

Legislative History for Connecticut Act

**SA 14-16**

HB5516

House	1820-1827	8
Senate	3455, 3474, 3480-3481	4
Commerce	734-747, 762-784, 796- <u>797, 807</u>	40
		<b>52</b>

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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2014**

**VOL.57  
PART 6  
1681 – 2023**

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HOUSE OF REPRESENTATIVES

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April 23, 2014

a tally please. And will the Clerk please announce  
the tally.

THE CLERK:

Madam Speaker, House Bill 5450.

Total Number Voting 147

Necessary for Passage 74

Those voting Yea 124

Those voting Nay 23

Those absent and not voting 3

DEPUTY SPEAKER ORANGE:

The bill passes. Will the Clerk please call  
Calendar Number 261.

THE CLERK:

The bill passes. Will the Clerk please call  
Calendar Number 261.

THE CLERK:

On page 31, Calendar Number 261, favorable report  
of the joint standing committee on commerce,  
substitute House Bill number 5516, AN ACT CONCERNING A  
STUDY OF KITCHEN INCUBATORS.

DEPUTY SPEAKER ORANGE:

Representative Perone.

REP. PERONE (137th):

Thank you, Madam Speaker. I move acceptance of

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

DEPUTY SPEAKER ORANGE:

The question before the Chamber is on acceptance of the joint committee's favorable report and passage of the bill. Will you remark, Sir.

REP. PERONE (137th):

Thank you, Madam Speaker. In keeping with our current efforts at creating opportunity and helping would be small businesses or other entrepreneurs exercise their -- their ideas and create their ideas we believe that innovation should also include efforts in the kitchen. To that end we are -- this bill requires the DECD to study the kitchen incubator programs in New Jersey, New York and Vermont and report on the findings to the commerce committee and higher education committees by January 1, 2005.

Essentially the study would be an overview of the kitchen incubator programs in the -- in these states, potential economic benefit for kitchen incubator programs and assessment of the need for such programs and legislative recommendations to that end. Through you, Madam Speaker.

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DEPUTY SPEAKER ORANGE:

Thank you, Representative Perone. Will you care to remark? Will you care to remark? Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you very much, Madam Speaker. Good afternoon.

DEPUTY SPEAKER ORANGE:

Good afternoon, Madam.

REP. LAVIELLE (143rd):

I have just one question for the good Chair of commerce if I may.

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. LAVIELLE (143rd):

Thank you. Just one question, if -- if a business that is interested in local food production wanted to apply for a grant right now to DECD for example under the small business express program to have the use of a commercial kitchen, would that business be able to apply for that grant? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Perone.

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REP. PERONE (137th):

Thank you, Madam Speaker. Through you, yes the -  
- all things being considered, considering the fact  
that the business would be a viable business and the -  
- that there's a -- that there isn't any reason to  
assume that wouldn't be a good fit I think that would  
be a plausible scenario. Through you.

DEPUTY SPEAKER ORANGE:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you very much, Madam Speaker. And I thank  
Representative Perone for his answer. This bill was  
brought to us earlier on in the commerce committee and  
we heard a great deal of interesting testimony.  
There's a lot of interest in recent years in growing  
food locally, producing local products, selling them  
in the region where they were grown and produced and  
this does save on transportation costs and often  
results in fresher products. So it's probably a  
growing area.

One of the concerns that we had when we heard  
some of this testimony was that this was simply a  
legitimate business idea just like any other so why  
would it benefit from a special program in terms of

grants. The original bill provided for that special program. After some deliberation and discussion in committee the bill was turned into a study which is expected to generate no fiscal impact and a study done by DECD, just a look at the states around us to look at similar programs.

What I like about this also is that as the good Chair of commerce said the fact that a study's going on shouldn't prevent a business that's interested in getting into this area from applying for a grant now. We may find that we don't need a special program but the study at least allows for a look into this in a way that is pretty easy to do. So I stand in support of the bill and I urge the Chamber to support it. Thank you very much, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, Madam. Will you care to remark further on the bill before us? Representative Mary Mushinsky, the Dean of the House, you have the floor, Madam.

REP. MUSHINSKY (85th):

Thank you, Madam Speaker. I too rise in support of this bill. I've had a similar bill in prior sessions. I do have constituents who would like to

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get into the home baking business and sell to their neighbors and at the farmer markets and so on and this bill is not as -- goes as far -- does not go as far as I would wish it to go but it gets us on the road and constituents are ready to come in and sell their baked goods as soon as they have some help from the State.

They cannot afford to make this investment on their own in their own home but they could do it with a community kitchen that any of them could share. So I -- I really appreciate the support of the introducer who's bringing out the bill and I hope us -- I hope we will all support this bill. Thank you.

DEPUTY SPEAKER ORANGE:

Thank you, Madam. Will you care to remark further on the bill before us? Will you care to remark further on the bill before us?

REP. PERONE (137th):

I would just like to --

DEPUTY SPEAKER ORANGE:

Representative Perone.

REP. PERONE (137th):

Thank you, Madam Speaker. I think the -- the road to growth requires the right recipe and I think hopefully this study will provide that. Thank you,

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Madam Speaker. I urge full support of the bill.  
Through you.

DEPUTY SPEAKER ORANGE:

Thank you, Sir. Will you care to remark further on the bill before us? Will you care to remark further on the bill before us? Would you care to remark further? If not, staff and guests please 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.

Members to the Chamber please. The House of Representatives is voting by roll. Members to the Chamber please.

DEPUTY SPEAKER ORANGE:

Have all members voted? Have all members voted? If all the members have voted please check the board to determine if your vote has been properly cast. If so the machine will be locked and the Clerk will take a tally please. And will the Clerk please announce the tally.

THE CLERK:

House Bill 5516.

Total Number Voting 142

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147  
April 23, 2014

Necessary for Passage	72
Those voting Yea	142
Those voting Nay	0
Those absent and not voting	8

DEPUTY SPEAKER ORANGE:

The bill passes. Will the Clerk please call  
Calendar Number 172.

THE CLERK:

On page 43, Calendar Number 172, favorable report  
of the joint standing committee on education,  
substitute House Bill Number 5066, AN ACT CONCERNING  
DESIGNATION OF A BARGAINING UNIT BY CHARTER SCHOOL  
ADMINISTRATORS AND TEACHERS.

DEPUTY SPEAKER ORANGE:

Representative Tercyak, you have the floor, Sir.  
REP. TERCYAK (26th):

Thank you very much, Madam Speaker. This is an  
easy bill -- an easy bill. It was popular last year.  
We hope it will be popular again.

DEPUTY SPEAKER ORANGE:

Would you like to move acceptance?

REP. TERCYAK (26th):

Yes I would. I'd like to move acceptance of the  
joint favorable report and passage of the bill.

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CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

**PROCEEDINGS  
2014**

**VETO  
SESSION**

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3246 – 3508**

pat/gbr  
SENATE

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May 7, 2014

SENATOR LOONEY:

Calendar 448, House Bill 5145, move to place on the  
Consent Calendar.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

Calendar 446, House Bill 5150, move to place on the  
Consent Calendar.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

And Calendar 452, House Bill 5531, move to place on  
the Consent Calendar.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

Thank you, Madam President. Moving to Calendar Page  
14 where there are also five items. The first,  
Calendar 457, House Bill 5516, move to place on the  
Consent Calendar.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

Calendar 455, House Bill 5325, move to place on the  
Consent Calendar.

THE CHAIR:

So ordered, sir.

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May 7, 2014

Calendar 334, House Bill 5339.

