, 2019



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2 general statutes is repealed and the following is substituted in lieu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 from passage*):

4 (a) (1) Each company subject to the provisions of this part shall pay
5 for the privilege of carrying on or doing business within the state, the
6 larger of the tax, if any, imposed by section 12-214 and the tax
7 calculated under this subsection. The tax calculated under this section
8 shall be a tax of (A) three and one-tenth mills per dollar for [each] the
9 income year commencing on or after January 1, 2019, and prior to
10 January 1, 2020, (B) two and one-tenth mills per dollar for the income
11 year commencing on or after January 1, 2020, and prior to January 1,
12 2021, (C) one and one-tenth mills per dollar for the income year
13 commencing on or after January 1, 2021, and prior to January 1, 2022,
14 and (D) zero mills per dollar on and after January 1, 2022, of the
15 amount derived [(A)] (i) by adding [(i)] (I) the average value of the
16 issued and outstanding capital stock, including treasury stock at par or
17 face value, fractional shares, scrip certificates convertible into shares of
18 stock and amounts received on subscriptions to capital stock,
19 computed on the balances at the beginning and end of the taxable year

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

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

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

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

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

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

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

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

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

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

102 Sec. 4. Subsection (b) of section 32-235 of the general statutes is
103 repealed and the following is substituted in lieu thereof (*Effective July*
104 *1, 2019*):

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

118 approved pursuant to section 32-41l, (C) not less than two million
119 dollars shall be used by said department for the establishment of a
120 pilot program to make grants to businesses in designated areas of the
121 state for construction, renovation or improvement of small
122 manufacturing facilities, provided such grants are matched by the
123 business, a municipality or another financing entity. The
124 Commissioner of Economic and Community Development shall
125 designate areas of the state where manufacturing is a substantial part
126 of the local economy and shall make grants under such pilot program
127 which are likely to produce a significant economic development
128 benefit for the designated area, (D) five million dollars may be used by
129 said department for the manufacturing competitiveness grants
130 program, (E) one million dollars shall be used by said department for
131 the purpose of a grant to the Connecticut Center for Advanced
132 Technology, for the purposes of subdivision (5) of subsection (a) of
133 section 32-7f, (F) fifty million dollars shall be used by said department
134 for the purpose of grants to the United States Department of the Navy,
135 the United States Department of Defense or eligible applicants for
136 projects related to the enhancement of infrastructure for long-term, on-
137 going naval operations at the United States Naval Submarine Base-
138 New London, located in Groton, which will increase the military value
139 of said base. Such projects shall not be subject to the provisions of
140 sections 4a-60 and 4a-60a, (G) two million dollars shall be used by said
141 department for the purpose of a grant to the Connecticut Center for
142 Advanced Technology, Inc., for manufacturing initiatives, including
143 aerospace and defense, and (H) four million dollars shall be used by
144 said department for the purpose of a grant to companies adversely
145 impacted by the construction at the Quinnipiac Bridge, where such
146 grant may be used to offset the increase in costs of commercial
147 overland transportation of goods or materials brought to the port of
148 New Haven by ship or vessel, (2) for the purposes of the small
149 business assistance program established pursuant to section 32-9yy,
150 provided fifteen million dollars shall be deposited in the small
151 business assistance account established pursuant to said section 32-
152 9yy, (3) to deposit twenty million dollars in the small business express

153 assistance account established pursuant to section 32-7h, (4) to deposit
154 four million nine hundred thousand dollars per year in each of the
155 fiscal years ending June 30, 2017, to June 30, 2019, inclusive, and June
156 30, 2021, and nine million nine hundred thousand dollars in the fiscal
157 year ending June 30, 2020, in the CTNext Fund established pursuant to
158 section 32-39i, which shall be used by CTNext to provide grants-in-aid
159 to designated innovation places, as defined in section 32-39j, planning
160 grants-in-aid pursuant to section 32-39l, and grants-in-aid for projects
161 that network innovation places pursuant to subsection (b) of section
162 32-39m, provided not more than three million dollars be used for
163 grants-in-aid for such projects, and further provided any portion of
164 any such deposit that remains unexpended in a fiscal year subsequent
165 to the date of such deposit may be used by CTNext for any purpose
166 described in subsection (e) of section 32-39i, (5) to deposit two million
167 dollars per year in each of the fiscal years ending June 30, 2019, to June
168 30, 2021, inclusive, in the CTNext Fund established pursuant to section
169 32-39i, which shall be used by CTNext for the purpose of providing
170 higher education entrepreneurship grants-in-aid pursuant to section
171 32-39g, provided any portion of any such deposit that remains
172 unexpended in a fiscal year subsequent to the date of such deposit may
173 be used by CTNext for any purpose described in subsection (e) of
174 section 32-39i, (6) for the purpose of funding the costs of the
175 Technology Talent Advisory Committee established pursuant to
176 section 32-7p, provided two million dollars per year in each of the
177 fiscal years ending June 30, 2017, to June 30, 2021, inclusive, shall be
178 used for such purpose, (7) to provide (A) a grant-in-aid to the
179 Connecticut Supplier Connection in an amount equal to two hundred
180 fifty thousand dollars in each of the fiscal years ending June 30, 2017,
181 to June 30, 2021, inclusive, and (B) a grant-in-aid to the Connecticut
182 Procurement Technical Assistance Program in an amount equal to
183 three hundred thousand dollars in each of the fiscal years ending June
184 30, 2017, to June 30, 2021, inclusive, (8) to deposit four hundred fifty
185 thousand dollars per year, in each of the fiscal years ending June 30,
186 2017, to June 30, 2021, inclusive, in the CTNext Fund established
187 pursuant to section 32-39i, which shall be used by CTNext to provide

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

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

222 statutes.

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

225 (a) (1) The State Bond Commission shall authorize the issuance of
 226 bonds of the state, in accordance with the provisions of section 3-20, in
 227 principal amounts not exceeding in the aggregate two hundred four
 228 million dollars for the Connecticut Bioscience Innovation Fund
 229 established pursuant to section 32-41cc. The amount authorized for the
 230 issuance and sale of such bonds in each of the following fiscal years
 231 shall not exceed the following corresponding amount for each such
 232 fiscal year, provided, to the extent the advisory committee does not
 233 provide for the use of all or a portion of such amount in any such fiscal
 234 year, such amount not provided for shall be carried forward and
 235 added to the authorized amount for the next succeeding fiscal year,
 236 and provided further, the costs of issuance and capitalized interest, if
 237 any, may be added to the capped amount in each fiscal year, and each
 238 of the authorized amounts shall be effective on July first of the fiscal
 239 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

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

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

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

264 (c) All provisions of section 3-20, or the exercise of any right or
265 power granted thereby, that are not inconsistent with the provisions of
266 this section are hereby adopted and shall apply to all bonds authorized
267 by the State Bond Commission pursuant to this section. Temporary
268 notes in anticipation of the money to be derived from the sale of any

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

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

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

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

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

301 private-sector stakeholders to create a biotechnology-specific incubator
302 with lab space for early-stage biotechnology companies, (7) work with
303 Connecticut Innovations, Incorporated to attract private venture
304 capital to the state's biotechnology companies, and (8) expand
305 mentorship capabilities and outreach to potential biotechnology
306 entrepreneurs.

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

CE *Joint Favorable Subst.*