



Department of Economic and Community Development



LEGISLATIVE SUMMARY 2016

Dannel P. Malloy
Governor

Catherine H. Smith
Commissioner

LEGEND

AAC	“An Act Concerning...”
CAA	“Connecticut Airport Authority”
CII	“Connecticut Innovations, Inc.”
Commissioner	Unless otherwise defined, is the Commissioner of DECD
CRDA	“Capitol Region Development Authority”
CTSB	“Connecticut Transportation Strategy Board”
DECD	the “Department of Economic and Community Development”
Department	“DECD”
DEEP	the “Department of Energy and Environmental Protection”
DOT	the “Department of Transportation”
DPH	the “Department of Public Health”
DSS	the “Department of Social Services”
DRS	the “Department of Revenue Services”
HB	“House Act”
JSS	“June Special Session”
LLC	“limited liability company”
MAA	the “Manufacturing Assistance Act”
MME	“Manufacturing Machinery and Equipment”
OHE	the “Office of Higher Education”
OPM	the “Office of Policy and Management”
OBRD	the “Office of Brownfield Remediation and Development”
OWC	the “Office of Workforce Competitiveness”
PA	“Public Act”
SA	“Special Act”
SB	“Senate Act”
SSS	“September Special Session”

Sources of Information

The following summaries have been compiled from the Office of Legislative Research and Office of Fiscal Analysis and tailored specifically for the Department of Economic and Community Development. Only Public Acts affecting, or of interest to, the Department are included in this summary.

Prepared by:
Department of Economic & Community Development
2016

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AN ACT CONCERNING THE IMPACT OF PROPOSED REGULATIONS ON SMALL BUSINESSES

SUMMARY: This act expands the types of information that agencies must include in the regulatory flexibility analyses they prepare before adopting regulations that directly affect small businesses. Agencies include these analyses in the fiscal note they prepare for a proposed regulation. Under prior law, in preparing these analyses, agencies had to consider using specific regulatory methods to minimize adverse effects on small businesses.

The act also specifies that agencies must prepare the regulatory flexibility analysis before, or concurrently with, posting notice of their intended action on the eRegulations system. This notice must be posted at least 30 days before adopting regulations. Prior law required agencies to prepare the fiscal note, which includes the flexibility analysis, at least 30 days before adopting the regulations but did not tie the deadline to posting the notice.

Additionally, the act increases, from 75 to 250, the maximum number of employees a business may have to be considered a small business for the purpose of regulatory flexibility analyses. By law, a small business is an entity that (1) is independently owned and operated and (2) has fewer than the maximum number of employees or gross annual sales of less than \$5 million.

Lastly, the act makes a technical change to the definition of small business for the purposes of individual development accounts.

EFFECTIVE DATE: October 1, 2016

REGULATORY FLEXIBILITY ANALYSIS

The act expands the types of information that must be included in a regulatory flexibility analysis, some of which the law already requires agencies to include in the regulations' fiscal note or notice of intended action. The act requires each regulatory flexibility analysis to include the following:

1. the proposed regulation's scope and objectives (existing law requires agencies to include the regulations' purpose in its notice of intended action),
2. the types of businesses potentially affected by the proposed regulation,
3. the total number of small businesses potentially subject to the proposed regulation (existing law requires this to be included in the regulation's fiscal note), and
4. whether and to what extent the agency communicated with small businesses or small business organizations in developing the proposed regulation and flexibility analysis.

Under the act, the analysis must also state whether small businesses, in order to comply with the proposed regulation, may be required to do any of the following specific actions:

1. create, file, or issue additional reports;
2. implement additional recordkeeping procedures;
3. provide additional administrative oversight;
4. hire additional employees;
5. hire or contract with additional professionals, including lawyers, accountants, engineers, auditors, or inspectors;

6. purchase any product or make any capital investment;
7. conduct additional training, audits, or inspections; or
8. pay additional taxes and fees.

Prior law required agencies, in their analyses, to use specific strategies to accomplish statutory objectives while minimizing the regulation's impact on small businesses. The act instead requires agencies to state whether and to what extent the regulations provide alternative compliance methods for small businesses, which may include any of the strategies specified in law (e. g., establishing less stringent reporting requirements for small businesses).

Existing law, unchanged by the act, requires an agency, before adopting any regulations that may adversely affect small businesses, to notify the Department of Economic and Community Development (DECD) and the Commerce Committee of its intent to adopt the proposed regulations. DECD and the committee must advise and assist an agency in preparing its regulatory flexibility analysis.

By law, these requirements do not apply to emergency regulations, small business set-aside program regulations, or regulations that do not directly impact small businesses, including regulations (1) for the administration of federal programs or (2) concerning costs and standards for service businesses (e. g., nursing homes, day care facilities, and nonprofit agencies).

Public Act# 16-58

HB# 5498

AN ACT REVISING THE REGULATION REVIEW PROCESS

SUMMARY: This act makes several changes to the Uniform Administrative Procedure Act (UAPA), which governs the regulation adoption process for state agencies. It (1) transfers, from the Regulation Review Committee to state agencies' legislative committees of cognizance, responsibility for conducting periodic reviews of agencies' existing regulations; (2) makes minor changes to certain deadlines and effective periods associated with emergency regulations; (3) adds to the circumstances in which agencies may propose amendments to regulations without prior notice or public comment; and (4) modifies provisions concerning the agencies' (a) posting of notices of proposed regulations on the eRegulations System, (b) delivery of the notices to certain interested parties, and (c) responses to public comments.

The act also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage, except that provisions on (1) notifying persons that request advance notice of proposed regulations are applicable to regulations noticed on or after January 1, 2017; (2) responses to public comment and submission to the attorney general are effective January 1, 2017 and applicable to regulations noticed on or after that date; and (3) emergency regulations and technical amendments, as well as a technical change (§ 3), are effective October 1, 2016.

§ 4 – REVIEWS OF EXISTING REGULATIONS

Prior law required the Regulation Review Committee to establish, every five years, a date by which each state agency had to submit to the committee a review of the agency's existing regulations. The committee had to establish the date in consultation with each agency. The act

instead requires (1) the agencies' committees of cognizance to establish these dates and conduct these reviews and (2) that these dates be established every seven years, rather than every five. The committees of cognizance must notify the Regulation Review Committee's administrator of the dates and any extensions.

The act requires agencies and the committees of cognizance to establish these dates by July 1, 2017. It allows the committees to establish a schedule of dates to review various portions of the regulations upon agreement with an agency's administrative head.

Review Requirements

The act retains existing law's provisions on the review's requirements and makes conforming changes that give the committees of cognizance authority over the review. By law, the review must include (1) recommendations for reducing regulations' number and length; (2) determinations on whether they are obsolete, unused, inconsistent with other laws, no longer effective, or the subject of written complaints; and (3) recommendations regarding extraordinary circumstances warranting their waiver. Agencies must submit the review to the committee of cognizance and the Regulation Review Committee's administrator.