Calendar 336, House Bill 5056.

On Page 7, Calendar 345, House Bill 5443.

On Page 9, Calendar 417, House Bill 5410.

On Page 10, Calendar 420, House Bill 5258.

Calendar 421, House Bill 5263.

Calendar 424, House Bill 5439.

On Page 11, Calendar 429, House Bill 5581.

On Page 12, Calendar 445, House Bill 5418.

Calendar 438, House Bill 5336.

On Page 13, Calendar 453, House Bill 5133.

Calendar 446, House Bill 5150.

Calendar 452, House Bill 5531.

On Page 14, Calendar 457, House Bill 5516.

Calendar 455, House Bill 5325.

Calendar 456, House Bill 5440.

Calendar 459, House Bill 5321.

Calendar 461, House Bill 5140.

On Page 15, Calendar 468, House Bill 5450.

Calendar 465, House Bill 5341.

On Page 16, Calendar 474, House Bill 5337.

Calendar 469, 5538.

Calendar 473, House Bill 5328.

On Page 17, Calendar 496, House Bill 5115.

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SENATOR LOONEY:

If we might pause for just a moment to verify a couple of additional items.

Madam President, to verify an additional item, I believe it was placed on the Consent Calendar and Calendar Page 30, on Calendar Page 30, Calendar 592, Substitute for House Bill 5476.

THE CHAIR:

It is, sir.

SENATOR LOONEY:

It is on? Okay. Thank you. Thank you, Madam President. If the Clerk would now, finally, Agenda Number 4, Madam President, Agenda Number 4 one additional item ask for suspension to place up on Agenda Number 4 and that is, ask for suspension to place on the Consent Calendar an item from Agenda Number 4.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Madam President, and that item is Substitute House Bill Number 5566 from Senate Agenda Number 4.

Thank you, Madam President. If the Clerk would now, if we might call for a vote on the Consent Calendar.

THE CHAIR:

Mr. Clerk. Will you please call for a Roll Call Vote on the Consent Calendar. The machine will be opened.

THE CLERK:

An immediate Roll Call has been ordered in the Senate.

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An immediate Roll Call on Consent Calendar Number 2 has been ordered in the Senate.

THE CHAIR:

If all members have voted, all members have voted, the machine will be closed. Mr. Clerk will you please call the tally.

THE CLERK:

Consent Calendar Number 2.

Total number voting	36
Necessary for adoption	19
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

The Consent Calendar passes. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Two additional items to take up before the, our final vote on the implementer. If we might stand for just, for just a moment.

The first item to mark Go is, Calendar, to remove from the Consent Calendar, Calendar Page 22, Calendar 536, House Bill 5546. If that item might be marked Go.

And one additional item, Madam President, and that was from Calendar, or rather from Agenda Number 4, ask for suspension to take it up for purposes of marking it Go, that is House Bill, Substitute for House Bill 5417. Thank you, Madam President.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR LOONEY:

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**COMMERCE  
PART 2  
512 – 1012**

**2014**

1  
vkd/gbr COMMERCE COMMITTEE

March 11, 2014  
10:30 A.M.

CHAIRMEN: Senator LeBeau  
Representative Perone

MEMBERS PRESENT:  
SENATORS: Crisco, Frantz, Meyer,  
Linares

REPRESENTATIVES: Becker, Gentile,  
Mikutel, Vargas, Zupkus,  
Lavielle, Haddad, Morin,  
Vicino, Camillo

REP. PERONE: First up would be Senator Carlo Leone.  
Yeah.

SENATOR LEONE: Good morning. Good morning Senator  
LeBeau, Representative Perone, members of the  
Commerce Committee, Ranking Members. I thank  
you for allowing us to come here today. I want  
to speak very previously and just add two  
comments on two bills, and then with your  
indulgence I have a constituent here that  
sparked one of these bills, and I think his  
story would be worthy of listening to and then  
any questions you may have you can actually ask  
the proponent, if you don't mind.

REP. PERONE: That's no problem at all.

SENATOR LEONE: Thank you. Let me just make my  
brief comments, I want to thank you the  
committee for raising Senate Bill 419, AN ACT  
CONCERNING HOSPITAL AND WELLNESS ENTERPRISE  
ZONES.

HB5516

As you know, many hospitals around the state  
are expanding. And then along with the aging  
demographics and the supply chains that are  
required for these hospital expansions, I think

it's important that we create these zones, especially not just from a reactive standpoint, but also from a proactive standpoint.

So when you start thinking about a holistic nature of how to create these zones and deliver the service, I think this can be very beneficial, not just in my community, but through many other communities in the state. So I wanted to thank you on that one.

And House Bill 5516, AN ACT PROVIDING FOOD ENTREPRENEURS WITH ACCESS TO COMMERCIAL KITCHENS. This bill came up because I went to a graduation at the WBDC Women's Business Development Council, and what they do is they have programs for aspiring entrepreneurs, and they help give them direction, education, and knowledge on how to deliver their products through those programs. There's many great ideas, and many of them are going out into the real world starting their new business.

One in particular, my constituent, Mr. Donny Raus has come up with an interesting new product. But in order for him to get to the next level he was running into some roadblocks in terms of having access to commercial kitchens. So much so that he was looking towards going to other states, neighboring New York or other places because that's where it would optimum for him to get to that next step.

And upon hearing that story I thought it would be beneficial if we could do something here in the state so that we could keep our aspiring entrepreneurs and small business here in the state where they could grow, become successful, and hire new employees as their business expands.

So with your indulgence, if I may call him up,

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I'll let him share the story.

REP. PERONE: Sure, not a problem at all.

SENATOR LEONE: Thank you.

DONNY RAUS: Good morning.

REP. PERONE: Good morning.

DONNY RAUS: Good morning Senator LeBeau, Representative Perone, and Ranking Members. My name is Donny Raus; I am the owner of Raus Coffee Company, a Connecticut LLC. I was looking to move my business to New York because my story is -- it's not, you know, it's not -- it's familiar amongst a lot of entrepreneurs.

One of the hardest things to do, especially when you want to step out is to find a space where you can actually produce your product. And then from there, once you know that you have, you validated your product, in order to grow it and then take it to that next level has been a challenge.

So when I went Senator Leone, I was expressing my frustration with my situation, and also express that I was looking to other states for that reason. Because they seemed to have a lot more services to cater to those entrepreneurs.

And I am going to bring up a couple of examples from just some close friends of them, because telling their story, I'm telling my story. You know, they're looking for a kitchen. One of my friends in needing a kitchen actually set out and actually started her own kitchen, and started a little restaurant, when I don't think the success rate of this, given the location, is going to be very good for her, but she had no other options.

And another friend of mine is, she's actually going out and building a food truck with a commercial kitchen because she needed a space, and the only viable way for her to do that without going out and spending the money on, you know, building a kitchen was to create this small space, which I don't think is going to be financially feasible for her.

So for me it's more about, you know, having the -- I guess the structure in place for me to grow as well as the -- the support to take that business to the next level. And the reason why I was looking to another state is because they have programs that are already set in place for food businesses which kind of work with them to take their businesses to the next level.

Oh, so my product is called Cold Roman. It is the winner of Connecticut Specialty Foods' Best Nonalcoholic Beverage in the State two years in a row. I just entered it today, so I'm very confident it'll be the third year. And it's a very unique product. It's the first bottled espresso on the market. Bottled in bulk, so it's a ready to serve espresso that has a very unique flavor profile to it that is unlike anything else. The idea actually came from a trip to Italy. I lived in Rome, Italy, for three years. So I took one of my favorite products, coffee. And then there's something else that I'd always frequented at this cafe I'd always gone. I fused the two items together, and I came up with Cold Roman.

