

PA 11-218

SB1173

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**JOINT
STANDING
COMMITTEE
HEARINGS**

**COMMERCE
PART 4
899 – 1114**

2011

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ac/gdm/gbr COMMERCE COMMITTEE

March 15, 2011
10:00 A.M.

REP. BERGER: Next up on the public portion -- and just to be advised, we will be timing three minutes on the public portion with chair discretion.

John Hanson, please.

JOHN HANSON: Cochairs, ranking members, and members of the Commerce Committee, thank you for allowing me to provide testimony on Senate Bill 1173, AN ACT CONCERNING PRIVATE INVESTMENTS FOR CONNECTICUT INNOVATIONS, and Senate Bill 1171, AN ACT CONCERNING TECHNOLOGY TRANSFERS.

My name is John Hanson. I manage a program within the University of Connecticut office of technology commercialization, referred to as the Tech-knowledge Portal Program, which is a grant funded by the economic development administration, and I am also involved in the technology incubation program.

Both these bills today relate to the ability of university research to be transferred to society, and to drive positive economic development outcomes in Connecticut.

Senate Bill 1173 amends Public Act 10-75, AN ACT CONCERNING THE RECOMMENDATIONS OF THE MAJORITY LEADERS' JOBS GROWTH ROUNDTABLE. Senate Bill 1173 will put UConn and other public university start-up companies on a level playing field with other businesses that are seeking pre-seed funding from Connecticut Innovations.

Connecticut Innovations has been very helpful to the university in trying to count our patents and prototype expenses, as private investment match for UConn start-ups seeking pre-seed funding from CI, since these expenses

are not funded by state funds but are supported by outside revenue.

However, as recently discovered, that in Section 12 of Public Act 10-75, AN ACT CONCERNING THE RECOMMENDATIONS OF THE MAJORITY LEADERS' JOBS GROWTH ROUNDTABLE, that prohibits CI from doing so.

Senate Bill 1173 would allow CI to evaluate investments opportunities and start-ups, which are commercializing state university-owned technology, the same way it does other companies.

CI currently allows other companies to use patent and prototype expenditures to meet private investment match but are unable to count similar UConn expenditures for our own start-up companies.

Each year the university spends up to \$150,000 to support prototype development and commercialization of UConn invented technologies, and also spends up to \$750,000 to protect university faculty and student inventions.

It's important to note that much of this funding is derived from private funds that are paid to UConn in the form of royalties or patent reimbursements from our licensees that suggest that they meet the spirit of the match requirement for private dollars. Note that all the matching funds will come from -- will not come from state appropriations or from tuition or fee revenue.

This bill will correct an unforeseen technical problem which creates a disadvantage to university start-up companies receiving support through university programs aimed at

economic development. UConn faculty and students generate about 90 new inventions a year.

By counting UConn expenditures made for prototype and patent costs, as a match, we can assure that an increasingly significant share of those inventions make their way into new companies and into the marketplace, in order to increase jobs and revenue for the State of Connecticut.

I also brief -- I also briefly would like to comment on --

SENATOR LEBEAU: Please continue, Mr. Hanson.

JOHN HANSON: -- thank you. I would also like to briefly comment on Senate Bill 1171, AN ACT CONCERNING TECHNOLOGY TRANSFERS.

This bill would create a higher education technology transfer policy board focused on improving the tech transfer process and creating jobs and economic growth. The office of technology commercialization at the University of Connecticut is dedicated to the dual mission of technology transfer and economic development.

We share the committee's goal to increase technology transfer in higher education. We urge the committee to consider developing an advisory board consisting of members of the University of Connecticut office of technology commercialization, and members of a private university or college in the State with a major research facility and who are involved in technology transfer, and the balance from technology firms that are part of key clusters within the Connecticut economy.

dedicated to tech transfer, to drive UConn technology into the market via licensing of our patents or through entrepreneurial tech transfer, the creation of start-up companies from our technology.

And second, we support tech-based economic development in the state, through our technology incubation program and through my tech-knowledge portal program, both of which nurture small businesses in the state that hold the promise of driving job creation in the future.