Under prior law, the Regulation Review Committee and the committee of cognizance had to conduct a joint public hearing on the agency's review. The act eliminates the requirement that the Regulation Review Committee take part in the hearing. It also extends (1) from 30 days after the agency's submission to 90 days after the submission, the deadline by which the committee of cognizance must hold the hearing and (2) from five days before the hearing to 15 days before the hearing, the deadline by which copies of the review must be made available to the public.

The act also makes conforming changes by eliminating the Regulation Review Committee's role in certain post-hearing procedures. For example, under the act, the committee of cognizance, instead of the Regulation Review Committee (1) may ask an agency to initiate the UAPA's process for amending or repealing an existing regulation when legislative action is not required and (2) must consider any recommendation by the agency requiring legislative action. The committee of cognizance may also conduct its own review of the agency's regulations if the agency did not, in the committee's judgment, conduct a satisfactory review.

§§ 1 & 2 – EMERGENCY REGULATIONS

By law, an agency may adopt an emergency regulation either without prior notice and hearing or with an abbreviated notice and hearing process. Under prior law, an emergency regulation was effective for up to 120 days, but the agency could extend this period for up to an additional 60 days by posting a notice on the eRegulations system and notifying the Regulation Review Committee. The act instead makes emergency regulations effective for up to 180 days from the date they are approved and posted online, with no extensions permitted (except as described below).

Under existing law and the act, the Department of Energy and Environmental Protection's (DEEP) emergency regulations on fishery management and marine resources emergencies may be extended for an additional 60 days after the end of the 180-day period. The act requires DEEP to submit requests for these extensions to the Regulation Review Committee at least 15 days before the regulation expires, rather than 10 days before as prior law required. The act also changes, from 10 business days to 15 calendar days, the time that the Regulation Review Committee has to

act on a proposed emergency regulation. By law, an emergency regulation is deemed approved if the committee does not act on it within the specified timeframe.

By law, regulations (including emergency regulations) are generally effective when the secretary of the state posts them on the eRegulations system. The act eliminates an exception in prior law that allowed emergency regulations to become effective upon submission to the secretary if the agency found it necessary because of imminent peril to public health, safety, or welfare.

§ 1 – TECHNICAL AMENDMENTS

Under the UAPA, the regulation-adoption process generally requires notice of the proposed regulation and the opportunity for public comment. However, agencies may propose, without prior notice or hearing, (1) technical amendments to regulations when necessary to conform to certain changes (e. g., a change to the agency's name) or (2) a repeal of a regulation if the authorizing statute is repealed. The act allows an agency to also use this expedited process to (1) amend an existing regulation solely to conform it to amendments to state law, as long as the amendment to the regulation does not involve any agency discretion; (2) update or correct contact information contained in the regulation; or (3) correct spelling, grammar, punctuation, formatting, or typographical errors.

§§ 5-9 – NOTICES OF PROPOSED REGULATIONS

Notice to Interested Parties (§§ 5-6 & 9)

By law, agencies seeking to adopt regulations must post notice of their intent on the eRegulations System at least 30 days before adoption. Prior law required agencies to provide electronic or paper copy notice of the intent to every person that had requested advance notice of their regulation-making proceedings.

The act eliminates this requirement beginning January 1, 2017 and instead requires agencies to mail a paper copy only to persons that request advance notice on or after October 1, 2016. The agency must mail the notice no later than five days after posting it on the eRegulations System. The act also requires that the eRegulations System enable members of the public to request and receive an electronic notification when an agency posts a notice of intent to adopt regulations.

The act requires agencies, by September 1, 2016, to provide the Office of Policy and Management (OPM) with the email or mailing address, as applicable, of each person that has requested notice of regulation-making proceedings. By October 1, 2016, OPM must notify each of these persons that, on and after January 1, 2017, the notice of intent will be provided (1) electronically on the eRegulations System or (2) by mail to any person who submits a written request to the agency. Notices delivered by mail must include instructions on how to subscribe to electronic notifications on the eRegulations System.

Responses to Public Comment and Submission to the Attorney General (§§ 7-8)

By law, an agency must post on the eRegulations System a notice that states whether the agency has decided to move forward with a proposed regulation. The act eliminates a requirement that the agency send this notice to anyone that submitted written or oral comments on the proposed regulation. It instead requires the agency to distribute to these persons only the agency's response to comments it received. It must send the response electronically to anyone that provided a valid

email address and mail a copy to each person that specifically requested a paper copy on or after January 1, 2017.

Under prior law, the agency had to also post on the eRegulations System statements of the principal reasons (1) in support of its intended action and (2) in opposition to its intended action, as urged in written or oral comments on the proposed regulation, and its reasons for rejecting these considerations. The act specifies that the agency must post these statements only if it receives comments on the proposed regulation.

The act also eliminates a requirement that the agency post the final wording of the proposed regulation on the eRegulations System before it submits the regulation to the attorney general for approval. It instead requires the agency to post on the system the version it submits to the attorney general, presumably at the same time as the submission.

Public Act# 16-29

HB# 5591

AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM

SUMMARY: This act creates the Connecticut Retirement Security Authority (“authority”) to establish a retirement program with Roth individual retirement accounts (IRAs) for eligible private-sector employees, who will be automatically enrolled in the program unless they opt out. The act establishes the authority as a quasi-public agency administered by a nine-member board of directors. (PA 16-3, May Special Session (MSS), makes numerous changes to this act including increasing the board’s size from nine to 15 members and re-naming the “program” as an “exchange.” Changes made by PA 16-3, MSS, are added throughout this summary.)

The act establishes requirements for “qualified employers,” i. e., private sector employers that employ at least five people, each of whom was paid at least \$5,000 in wages during the preceding calendar year. “Covered employees” are those who have worked for a qualified employer for at least 120 days and are at least age 19.

Qualified employers must automatically enroll each covered employee in the program no later than 60 days after the employer provides the employee with certain information the act requires. In general, if the employee does not affirmatively choose a contribution level, the employer must enroll the employee with a contribution of at least 3% but not more than 6% of the employee’s taxable wages (up to normal IRS limits). (PA 16-3, MSS, sets the default contribution at 3%.) Employers cannot contribute to the program.

A covered employee may opt out of the program by electing a contribution level of zero. Qualified employers do not have to provide employees with the information or automatically enroll them if they maintain a retirement plan recognized under the federal tax code or approved by the authority. Employers that are not required to participate and individuals who are not automatically enrolled may participate under procedures established by the authority.

The act authorizes the authority to charge administrative fees to help defray program costs. It also sets penalties for employers that fail to remit contributions or enroll covered employees.

