



Senate

General Assembly

File No. 668

January Session, 2021

Substitute Senate Bill No. 1094

Senate, May 10, 2021

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

AN ACT AUTHORIZING BONDS OF THE STATE FOR CTNEXT AND THE INNOVATION PLACE PROGRAM.

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

1 Section 1. (*Effective July 1, 2022*) (a) For the purposes described in
2 subsection (b) of this section, the State Bond Commission shall have the
3 power from time to time to authorize the issuance of bonds of the state
4 in one or more series and in principal amounts not exceeding in the
5 aggregate sixty-four million dollars, provided (1) thirteen million five
6 hundred thousand dollars of such authorization shall be effective July
7 1, 2022, (2) twenty-three million five hundred thousand dollars of such
8 authorization shall be effective July 1, 2023, (3) thirteen million five
9 hundred thousand dollars of such authorization shall be effective July
10 1, 2024, and (4) thirteen million five hundred thousand dollars of such
11 authorization shall be effective July 1, 2025.

12 (b) The proceeds of the sale of such bonds, to the extent of the amount
13 stated in subsection (a) of this section, shall be used by CTNext for the

14 purpose of recapitalizing the innovation place program established
15 under section 32-39k of the general statutes for existing and new
16 innovation places, provided ten million dollars shall be deposited in the
17 fiscal year commencing July 1, 2023, in the CTNext Fund established
18 under section 32-39i of the general statutes for general operational
19 purposes.

20 (c) All provisions of section 3-20 of the general statutes, or the exercise
21 of any right or power granted thereby, that are not inconsistent with the
22 provisions of this section are hereby adopted and shall apply to all
23 bonds authorized by the State Bond Commission pursuant to this
24 section. Temporary notes in anticipation of the money to be derived
25 from the sale of any such bonds so authorized may be issued in
26 accordance with section 3-20 of the general statutes and from time to
27 time renewed. Such bonds shall mature at such time or times not
28 exceeding twenty years from their respective dates as may be provided
29 in or pursuant to the resolution or resolutions of the State Bond
30 Commission authorizing such bonds. None of such bonds shall be
31 authorized except upon a finding by the State Bond Commission that
32 there has been filed with it a request for such authorization that is signed
33 by or on behalf of the Secretary of the Office of Policy and Management
34 and states such terms and conditions as said commission, in its
35 discretion, may require. Such bonds issued pursuant to this section shall
36 be general obligations of the state and the full faith and credit of the state
37 of Connecticut are pledged for the payment of the principal of and
38 interest on such bonds as the same become due, and accordingly and as
39 part of the contract of the state with the holders of such bonds,
40 appropriation of all amounts necessary for punctual payment of such
41 principal and interest is hereby made, and the State Treasurer shall pay
42 such principal and interest as the same become due.

43 Sec. 2. Subsection (a) of section 32-39l of the general statutes is
44 repealed and the following is substituted in lieu thereof (*Effective July 1,*
45 *2022*):

46 (a) [On or before July 1, 2016,] Connecticut Innovations, Incorporated

47 shall post on its Internet web site an application form, prescribed by
 48 Connecticut Innovations, Incorporated, for planning grants-in-aid
 49 awarded pursuant to subsection (b) of this section. Such application
 50 form shall state that applications for planning grants-in-aid shall be
 51 submitted to the CTNext board.

52 Sec. 3. Subparagraph (E) of subdivision (2) of subsection (a) of section
 53 32-39m of the general statutes is repealed and the following is
 54 substituted in lieu thereof (*Effective July 1, 2021*):

55 (E) The CTNext board shall report, in accordance with the provisions
 56 of section 11-4a, to the joint standing committees of the General
 57 Assembly having cognizance of matters relating to commerce and
 58 finance, revenue and bonding on or before September [30, 2017, and on
 59 or before July first annually thereafter until September 30, 2020] thirtieth
 60 annually, regarding the grants-in-aid distributed pursuant to this
 61 section and concerning the operation and effectiveness of the innovation
 62 place program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022</i>	New section
Sec. 2	<i>July 1, 2022</i>	32-39l(a)
Sec. 3	<i>July 1, 2021</i>	32-39m(a)(2)(E)

Statement of Legislative Commissioners:

In Section 1(a), "thousand" was added after "hundred" for accuracy.

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	Out Years
Treasurer, Debt Serv.	GF - Potential Cost	\$90 million

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill authorizes \$64 million of General Obligation (GO) bonds. The authorizations are effective as follows: \$13.5 million in FY 23, \$23.5 million in FY 24, \$13.5 million in FY 25, and \$13.5 million in FY 26. To the extent bonds are fully allocated and expended, total debt service is expected to be approximately \$90 million over the 20-year duration of the bonds.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms of any bonds issued.

OLR Bill Analysis

sSB 1094

AN ACT AUTHORIZING BONDS OF THE STATE FOR CTNEXT AND THE INNOVATION PLACE PROGRAM.

SUMMARY

This bill authorizes \$64 million in bonds over a four-year period, from FY 23 to FY 26, to recapitalize CTNext’s innovation place program (see BACKGROUND), as shown in Table 1. The bonds are subject to standard statutory bond issuance procedures and repayment requirements.

Under the bill, bond proceeds may generally be used for new and existing innovation places, except that the bill earmarks \$10 million for deposit into the CTNext Fund in FY 24 to cover general operating expenses.

Table 1: CT Next Bond Authorizations

<i>FY</i>	<i>Amount (\$)</i>
23	13,500,000
24	23,500,000
25	13,500,000
26	13,500,000

The bill also reestablishes and makes permanent the requirement that the CTNext board report annually to the Commerce and Finance, Revenue and Bonding committees on the innovation place program’s operation, effectiveness, and grant distribution. This requirement previously expired on September 30, 2020.

Lastly, the bill makes a technical change (§ 2).

EFFECTIVE DATE: July 1, 2022, except that the change to CTNext’s

annual reporting requirement takes effect July 1, 2021.

BACKGROUND

CTNext

CTNext is a subsidiary of Connecticut Innovations, Inc. Its major purpose is to assist entrepreneurs and startup and growth-stage businesses by, among other things, (1) building entrepreneur communities, (2) serving as a catalyst to protect and enhance the state's innovation ecosystem, (3) connecting entrepreneurs and growth-stage businesses to government and private resources, (4) facilitating mentoring for entrepreneurs and young business ventures, and (5) facilitating innovation and entrepreneurship at higher education institutions (CGS § 32-39f).

Innovation Place Program

By law, CTNext must administer an innovation place program to, among other things, (1) foster innovation and entrepreneurship in compact, mixed-use geographic areas with startups, growth-stage businesses, anchor institutions, and access to public transit; (2) encourage the leveraging of private investment in these areas; and (3) connect entrepreneurs facing similar opportunities and challenges with other entrepreneurs and public and private resources (CGS § 32-39k).

The law allows (1) entities such as corporations, municipalities, and higher education institutions to apply for the designation of an innovation place and (2) CTNext to provide planning grants to entities preparing applications and implementation grants for projects and initiatives in designated innovation places, among other things (CGS §§ 32-39l & -39m). The four cities or regions currently designated as innovation places are (1) Hartford and East Hartford, (2) New Haven, (3) Stamford, and (4) Southeastern Connecticut, anchored by New London and Groton.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 47 Nay 0 (04/22/2021)