And so it's a very unique product in the sense that nobody is actually doing what I'm doing with regard to bottling espresso. No one is packaging it the same way; no one is able to get that flavor profile that I have. So, I mean, the viability and I think the potential

of the product is, you know, it was enough for me to sacrifice the last six -- I mean, I've been working coffee for eleven years, and wanted to do cafe and everything else. I put everything else aside because I believe in this product so much.

REP. PERONE: Thank you, very much. The -- so what would you need the commercial kitchen for? I mean how does that work? How --

DONNY RAUS: Well the -- I'm sorry.

REP. PERONE: Go ahead.

DONNY RAUS: No, I was going to say what I would need the commercial kitchen space for, I mean, I already found a place. In the beginning it was very difficult to me to find a place because I developed it in my house at home. And then to actually start producing it, it was difficult to find a place where I could actually just kind of start producing it, so this way I could sell it at the local farmers' market where I could validate the product.

And now I'm able to produce it, you know, and again you're at the mercy of whatever the kitchen is, whatever the church that I'm renting. See, now I'm at the point where I want to expand it even further. So now it's trying to find a place I can take -- ramp up my capacity, ramp up my production. This way I can go out and grow the business.

REP. PERONE: And in terms of, you know, regulatory climate, in terms of, you know, state regulations in terms of how you have, you know, the kind of conditions you have to manufacture or brew everything, you know, in terms of, you know, having sanitary conditions and everything else. So do you -- how do you find those

regulations? Do you see any room for improvement there? I know I'm kind of fishing a bit, but it seems like a good place to go.

DONNY RAUS: I mean personally I haven't had -- I think I've been fortunate. I haven't had any difficulties with regard to the, you know, the town municipalities. I mean, the health departments are very cooperative, and even they really -- they really support small businesses.

I do market in New Canaan, Connecticut, as well as in Westport, and both, you know, both health departments there, you know, want these local products to thrive. And as well as the local farmers' markets. So I haven't had any problems.

REP. PERONE: Well, it sounds delicious. Are there any other questions or --

SENATOR LEBEAU: Oop -- sorry. I'm sorry. Could you briefly explain to me why you need this bill? Why can't you just kind of go into a commercial kitchen and use the facilities right now? I may have screwed you up.

DONNY RAUS: Well, part of it is finding that commercial kitchen. You know, and then also making it where it's economically feasible for the business to start producing. I've done some quotes from some commercial kitchens which were, you know, ranged from \$200 a day and I think there has to be some kind of scale. Otherwise, I mean, to incur that kind of expense without that output, I mean, is going to -- it just lowers the margin, and makes it even more -- even harder on the business owner.

And it was mentioned before, you know, the kitchen space is very -- is very important. But it's also important, and I'll reference New

York, because I'd gone to several entrepreneurial events in New York City where they had people come in. But there -- there's support set up. So it's not just here's the kitchen space. I mean, they have incubators there where they have people who were in the industry who were in consumer packaged goods who help you bring that product to market, and expand it.

SENATOR LEBEAU: So we're really establishing, just to clarify, we're really establishing kind of a kitchen incubator program or a restaurant incubator program. Or a food products incubator program is probably the better -- sounds like wind --

REP. PERONE: Senator LeBeau.

SENATOR LEBEAU: Sounds like wind chimes.

SENATOR LEONE: Yes, Senator LeBeau, I just wanted to add to your comments. You're absolutely right. Right now he's at the mercy of going to where a kitchen would be available, whether that be a church or community center, and to gather and to have the stability in order for his production to actually continue, he can't do it whenever they're available. So it needs to be reversed.

So you're absolutely correct, it would be sort of a commercial kitchen incubator for these small businesses. As everyone going back home trying to become more of an entrepreneur and establishing a product. And other states have done this in a way that allows them to aggregate in one location or multiple locations, and not be solely at the mercy of community centers and the church or faith-based groups where their kitchen is only available at a certain, specific time or maybe once a

weekend or something of that sort.

SENATOR LEBEAU: Senator, you mentioned that other states have done this. Can you mention the states?

SENATOR LEONE: Vermont had a similar legislation. I know that their -- their rules may not be similar to Connecticut's, and I'm hopeful that the committee would look in that direction to see how we could maybe take the best practices. As mentioned, New York was a location that he was looking to go to because it's better set up.

SENATOR LEBEAU: Was that New York City or is that New York State?

DONNY RAUS: I believe it's the initiative of New York State. When I went to the entrepreneur festival, it was in New York City.

SENATOR LEBEAU: Okay, just in terms of our doing our research, it'll help us focus a little bit on what we're looking at. We can parallel those programs; I think that's what we're talking about doing here.

A VOICE: Yes.

SENATOR LOONEY: Great.

REP. PERONE: Representative Becker.

REP. BECKER: Thank you, Mr. Chairman. Thank you, for coming in today to testify. Just in response to what the Senator just said and trying to understand this. So this would be a nonprofit that would build or renovate a kitchen that would be then available to entrepreneurs to come and use at below market rates is that correct?

SENATOR LEONE: That could be one framework, but there could be others. It's not specific to that. It's making sure that we develop a program for commercial kitchens -- to have access to commercial kitchens other than how we have it established at the moment in the state.

REP. BECKER: But could you just give me kind of a concrete example. What do you envision this to look like? So is it a kitchen? Is it multiple kitchens? What are we talking about in terms of the facility itself?

SENATOR LEONE: It would probably start out more as multiple kitchens. I mean multiple entrepreneurs accessing one entity. But --

REP. BECKER: Right. So one multiple -- multiple entrepreneurs accessing one kitchen. So it's a shared kitchen.

SENATOR LEONE: It could be a shared kitchen, and depending on how a particular business grows, that could fluctuate. But --

REP. BECKER: Right, but -- so that's kind of -- because it is a shared kitchen, I'm not sure that it's going to achieve the goal that you seek versus the options that he's got available to him today. Meaning, if he can, you know, access a church's kitchen today and use it at night or when the church is not otherwise using it, in this case, he's going to have to sign up for some time.

He's going to have to, you know, share it with however many other entrepreneurs there are, and so still will have limited time to for us in the kitchen. Will have to, if he's baking something or whatever it might be, or whoever the entrepreneur is they're going to have to

crank it out in as quickly as they can to get as much product out in the time that they have. And while the under market rent, you know, would help somewhat; I guess it depends by how much under market it is.

And the reason why I'm asking these questions is my wife actually tried to do some baking like this, and actually was looking around for kitchens, and explored all this, and found a small place where she was able to do it when had the main business there was not. So I understand what you're driving at, I'm just not sure this is actually -- this would actually achieve what you're after given the conversation we've just had.

SENATOR LEONE: Unless the committee could establish procedures where an entrepreneur could have access to their own commercial kitchen and the thresholds are --are made affordable for an aspiring entrepreneur. So it doesn't necessarily have to be multiple entrepreneurs that a commercial kitchen -- there's a way for Mr. Raus here to establish his own commercial kitchen so that he can grow the business, and that's also another alternative.

So there's probably a number of ways to achieve the goal. Our -- our request was that the committee would consider commercial kitchens in a way that could help a small business or an entrepreneur be a little bit more successful than what is out there in today's terms.

REP. BECKER: Understood. Is that -- have you -- either of you explored, for example, the Small Business Express Program or other programs that are already in place to see if funding might be available to build a commercial kitchen? If that's what your business is?