So thank you for your time and consideration of these issues. I would be happy to answer any questions.

REP. BERGER: Thank you for your testimony.
Senator LeBeau.

JOHN HANSON: Thank you, Senator.

REP. BERGER: Representative Haddad.

REP. HADDAD: Thank you for coming and testifying SB1171 SB1173
this -- this morning. You run the
tech-knowledge portal program at UConn.

JOHN HANSON: Uh-huh.

REP. HADDAD: And my -- my understanding about what you do is you -- you are the liaison between private industry and the University of Connecticut's resources.

JOHN HANSON: Yeah. That's correct. Mainly, we've targeted the entrepreneurial community and the venture community and -- but also manufacturing companies that are looking to make contacts with -- take advantage of the

facilities or make introductions to any of our researchers. But broadly, yes, it's a point of contact for any state entity or business that wants to take advantage of the resources at the university.

REP. HADDAD: And -- and you said in your testimony, your position is funded with a federal-- with federal grants?

JOHN HANSON: Yeah. That is correct. It's -- the economic development administration has a program they call their university center programs, so they're trying to encourage universities to engage in tech-based economic development or economic development, in general. But because this center is housed in the office of technology commercialization, we are focused on tech-based connections to the -- to the state.

REP. HADDAD: Is that -- is that funding secure for the foreseeable future?

JOHN HANSON: No. That's actually -- it's annually renewable, but it's a three-year grant. And so we recompute that grant every three years, and we're in a competition cycle -- we're going into one right now.

REP. HADDAD: And -- and do you have counterparts at other universities in Connecticut with similar research resources?

JOHN HANSON: Well, there's -- the -- the EDA grant, for the university center, is the only one in the state. And so, in that context, I am the only one. But, I think, at Yale -- of course, Yale has their office of cooperative research which has certain functions that try to transfer technology out of their university.

I'm less familiar with how they engage and, you know, and -- and invite for-profit businesses to engage with the technology capacity at Yale. I'm not that familiar with it. I know certain folks that are doing -- you know, working with students, trying to drive technology out, but I'm -- I'm less certain of how they work to try to invite discourse with industry.

REP. HADDAD: Right. I mean -- I guess -- I mean, I guess that's the -- that's the reason why we're doing -- for what we're doing with -- in the legislation. Right?

Is -- is -- I mean, I -- I view what you do as being a very valuable role to play on -- on the part of the University of Connecticut, but there are other research institutions, Yale, you know, and others. And-- and it would be good to see if we could foster a growing relationship between private industry and their research and development components and -- and the work that's going on in our major universities.

JOHN HANSON: You know, I think, especially given what's happened in the -- the state economy, or across -- obviously, across the United States over the last two and a half years, anything we can do to take greater advantage of our -- either the technology that spins out of our universities, or just to capitalize on the technical capacity of our universities, I think is a very worthy objective and, obviously, we've -- I've structured my program to try to make that happen.

REP. HADDAD: Thank you.

REP. BERGER: Thank you, Representative.

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 University of Connecticut

Testimony

Provided

By

John Hanson
Director - Tech-Knowledge Portal Program
Office of Technology Commercialization
University of Connecticut

Commerce Committee Public Hearing
March 15, 2011

Co-Chairs, Ranking Members, and Members of the Commerce Committee, thank you for allowing me to provide testimony on Senate Bill 1173, An Act Concerning Qualified Private Investments for Connecticut Innovations and Senate Bill 1171, An Act Concerning Technology Transfers. Both of these bills relate to the ability of University research to be transferred to society, and to drive positive economic development outcomes in Connecticut.

Senate Bill 1173 amends P.A. 10-75, An Act Concerning the Recommendations of the Majority Leaders' Jobs Growth Roundtable. Senate Bill 1173 will put UConn, and other public university startup companies on a level playing field with other businesses seeking preseed funding from Connecticut Innovations (CI).

CI has been very helpful to the University in trying to count our patent and prototype expenses as a private investment match for UConn startups seeking preseed funding from CI since these expenses are not funded by state funds but are supported by outside revenue. However, it was recently discovered that section 12 of P.A. 10-75, An Act Concerning the Recommendations of the Majority Leaders' Jobs Growth Roundtable, prohibits CI from doing so.