Under the act, the individual Roth IRAs (i. e., after tax contributions only) must be established and maintained by the program or a third-party entity in the business of establishing and

maintaining IRAs. Program assets must be held in trust or custodial accounts meeting IRS requirements.

The act requires the authority to offer Roth IRAs with a number of features, including options for age-appropriate target-date funds and procedures for distributions in accordance with applicable IRS rules. Interest, investment earnings, and investment losses must be allocated to each participant's IRA. A participant's benefit under the program must be equal to the balance in the participant's IRA as of any applicable measurement date set for the program.

The act vests the authority's powers in a board of directors. The governor selects the board chairperson with the advice and consent of the General Assembly. (PA 16-3, MSS, eliminates legislative approval of this selection.) The board or its executive director, if one is appointed, must supervise the program's administrative affairs and activities. The act requires the board to adopt written procedures on, among other issues, annual budgets and hiring.

The act requires the authority's board members to act with care and solely in the interests of program participants. It also authorizes the attorney general to investigate violations of this requirement and to seek injunctive relief.

The act requires the authority to establish and maintain a secure internet website to help qualified employers identify vendors for retirement arrangements that the employers may implement instead of participating in the program. It requires the vendors registered and included in the website to bear the cost of establishing and maintaining the registration system and website.

The act bans the authority's board members, employees, and contractors from making or soliciting contributions for campaigns for state elective office.

EFFECTIVE DATE: Upon passage for the provisions creating the authority and its board, requiring the authority to establish procedures, defining the IRA program, and banning political contributions; and July 1, 2016 for the provisions that conform the authority to existing laws on quasi-public agencies and payroll deductions.

§ 1 – DEFINITIONS

Under the act:

1. “contribution level” means (a) the contribution rate the participant selects that may be (i) a percentage of the participant's taxable wages reported to the IRS or (ii) a dollar amount up to the maximum annual IRS deductible amount; (b) in the absence of the participant's affirmative election, 3% of the participant's taxable wages as required to be reported for federal tax purposes, or such other amount as the authority determines, but not more than 6%; or (c) for tipped employees, a percentage of the employee's pay and not a fixed dollar amount (PA 16-3, MSS, changes the automatic enrollment maximum contribution to 3%);
2. “covered employee” means an individual who (a) has been employed by a qualified employer for at least 120 days, (b) is at least age 19, and (c) performs work that is covered by state unemployment compensation law; and
3. “vendor” means (a) a regulated investment or insurance company conducting business in the state or (b) a company conducting business in the state to (i) provide payroll or recordkeeping services and (ii) offer retirement plans or payroll deposit IRA arrangements using products of

regulated investment companies, but does not include individual registered representatives, brokers, financial planners, or agents. (PA 16-3, MSS, modifies the two definitions of vendor. One change requires that the retirement plan sponsors, investment companies, or insurance companies be federally regulated. The second expands the definition of payroll or recordkeeping businesses that also provide retirement plans or payroll deposit IRAs to include businesses that provide ancillary services, including technological services, and offer retirement plans or payroll deposit IRA products.)

§ 2 – AUTHORITY AND BOARD OF DIRECTORS

The act creates the authority and deems it a public instrumentality and political subdivision of the state. The act specifies the authority is not a state department, institution, or agency.

It vests the authority's powers in a board of directors with nine voting members, each a state resident. The state treasurer and comptroller each serve as ex officio voting members. The appointing authorities and required qualifications for the other seven members are shown in Table 1 below.

Table 1: Board Member Appointing Authorities and Qualifications

<i>Appointing Authority</i>	<i>Appointee must have a favorable reputation for skill, knowledge, and experience in:</i>
House speaker	Interests of the aging population
House majority leader	Interests of employers in retirement savings
House minority leader	Retirement investment products
Senate president pro tempore	Interests of employees in retirement savings
Senate majority leader	Retirement plan design
Senate minority leader	Interests of plan brokers
Governor	ERISA or the IRS code

(PA 16-3, MSS, expands the board from nine to 15 members by adding the Office of Policy and Management (OPM) secretary, the Banking and Labor commissioners, and three additional members the governor appoints. One each of the governor's additional appointees must have a favorable reputation for skill, knowledge, and experience in the areas: (1) annuity products, (2) retirement investment products, and (3) actuarial science. It also specifies that the House majority leader's appointee must have skill, knowledge, and experience in the interests of small employers regarding retirement products.)

Each ex-officio member may designate his or her deputy or a staff member to represent the member at board meetings with the power to vote on the member's behalf.

All appointments must be made by July 31, 2016 and any vacancy must be filled by the appointing authority no later than 30 calendar days after the office becomes vacant. (PA 16-3, MSS, extends the deadline for the appointments to January 1, 2017.)

Board members serve without pay but are reimbursed for all necessary expenses, within available appropriations, according to standard travel regulations. After an initial four-year term, all subsequent appointments are for six-year terms. Members may be reappointed.

Board Officers and Employees

The governor, with the advice and consent of both houses of the General Assembly, selects a chairperson from among the board members. The board annually elects a vice-chairperson and any other officers it deems necessary from among its members. (PA 16-3, MSS, removes the requirement that the legislature approve the chairperson.)

The board may appoint an executive director and assistant executive director, who serve at its pleasure. The executive director and assistant executive director are the authority's employees and paid as the board determines.

The act prescribes other administrative aspects of the authority's operations, including designating an authorized officer or the executive director, if one is appointed, to supervise administrative affairs and keep program records.

Oath, Expenses, and Surety Bond

The act requires each board member to take the state oath of affirmation to uphold the state and U. S. constitutions not later than 10 calendar days after his or her appointment. The secretary of the state administers the oath, which must be filed in her office.

Each board member authorized by a board resolution to handle funds or sign checks for the program, and any other authorized officer, must, no later than 10 calendar days after authorization, (1) execute a \$50,000 surety bond or (2) procure an equivalent insurance product for the same purpose. Alternatively, the chairperson may obtain a blanket \$50,000 surety bond covering the executive director, board members, and other employees or authorized officers. The authority must pay the cost of each bond.

Quorum

Under the act, four board members constitute a quorum for the transaction of any business. (PA 16-3, MSS, requires eight members, rather than four, for a quorum.)

Conflict of Interest

The act bans board members, officers, or employees from having any financial interest in any corporation, partnership, or other legal or commercial entity that contracts with the authority.

But the act explicitly states it is not a conflict of interest under the act or any other statute for a trustee, director, officer or employee of a bank, investment advisor, investment company or investment banking firm, or a person having the required favorable reputation for skill, knowledge, and experience in retirement savings, to be a board member, provided the trustee, director, or employee abstains from discussion, deliberation, action, and vote by the board in respect to a matter related to the authority and its actions in which the firm has a direct interest.

