

Act Number: 09-172
Bill Number: 972
Senate Pages: 2616-2620 5
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Committee: Commerce: 549-552, 674 5

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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2009**

**VOL. 52
PART 8
2344 - 2636**

tmj
SENATE

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May 19, 2009

all items on Senate Agendas number 3 and 4, dated Tuesday, May 19th, 2009, to be acted upon as indicated. And that the agendas be incorporated by reference into the Senate Journal and the Senate Transcript.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Mr. President. One other item to be marked "go" before calling another Consent Calendar. Calendar page 27, Calendar 213, Senate Bill 972, that item had been called earlier and was then marked "passed temporarily", waiting for clarification on an Amendment. I believe that Amendment has arrived and if the Clerk may call that item next.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Turning to Calendar page 27, Calendar 213, File Number 253, substitute for Senate Bill 972, AN ACT CONCERNING CONNECTICUT INNOVATIONS, INCORPORATED, Favorably Reported, Committee on Commerce and Export, Government Administration and Elections and Finance,

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Revenue and Bonding.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Thank you, Mr. President. Mr. President --

THE CHAIR:

Mr. Majority Leader.

SENATOR LOONEY:

Mr. President, first, just on that item, would note that Senator McDonald has a Rule 15 on that item, it had been announced previously when the bill was under consideration earlier in today's session. I would yield to Senator LeBeau.

THE CHAIR:

So noted. Senator LeBeau.

SENATOR LEBEAU:

Thank you, Mr. President. I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Please proceed, sir.

SENATOR LEBEAU:

Thank you, Mr. President. The Clerk has an

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Amendment, LCO number 7614. May he call it and may I be allowed to summarize?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 7614, which will be designated as Senate Amendment, Schedule "A", as offered by Senator LeBeau of the 3rd District.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Thank you, Mr. President. I move passage of the Amendment.

THE CHAIR:

Please remark.

SENATOR LEBEAU:

Thank you, Mr. President. This Amendment is a clarifying Amendment in terms of the processes which are used in the reporting of certain data which is available and made available to the General Assembly through the Connecticut Innovations. This Amendment takes care of some of the issues that were raised in the Finance Committee about how certain data would be

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dealt with by the ranking Members and the Chairs of Finance, Revenue and Bonding, and Commerce.

THE CHAIR:

Will you remark further on the Amendment? If not, the Chair will try your minds. All in favor, signify by saying Aye.

SENATORS:

Aye.

THE CHAIR:

All opposed, Nay. The motion -- the Amendment is adopted. Senator LeBeau.

SENATOR LEBEAU:

Mr. President, on the bill, as I mentioned in passing, the Amendment -- the bill deals with Connecticut Innovations information, that is sent to the Commerce and Finance Committees and how that is dealt with. This bill is necessitated by some audit problems that have accompanied Connecticut Innovations over the past few years and this takes care of those audit problems.

THE CHAIR:

Will you remark further on the bill as amended? Remark further? If not, Senator LeBeau? If not, Mr.

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Clerk would you please announce the pendency of the roll call vote and the machine will be open.

THE CLERK:

A roll call vote has been ordered in the Senate.

Will all Senators please return to the Chamber? A roll call vote has been ordered in the Senate. Will all Senators please return to the Chamber?

THE CHAIR:

Senator Coleman. Senator Harp. Senator Slossberg. If all Members have voted, the machine will be closed and the Clerk please announce the tally.

THE CLERK:

Motion is on passage of Senate Bill 972, as amended by Senate Amendment Schedule "A".

Total Number Voting	35
Those voting Yea	35
Those voting Nay	0
Those absent and not voting	1

THE CHAIR:

The bill is passed. Mr. Majority Leader.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, if the

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2009**

**VOL.52
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9140 – 9490**

Senate Bill number 80 as amended by Senate A of House A

Total number voting	135
Necessary for passage	68
Those voting yea	127
Those voting nay	8
Those absent and not voting	16

SPEAKER DONOVAN:

The bill as amended is passed.