Senate Bill 1173 would allow CI to evaluate investment opportunities in startups which are commercializing state university-owned technology the same way it does other companies. CI currently allows other companies to use patent and prototype development expenditures to meet the private investment match but are unable to count similar UConn expenditures for our startup companies.

Each year the University spends up to \$150,000 to support prototype development for commercialization of UConn invented technologies and up to \$750,000 to protect University faculty and student inventions. It is important to note that much of this funding is derived from private funds that are paid to UConn in the form of royalties or patent reimbursements from our licensees that suggest they meet the spirit of the match requirement for private dollars. None of the matching funds will come from state appropriations or tuition and fees revenue

This bill will correct an unforeseen technical problem which creates a disadvantage to University startup companies receiving support through University programs aimed at economic development. UConn faculty and students generate about 90 new inventions each year. By counting UConn expenditures made for prototype and patents costs as a match, we can assure that an increasingly significant share of those inventions make their way into new companies and the marketplace in order to increase jobs and revenue for the State of Connecticut.

I also wanted to briefly comment on Senate Bill 1171, An Act Concerning Technology Transfers. This bill would create a Higher Education Technology Transfer Policy Board focused on improving the tech transfer process and creating jobs and economic growth. The Office of Technology Commercialization at the University of Connecticut is dedicated to the dual mission of technology transfer and economic development. We share the Committee's goal to increase technology transfer in higher education. We urge the committee to consider developing an advisory board consisting of members from the University of Connecticut Office of Technology Commercialization, and members of a private university or college in the state with a major research facility and who are involved in technology transfer, and the balance from technology firms that are part of key clusters within the Connecticut Economy. We believe that such a committee would identify the business and technology sectors that would lead to job creation and economic growth in the state, determine whether certain universities are adequately staffed to support such sectors, promote research collaboration with business and industry and generate new patents and licenses through the developed technology.

I would like to provide a brief account of UConn's activity in the economic development arena – an area of concern for all of us, especially given the challenging economic environment over the past two and a half years.

Within the Office of Technology Commercialization we manage a Technology Incubator Program, with wet lab and office space at the Storrs campus, and at our Farmington and Avery Point sites. Companies that spin out from UConn technologies, ideally with support from CI's pre-seed fund, are nurtured in this environment until they are ready to graduate and become established businesses and contribute to the state's economic health. Additionally, we invite entrepreneurs and other tech-based start-ups to join our incubator. Today we have 14 companies incubating in our facilities. Companies that are admitted enjoy the opportunity to collaborate with our researchers, and have access to facilities and resources that help them achieve profitable growth. To date, companies that have been involved in our incubators have generated 65 full time jobs, 33 part time jobs, and have earned over \$19M in revenue, contributing over \$200,000 in tax revenue

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Thank you, Representative. Dennis,
congratulations on your retirement. As I used to
refer to him from the Danny Thomas Show, Uncle
Tonusse. Congratulations, Dennis. Nice knowing you.
All the best.

Any other announcements or introductions? Any
other announcements or introductions?

DEPUTY SPEAKER ORANGE:

The Chamber will come back to order and we will
return to the Call of the Calendar.

Will the Clerk please call Calendar Number 549.

THE CLERK:

On Page 23, Calendar 549, Senate Bill Number 1173
AN ACT CONCERNING QUALIFIED PRIVATE INVESTMENTS FOR
CONNECTICUT INNOVATIONS, INCORPORATED'S PRESEED
PROGRAM. Favorable Report of the Committee on
Appropriations.

DEPUTY SPEAKER ORANGE:

Representative Haddad, you have the floor, sir.

REP. HADDAD (54th):

Madam Speaker, I move for acceptance of the Joint
Committee's Favorable Report and passage of the Bill
in concurrence with the Senate.

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The question is on acceptance and passage of the Bill in concurrence with the Senate. Will you remark?