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SENATOR LEONE: I believe that is -- those are the next steps that they're looking to go into. So again, as a graduate of the program, he's still on that learning curve. And we also have another proponent of the bill who can maybe better answer those questions. She'll be up on the -- on -- very shortly after we're done here.

REP. BECKER: Great. Thank you.

SENATOR LEBEAU: Thank you, Senator. And Donny, I just kind of want to parallel this with incubators. You go into an incubator, it's basically space you can work in. And you're an incubator, you're going to have space. You might have a phone setup. You might have fax machines. You might have computer access. So you essentially have some of the stuff that you need to start a business.

So for a commercial kitchen you're going to have pots and pans. You're going to have stoves. You're going to have gas supplied and refrigeration units. So the parallels, I get it. I mean, I think it makes sense. This is not necessarily for you to go into business as much as maybe develop a product. Or maybe have limited production.

And then the next step would be actually going into business. And forming -- and then purchasing space or renting space. Once you've established, and you might have a market. Once you've established that you have potential customers, once you've established a variety of kind of laying the groundwork of your business, is that correct?

DONNY RAUS: Yeah, I mean, I think what you're saying is correct. I think one of the issues is, is you know, finding those kitchens in the

beginning. You know, to me -- just finding access to those kitchens:

SENATOR LEBEAU: So we're asking the DECD to essentially find some kitchens and establish a program. So this could be like in the East Hartford High School?

DONNY RAUS: It could be.

SENATOR LEBEAU: They have a kitchen.

DONNY RAUS: Yeah, for sure.

SENATOR LEBEAU: And in the evening, after 3:00 in the afternoon or after 1:30 in the afternoon that kitchen sits idle until 7:00 the next morning.

DONNY RAUS: Yeah, I mean there's a lot of high schools in the area that I'm sure have commercial kitchens which could be utilized.

SENATOR LEBEAU: So a lot of potential there in terms of the places where this could occur at a very low cost. So it's really a matter of connecting in the school or whatever and be able to get some funding back which would actually help them. If it was cleaned up and everything.

Use of the kitchen, how you get it, and how you -- that would all have to be worked out. I'm sure that would be a contract of some kind. But I think it's a pretty interesting idea. And Senator Leone, I have to apologize, we didn't really get this when we first saw the bill. And now we do. After you bring up your other person, maybe we'll get it better.

SENATOR LEONE: Yes, and I do want to thank you for that. Again, this was all due to the fact

that, you know, I see an aspiring entrepreneur that's establishing what could be potentially be a whole new product in a very lucrative segment of the coffee industry.

And as soon as I heard that he's looking to go out of state to -- to make his business, to create his business somewhere else, to me as a legislator and we as a group, trying to protect our small businesses and have them grow in Connecticut was the reason to bring this bill forward for your consideration.

To help us get to a place where we can deliver a legislative bill that makes sense, not only for the state, but for this aspiring entrepreneur and others, and it's all about trying to keep them here in Connecticut and not have them go to neighboring states because they have a different system that's more conducive to them being successful. So I think we could do something here and still stay within the guidelines of what Connecticut needs to do as a state.

So I thank you for your assistance and your indulgence. If you have any further questions on how to make this bill better, I will be available at any time and I'm sure that Mr. Raus, and as mentioned, we have Miss Cochran who will give you a different perspective and who may be able to shed more light. And between the three of us and others I'm sure we can get you the information you may need.

REP. PERONE: Thank you, very much, Senator. I was going to ask if you have any written testimony that you could provide us.

SENATOR LEONE: I don't have that at the moment, but I will get that for you.

REP. PERONE: Okay, either way. And also Representative Lavielle would like to ask a question.

SENATOR LEONE: Sure.

REP. LAVIELLE: Thank you, Mr. Chair. Thank you both very much. I've been intrigued by this concept as well. And I just wondered if you could talk a little about how such a commercial kitchen might be managed? Who -- what -- to what entity or what sort of management structure would we be looking? Something that's existing? Would it have to be formed?

Even if you were to go -- I'm just trying to picture how it would work, because it is intriguing, and I don't ask in order to bring up an obstacle, I'm really curious as to how this might come together. The grant would be furnished if there were such a thing, to someone who would come forward, and say, I will manage this commercial kitchen? I take it upon myself or to a consortium? How would you see that working out?

SENATOR LEONE: I think that answer, I mean that question is very accurate and a valid one, and I believe the next speaker, Miss Cochran, will be able to better answer that for you. So if you could table that until she comes up shortly, I think that will be more helpful, I think, to the committee.

REP. LAVIELLE: Happy to. Thank you. Thank you, Mr. Chairman.

SENATOR LEBEAU: Thank you, Representative Lavielle. Any further questions at this point? If not, thank you very much for being here today.

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vkd/gbr COMMERCE COMMITTEE

March 11, 2014  
10:30 A.M.

EDMOND MONE: I'm sorry, I sent it PDF to the committee, The Commerce Committee. I will be glad to make a copy upstairs and distribute it.

SENATOR LEBEAU: How many do we need, Kathy, 40 copies? 35.

EDMOND MONE: 35 copies? Certainly.

SENATOR LEBEAU: So thank you for providing that. I think it's helpful to all of us to see that written testimony.

EDMOND MONE: Thank you. And thank you for hearing us.

SENATOR LEBEAU: That's all right.

EDMOND MONE: Any further questions? Not my job, I'm sorry, but I am here for questions should anyone ask them.

SENATOR LEBEAU: I get to ask that.

EDMOND MONE: I'm just being a First Selectman, I'm sorry.

SENATOR LEBEAU: I can relate. So I won't ask it again, but I'm tempted. Any further questions? Okay. Seeing none, thank you very much. Lori Cochran, .

LORI COCHRAN: Hello. My name is Lori Cochran, and good morning Senator LeBeau.

SENATOR LEBEAU: Good morning.

LORI COCHRAN: And Ranking Committee Members. My purpose is here, I'm back to speak about the bill we were discussing about an incubator kitchen. And I come from two facets of this.

HB 5516

So I currently run a nonprofit in Westport, Connecticut, and I see on annual basis multiple businesses either having to not take the next step to go to scale or having to lose the state -- or leave the state to try to find places to increase their business model.

Secondly, because of that I have found, maybe I had a little bee in my bonnet, actually, of just learning about these food incubators. They're called food hubs, they're called processing plants. There is a -- there's a medley of them that are going on throughout the East Coast and the Pacific Northwest that are very successful.

And I think that there is -- there's such an opportunity here in Connecticut -- Connecticut to create a viable and economically profitable facility. I think I actually -- somebody mentioned it, I'm not sure, I don't remember who exactly, I think there would be beneficial to have two. I don't see them as nonprofit, but I'm a capitalist at heart to see them very as profit-making entities. I'd be happy, I would recommend check out Black River Processing Plant in Vermont. It's one of the most profitable processing plants in the country currently. Also small businesses. You each had very warranted questions, so I would -- I could ramble if you'd like. I can answer questions if you'd like, but I just wanted to voice my support.

SENATOR LEBEAU: Why don't you ramble over some of the questions that were asked earlier, that you remember. Then we'll fill in by asking some more.

LORI COCHRAN: So I think one thing a great explanation would to be the scale is, so when someone comes in and wants to sell at a

farmers' market, for example, or someone wants to start baked goods, it's very easy to go -- and I'm not going to say it's easy, I haven't been in their shoes, but you can find kitchens.