Board Procedures

To implement the act's retirement security program (see § 3), the board must adopt written procedures for the following:

1. adopting an annual budget and plan of operations, including a requirement for board approval before the budget or plan can take effect;
2. hiring, dismissing, promoting, and paying authority employees, instituting an affirmative action policy, and requiring board approval to create a position or hire someone;
3. acquiring real and personal property and personal services, including requiring board approval for any non-budgeted expenditure greater than \$500;
4. contracting for financial, legal, and other professional services, with solicitations for proposals for each service required at least every three years, or at least every 10 years for contracts to provide custodial, recordkeeping, or other services for providing IRAs;
5. making modifications to keep the program consistent with federal tax law and regulations and preventing the plan from being subject to ERISA's authority;
6. establishing an administrative process for the board to hear and address grievances, complaints, and appeals by participants and employees; and
7. using surplus funds to the extent authorized under the act or by law.

Upon the authority's termination all its rights and properties pass to and become vested in the state.

Protection from Individual Liability

The act provides protection from individual liability for any authority board member, director, or employee. This includes protection from civil liability for the authority's debts, obligations, or liabilities.

§ 3 – RETIREMENT SECURITY PROGRAM

The act establishes the Connecticut Retirement Security Program to promote and enhance retirement savings for private sector employees in the state. It authorizes the authority's board to:

1. adopt bylaws to regulate the board's affairs and business;
2. establish criteria and guidelines for the retirement programs offered under the act (PA 16-3, MSS, requires the criteria and guidelines to (a) include that the program offer retirement choices provided by multiple vendors the authority selects, (b) establish a cap on the total annual fees, and (c) provide participants with information on each retirement choice's investment performance history);
3. receive and invest moneys in the program in any instruments, obligations, securities, or property in accord with the act;
4. contract with financial institutions or other organizations offering or servicing retirement programs;
5. employ attorneys, accountants, consultants, financial experts, loan processors, banks, managers, and other employees and agents as may be necessary in the board's judgment, and to fix the compensation of these individuals or agents;
6. borrow working capital funds and other funds as may be needed to start up and operate the program, provided such borrowing is only in the name of the authority (the money borrowed must be repaid solely from authority revenues);
7. make and enter into contracts or agreements with professional service providers, including financial consultants and lawyers, as necessary for the board to perform its duties and execute its powers;
8. establish policies and procedures for the protection of program participants' personal and confidential information; and

9. adopt an official seal, maintain an office as the board may designate, sue and be sued in its own name, and do all things necessary to carry out the act's provisions.

Administrative Charges & Fees

The act authorizes the authority to equitably apportion and charge the board's administrative costs and expenses to participants. It also allows the authority to require each participant to pay a fee to defray the program's costs. The authority determines the amount and method of collecting the fee. Presumably, the fee will be taken out of the participant's contribution, as is usual with IRAs. (PA 16-3, MSS, § 99, (1) requires the authority to minimize total annual fees charged to participants and, (2) beginning in year five of operation, limits annual fees to 0.75% of the total program assets' value.)

Under the act, no employer will be required to fund or be responsible for collecting the fees from participants.

Memorandums of Understanding (MOU) Regarding Employee Information and Administrative Cost Sharing

The act requires the board to enter into MOUs with the Labor Department and other state agencies on:

1. gathering or disseminating information needed to operate the program, subject to confidentiality rules as may be agreed to or required by law;
2. sharing the costs incurred by gathering and dissemination of this information; and
3. reimbursing the costs of any enforcement activities conducted by the attorney general.

§ 5 – ROTH IRAS

The act requires the program to establish and maintain a Roth IRA for each program participant either by the program itself or by a third-party entity in the business of establishing and maintaining IRAs. The assets must be held in trust or custodial accounts meeting the federal requirements for IRAs (Internal Revenue Code of 1986, § 408 (a) or (c), as amended from time to time).

The act requires the program to allocate interest, investment earnings, and investment losses to each participant's IRA. A participant's benefit under the program is equal to the balance in the participant's IRA as of any applicable measurement date prescribed by the program.

The act requires the authority to establish procedures to prevent a participant's contributions to the IRA program from exceeding the annual maximum deduction amount set in federal tax law (26 USC 219(b)(1)).

Unclaimed Funds

Under the act, any unclaimed funds in a participant's IRA after three years of inactivity must be treated as unclaimed funds under existing state law (CGS § 3-57a).

State Exempt from Liability

The act explicitly exempts the state from any liability (1) related to payments to a participant or beneficiary or (2) of the authority. The authority is only liable for benefits with respect to the IRAs it maintains.

§ 4 – INFORMATIONAL MATERIAL

The act requires the authority's board of directors to prepare informational material for qualified employers to distribute to participants and prospective participants. At a minimum, these must include:

1. the benefits and risks associated with making contributions to, or withdrawals from, the program;
2. the program contribution process, including a contribution election form;
3. clear and conspicuous notice regarding the default contribution level;
4. how a participant may opt out of the program by electing a contribution level of zero;
5. the process for withdrawing retirement savings, including an explanation of the tax treatment of withdrawals;
6. how a participant may obtain additional information about the program, including investment option information;
7. a description of relevant state and federal regulations, including those addressing contribution limits; and
8. other information the board sees fit to provide to participants, potential participants, and qualified employers.

Quarterly Statements

At least quarterly, the board must provide a statement to each participant that includes, at a minimum:

1. the participant's IRA account balance, including the value of the participant's investment in each selected investment option;
2. the investment options available to each participant and the process for selecting investment options for his or her contributions, as allowed in state law or by the authority;
3. the fees charged to each participant's IRA and a description of the services provided for the fees; and
4. if the board chooses, an estimate of the income the account is projected to generate for a participant's retirement based on reasonable assumptions.

Annual Fees Notice

At least annually, the board must provide each participant with information on program fees and the various available investment options. This may be provided in the form of a prospectus or similar document.

Electronic Dissemination of Notices

The act allows the board to adopt policies and procedures, provided it meets public notice requirements for the electronic dissemination of any required notices or information to participants, potential participants, and qualified employers.

§ 6 – BOARD DUTY TO ACT WITH PRUDENCE AND IN INTEREST OF PARTICIPANTS

The act requires the authority to act:

1. with the care, skill, prudence and diligence that a prudent person familiar with such matters would use in a similar situation;
2. solely in the interests of program participants and beneficiaries;

3. for the exclusive purposes of providing benefits to participants and beneficiaries and defraying reasonable expenses of administering the program; and
4. in accordance with the act's provisions and any applicable statutes.

To the extent reasonable, the board must require any agents the authority engages or appoints to abide by the same standards (PA 16-3, MSS, § 100, applies the standards to the board's vendors, rather than its agents).

§ 7 – EMPLOYER RESPONSIBILITIES AND AUTOMATIC ENROLLMENT

By January 1, 2018, and in each subsequent year, the act requires qualified employers to provide each of their covered employees with the informational material the authority must prepare. For any employee (1) hired on or after that date or (2) who is not a covered employee, a qualified employer must provide the material within 30 days, or another time period the authority prescribes, after the employee's hiring or the employee becomes a covered employee.