REP. HADDAD (54th):

Yes, Madam Speaker, this Bill helps expand our Preseed Program, which provides small loans to emerging technical companies by expanding the criteria for inclusion in the program to include funds from private institutions, from public institutions of higher education, provided that those funds are not state appropriated funds, or funds from student tuition or fees.

I urge my colleagues to support the Bill.

DEPUTY SPEAKER ORANGE:

The question is on passage of the Bill. Will you remark? Will you care to remark? Representative Haddad.

Representative Camillo, you have the floor, sir.

REP. CAMILLO (151st):

Thank you, Madam Speaker. Through you, Madam Speaker, a few questions to Representative Haddad.

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. CAMILLO (151st):

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It says here one of the components of this is that the businesses have to be principally located in Connecticut. If he could clarify exactly what that entails? Does it have to be the main office, revenue driven, et cetera.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker, a Connecticut presence is determined by CI in a number of different ways. It includes maintaining the company's principal place of business in the State of Connecticut, basing the majority of the company's employees and its subsidiaries in the State of Connecticut, basing the company's operational functions, including customer service, research and development in the State of Connecticut, and conducting a majority of the company's administrative functions in the State of Connecticut.

Representative Camillo.

REP. CAMILLO (151st):

Thank you, Madam Speaker and thank you to the gentleman for his answer. And one last question.

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There was a fiscal note on this Bill and I understand it's been amended so I wanted to clarify and see if there is a dollar amount still on this?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

That's a very good question, Representative Camillo. I'm happy to report that the fiscal note has been corrected. There is no fiscal impact to this Bill.

DEPUTY SPEAKER ORANGE:

Representative Camillo.

REP. CAMILLO (151st):

Thank you, Madam Speaker. I thank the gentleman for his answer. I think this is a good Bill. It will help drive technology from our public institutions and universities into the marketplace, and I urge its passage. Thank you.

DEPUTY SPEAKER ORANGE:

Will you remark further? Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker, if I may, a question to the proponent of the Bill.

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DEPUTY SPEAKER ORANGE:

Please proceed.

REP. ALBERTS (50th):

Thank you, Madam Speaker. In terms of the previous conversation about operations taking place in Connecticut, do I understand that it would just be necessary for some of the operations or a majority of the operations to take place in the state? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker, it would be the majority of the operations.

I would just point out that these are very small companies. Frequently they are a few employees, sometimes two, three or four and the Bill also specifies that 75% of the employees be located in Connecticut.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker, and I do respect that. My concern would be, I don't want to have it so tight

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that we're not able to do the good work that the Bill envisions.

Looking a little bit further in the same section there's reference to private investment dollars. How would those private investment dollars work?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Yes. The Preseed Program, when it was established, through you, Madam Speaker, the Preseed Program when it was established required a 50 percent match to qualify for the program. Private companies do that through private investors.

In this instance, the University of Connecticut, for example, operates a revolving fund where it uses licensing from previously accomplished businesses that those funds from those licensing operations come and are re-invested into emerging companies that are based on university technology, and so we can accomplish the goal of using, for example, patent expenses and other things that are used to protect university property to meet the match requirement.

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Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. But, so I understand we'll be using licensing fees. But under no condition would we be co-mingling student tuition or other fees that come through the university. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

That is correct.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. I thank the gentleman for his answers. I support the Bill.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will you care to remark?

Representative LeGeyt, you have the floor.

REP. LEGEYT (17th):

Thank you, Madam Speaker, good afternoon to you.

DEPUTY SPEAKER ORANGE:

Good afternoon.

REP. LEGEYT (17th):

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A couple of questions to the proponent of the Bill.

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. LEGEYT (17th):

Connecticut Innovations is the functioning organization, corporation, that is designated to administer these funds. Is that a private corporation or is it a quasi public? Is there any connection to the State of Connecticut incorporated within Connecticut Innovations.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker, Connecticut Innovations is a quasi public agency.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LEGEYT (17th):

Thank you, Madam Speaker. And as such as a quasi public agency, there must be restrictions and requirements on the way that it can administer these funds that have been previously allocated to its use.