Will the Clerk please call Calendar 650.

THE CLERK:

On page 20, Calendar 650, substitute for Senate Bill number 972, AN ACT CONCERNING CONNECTICUT INNOVATIONS INCORPORATED.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (73rd):

Good morning, Mr. Speaker. I move for acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

SPEAKER DONOVAN:

Question on acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

Will you proceed, sir?

REP. BERGER (73rd):

Yes. Thank you, Mr. Speaker. The bill before us on Connecticut Innovations product is going to clear up audit points made by the auditor of public accounts. This bill will require CI to report gross revenue only for companies that make the information public in their normal course of business.

For other companies, CI must report each company's gross revenue separately while concealing its name and identity, which it exempts from the Freedom of Information Act. The bill also will require reporting to the committees of cognizance. And I move for adoption of the bill.

SPEAKER DONOVAN:

Questions on passage of the bill. Remark sir.

REP. BERGER (73rd):

Yes. And in the reporting component which will require reporting to Finance, Revenue, and Bonding in the Commerce Committee of this information. The Clerk is in possession of amendment LCO number 7614. I ask that he call and be allowed to summarize. Thank you.

SPEAKER DONOVAN:

Will the Clerk please call LCO 7614 which is designated Senate A.

THE CLERK:

LCO number 7614, Senate A offered by Senator LeBeau.

SPEAKER DONOVAN:

Representative seeks leave of the chamber to summarize the amendment. Is there objection?

Hearing none, Representative Berger, you may proceed with summarization.

REP. BERGER (73rd):

Yes. Thank you, Mr. Speaker. And in the new era of bipartisanship in the chamber, we are that of the Ranking Members of both the Finance, Revenue, and Bonding and Commerce Committee to the ability to be able to obtain this information in confidentiality between the ranking members, leadership of the committee, and membership of both committees. I move its passage.

SPEAKER DONOVAN:

The question before the chamber is adoption of Senate A. Remark further on the amendment?

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. If I may, a question or two to the proponent of the amendment.

SPEAKER DONOVAN:

Please proceed, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. If I understand then the purpose of the amendment that's before us then it's to broaden the access to the information that is being reported so it's not only submitted to the chairpersons of the two committees but also the ranking members. Is that not correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (73rd):

That is affirmative.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. In lines 5 through 7, the Senate in its infinite wisdom saw to adding or looking to add that this data that would be disclosed to the chairs and the ranking members may also be disclosed to members of said committees with the proviso that they are to keep such data confidential. Do we know what the -- what they were looking to do here? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (73rd):

Yes. Through you, Mr. Speaker. The purpose there is obviously to expand the reporting to ranking members and to committee members but also to again, protect the confidentiality of certainly identity -- identity and trade secrets and to keep them within the committee. They are not -- that information is not to be disclosed either through outside of ranking members, leadership, and the committee itself. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. In lines 19 through 26 of the bill which will be amended, do I understand correctly then gross revenue is reported one of two ways. If it's a public company it's information that will be publicly accessible and everyone will have access to that. But if it's not a public company will make reference to it under some type of scheme where the company would be perhaps identified as company A, company B? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (73rd):

Through you, Mr. Speaker, that is correct.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And the same proviso, the same degree of confidentiality would then be what we're looking to do here in the Senate Amendment A that we would provide to the members of the committee. Is that not correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

That is affirmative.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. When we talk about the confidential data is there anything other than revenue that we are looking to collect that would be considered confidential? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

Yes. Through you, Mr. Speaker. We could probably assume then that trade -- trade secrets or trade patents or policy would be subject under the provisions of this amendment. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. So will the ranking members and chairs have that access to trade secrets before us that we're going to be deemed to try to provide -- make confidential? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