Within 60 days after providing the material, or another time period the authority prescribes, qualified employers must automatically enroll each of their covered employees in the program at a contribution rate the employee selects or the default contribution level the act allows when an employee does not actively select a rate. The contributions must be made under the provisions of the automatic enrollment law that allows an employer to make enrollment contributions to retirement accounts on an employee's behalf without the employee's affirmative decision to make the contribution.

The act prohibits employers from making contributions to the program. (Employer contributions would subject the program to ERISA's regulatory authority. In general, retirement programs that include private sector employer contributions are regulated under ERISA.)

Employee Opt-Out

The act allows employees to opt out of the program by electing a contribution level of zero.

Delaying Program Start Date

The act permits the authority to delay the program's effective date, in whole or in part, and for particular categories of employers, as it deems necessary to implement the act's provisions and minimize potential disruptions and burdens for any qualified employer. The board must notify the Labor Committee of any planned delay in the program no later than seven days after the decision to delay. The notice must include the purpose of the delay and the new effective date.

Exempt Employers

Under the act, a qualified employer that maintains a retirement plan recognized under the federal tax code or approved by the authority is exempt from the requirements to provide the informational material and automatically enroll qualified employees. An employer can lose this exemption if the authority determines that:

1. as of the first day of the previous calendar year, no new participant was eligible to be enrolled in the employer's retirement plan, and
2. on and after the first day of the previous calendar year, no contributions were made to the retirement plan by or on behalf of a participant.

Optional Program Participation

An employer not otherwise required to participate under the act may make the program available to its employees subject to rules and procedures the authority establishes. But the act prevents such an employer from requiring an employee to enroll.

Individuals who are not automatically enrolled in the program may also participate according to procedures the authority establishes. The authority must provide them with the required information before they enroll.

Account Rollovers

To the extent allowed under the IRS code, the act requires the authority to allow anyone to roll over funds from their other retirement accounts into their IRA under the program.

Transmitting Withheld Funds

The act requires qualified employers to transmit withheld employee contributions on the earliest day that the amount held can be segregated from the employer's assets, but no later than the 15th business day of the month following the month in which the covered employee's contribution was withheld from his or her paycheck. (PA 16-3, MSS, instead requires (1) transmitting the contribution on the earliest date it can be transmitted and (2) that the transmittal take place no more than 10 business days after the date the employee's contributions were withheld.)

Tax Credit Information

The act requires the authority to provide small employers with information regarding tax credits available for businesses that start employee retirement programs.

§§ 8 & 9 – DESIGN FEATURES

The act requires the authority to provide that each participant's IRA be invested in (1) an age-appropriate target date fund, (2) a designated lifetime income investment that provides participants with a source of retirement income for life or (3) other authority-prescribed investment vehicles. (PA 16-3, MSS, specifies that the fund must be with an investor the employee selects, or when an employee does not select a specific vendor or investment option within the program, invested in an age-appropriate target date fund that most closely matches the participant's normal retirement age.) The act does not define "target date fund," although target funds, also known as lifecycle funds or age-based funds, typically involve a plan where the investment approach becomes less aggressive as the participant gets older.

The act requires that the lifetime income investment option have certain features which must be available only if the authority determines them to be feasible and cost effective. If this is determined to be the case, the program must include the following features:

1. designate a lifetime income investment option with spousal rights to provide participants with a lifetime source of retirement income;
2. disclose to each participant, one year before the participant's normal retirement age, (a) the rights and features of the lifetime income investment; (b) that at normal retirement age, 50% of the participant's account will be invested in the lifetime income investment; and (c) that the participant may choose to invest a higher percentage of his or her account balance in the lifetime income option;
3. invest 50% of the account balance, or a higher amount if the participant so chose, in the lifetime income investment when a participant reaches normal retirement age;

4. permit each participant to elect a date no earlier than his or her normal retirement age to begin receiving distributions, provided, in the absence of an election, the distributions start within 90 days after he or she reaches normal retirement age; and
5. establish procedures so participants may invest a higher percentage of their account balances in the lifetime income investment.

Fund Distribution

The authority must establish rules and procedures for Roth IRA fund distribution that allow for the same distribution as the IRS code. Normal retirement age under federal tax law is 59 ½ years for Roth IRAs (26 USC 408A).

Right to Withdraw Funds

The board must inform participants about their rights to withdraw funds from the program in accordance with the federal tax code. For participants who elect to withdraw their assets before their normal retirement age, the authority must notify them of any tax penalties associated with the withdrawal and the effect of the withdrawal on the person's retirement income.

§ 10 – ATTORNEY GENERAL OVERSIGHT

The act authorizes the attorney general to investigate any alleged violation of the act's requirement that the authority act with prudence and solely in the interests of the participants. If the attorney general finds that any board member or authority agent violated or is violating that duty, he may bring a civil action in Hartford Superior Court against the board member or agent. The remedies available to a court in any such action are limited to injunctive relief. The act specifies that nothing in this section can be construed to create a private right of action. However an employee or the labor commissioner may bring a civil action against a qualified employer who fails to enroll a covered employee as required by the act (see below).

§ 10 – EMPLOYER PENALTIES

The act makes it a violation of the law regarding an employer's ability to withhold employee wages if a qualified employer fails to timely remit an employee's contributions to the program. By law, violators are punishable by imprisonment and fines on a sliding scale depending on the amount of wages involved (e. g. , if unpaid wages are more than \$2,000, it is punishable by imprisonment of up to five years, a fine of at least \$2,000 but not more than \$5,000, or both).

If a qualified employer fails to enroll a covered employee as the act requires, the covered employee or the labor commissioner may bring a civil action to require the employer to enroll the employee and may recover the costs and reasonable attorney's fees.

§ 11 – BOOKKEEPING AND AUDITS

Under the act, the authority must keep a detailed account of its activities, receipts, and expenditures and report these items to the authority board, the governor, the Auditors of Public Accounts (“auditors”), and the Labor and Finance, Revenue and Bonding committees by December 31 each year. The report must be in a form the board prescribes and include authority activities for the next fiscal year. The report is subject to the auditors' approval.

The act authorizes the auditors to conduct a full audit of the authority's books and accounts pertaining to its activities, receipts, and expenditures, personnel, services, or facilities. For the

purposes of the audit, the auditors have access to the authority's properties and records and may prescribe methods of accounting and periodic reporting for authority projects.

Furthermore, the act requires the authority to enter into MOUs with the state comptroller in which the authority must at a minimum provide, in a form the comptroller prescribes, information on the authority's current revenues and expenses, including the sources or recipients, relevant dates, and the amount and category of each revenue or expense.