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Can you share what any of those restrictions are?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Yes. When the program was adopted, they put in a series of regulations. It's monitored by their board of directors and by the executive director.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LEGEYT (17th):

Thank you, Madam Speaker. And with regard to the Preseed money that, the \$5 million that was allocated in '75, because it is quasi public, does Connecticut Innovations have restrictions on its, on the way that it can administer those funds that might not be the case if this was a purely private institution?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

The answer is yes. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

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REP. LEGEYT (17th):

Thank you, Madam Speaker, and might the good Representative share what those are? Through you.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker, the board and the director of Connecticut Innovations operate this loan fund and it's done with established guidelines that they've established.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LEGEYT (17th):

Thank you, Madam Speaker. I guess what I'm trying to get to is, would the, through you, Madam Speaker to the good Representative, would the restrictions on Connecticut Innovations as a quasi public corporation make a difference when it comes to the businesses that they're able to fund with this Preseed money or start-up money?

Does the fact that it's a quasi public corporation limit in any way the kind of business that they can choose or the requirements about the makeup of that business, and therefore have an effect on the

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choices that they make for the funds that they have to administer?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker, I think to answer Representative LeGeyt's question, I would just mention that the reason why we have assigned this responsibility to CI is because they have a lot of experience working with technology companies.

And so as companies apply for this money, they are capable of doing the technical oversight to be able to determine if the technology is worthy of inclusion in the program.

They have that technical expertise, and providing them, making them the administrators of the Preseed Program were able to take advantage of that technical expertise.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LEGEYT (17th):

Thank you, Madam Speaker. I appreciate that answer. With the passage of our energy Bill last

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night, and the development of reorganization such that we have, we now have the Department of Energy and something else, protection, the deep and deeper, perhaps.

Does the makeup of the board for Connecticut Innovations change as a result of that?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker, the answer is no.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LEGEYT (17th):

Thank you, Madam Speaker. And the establishment of that fund of \$5 million, is there any limit on how much, I don't know how much is left, but is there any limit on how much Connecticut Innovations can award in a particular fiscal or calendar year? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

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Through you, Madam Speaker, I think Connecticut Innovations has awarded a little over \$1 million of this money to date. It is a revolving loan fund, and so we anticipate that that money will eventually get restored to the fund itself, and it become self-perpetuating.

So I think that as they begin to write loans, their goal will be to ensure that the fund always has sufficient funds to be able to take new applications.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LEGEYT (17th):

Thank you, Madam Speaker, and I appreciate those answers. I thank the good Representative for clarifying some of my questions and helping me to better understand what this Bill does, and I'm solidly in favor of this Bill, Madam Speaker, and urge my colleagues to support it.

Thank you.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will you care to remark?

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you so much, Madam Speaker, good afternoon.

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DEPUTY SPEAKER ORANGE:

Good afternoon.

REP. LAVIELLE (143rd):

Started to say morning. I have a few questions for the proponent if I may.

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. LAVIELLE (143rd):

Thank you, Madam Speaker. My first question, through you, is about the reference to private investments in line 20, and the proponent referred to the licenses issued by the universities for their technology.

I wondered if there was any other source of funds that the higher ed institutions might be drawing on to provide this funding? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Representative Lavielle, and through you, Madam Speaker, the Bill limits private investment dollars in this instance to include, to prohibit the inclusion of state appropriated funds and student tuition and fees.

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The practice at the University of Connecticut and other places is to use the licensing fees that are collected from previously licensed technology to fund these expenditures.

DEPUTY SPEAKER ORANGE:

Representative Lavielle.

REP. LAVIELLE (143rd):

I thank Representative Haddad for that answer, and I just wondered if there were, if there was any other practice or any other possibility for examples, private donations made to a university. Are those funds that could be used for this as well?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker, the Bill would not prohibit that from occurring, but I am not aware that that's the current practice.

DEPUTY SPEAKER ORANGE:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you. And through you, Madam Speaker, I also was interested in knowing whether when

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Connecticut Innovations has made an investment, provided seed money for a business, are there conditions under which, for example, if the business did not seem to be performing or deviated from its original purpose, can Connecticut Innovations pull its funding out? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker. Yes, the program application requires that there are repurchase obligations in the event that the company becomes ineligible.