Yes. Thank you, Mr. Speaker. That information is included in the confidentiality between ranking members and committee members and it -- and it will be disseminated accordingly if the amendment is passed. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. So when we look at lines 42 and 43 in the proposed amendment, when we discuss the detailed data --

so the detailed data does not only refer to revenue. It refers to other information that presently is being collected by Connecticut Innovations. Is that not correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

That is affirmative. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And in today's world is any of this information presently shared with the chairs or ranking members by Connecticut Innovations? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

Through you, Mr. Speaker, not to this point but would this amendment pass with the bill, we will have -- that sharing will take place.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. Mr. Speaker, I will listen to the debate. I was very comfortable with this amendment as it referred to the ranking members and the chairs. I'm concerned about spreading the confidentiality to the membership as a whole. Was there anything in the auditor's report that we're looking to correct in terms of making sure that committee membership have access to this information? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

Through you, Mr. Speaker, the auditor's points were that -- that this reporting of stature on their annual report amongst other things would have to include the gross revenues of each portfolio company. But also the auditor's report was very specific that confidentiality of those -- of financial information was to be protected.

But for the committee's to be able to do their work, through you, Mr. Speaker, and to analyze the important data in making decision and policy for CI, which is -- which the Commerce Committee has cognizance over, it was -- it was deemed that this information while confidentiality would be maintained,

was important data in the collection of this information for the committee, its ranking members, and leadership to be able to make valid policy through their general assembly. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. So, looking again at the amendment and the bill that would be amended by this, the same caveats would protect that other data, would it not, if -- if we had a situation where we had a company which did not have public revenue information.

It was a privately held company. We would continue to refer to that company as perhaps company A, company B. So Connecticut Innovations would protect the integrity, not only as it relates to the revenue figures but also those other categories of confidential information that, you know, we categorize as trade secrets. Is that not correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

That is affirmative. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Mr. Speaker. I will be supporting this amendment. I urge my colleagues to support this amendment. I think we will have to look to see how it's implemented over the next year or two but I think we satisfy a couple things with this amendment and then once we pass the amendment, the amended bill, which I would also urge that we accept.

I think we accomplish addressing the auditor's issue but we also address getting some more business information that hopefully we can use to further the growth of businesses in the State of Connecticut. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I do certainly support the intent of this legislation and I just -- in listening to the discussion I just had a couple of brief questions, if I may, to the proponent of the amendment.

SPEAKER DONOVAN:

Please proceed, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I appreciate the necessity in us keeping this information confidential. And I just wanted to make sure it be clear that when the information is disseminated to the chairs and ranking members of the committees of cognizance, this information at the discretion of the chairs and ranking members would be shared to the committee.

And my question is how would that information be shared? Does the committees -- does the committees have the ability to hold a sort of executive session or a private meeting? Because typically our committee meetings are open to the public but this statute would enable us, I'm assuming, for the committees to meet in private, without staff, to go over these reports. The reports might be disseminated by CI. They would be present at the meeting; would collect that data backup. Am I correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

Yes. Through you, Mr. Speaker. If the committees -- the ranking members and leadership of the committees were to receive that information, we can disseminate that information a couple of different ways. For legislative intent I believe that as far as the Commerce Committee would be concerned, that information

number one could be shared in our screening process in Commerce, where both the ranking members and leadership take part in.

But also -- also more importantly we can do this under a separate Republican or Democratic caucus situation outside of the public venue with CTN. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And one final question, through you, the bill doesn't expressly exempt this report from the Freedom of Information Act but I would assume that because in the bill we're designating it as being confidential information that automatically would pull it into being exempt from any type of FOI request? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

Through you, Mr. Speaker, that is affirmative.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I appreciate the good Representative's answers to my questions.

SPEAKER DONOVAN:

Remark further on the amendment. Remark further on Senate
A. If not, let me try your minds.

Representative Spallone.

REP. SPALLONE (36th):

Thank you, Mr. Speaker. And good morning. I have a
question for the proponent of the amendment.