§ 12 – STUDIES

The act requires the Connecticut Retirement Security Board to study whether program participants and potential participants have interest in a traditional IRA option, including the (1) number of those whose incomes exceed federal limits for contributing to Roth IRAs and (2) percentage of current participants who would prefer a tax-deferred plan. The board must submit the report by January 1, 2019 to the Labor and Public Employees Committee. (Presumably, the authority must conduct the study instead of the Connecticut Retirement Security Board, which the act eliminates as of July 1, 2016 (see below).)

It also authorizes the authority to study the feasibility of the state or the authority making a multiple-employer 401(k) plan or other tax-favored retirement savings vehicle available to employers.

§ 13 – WEBSITE FOR EMPLOYERS AND VENDORS

The act requires the authority to establish and maintain a secure internet website to (1) provide qualified employers with information on employer-sponsored retirement plans and payroll deduction IRAs and (2) help qualified employers identify vendors for retirement arrangements that employers may implement instead of participating in the program. The website address must be included in any posting on the website and in any material offered to the public about the program.

Before establishing the website, and at least annually each following year, the authority must notify vendors that the website is active, that the vendors may register for inclusion on it, and how they can do so. The act requires each vendor seeking to register for the website to provide a:

1. statement of the vendor's experience providing employer-sponsored retirement plans and payroll deduction IRAs in this and in other states, if applicable;
2. description of the vendor's types of retirement investment products; and
3. disclosure of all expenses paid directly or indirectly by retirement plan participants, including, but not limited to, penalties for early withdrawals, declining or fixed withdrawal charges, surrender or deposit charges, management fees and annual fees.

The act requires registered vendors to bear solely and equally the cost of establishing and maintaining the registration system and website, based upon their total number.

The board may remove a vendor from the website if the vendor (1) submits materially inaccurate information to the board, (2) does not remit assessed fees within 60 days from the assessment, or (3) fails to submit to the board notice of any material change to the vendor's registered investment products.

The board must give any vendor found to have submitted inaccurate information to the board 60 calendar days to correct the information. The board must also establish an appeals process for vendors that are denied registration or removed from the website.

§§ 14-19 – CONFORMING CHANGES

The act make conforming changes by adding the new authority to existing law addressing quasi-public agencies and (1) the state code of ethics, (2) authority borrowing and bonding power, and (3) liability protection for board members and employees when performing authority duties. It also makes conforming changes to state law regarding employers' authority to withhold funds from employees' paychecks for automatic deductions for retirement plans.

§ 20 - BAN ON POLITICAL CONTRIBUTIONS

The act bans authority board members (except the comptroller or state treasurer), or any executive director, assistant executive director or authorized officer the board appoints, or an authority contractor or principal of a contractor, from making political contributions to, or knowingly soliciting contributions from the board's or the executive director's or assistant executive director's employees.

The ban applies to contributions or solicitations for the following:

1. an exploratory committee or candidate committee established by a candidate for nomination or election to the office of governor or any other state constitutional officers, or state senator or state representative;
2. a political committee authorized to make contributions or expenditures to or for the benefit of such candidates; or
3. a party committee.

The act specifies that its provisions are severable in the event any provision is held invalid or unconstitutional.

§ 21 – REPEALERS

The act repeals the law creating the Connecticut Retirement Security Board and its duty to create a public retirement plan.

Public Act# 16-73

SB# 101

AN ACT CONCERNING WORKERS' COMPENSATION INSURANCE AND SOLE PROPRIETORS

SUMMARY: Before the state or municipalities enter into a contract to build or renovate a public works project, the law requires the parties to the contract to prove that they have complied with workers' compensation insurance and self-insurance requirements and do not owe payments to the Second Injury Fund (a fund that provides workers' compensation coverage to workers whose employers failed to do so). This act exempts sole proprietors from this requirement if the sole proprietor is a party to the contract and:

1. does not use a subcontractor to perform the contract;
2. is not acting as a principal employer (i. e., does not have any employees);
3. has not opted in to the workers' compensation system, and
4. has liability insurance instead of workers' compensation insurance.

EFFECTIVE DATE: October 1, 2016

Public Act# 16-114

HB# 5423

AN ACT ENCOURAGING MIDDLE SCHOOL AND HIGH SCHOOL STUDENTS TO CONSIDER CAREERS IN MANUFACTURING AND CONCERNING INFORMATION POSTED ON THE LABOR DEPARTMENT'S APPRENTICESHIP WEB SITE

SUMMARY: This act requires the education commissioner, in collaboration with the Board of Regents for Higher Education, to establish a committee to coordinate efforts to educate middle and high school students about manufacturing careers.

Under the act, the committee must annually (1) compile a catalog of manufacturing training programs at public and private educational institutions in the state and (2) analyze, in consultation with the manufacturing industry, whether current programs available to Connecticut students are meeting workforce needs. It must annually report its findings to the Commerce and Higher Education committees, with the first report due by February 1, 2017.

The act also requires the education commissioner to develop a (1) program, in consultation with the committee, to introduce middle and high school students to manufacturing careers and (2) best practices guide, in consultation with representatives from the manufacturing industry and the Connecticut Center for Advanced Technology (CCAT), to help local and regional school boards incorporate relationships with the manufacturing industry in their middle school and high school curricula.

Additionally, the act requires the Department of Labor (DOL) to update its apprenticeship website by March 1, 2017 with certain information, such as a list of occupations in which apprentices are employed and the coursework and cost of such apprenticeships.

EFFECTIVE DATE: Upon passage

COMMITTEE COMPOSITION

The committee must include middle and high school teachers and guidance counselors and representatives of the following departments and entities:

1. Department of Economic and Community Development,
2. DOL,
3. CCAT,
4. technical high school system,
5. advanced manufacturing centers at the regional community-technical colleges,
6. independent higher education institutions that offer manufacturing training,
7. Connecticut Employment and Training Commission,
8. manufacturing companies, and

9. employee organizations representing manufacturing workers.

MANUFACTURING PROGRAM CATALOG

The act requires the committee to annually compile a catalog of manufacturing training programs at public and independent higher educational institutions. It must complete the first catalog by January 1, 2017, and each subsequent catalog by August 1, annually. The education commissioner must post the catalog on the Education Department's website and also distribute it to each local and regional school board.

The catalog must include the following information for each program:

1. degree, certification, license, or credential awarded on completion of the program;
2. time period and requirements for completion;
3. enrollment process; and
4. cost of attendance.

PROGRAM TO INTRODUCE STUDENTS TO MANUFACTURING

The act requires the education commissioner, in consultation with the committee, to develop and administer a program to introduce middle and high school students and their parents or guardians and guidance counselors to manufacturing careers. Under the act, the program may include posters, videos, pamphlets, hands-on learning opportunities, social media, and other technology to describe and promote (1) modern manufacturing and (2) the manufacturing training programs included in the catalog created by the committee.