For example, if they move their operations out of the State of Connecticut, they would have to return the money to CI.

DEPUTY SPEAKER ORANGE:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you. And in that event, if some of the money came from a university source, would that money then be returned to the university? Through you, Madam Speaker.

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Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker, I believe the answer would be yes, in the same way that it is with CI.

DEPUTY SPEAKER ORANGE:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you very much. A final question, because I know Representative Haddad said a few minutes ago that the, this is a revolving loan fund, so when a company has succeeded it can pay back the funds that it obtained.

Are the funds that have not been provided as seed money, are they earning interest or somehow invested otherwise, and is the fund growing on its own?

Through you, Madam Speaker, and at what rate?

DEPUTY SPEAKER ORANGE:

Representative Haddad.

REP. HADDAD (54th):

Through you, Madam Speaker, I think the answer is yes. I don't have the information about at what rate.

DEPUTY SPEAKER ORANGE:

Representative Lavielle.

REP. LAVIELLE (143rd):

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Thank you. I thank the gentleman for his answers, and I do support the Bill. I think it's definitely a good Bill. Thank you.

DEPUTY SPEAKER ORANGE:

Thank you, madam. Will you care to remark on the Bill? Will you care to remark?

If not, staff and guests please come to the Well of the House. Members take your 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.

DEPUTY SPEAKER ORANGE:

Will you care to remark further? No, that's not it. Have all Members voted? That's it. Have all Members voted?

If all Members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Senate Bill 1173 in concurrence with the Senate.

Total Number Voting 143

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Necessary for Passage	72
Those voting Yea	143
Those voting Nay	0
Those absent and not voting	8

DEPUTY SPEAKER ORANGE:

The Bill passes in concurrence with the Senate.

Are there any announcements or points of personal privilege? Announcements or points? Representative Kim Rose, you have the floor, madam.

REP. ROSE (118th):

Thank you, Madam Chairperson. I'm sorry, thank you, Madam Speaker. I'd like to introduce somebody who is here today helping us out, working the floor. This young man I've known since he was a little child and I happened to see him at one of the polling places handing out my opponent's literature.

We invited him up anyway, and we're hoping to convert him over to a D, and I'd like to ask if you would give a warm welcome to Matt Gaynor from Milford.

DEPUTY SPEAKER ORANGE:

Welcome, Matt. We will not return to the Call of the Calendar. Will the Clerk please call Calendar 600.

THE CLERK:

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THE CHAIR:

The consent calendar has been adopted, Consent
Calendar Number 2.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Madam President.

Madam President, an additional item to mark go
at the present time, calendar page 34, Calendar
242, Senate Bill 1173.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calendar page 34, Calendar 242, File Number
433 Senate Bill 1173, AN ACT CONCERNING QUALIFIED
PRIVATE INVESTMENTS FOR CONNECTICUT INNOVATIONS,
INCORPORATED'S PRESEED PROGRAM, favorable report of
the Committee on Commerce and Export, Higher
Education and Appropriations.

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Good afternoon, Madam President. How are you
today?

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Fine. And yourself, sir?

SENATOR LeBEAU:

Good. Good to see you.

THE CHAIR:

Same here.

SENATOR LeBEAU:

I move acceptance of the joint committee's favorable report and passage of the bill.

THE CHAIR:

The motion on approval of -- adoption of the bill.

Will you remark further?

SENATOR LeBEAU:

Yes, Madam President.

Let me briefly summarize this bill. By law Connecticut Innovations must create a program to provide eligible Connecticut businesses with up to \$150,000 in financial assistance for developing new concepts and support services. In order to this qualifying businesses must be located in the state, have at least 75 percent of their employees at work here and show that they receive private investments equaling at least half the state's funds they seek.

What this bill does is it specifies that

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private investments include funds from public institutions of higher education that are not state appropriated funds or funds from student tuition fees or fees and used to help -- used to help commercialize university owned research.

THE CHAIR:

Senator LeBeau, will you -- thank you, Senator.