SPEAKER DONOVAN:

Please proceed, sir.

REP. SPALLONE (36th):

Through you, Mr. Speaker, to the Chairman of the Commerce
Committee, I've been reviewing the amendment and note the
confidential nature of the data that would be kept by the
leadership of the committee. And I wanted to ask for the
legislative record whether this data that would be kept
confidential is trade secrets?

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (72nd):

Yes. Through you, Mr. Speaker, there could in the
configuration of the data -- there could be trade information of
individual companies which would fall under the confidentiality
locator within the amendment.

SPEAKER DONOVAN:

Representative Spallone.

REP. SPALLONE (36th):

Thank you, Mr. Speaker and I thank the Chairman for his answer. Mr. Speaker, I wanted to ask that question because I wanted to make sure we weren't broadening the already existing exemption for trade secrets that exists in our Freedom of Information Act. And based on the Chairman's answer, I believe that is the case. This is not an expansion and therefore I can support the amendment. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Remark further on Senate A? Remark further on Senate A? If not, let me try your minds. All those in favor of Senate A please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

All opposed nay.

The ayes have it. The amendment is adopted. Remark further on the bill as amended? Remark further on the bill as amended? If not, staff and guests come to the well of the House. Members take their seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by roll call.

Members to the chamber. The House is voting by roll call.

Members to the chamber please.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted?
Please check the roll call board to make sure your votes were
properly cast. If all the members have voted, the machine will
be locked. The Clerk will take a tally. Will the Clerk please
announce the tally.

THE CLERK:

Senate Bill 972 as amended by Senate A in concurrence with
the Senate.

Total number voting	141
Necessary for passage	71
Those voting yea	141
Those voting nay	0
Those absent and not voting	10

SPEAKER DONOVAN:

The bill as amended is passed.

Will the Clerk please call Calendar 694.

THE CLERK:

**JOINT
STANDING
COMMITTEE
HEARINGS**

**COMMERCE
PART 2
337 – 676**

2009

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md/med COMMERCE COMMITTEE

February 24, 2009
10:00 A.M.

CHAIRMEN: Senator LeBeau
Representative Berger

VICE CHAIRMEN: Senator Crisco

MEMBERS PRESENT
SENATORS: Frantz, Musto

REPRESENTATIVES: Alberts, Aresimowicz,
Gentile, Hornish,
Johnston, Kane,
Mazurek, Mioli, Morin,
Perone, Noujaim,
Santiago, Stripp

REP. BERGER: -- agenda. And first as an agency,
would be Emily Smith. I believe, Emily,
you're first.

And at this time we are reconvening the public
hearing.

So Emily, please.

EMILY SMITH: Good morning, Senator LeBeau,
Representative Berger, and members of the
Commerce Committee. I'm here today to speak
about raised Senate Bill 972, and I'd like to
thank the committee for raising this bill.

CI requested this bill which makes a change to
its statute, we find the bill -- the bill is
necessary because of some comments that the
Auditors of Public Accounts have brought to
our attention over the last several audit
years. Basically the bill is amending our
statute that requires CI to provide to the
Legislature every a financial assistance
report. In that report there's -- we gather
up a lot of information about all the

companies that CI invests in, and then we provide that in an easy to read format to this committee, as well as to the Commissioner of DECD and the public auditors.

There is some information that we are required to collect under this statute that our companies consider to be confidential financial information, and that is specifically their gross revenue information. CI has a provision in its statute -- it's that Connecticut General Statute 32-40c -- that allows it to protect confidential financial information, to protect it from public disclosure.