Your idea of the schools or a church or a restaurant using their space as a commercial kitchen, those are wonderful for a small scale entity, but most of those small businesses, on scale, if that person does, say, four farmers' markets in a week, maybe that baker is going to make \$300. She makes \$1,200 in a week. Knock out the amount of her ingredients -- she or he -- mark out their ingredients, mark out their Health Department costs, travel costs, they're bringing home, what? Maybe \$400 a week?

So that's one scale, and that's a wonderful business model and that's great for many people and -- and I support them and I think we should support them.

But there's another level, for example, Donny, and there's several others in the state. Another great example is Nothing but Granola Bars who have the opportunity, the talent, the creativity to go to scale with this. And looking at the food industry currently this is every -- I mean, everyone that goes into any grocery store sees the word local everywhere, local, organic. I mean, it is very hot right now, it is a trend. And also the way the food economy is going it's going to become more prevalent all the time to have locally affordable food.

In my humble opinion, I do think this is where the industry is going, that we will see more grocery stores such as Mrs. Greens, Whole Foods, Stop and Shops that are beginning to source from these small vendors. And -- now I lost my train of thought, sorry. This is a

little nerve-racking, I've never done it before.

But with -- so those are two -- so that -- my point, excuse me, is that to go to scale those types of kitchens are not available in the state. Readily available in the state. There are three incubator kitchens in New Haven that are designated mainly for Yale and New Haven residents. So those are three to look at. They're on a smaller scale.

Typically incubating kitchens as well that are going to these type of processing plants will have bottling equipment, labeling equipment; curing facilities. There are multiple kitchens within one incubator and it's more or, I would call it a food hub. There are more -- there are more things to it than just a kitchen with pots and pans. I don't know how to say that. Is that enough of a ramble?

SENATOR LEBEAU: It was pretty good, I think, you put a caboose in that chain of thought. Yeah?

REP. LAVIELLE: I must say that was -- that was a mouthful, thank you Mr. Chair. Good morning, I represent Westport, part of it. And I agree with you that I can't speak for the rest of the state, but where we live there are many, many local products both in farmers' markets and really all over our grocery stores where they've made special deals to carry them.

And they're always far more expensive because the quality is better and the producers are operating at a -- on a much smaller scale, so their costs are relatively higher.

And I would assume that if a facility like this were available to more local producers, that it could help them immediately reduce the costs to

the consumer for buying locally grown without preservatives, et cetera, et cetera. I guess that's right, right? Would you agree with that?

LORI COCHRAN: I -- I would say that that's -- again, it's a bit of a twofold. Yes, if their facilities are readily available, and you're able to produce something and then deliver something within a reasonable amount, then yes, you as the consumer is going to pay less for that product.

Also, by having an opportunity for incubating kitchens, food hubs, mobile kitchens, which is another part that typically is tying into this. And with being an agricultural-based state, there's a lot of food on these farms that are going to waste.

Many of the farmers are looking at a program called GLINI, and this is where you take what is kind of the third level of the food that is at its prime ripeness. And say a mobile kitchen would pull up, and they would freeze all the products, label it, and that product would then be considered a processed food, and be able to be sold in a grocery store. This is very successful in the state of Vermont. It is also very successful in the state of Washington and Oregon currently and parts of California.

REP. LAVIELLE: The -- one of the -- the question that I asked before I'd like to ask again. And it had to do with -- okay, so a commercial kitchen is to be set up, let's say, serving that part of lower Fairfield County. And it would have various types of equipment, whether you're preserving and canning products or whether you're making bread or whether you're bottling a beverage, the -- where my questioning is going is who owns or operates

the kitchen? Is that a separate business which actually runs itself as a business?

Who makes the decisions on what sort of equipment the commercial kitchen will offer? Because I can imagine, I know nothing about this fundamentally, but I can imagine that if you are bottling espresso you'd have a very different set of equipment than if you were making fresh bread. So how does that work?

LORI COCHRAN: Excellent, excellent question. There are multiple models throughout the country that have already been created. Actually some in Europe as well.

It depends, do you want to recreate the wheel? Do you want to kind of tap into some of stuff that is already running successfully. In my opinion, I look at the ones that are running as a profitable business and there are multiple. And who runs those. It is a business, and there's a CEO of that business and a VP, and a VP of marketing.

And if I had my druthers today I would like to say I would start a facility in Southern Connecticut and Northern Connecticut, and they'd both be run by two separate people as an a la carte offering that you would walk in and say, you're making the best brownies in the world. And could you come in and say, I need a commercial kitchen, I need a labeling, I need a marketing team, and someone to help me with insurance.

A business plan, and you can kind of check based on that, and when you get to the bottom as someone, such as Donny, who is ready to go scale with their product, meaning that they are looking to a Whole Foods, a national, a Northeast profitability and area, then that's

how you determine how much they would pay.

REP. LAVIELLE: So I --

LORI COCHRAN: So in my opinion it would run again -- again there are multiple ways of running it, but asking how I would see it being run here is an a la carte profitable business.

REP. LAVIELLE: So I guess, and maybe I'm dredging up something someone has already said, but it sounds to me -- the argument for the need for this, I think, is very clear. And I find it really interesting.

But what, in fact, you're asking is that if someone sees that to be an entrepreneur -- any -- any entrepreneur says I think I'd like to start this as a business, the same way they might start any other kind of business, is asking that there be a special type of grant program fund to help that sort of business be started in an entrepreneurial way the same as it would be for any other business.

LORI COCHRAN: Well, I think I would need to defer that question to Senator Leone's office. Because the way I interpreted the bill is that the grant fund be put towards the facility in which would be an incubator/food hub.

SENATOR LEBEAU: We're having a little discussion up here right now. That's okay. I think -- I think there's some confusion about -- what I'm hearing is some confusion about what is exactly what you want this program to be. And I can envision an incubator.

I didn't understand from the initial conversation that you wanted a facility to bring things to scale. To me that is, as you said, an entrepreneurial activity that the

state should or should not be involved in. I'm not sure, and I think that's where you're going, isn't it, Gail?

REP. LAVIELLE: Yeah, it's --

SENATOR LEBEAU: Social enterprise.

REP. LAVIELLE: I think the it's a great idea. I think there's a need for it. I think it's wonderful. What I'm having trouble figuring out is why is this a special case this the state would be involved in funding as opposed to any other type of entrepreneurial startup.

LORI COCHRAN: And my -- again I should probably defer that question. From -- from my standpoint as being asked of someone who is supporting the bill, in asking how I -- how you would -- how I would recommend that I would see this facility running, many states run them as nonprofits.

So humbly, it would go back to who decided to take the initiative in this state. Many are run as nonprofit food hubs. You know, I just -- I personally don't see that that would be the direction. But I don't know, I think I would truly have to defer that question, because I think it's too broad of a question for me especially [inaudible] ininitable.

SENATOR LEBEAU: Okay.

REP. LAVIELLE: I appreciate it.

SENATOR LEBEAU: What I think would be very helpful here, and it was -- you asked a question earlier, give me a model. Give us a model. What are you looking at? Are we looking at Vermont? What do they do there? You mentioned a specific place too!

LORI COCHRAN: Glass River Processing Plant.

SENATOR LEBEAU: Right. Yeah, let's check that out and how that operates and how they're funded, and what the state's role in that is. We can take a look at that. But we have to do this rather quickly, because bill deadlines are coming up.

LORI COCHRAN: There's also a wonderful one in Rhode Island that is a non-profit, but I'll send the link so he can send that to you as well. And that's are two completely separate business models that would be nice to look at. And they do help farmers.