Under the act, the commissioner may enter into partnerships with one or more private sector entities to further the program's goals. The partnerships can include student visits to manufacturers and manufacturer visits to schools to give students first-hand exposure to modern manufacturing and the products and materials created by in-state manufacturers.

DOL'S APPRENTICESHIP WEBSITE

The act requires DOL to update its website for the Office of Apprenticeship Training by March 1, 2017. The update must at least:

1. simplify the process by which current and prospective apprentices and employers can access comprehensive information about apprenticeship training;
2. provide an accurate list of occupations in which apprentices are employed in the state and the number of apprentices who participated in each occupation during the previous calendar year; and
3. include comprehensive information about apprenticeship coursework, with a list of coursework providers, their websites and locations, the occupations in which they offer coursework, and associated costs.

Any information on associated costs of apprenticeships must be accompanied by a disclaimer that cost is only one factor to consider when selecting coursework. DOL may provide electronic links to the information.

Under the act, DOL must update the lists of occupations with apprentices and coursework providers as often as practicable, but at least annually, to improve the efficiency with which current and prospective apprentices and employers may engage in apprenticeships in the state.

Lastly, DOL must report on the website update to the Program Review and Investigations and Labor and Public Employees committees by March 31, 2017.

AN ACT ADOPTING THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' INTERSTATE INSURANCE PRODUCT REGULATION COMPACT

SUMMARY: This act adopts the National Association of Insurance Commissioners' (NAIC) Interstate Insurance Product Regulation Compact and makes the insurance commissioner Connecticut's representative to the multi-state public entity the compact creates, the Interstate Insurance Product Regulation Commission.

Through the commission, compacting states develop uniform national product standards for life insurance, annuities, disability income, and long-term care insurance products. The compact establishes a centralized filing process for insurers to use for these insurance products. The commission reviews product filings and makes regulatory decisions about them according to the uniform standards. Insurers may sell commission-approved products in each compacting state in which the insurer is licensed to operate. The commission collects filing fees from the insurers and remits to compacting states their portion of them.

A compacting state may opt out of a uniform product standard through legislation or regulation if it determines that the standard does not provide reasonable protections for its citizens. Under the act, Connecticut opts out of existing and prospective uniform standards for long-term care insurance products and existing uniform standards for disability income insurance products. Thus, Connecticut is adopting the compact for only life insurance and annuity products.

The compact outlines the commission's purposes, powers, organizational structure, rulemaking procedures, and financial requirements. It requires open meetings, public inspection of the commission's official records, and an ethics code for the commission and its employees.

A compacting state retains its authority to perform market conduct examinations of insurers and respond to consumer complaints, including those relating to commission-approved products. The commission's actions do not abrogate or restrict a person's access to state courts; remedies under state law for breach of contract, tort, or other laws not directed at a product's content; state law on interpreting insurance contracts; or an attorney general's authority under law.

Judicial proceedings by or against the commission must be brought in a court of competent jurisdiction where the commission's principal office is located (i. e., Washington, D. C.).

EFFECTIVE DATE: July 1, 2017

INTERSTATE INSURANCE PRODUCT REGULATION COMPACT

Article I – Purposes

The compact's purposes are, through joint and cooperative action of compacting states, to do the following:

1. promote and protect consumers' interests in individual and group annuity, life insurance, disability income, and long-term care insurance products;
2. develop uniform standards for these insurance products;
3. establish a central clearinghouse to receive and promptly review product filings from insurers authorized to do business in one or more compacting states;
4. give appropriate regulatory approval to filings satisfying the applicable uniform standards;
5. improve the coordination of regulatory resources and expertise between state insurance departments;
6. create the Interstate Insurance Product Regulation Commission; and
7. perform these and other related functions that are consistent with the state regulation of insurance.

Article II – Definitions

The compact defines various terms, including “product” and “uniform standard.” Under the compact, a “product” is a policy or contract form, including any application, endorsement, or related form attached to and made a part of the policy or contract, and any evidence of coverage or certificate an insurer is authorized to issue.

A “uniform standard” is a standard the commission adopts for a product line. It must include all the product requirements in the aggregate. Each uniform standard must be construed to prohibit any inconsistent, misleading, or ambiguous provisions. The product form made available to the public must not be unfair, inequitable, or against public policy, as determined by the commission.

Article III – Establishment of the Commission and Venue

The compact creates, as a joint public agency and instrumentality of the compacting states, the Interstate Insurance Product Regulation Commission, which may develop uniform product standards, receive and promptly review filings insurers submit, and approve filings that satisfy the applicable uniform standards. But the compact specifies that the commission is not the only entity for receiving and reviewing filings. An insurer may file its product in any state in which it is licensed to operate, and any such filing is subject to the laws of the state where filed.

The compact makes the commission solely liable for its liabilities except as the compact otherwise provides.

Under the compact, judicial proceedings by or against the commission must be brought solely and exclusively in a court of competent jurisdiction where the commission's principal office is located (i. e., Washington, D. C.).

Article IV – Powers of the Commission

The compact grants the commission the power to do the following:

1. promulgate rules that have the force and effect of law and will be binding in the compacting states in accordance with the compact;
2. exercise its rulemaking authority and establish reasonable uniform product standards and related advertisements, but (a) a compacting state has the right to opt out of a uniform

standard and (b) any uniform standard for long-term care insurance must provide the same or greater protections for consumers as those in the NAIC's Long-Term Care Insurance Model Act and Long-Term Care Insurance Model Regulation adopted in 2001, and the commission must consider if subsequent amendments to them require the commission to amend its long-term care uniform standards;

3. receive and expeditiously review (a) product filings, (b) rate filings for disability income and long-term care insurance products, and (c) advertisements for long-term care insurance products for which the commission has adopted uniform standards, and approve those that satisfy the applicable uniform standards;
4. for any product covered under the compact, other than long-term care insurance, require an insurer to submit all or any part of its advertisement for that product for review or approval before it is used if the commission determines a product's advertisement could mislead the public;
5. exercise its rulemaking authority and designate products and advertisements that may be self-certified without the need for the commission's prior approval;
6. promulgate operating procedures;
7. bring and prosecute legal proceedings or actions, as long as a state Insurance Department's standing to sue or be sued is not affected;
8. issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence;
9. establish and maintain offices;
10. purchase and maintain insurance and bonds;
11. borrow, accept, or contract for personnel, including a compacting state's employees;
12. hire employees, professionals, or specialists and elect or appoint officers; fix their compensation, define their duties, give them appropriate authority to carry out the compact's purposes, and determine their qualifications;
13. establish the commission's personnel policies and programs relating to conflicts of interest, rates of compensation, and qualifications;
14. accept, receive, use, and dispose of appropriate donations and grants of money, equipment, supplies, material, and services, while avoiding any appearance of impropriety;
15. lease, purchase, accept as gifts or donations, own, hold, improve, or use any property (real, personal, or mixed), while avoiding any appearance of impropriety, and sell, convey, mortgage, pledge, lease, exchange, abandon, or dispose of property;
16. remit filing fees to compacting states;
17. enforce compacting states' compliance with rules, uniform standards, operating procedures, and bylaws;
18. provide for dispute resolution among compacting states;
19. advise compacting states on issues relating to insurers domiciled or doing business in non-compacting jurisdictions;
20. provide advice and training to state insurance department personnel responsible for product review and be a resource for the departments;
21. establish a budget, make expenditures, and borrow money;
22. appoint committees, including advisory committees;
23. provide and receive information from, and cooperate with, law enforcement agencies;
24. adopt and use a corporate seal; and
25. perform other functions as necessary or appropriate to achieve the compact's purposes consistent with state insurance regulation.