So when we report the gross revenue information that's required under our financial assistance report statute, we -- we report the gross revenue information blindly so that it doesn't -- it can't be identified by the public as being -- as belonging to any particular company. The Auditors of Public Accounts has raised this as an issue, and they tell us that we're not complying with the terms of the financial assistance report statute. So this bill is intended to allow us to report that confidential information blindly for those companies in our portfolio that are privately owned companies. We do have a couple companies in our portfolio that are publicly held companies and would be -- and we will continue to report that information with the company name associated with it, but we'd like to be able to report the gross revenue information for our privately held companies blindly. So that's what this bill does. Thank you.

REP. BERGER: Okay. Thank you, Emily. And just one other question on an aside here. I know you testified originally when we had you up as

a committee, and as far as the funds available to your organization right now, what is the amount of your -- that you're capitalized at? Because what I'm getting at is that, as we go through this budget process there may be and there has been talk of possible, you know, of clawback, so to speak, to some funds within your organization. And I just was wondering, what was the dollar amount of your total capitalized funds at this point?

EMILY SMITH: To be honest with you, Representative Berger, I'm not sure how much cash we have available right now. I'd have to get back to you on that. But I would just like to remind this committee that in 2003, '4, and '5, CI was required to send 17 and a half million dollars to the state during that budget -- budget crisis. It wasn't really a crisis as compared to this one, but -- so we did return 17 and a half million dollars to the state during that three year fiscal period. And it was a direct reduction in the number of investments that we were able to make and the number of companies that we were able to support. I mean there were -- there were one or two of those years during that time period where we -- where we only made one or two new investments a year, and we're on target now to make 22 new investments this year. So it -- I would just -- I'd bring that up because I believe that's something to think about as far as the consequences of taking money from Connecticut Innovations.

REP. BERGER: Again, thank you. Because, you know, moving forward I'm very concerned about that as it will ultimately affect, you know, your small business development growth.

EMILY SMITH: Yes.

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md/med COMMERCE COMMITTEE

February 24, 2009
10:00 A.M.

REP. BERGER: Just another attack here on our ability to be able to stimulate the economy with our small business growth. Okay. Well, thank you, for that side comment.

EMILY SMITH: And I will get you the dollar amount.

REP. BERGER: Yeah. Just so I -- and, you know, and the affect of the loss of funds and the --

EMILY SMITH: I will get you that.

REP. BERGER: -- ability to be able to --

EMILY SMITH: Yeah.

REP. BERGER: -- you know, expand. All right.

EMILY SMITH: Sure.

REP. BERGER: Thank you.

EMILY SMITH: Thank you.

REP. BERGER: Any comments or questions from committee members?

Thank you.

EMILY SMITH: Thank you.

REP. BERGER: Thank you, Emily.

On the public list, first up is Brian Graff speaking to Bill Number 971.

Brian, I see that you're well prepared there. Is that -- that's not the stimulus package? It should be interesting. If you could state your name for the record.

BRIAN H. GRAFF: Thank you, Mr. Chairman and



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**Statement of Connecticut Innovations Regarding Raised S.B. 972 An Act
Concerning Connecticut Innovations, Incorporated**

Good Morning Senator LeBeau, Representative Berger and members of the Commerce Committee. I would like to thank this committee for raising S.B. 972 An Act Concerning Connecticut Innovations, Incorporated. This bill makes a change to CI's statutes that is necessary in order for Connecticut Innovations to clear up audit points made by the Auditors of Public Accounts.

The bill amends C.G.S 32-47a which is CI's financial assistance report statute. The current statute requires CI to annually report, amongst other things, gross revenues for each of our portfolio companies. In order to protect the confidential nature of our companies' financial information, and in compliance with the CI's statute relating to public document disclosure, CI includes the gross revenue information in its financial assistance report in the aggregate instead of by individual company. However, based on our latest audit by the auditors of public accounts, by reporting confidential revenue information in the aggregate, CI is not in compliance with the requirements of C.G.S. 32-47a. Therefore, we are asking for passage of Raised S.B. 972 which will allow CI to meet the requirements of C.G.S. 32-47a without disclosing confidential financial information about our privately- held portfolio companies.