Will you remark further? Will you remark further?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

This is a great concept. I stand fully in support of this and what I'd like to do is ask you a few questions just so that everybody fully understands the value of this bill and how it was constructed.

So through you, Madam President, a few questions for Senator LeBeau.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

The program that provides eligible Connecticut

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businesses with up to \$150,000 in financial assistance for developing new concept and support services, what sort of criteria are they going to be using in making the decisions as to which organizations, which companies, partnerships or whatever get to receive the financial assistance?

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Madam President.

Through you, the criteria would be that what you have is a technology -- because we are looking at -- it pre-seeds funds here, so we're looking to commercialized university owned technology.

And that's what -- and proceed as Senator Frantz knows, are very early stage investments that are made in the very early concepts. And this was, as Senator Frantz may remember, we passed this bill last year in Public Act 10-75; authorized \$5 million of general obligation bonds to be used for this purpose. So we're moving ahead with that.

So those are the general types. I don't have a specific criteria Senator Frantz, but we're looking at pre-seed funds. We're looking at

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high-technology. We're looking at commercialization of technologies that have been developed at our universities.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you for that answer, Senator LeBeau.

And through you, Madam President, I get very excited about programs that finance or can potentially seed fund some of the great ideas that come out of, not only the universities, but the private, the pure private sector.

And when you have a coming together of both the private sector and the educational sector, to put great minds together and work on these young ideas, these advanced ideas and to support them going forward and turn them into a commercial enterprise it actually turns into employment opportunities and the chance to make some money for people, which ultimately turns into revenues for the State of Connecticut, which is something that is sorely needed these days, and will be in perpetuity going forward.

I do get very excited about it, yet at the

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same time Senator LeBeau has been a big champion of the early-stage funding for companies here in Connecticut and for employment opportunities across the spectrum, young companies to older companies. And he does share the same concern that I do, which is, how are we going to pay for it? I think I know how we're going to pay for it in this particular case.

So another question through you, Madam President, to Senator LeBeau.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

The question through you, Madam President, is the \$5 million that's allocated for this program, I understand it to be the case, has already been approved by the Bond Commission. Is that correct?

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Through you, Madam President. I believe so. This was, as I mentioned, it was authorized in Public Act PA 10-75.

And I believe sitting on the Bond commission,

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I remember this -- think I remember this being approved last fall, late last fall into early, maybe in January.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

And that's what I understand as well. So I'm glad to get that confirmation. I think that the bill makes particularly good sense because what it's directed to do through the good work of Senator LeBeau and others on the Commerce Committee, is to bring together a variety of different sources of funding, of the knowledge and the intellectual capital to put together a potential commercial enterprise as well as bring in the private sector at some point, private investment dollars at some point to act as financial support for an enterprise going forward.

So I really don't have any other questions of any substance here. In the case of many of these different bills they get passed into law. They going to place and they are taken by the agency, in this case, CII, Connecticut Innovations, and they

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work out how it's going to be implemented and it goes forward and ends up being a great success.

And hopefully they'll be reporting back to the Commerce Committee in the not-too-distant future that they have a portfolio of some of these companies that they wouldn't ordinarily have as a result of the funding through this bill.

So let me conclude by saying that Senator LeBeau is a champ when it comes to supporting venture-capital pre-seed funding of potential enterprises and it's a joy to work with him on a bill such as this one.

So if you didn't figure it out by now, I am standing in favor of the bill. Thank you.

THE CHAIR:

Thank you, Senator.

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Madam President.

And I would like to thank Senator Frantz for his kind remarks. As we have worked very -- in a bipartisan fashion on our committee and in a large degree, it's because of his efforts and his willingness to work in that fashion. So I very

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much appreciate his efforts on this.

And if there's no further discussion or objection (inaudible) Senator Boucher.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, this bill did come before the Higher Education Committee as well and it was favorably passed through the committee. There was just one question I had with regards to the fact that the private investment could also be through our public university system and also, it references that there also could be a nonprofit organization in addition to or in lieu of CCI.

Just through you Madam President, just a little clarification on that.

