



House of Representatives

File No. 679

General Assembly

February Session, 2022 **(Reprint of File No. 48)**

Substitute House Bill No. 5264
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 29, 2022

AN ACT CONCERNING THE APPROVAL OF FINANCIAL AID APPLICATIONS FILED WITH CONNECTICUT INNOVATIONS, INCORPORATED AND ESTABLISHING AN ATTENDANCE POLICY FOR CONNECTICUT INNOVATIONS, INCORPORATED'S BOARD OF DIRECTORS.

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

1 Section 1. Section 32-40 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2022*):

3 (a) All applications for financial aid shall be forwarded, together with
4 an application fee prescribed by the corporation, to the chief executive
5 officer of the corporation. Each such application shall be processed in
6 accordance with the written procedures adopted by the corporation
7 under subdivision (5) of subsection (d) of section 32-35. The board of
8 directors or a duly constituted committee thereof shall approve or deny
9 each application recommended by the chief executive officer. If the
10 board of directors or any such committee approves an application, the
11 board or such committee may authorize the corporation to enter into an
12 agreement or agreements on behalf of the corporation to provide

13 financial aid to the applicant. The applicant shall be promptly notified
14 of such action by the corporation.

15 (b) In making the decision as to approval or denial of an application,
16 the board or any committee of the board shall give priority to those
17 applicants (1) whose businesses are defense-dependent, or are located
18 in municipalities which the Commissioner of Economic and
19 Community Development has declared have been severely impacted by
20 prime defense contract cutbacks pursuant to section 32-56, and (2)
21 whose proposed research and development activity, technology,
22 product or invention is to be used to convert all or a portion of the
23 applicant's business to non-defense-related industrial or commercial
24 activity, or to create a new non-defense-related industrial or commercial
25 business. For purposes of this section, a defense-dependent business is
26 any business that derives over fifty per cent of its gross income,
27 generated from operations within the state, from prime defense
28 contracts or from subcontracts entered into in connection with prime
29 defense contracts, a significant portion of whose facilities and
30 equipment are designed specifically for defense production and cannot
31 be converted to nondefense uses without substantial investment.

32 (c) All financial and credit information and all trade secrets contained
33 in any application for financial aid submitted to the corporation or
34 obtained by the corporation concerning any applicant, project, activity,
35 technology, product or invention shall be exempt from the provisions of
36 subsection (a) of section 1-210.

37 (d) Notwithstanding the provisions of subsections (a) and (b) of this
38 section, the board of directors may delegate to staff of the corporation
39 the authority to approve any application for financial aid filed pursuant
40 to this section for not more than [one hundred fifty] five hundred
41 thousand dollars, provided (1) such application is processed in
42 accordance with the written procedures adopted by the corporation
43 under subdivision (5) of subsection (d) of section 32-35, and (2) the sum
44 of the financial aid requested in such application and the total amount
45 of financial aid awarded to the applicant by the corporation during the

46 preceding twelve-month period does not exceed [one hundred fifty] five
47 hundred thousand dollars.

48 Sec. 2. Subsections (b) and (c) of section 32-35 of the general statutes
49 are repealed and the following is substituted in lieu thereof (*Effective*
50 *October 1, 2022*):

51 (b) (1) The corporation shall be governed by a board of seventeen
52 directors. Nine members shall be appointed by the Governor, six of
53 whom shall be knowledgeable, and have favorable reputations for skill,
54 knowledge and experience, in the development of innovative start-up
55 businesses, including, but not limited to, expertise in academic research,
56 technology transfer and application, the development of technological
57 invention and new enterprise development and three of whom shall be
58 knowledgeable, and have favorable reputations for skill, knowledge
59 and experience, in the field of financial lending or the development of
60 commerce, trade and business. Four members shall be the
61 Commissioner of Economic and Community Development, the
62 president of the Connecticut State Colleges and Universities, the
63 Treasurer and the Secretary of the Office of Policy and Management,
64 who shall serve ex officio and shall have all of the powers and privileges
65 of a member of the board of directors. Each ex-officio member may
66 designate his deputy or any member of his staff to represent him at
67 meetings of the corporation with full power to act and vote in his behalf.
68 Four members shall be appointed as follows: One by the president pro
69 tempore of the Senate, one by the minority leader of the Senate, one by
70 the speaker of the House of Representatives and one by the minority
71 leader of the House of Representatives. [Each member appointed by the
72 Governor shall serve at the pleasure of the Governor but no longer than
73 the term of office of the Governor or until the member's successor is
74 appointed and qualified, whichever is longer. Each member appointed
75 by a member of the General Assembly shall serve in accordance with
76 the provisions of section 4-1a. A director shall be eligible for
77 reappointment. The Governor shall fill any vacancy for the unexpired
78 term of a member appointed by the Governor. The appropriate
79 legislative appointing authority shall fill any vacancy for the unexpired

