OLR Bill Analysis
SB 1028 (File 236, as amended by Senate "A")*

AN ACT CONCERNING CONNECTICUT INNOVATIONS, INCORPORATED AND PRIVATE EQUITY INVESTMENT.

SUMMARY

This bill makes Connecticut Innovations, Incorporated (CI) the successor agency of the Connecticut Brownfields Redevelopment Authority (CBRA), assuming all of CBRA’s powers, rights, interests, and obligations (see BACKGROUND). It deems CBRA, which is currently a subsidiary of CI, dissolved without needing any notice of filing; consent of any third party; instrument of assignment or assumption; or any other action. It makes various conforming changes related to dissolving CBRA.

The bill also changes certain requirements in CI’s investment policies for equity investment funds and funds of funds, including requiring that the fund manager for any such investment have a Connecticut office.

*Senate Amendment “A” replaces the underlying bill, which required CI to study private equity investment in the state.

EFFECTIVE DATE: Upon passage

CI INVESTMENTS

The law allows CI to invest in private equity investment funds, or funds of funds, and enter into limited partnership agreements or other contractual arrangements regarding these funds. Under current law, the funds may be organized and managed, and may invest in businesses, located within or outside Connecticut, but their investment objectives and criteria must be consistent with policies adopted by the CI board of directors. The bill (1) requires that these policies include a requirement that the fund manager have a Connecticut office and (2) specifies that the policies also cover the funds’ characteristics.
The bill also modifies the requirements for the funds’ use of CI’s investment. Under current law, the policies adopted by CI’s board must require that at least the amount invested by CI, net of reasonable management fees and closing costs, be invested to support (1) the growth of business operations of companies in the state’s technology, bioscience, or precision manufacturing sectors or (2) relocating these companies to Connecticut.

Under the bill, the policies must instead require that the fund manager agree to make diligent and good faith efforts to source deals and make investments, for the above purposes, in an amount at least equal to the amount CI invested and not otherwise returned, net of customary fees, expenses, and closing costs borne ratably by fund investors.

BACKGROUND

CBRA was previously a quasi-public, wholly-owned subsidiary of the Connecticut Development Authority (CDA) until 2012, when CDA was merged into CI (PA 12-1, June Special Session). The law requires CBRA to remediate and develop contaminated properties and provide technical and financial assistance to towns and other entities undertaking these activities.

COMMITTEE ACTION

Commerce Committee

Joint Favorable
Yea 19  Nay 3  (03/14/2019)