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

I think I need clarification on the question, through you, Madam President, where the reference is to other nonprofits.

SENATOR BOUCHER:

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In the explanation of the bill it states that the act allows the Connecticut Innovations to run the program itself or through a nonprofit corporation providing services and resources to entrepreneurs and businesses.

Through you, Madam President.

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Okay. Thank you. Thank you, Madam President.

I do see that. I think that's in the original bill and it hasn't been working out that way. CI has been running the program by themselves, but they did have the ability, if they wanted to -- and I believe that the CI, under DECD, working with DECD and working with the commissioner of DECD could essentially farm this out to a nonprofit to run the program if they chose to do that.

I don't believe there's any -- there's nothing -- there's no intent and this bill does not speak to that. That's current. That's current language.

THE CHAIR:

Thank you, Senator LeBeau.

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SENATOR BOUCHER:

Thank you, Madam President.

I think that clarifies that question. The only other one was that it also would encourage private investment. And that private investment, through you, am I to understand could also be investment dollars through a higher education system?

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

That is correct and that is the intent of the bill, Senator.

Through you, Madam President.

SENATOR BOUCHER:

Terrific. Thank you for that clarification.

Of course, we heartily support it through the Higher Education Committee as well.

Thank you.

THE CHAIR:

Thank you, Senator Boucher.

I just want to make a clarification that if you look up at the board right now it's incorrect. There is no Senate "A." I just want to clarify

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that.

Senator LeBeau, would you --

SENATOR LeBEAU:

In leu of a Senate "A," I would ask that this bill, if there's no objection, be put on the consent calendar.

THE CHAIR:

Senator McKinney.

SENATOR LeBEAU:

Oh, excuse me. Excuse me. I understand there's a reason that we want to have a vote. So

--

THE CHAIR:

Okay. Okay. Then we will do that then.

SENATOR LeBEAU:

Thank you, Madam President.

THE CHAIR:

A roll call vote will be ordered.

Will you remark further?

Before we open that, we're going to wait a moment.

Will you remark further? If not, the Clerk, please announce a roll call vote and the machine will be open.

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THE CLERK:

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

THE CHAIR:

Senator Boucher, would you like to vote,
sir -- ma'am?

Thank you.

All members have voted. If all members have
voted the machine will be locked and will the Clerk
please call the tally.

THE CLERK:

Motion is on passage of Senate Bill 1173.

Total Number voting	34
Necessary for adoption	18
Those voting Yea	34
Those voting Nay	0
Those absent and not voting	2

THE CHAIR:

The bill has been passed.

Senator Looney.

SENATOR LOONEY:

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THE CLERK:

An immediate roll call has been ordered in the Senate on the third consent calendar. Will all Senators please return to the Chamber. Immediate roll call has been ordered in the Senate on the third consent calendar. Will all Senators please return to the Chamber.

Madam President, the third consent calendar begins on calendar page 12, Calendar 406, Senate Bill 1207; calendar page 21, Calendar Number 498, House Bill 5184; calendar page 27, Calendar Number 78, Senate Bill -- calendar -- (inaudible) Calendar Number 35 -- correction, page 27, Calendar Number 78, Senate Bill Number 35.

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And on page 33, Calendar 213, Senate Bill 1040.

Madam President, that completes those items placed on the third consent calendar.

THE CHAIR:

Mr. Clerk, would you please call and announce another roll call. The machines will be open.

THE CLERK:

The Senate is now voting by roll call on the third consent calendar. Will all Senators please

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return to the Chamber. The Senate is now voting by roll call on the third consent calendar. Will all Senators please return to the Chamber.

THE CHAIR:

Senator Williams, will you vote, please?

Thank you, sir. Thank you.

Okay let's go. Thank you.

All members voted. All members voted. The machines will be locked. Mr. Clerk, will you call that tally.

THE CLERK:

Motion is adoption of third consent calendar.

Total Number voting 33

Necessary for adoption 17

Those voting Yea 33

Those voting Nay 0

Those absent and not voting 3

THE CHAIR:

The consent calendar has now been adopted.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Madam President.

Would yield the floor at this point for members for announcements or points of personal