80 term of a member appointed by such authority.] Except as provided in
 81 subdivision (2) of this subsection, (A) each member appointed by the
 82 Governor shall serve at the pleasure of the Governor but not longer than
 83 the term of office of the Governor or until the member's successor is
 84 appointed and qualified, whichever is longer, (B) the Governor shall fill
 85 any vacancy for the unexpired term of a member appointed by the
 86 Governor, (C) each member appointed by a member of the General
 87 Assembly shall serve in accordance with the provisions of section 4-1a,
 88 and (D) the appropriate legislative appointing authority shall fill any
 89 vacancy for the unexpired term of a member appointed by such
 90 authority. A director shall be eligible for reappointment.

91 (2) Any member appointed by the Governor or appointed by a
 92 member of the General Assembly who fails to attend three consecutive
 93 meetings of the board or who fails to attend fifty per cent of all meetings
 94 of the board held during any calendar year shall be deemed to have
 95 resigned from the board.

96 (3) Not later than thirty days after the occurrence of any vacancy, the
 97 chief executive officer of Connecticut Innovations, Incorporated, in
 98 consultation with the chairperson of the board, shall recommend a
 99 person to fill such vacancy to the appropriate appointing authority.

100 (c) The Governor shall appoint a chairperson from among the board
 101 members. The directors shall annually elect one of their number as
 102 secretary. The board may elect such other officers of the board as it
 103 deems proper. Members shall receive no compensation for the
 104 performance of their duties hereunder but shall be reimbursed for
 105 necessary expenses incurred in the performance thereof.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2022	32-40
Sec. 2	October 1, 2022	32-35(b) and (c)

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: None

Municipal Impact: None

Explanation

The bill has no fiscal impact by increasing the level of financial aid that may be delegated by the board of directors for approval by Connecticut Innovations (CI) staff from \$150,000 to \$500,000. It is anticipated that this provision will expedite awards that would otherwise be approved by the board of directors.

The bill also has no fiscal impact by modifying the terms of the members of the board of directors.

Background

CI is a quasi-public state agency that is primarily financed by loan repayments, investment returns, and fees. The state periodically provides General Obligation bonds to CI to support their program; however, the bill does not alter those bond authorizations and therefore has no state fiscal impact.

House "A" makes modifications to the terms of the members of the board of directors which have no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5264 (as amended by House "A")******AN ACT CONCERNING THE APPROVAL OF FINANCIAL AID APPLICATIONS FILED WITH CONNECTICUT INNOVATIONS, INCORPORATED AND ESTABLISHING AN ATTENDANCE POLICY FOR CONNECTICUT INNOVATIONS, INCORPORATED'S BOARD OF DIRECTORS.*****SUMMARY**

This bill increases, from \$150,000 to \$500,000, the (1) maximum amount of financial assistance that Connecticut Innovations, Inc. (CI) staff may approve in an individual application if delegated this authority by CI's board of directors and (2) aggregate 12-month cap on staff-awarded assistance to an applicant. Under the aggregate cap, CI staff cannot approve an assistance application if the amount requested plus the amount of CI assistance received by the applicant in the previous 12 months exceeds this cap (i.e., \$500,000 under the bill).

As under existing law, (1) assistance that exceeds either of these caps must be approved by the board of directors or a committee of the board and (2) CI staff exercising delegated approval authority must process the application according to procedures adopted by CI. Financial assistance includes loans, loan guarantees, equity investments, and other forms of economic development assistance.

Additionally, the bill deems an appointed member of CI's board of directors to have resigned if he or she misses three consecutive board meetings or fails to attend 50% of the meetings in a calendar year. It requires CI's chief executive officer, in consultation with the board chairperson, to recommend a replacement candidate to the appropriate appointing authority within 30 days after a vacancy occurs.

By law, the board has nine gubernatorial appointees, four legislative appointees, and four ex-officio members. Board members appointed by

the governor or a legislator serve at the pleasure of the appointing authority but no longer than the appointing authority's term of office or until a successor is appointed and qualified, whichever is longer.

*House Amendment "A" requires CI's chief executive officer to recommend a replacement candidate to the appointing authority, replacing a provision in the original bill that required the board chairperson to make a vacancy appointment directly.

EFFECTIVE DATE: October 1, 2022

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 16 Nay 7 (03/08/2022)