SENATOR LEBEAU: See, you're at the business model level, and we're at the state policy level. So there's -- there's a link there, but we have to try to figure out what the state policy should be that would help something in this area and what's appropriate to do.

LORI COCHRAN: I would -- I could not agree more and I think -- coming back to small business.

SENATOR LEBEAU: So we need a little more information.

LORI COCHRAN: And coming from a small business and a nonprofit and supporting small businesses is my job. I'd say having state and local support is crucial at any level.

SENATOR LEBEAU: Any further questions? Gail?

REP. LAVIELLE: Thank you, Mr. Chair. Just to finish my comments, like I said, I think it's a great idea for a business. I think it's wonderful. I, you know, we need it. The -- for the benefit of Senator Leone's office and

so on.

I -- what I'm looking for here is generally rather than looking to us to set policy for, you know, a new -- the opening of a new sector, a business will come and say, someone mentioned the Small Business Express Program a while back. They'll say, I'm going to start a business, here I go. I found some funding on my own, but I need some more, I think it would be great for the following reasons, can the state help through an existing program.

And then there's no need to set policy. It's simply a judgment on the part of DECD that this is a worthy business that is going to help create jobs and stimulate the economy and they'll give you some funding.

Whereas this is -- this seems more, as Senator LeBeau said, an attempt to -- not an attempt, I don't mean it that way, but an exercise in policy setting to perhaps legitimize something that really doesn't need legitimizing because it's a great business idea. So that's where I'm a little -- where I feel I need more information, and I think -- I think we all do. So I applaud you for the initiative, I'm just not quite sure what our role is in helping to get there.

LORI COCHRAN: And I think we will be happy to also provide some numbers and information as to how this could help, looking at the farming communities, of them making a profit off their products as well. Some of these kitchens do -- are able to help. So I'll be happy to supply as much information as I can.

REP. LAVIELLE: Thank you very much.

SENATOR LEBEAU: Representative Morin?

REP. MORIN: Thank you, Mr. Chairman, and hello and welcome. I'm sorry I was a hair late, so I hope that I don't speak things that have been said already. Of course that is not uncommon in this place. So we'll just -- we'll just go from there. But thank you for coming. You know, you bring -- I'm glad I got to hear what you had to say, because you threw a few things out there.

And one of the things that is very important, I know in my community, and is extremely popular is the ability to purchase local products. You know, we talk about our carbon footprint. We can talk about all the buzz words that we hear, but that's something that really gets people together.

We have, I think, a very successful farmers' market in Wethersfield. So it's not only food products, but all kinds of products that are crafted, and there are many that are cooked, a majority that are either produce or cooked in this area.

And I kind of like this idea. I'm not ready to throw this out with the bath water. I want to learn more. Because I think if we can help, if there's something that we should do, then I would be willing to do so. Maybe we don't, and we'll get more information. Because, you know, I think it's cleaner in a whole lot of senses.

You know, I will admit there's times when I wonder where the product I'm buying is being made. Does it have the right kind of -- you know, type of facility to properly produce and cool -- all, you know, all that stuff. But for another day.

But have you heard, I know that they're looking

at the Regional Market in Hartford, and that's the part of agriculture, and they're looking at some things to possibly -- I know we'd love to renovate that facility to make it more useful and user-friendly for the community, and one of the things I heard in their plan is that they actually want to have a kitchen there for farmers. Have you heard any of that?

LORI COCHRAN: I have actually heard that. There's a wonderful example of success from that in San Francisco, it's called the Cuesa Market, C-u-e-s-a and their programming is outstanding. They have a kitchen that is based on education as well as renting out to their vendors. It's very viable.

REP. MORIN: And that is something obviously that would play well into what you're discussing today?

LORI COCHRAN: You know I think any type of commercial -- from that scale, I think commercial kitchens being available to the vendors, especially if a farmers' market is able to have a governance over it both not only eliminates some of the pressure from the Health Department by having one kitchen they're reviewing, but it also creating more of a symbiotic relationship between that farmer and the farmer, the baker, the cheese monger and that farmers' market, in my opinion.

REP. MORIN: Well, I'm definitely going to -- because conceptually agree, and I understand by some of the questions asked that there certainly are more answers that maybe need to come forth. But I appreciate your testimony, and thank you.

SENATOR LEBEAU: Thank you, Representative Morin.  
Representative Becker.

REP. BECKER: Thank you, Mr. Chairman. Thank you for coming in today. When I asked the small Business Express Program before the previous speaker, the Senator and the previous speaker looked back to you, and you were nodding your head.

So I don't know if you have any more information whether you contacted DECD, talked to them about the Small Business Express Program and whether it could apply to what we're talking about here today. And if you could just let me know what you do know at this point I'd appreciate it.

LORI COCHRAN: Thank you. What I do know at this point is that many of the small businesses, I can think of four on the top of my head who have left the state of Connecticut, had contacted them in regard to small business loans. Some have been granted some. Some have been found other private funding. There have been some angel programs that have gone on in Southern Connecticut. I can't speak to the Northern aspect, I'm happy to look into that.

But there is funding available. But finding it -- one of the things I find about these small businesses -- I come from a corporate background, and being in the nonprofit sector is fairly new to me.

Many of these small businesses don't have a business background and don't even know how to go about getting a business license or the proper insurance. I think Donny may have touched on that. Of the hope in this type of program, and maybe it's something that is absorbed into another state program, I'm not sure.

But if these small businesses have the resources in the state of Connecticut to simply get them up and running properly as a business to stay here and to create jobs, and to create a role in the economy.

But to your regard have I personally looked into this in regards to opening a facility like this, no, I have not. I've been just been investigating what would work, and what the needs are, because there are several different entities that are -- seem to have moving parts, and I'm just trying to get as much as information as I possibly can.

REP. BECKER: Great, I appreciate that. As far as helping businesses get up and running, business plans and putting them in touch with the appropriate folks and helping them navigate, that is what DECD is partially charged with.

So I would encourage you to tell folks who are look around to get in touch with them and ask them for help, because the help is there. We just need to get the word out to folks that that's what they need to do.

LORI COCHRAN: Okay.

REP. BECKER: Now, it's interesting, because you've been speaking about -- more about taking businesses to scale, and I think the previous speaker was talking more about the actual startups themselves and being unable to afford the cost of the kitchen and trying to do that.

In this bill, you should just be aware, that it does speak to nonprofits as opposed to the profitable business you're talking about, and it does talk about that nonprofit making space available at below market rates, which runs contrary to a money-making proposition.

generally speaking too.

So you should just be aware that that's there, and I would ask my constituent who is the Senator's legislative aide to help -- to help, you know, to mediate between the two of you, you and the prior speaker, and try to come up with what is it that we're shooting for here.

Because I'm hearing two different ideas, essentially, and several potentially different models. And I think we need to kind of settle on what it is you're asking for, and then try to figure out from there whether it, in fact, makes sense given all of the other programs that the state already has available, which it sounds to me like the type of organization you're pushing for could take advantage of just people need to be pointed in the right direction.

And you know, I'd be curious to hear how that exploration goes, and if, at the end of the day, it doesn't work then I think it merits us look hard at this. If, in fact, there are other ways of getting you funding and sources there, then, you know, Senator LeBeau mentioned earlier using schools and things along those lines if you're just getting access to a kitchen.

So if you get that and funding and there is professional help available through DECD for the startup organizations to figure out how to get their licensing, how to take things to scale, how to come up with a business plan, it may already be there, and we don't have to reinvent the wheel. So thank you for coming in, and I appreciate your testimony.

SENATOR LEBEAU: Thank you, Representative.  
Representative Vicino.

REP. VICINO: I'm a small business guy, and I started out just the way you did. It's been 30 years this year. I think you have to start from the bottom up. I like the idea of the school or the church, keep your costs down, because you're just starting out. There's some programs that are available through UCONN.

After we're done, we can walk up to my office, I have a flyer for you with a business card, someone that can sit down with you, help you navigate through these little questions that you have. I think what you have to do is start from the bottom up and figure out where you're headed. Because

I've heard all kinds of different questions and answers and a lot of different opinions. But you need to start from the bottom, and if you have a lot of passion and you want this to succeed, you will succeed, because this is a great time to go into business in Connecticut.

And if you have a good product and you work hard, anybody can make it to the top. So after we get done, if you'd like, I'll bring you up to my office. I'll set you up with the flyer and the card, and you can get some professional help at no cost through the program, through the DECD. And you want to start from the beginning.

I think you have to start with the basics. And I really like the idea about using somebody else's church or school, their electricity, their plant.

Another source is go to your local chamber of commerce, sit down, talk with the director. They might know of somebody in town that has a kitchen that would like to let you use it.

Your economic development people, attend their meetings, talk to the people in the group. Start to network, and that's how things happen.

I had a lady in my town of Clinton when I was on the Chamber of Commerce that they had her favorite cookie recipe, and she was doing the same thing that you're doing. We teamed her up with a restaurant that was having a few problems that rented her some time in the kitchen. Before you know it, a couple of years later, she went out to the state program, bought an oven in a little industrial park, and now she's getting her business going.

But I think you have to start from the bottom, like everyone else did, and you know, start from the bottom. So after we're done, we'll take a walk up. I'll set you up with the paperwork, and I wish you luck. Thank you.

LORI COCHRAN: I think I need to clarify, though, I actually run a nonprofit that supports small businesses. I'm not necessarily looking to start a small business or directly asking for these funds. I am looking to help support any small business that is looking to go from a small commercial kitchen, utilizing to a large scale that can sell directly to Whole Foods.

REP. VICINO: I understand that.

LORI COCHRAN: I would also like to also use my efforts; that if I continue the exploration to see if there is viability in this type of kitchen or, I think we're getting caught in up using the word kitchen because it actually would be a lot more than a kitchen. If there is viability in that, then I would look to pursue that as an additional opportunity. But I greatly appreciate you --

REP. VICINO: If you don't have luck with this committee, you need to start to develop it and work on it, all right.

LORI COCHRAN: I will. I look forward to getting that information. Thank you.

REP. VICINO: Okay, thank you.

SENATOR LEBEAU: Thank you, Tom. I think everybody's had a shot? No further questions. Thank you, for being here today.

LORI COCHRAN: Thank you, very much.

SENATOR LEBEAU: Henry Talmage.

HENRY TALMAGE: Good afternoon by a whisker. My name is -- Senator LeBeau and members of the committee, my name is Henry Talmage, Executive Director of the Connecticut Farm Bureau. I've submitted some written testimony with regard to Raised Bill 5516 which we've heard quite a bit about this morning, and I want to relay the support for this bill and provide some -- perhaps some other background that might address some of the questions that came up.

Certainly the Connecticut Farm Bureau recognizes that the vertical integration of agricultural enterprises and operations is a critical component to the success of agriculture in Connecticut. I co-chair the Governor's Council on Agricultural Development, of which we've looked long and hard at the issue of access to getting our local -- locally grown products into markets.

And I have also had some experience, before coming to Connecticut eight years ago, I was from New York and served on the Cornell University College of Agricultural and Life

Sciences Advisory Council where, at the Cornell Research Facility in Western New York at Geneva in the Finger Lakes, that there is a food incubator, a program there, and I might be able to help answer some questions with regard to that.

I think this really does represent the issue of scaling up. I think one thing that we kind of -- we look to the great success of farmers' markets across the state, and say look, we have 130, 140 farmers' markets, and that represents -- [banging sound]

Okay. That represents kind of the salvation, but really, we need to understand just how little product, how small the amount of product that moves through farmers' markets is. It's minuscule, hardly shows up. The vast majority of food in the state is sold at food retailers, supermarkets. Even stores like Whole Foods are a fraction of the overall retail food market.

So when we talk about this vertical integration, there is this issue of scaling up, because you need to get not just able to produce food and food products, but you need to get them to a scale in which they will work in larger distribution systems.

In many ways, this idea of a kitchen and an incubator helps in that regard. It's not about just getting a piece of equipment in a church kitchen. This is about product development and limited production in order to secure enough business interests in order to secure the, you know, 10,000 case order, which then can be farmed out and done through contracted services that can exist.

This is -- and this is what the food incubator process looks like. So -- and also small

community kitchens don't have the type of equipment. They may have, you know, ovens and mixers, and so on, but they don't have pasteurization equipment. They don't have packaging and labeling equipment. And part of this product development idea is that you, you know, you might develop a wonderful recipe for a salsa, but what you don't know is that you need to sell it in 6 ounce bottles, 12 ounce bottles, and 1 gallon cans.

So you need to be able to do that, process it, get it to a scale that works enough so that you can move it -- move it forward.

There are a lot of opportunities with this, and I think -- just I'll stop here and answer questions, but just look at the -- look at the wine business. I mean, in the beginning a vineyard produce grapes and the grapes then are a commodity can be sold to a winemaker who makes wine.

Well, you see what's happened is that our vineyards are now wineries and our wineries are selling directly to consumers, and you're seeing this whole relationship between wine and food, and doing events on farms, and that's the vertical integration that, in order to survive, we've got to be able to capture the margins in more than just the raw commodity.

And this is an opportunity from a business development point of view to take a very small idea, to get it to a scale that would be meaningful in the marketplace. So I'll stop there, and happy to answer any questions.

SENATOR LEBEAU: Questions? I think everybody got a little tired. So many questions of the last speaker. I think we got it, Henry. I guess, let me ask a larger question. I mean, do you

see a need for this? I mean, is this something that -- you're with the Farm Bureau, and I go to Farm Bureau meetings. I missed the one this year, by the way, I apologize.

But I've never heard people coming forward and asking for this before, that the state should get involved in doing something like this. And I've gone it -- you know, I have 20 years' worth of Farm Bureau meetings. I don't see that the farmers are asking for something like this. I mean -- and again I think we're kind of a mixed two different ideas here about what we're really asking for. We need some research in some other states, and see how they're operating.

HENRY TALMAGE: Well, so I think one of the questions is that, you know, agriculture is changing constantly. That's not a -- that's -- you know, that's been true since forever. If you look at the ag statistics, there's a thousand new farm operations in Connecticut in the last five years. All of -- most of them are very small operations, meaning a thousand dollars or more qualifies as a sales operation.

But the economic -- total economic output is fairly stable in terms of farm gate sales. So -- and then this emergence, which is interest in local product. I mean, this is something that's relatively new. It's -- it's universal across many parts of the country. But it's relatively new.

And what's happened is we went away from a system of local agriculture to decentralized agriculture to now this re-emergence and interest in local agricultural. Now that's the good news. The hard part is we don't have the system and infrastructure in place to meet that. And this is --

SENATOR LEBEAU: Do we even have the farms?

HENRY TALMAGE: Well --

SENATOR LEBEAU: Because -- because, I mean -- I mean, farms are closing. You know, people are selling off their land and building -- building houses.

HENRY TALMAGE: So there is the -- the reason. What we seem to think and what we see is interest in local products. And what we need to do is nurture that process to be able to meet the demand for that so that we do put more acreage into production. That we do take advantage of that in a way that is a meaningful scale. And this is what I'm -- what I'm talking about in terms of not just very, very small production for very passionate, but small marketplace.

We're talking about getting products that are produced locally into larger distribution centers, larger retail modes and institution modes that will -- that will move the needle there. You know, the Governor's Council charge is to take our agricultural production to less than 2 1/2 percent of what we eat in the state we grow here to 5 percent.

Now if that were to happen, it would still only be 5 percent, but it would make a huge difference to the agricultural economy and land use. Because it would allow us -- we're never going to get this the point where we're going to produce 25 or 30 percent of our food locally, I doubt.

It would very difficult to do. But we can get the 5 percent and if we did that, we would more than double our agricultural output in this state which would make a huge difference to the

-- to the rural communities, to the job prospects, to all the different things that come into play.

So I think it's -- the combination of interest in local food and the ability to -- to turn that into real business opportunity is -- is why it's worthwhile to do this. And it's very difficult -- I've heard some things about doing it as a business model as a, you know, if this is such a good idea, how come X, Y, Z company hasn't done it yet? Well, part of it is it's utilization of equipment. Some of this equipment can be very expensive.

This is -- this was the experience at Cornell. They'd have a piece of equipment that might cost \$150,000 that bottles a one size bottle of machine. And there are some flexibilities, but that machine, if you go at it from a private investment point of view, you say, okay, I can pay for that machine if I can line up enough business to make that work. And it's been hard to do that.

This is, in a sense, very much the idea of economic development moving -- if you get enough producers who can come in on that, then utilization will be -- will be enough. I think the model of either nonprofit or for-profit, if possible, you know, that's -- that maybe should be determined later.

I think that there may be a role for the University of Connecticut to get involved, perhaps. I think the Hartford Regional Market is another -- is another opportunity. But the incubator idea is to be able to help proof of concept and limited scale production in order to get to a point where you can do meaningful production, which is then -- I agree completely is a separate business funding question.



Department of Economic and  
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**Catherine H. Smith**  
Commissioner

**TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE**  
**3/11/14**

Re: S B No. 302 AN ACT CONCERNING AN ENTREPRENEUR IN RESIDENCE PROGRAM

S.B. No. 419 AN ACT CONCERNING HOSPITAL AND WELLNESS ENTERPRISE ZONES

S.B. No. 422 AN ACT CONCERNING KNOWLEDGE CENTER ENTERPRISE ZONES

H.B. No. 5404 AN ACT CONCERNING FINANCIAL ASSISTANCE FOR BUSINESSES  
AFFECTED BY PROLONGED STATE INFRASTRUCTURE PROJECTS

H.B. No. 5405 AN ACT CONCERNING LEGISLATIVE APPROVAL OF FIRST FIVE PLUS  
PROGRAM INVESTMENTS

H.B. No. 5516 AN ACT PROVIDING FOOD ENTREPRENEURS WITH ACCESS TO  
COMMERCIAL KITCHENS

H.B. No. 5518 AN ACT CONCERNING THE LIABILITIES OF APPLICANTS FOR STATE  
FINANCIAL ASSISTANCE

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Senator LeBeau, Representative Perone, Senator Frantz, Representative Lavielle and members of the Commerce Committee. Thanks for the opportunity to present testimony on the bills before you here today.

While these initiatives are certainly well-intended, we at DECD believe that we can meet the objectives of these proposals through our current programs and practices. With the support of this committee we have made great progress in recent years in improving the effectiveness our programs; our concern is that these initiatives would add undue complexity to our operations, making it more challenging for us to serve our constituents in the best and most efficient manner. These general comments aside, we offer the following specific thoughts about the bills on today's agenda.

SB 302 would require DECD to establish an entrepreneur in residence program that would position entrepreneurs in state agencies to make agency services and practices more efficient and more responsive. While we applaud the idea presented in the bill – that a more flexible and customer-driven business model would serve the state well – we are concerned that, at present, we do not have the funding and requisite personnel to establish and administer such a program. Our team is already stretched managing the programs we currently are responsible for, so adding more would clearly mean something else would likely suffer. Additionally, we would point out that across state agencies, there are several steps that have already been undertaken to improve and streamline our state agency working processes. As you know, we have already carried out various efforts to LEAN our programs and operations to make them more efficient and



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responsive. In addition, under EO 38, all agencies have identified and submitted to the Governor, regulations that should be altered or eliminated. With time, these and other culture-changing initiatives have and will continue to make our state more business-friendly.

SB 419 would create new hospital and wellness enterprise zones, while SB 422 would establish new knowledge center enterprise zones. The addition of these two new provisions to our existing enterprise zone program runs the risk of diluting the overall impact of these offerings. More important, we are confident that we currently have programs to serve effectively businesses in or locating to the areas addressed in these two bills.

HB 5404 calls for DECD to establish and administer a program to provide financial assistance to businesses affected by prolonged state infrastructure projects. DECD prides itself on having consistently stepped in to assist businesses during times of severe dislocation, e.g., following floods, fires, or other disasters. Our Small Business Express program has aided many businesses in need of support due to outside impacts over the past couple of years. As a result, we again are confident that we have the requisite programs to help entities facing disruption due to such projects.

HB 5405 would subject the First Five Plus financial assistance packages to legislative approval. According to both statute and internal policy, DECD already conducts full and effective analyses of the projects it funds. During a hearing earlier this year, we laid out for you the multitude of steps we take to ensure the integrity and financial capacity of our applicants. We also are concerned that this proposal would cause delays that could adversely impact the outcomes of time-sensitive negotiations. Beyond this, because private enterprises have substantial and legitimate concerns about control over proprietary information, we fear that this initiative would discourage companies from considering Connecticut. In order to continue to make progress in positioning Connecticut as a state that strives for a business friendly environment, we need to be an agile competitor for such companies – one that uses a process as streamlined and competitive as the states we vie against.

HB 5516 would oblige DECD to establish a competitive grant program to encourage the creation of a kitchen incubator for food entrepreneurs. In short, we are concerned that this proposal constitutes an unfunded mandate and that we do not have the resources to fund and administer such a program.



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March 11, 2014

**Testimony in support of: Raised Bill No. 5516 AN ACT PROVIDING FOOD ENTREPRENEURS WITH ACCESS TO COMMERCIAL KITCHENS.**

**Submitted by: Henry N. Talmage, Executive Director, Connecticut Farm Bureau Association**

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*The following testimony is submitted on behalf of the Connecticut Farm Bureau, a statewide nonprofit membership organization of over 5,000 families dedicated to farming and the future of Connecticut agriculture.*

**Senator LeBeau, Representative Perone and Members of the Commerce Committee:**

The Connecticut Farm Bureau Association supports Raised Bill 5516 which would authorize the Commissioner of Economic and Community Development to establish a competitive grant program to encourage the development or expansion of a kitchen incubator for food entrepreneurs. One of the key strategies for the growth of Connecticut agriculture is to vertically integrate our raw agricultural products into more value-added products. Farmers and local food enthusiasts have recognized that the local food movement has created opportunities to not only grow more food but to create more packaged and processed foods for local consumers. Most of these value-added products require the use of a commercial kitchen for product development and limited-scale production. The cost to install a commercial kitchen is prohibitive for most producers. In addition, strict food safety regulations are making it harder for small producers to comply with standards in home-based kitchens. The result is that we have an impediment to growth for Connecticut agriculture, which this bill would address by making funds available for a kitchen incubator. The Connecticut Farm Bureau supports this important economic development initiative.