Article V – Organization of the Commission

The commission includes one person from each compacting state (usually the insurance commissioner), each with an equal vote. The commission can adopt a uniform standard only if at least two-thirds of the members vote in favor of it.

Commission Bylaws. The commission must write bylaws to govern its conduct. It must publish its bylaws in a convenient form and file them, and any amendments, with each compacting state.

The bylaws must do the following:

1. establish the commission's fiscal year;
2. provide reasonable procedures for holding meetings of, and appointing and electing members of, a management committee and other committees;
3. provide reasonable standards and procedures to govern delegation of the commission's authority;
4. provide reasonable procedures for calling and conducting commission meetings;
5. establish the titles, duties, authority, and reasonable procedures for electing the commission's officers;
6. provide reasonable standards and procedures for establishing the commission's personnel policies and programs;
7. promulgate a code of ethics to address permissible and prohibited activities of commission members and employees; and
8. provide a mechanism for winding up the commission's operations and the equitable disposition of any surplus funds existing after the compact's termination and after paying or reserving its debts and obligations.

The bylaw's procedures for calling and conducting commission meetings must (1) require a majority of commission members to conduct a meeting; (2) ensure reasonable advance notice of each meeting; and (3) provide the public the right to attend each meeting, with exceptions to protect the public's interest, people's privacy, and insurers' proprietary information. The commission may meet in camera only after a majority of the entire membership votes to close a meeting in whole or in part. As soon as practicable, it must make public a copy of the vote to close the meeting, identifying each member's vote (no proxy votes are allowed) and votes taken during the closed meeting.

Management Committee. Under the commission's bylaws, a 14-member management committee manages the commission's activities. It includes one person from (1) the six largest compacting states based on national premium volume, (2) four compacting states with at least 2% national premium volume, and (3) four compacting states with less than 2% national premium volume.

The management committee is authorized to do the following:

1. manage the commission's affairs consistent with the commission's bylaws and purposes;
2. establish and oversee the commission's organizational structure and appropriate procedures for (a) creating uniform standards and rules, (b) receiving and reviewing product filings, (c) administrative and technical support functions, (d) reviewing decisions to disapprove a product filing, and (e) reviewing elections a compacting state makes to opt out of a uniform standard;
3. oversee the commission's offices; and
4. plan, implement, and coordinate communications and activities with other state, federal, and local government organizations to advance the goals of the commission.

The commission annually elects officers from the management committee. The management committee may, subject to the commission's approval, appoint or retain an executive director on terms and conditions and for compensation the commission deems appropriate. The executive director (1) must serve as the commission's secretary, (2) must hire and supervise other staff that the commission authorizes and (3) cannot be a commission member.

Legislative Committee. The commission must establish a legislative committee in accordance with its bylaws. The committee must monitor the commission's operations and make recommendations to it and its management committee. Under the compact, the management committee must consult with and report to the legislative committee before adopting any uniform standard, revision to the bylaws, annual budget, or other significant matter that may be provided for in the bylaws.

Advisory Committees. The commission must establish two advisory committees. One committee must consist of consumer representatives and the other of insurance industry representatives. The compact authorizes the commission to create other advisory committees as its bylaws may provide to carry out its functions.

Corporate Records. The commission must maintain corporate books and records in accordance with its bylaws.

Qualified Immunity, Defense, and Indemnification. The compact protects commission members, officers, executive directors, employees, or representatives from civil actions for damage to or loss of property, personal injury, or other civil liability caused by or arising out of their actual or alleged act, error, or omission that occurred, or for which there is a reasonable basis for believing occurred, within the scope of commission of employment, duties, or responsibilities. Specifically, the compact (1) grants such people immunity, (2) requires the commission to defend them, and (3) requires the commission to indemnify and hold them harmless for any settlement or judgment amount obtained against them.

These immunity, defense, and hold harmless provisions do not apply to any damage, loss, injury, or liability caused by the person's intentional or willful and wanton misconduct.

Article VI – Commission Meetings and Actions

The commission must meet and take actions consistent with the compact and bylaws. Each commission member has the right and power to vote and participate in the commission's business and affairs. A member must vote in person or by other means the bylaws permit. The bylaws may provide for members' participation in meetings by telephone or other means. The commission must meet at least once a year and additionally as the bylaws may require.

Article VII – Rulemaking and Opting Out of Uniform Standards

The commission must adopt reasonable rules, including uniform standards, and operating procedures to effectively and efficiently achieve the compact's purposes. If an action exceeds the compact's scope, it is invalid and has no force and effect. Rules and operating procedures must conform to the Model State Administrative Procedure Act.

Before the commission adopts a uniform standard, it must give written notice of its intention to adopt the standard to each compacting state's legislative committee with insurance jurisdiction. It must consider fully all submitted material when adopting a standard and issue a concise

explanation of its decision. A uniform standard is effective 90 days after the commission adopts it unless the commission sets a later effective date.

Opt Out. A compacting state may opt out of (i. e., decline to adopt or participate in) a uniform standard through legislation or regulation. Under the act, Connecticut is opting out of certain uniform standards (see Article XVII below).

When opting out by regulation, the compacting state must (1) give the commission written notice within 10 business days after the commission adopts the standard or when the state first joins the compact and (2) find that the uniform standard does not provide reasonable protections to the state's citizens. The insurance commissioner must consider and balance whether the state's conditions and its citizens' needs outweigh the (1) legislature's intent to participate in the interstate agreement and (2) presumption that an adopted uniform standard provides reasonable protections to consumers. The commissioner must issue specific findings and conclusions, based on a preponderance of the evidence, that detail the state's conditions warranting a departure from the uniform standard and determine that the uniform standard would not reasonably protect the state's citizens.

A compacting state may, at the time it enacts and joins the compact, prospectively opt out of all uniform standards involving long-term care insurance by expressly providing for it in the enacted compact.

If a compacting state elects to opt out of a uniform standard, the standard is applicable until the opt-out legislation is enacted into law or the regulation is effective. Once the opt-out is effective, the standard has no further force and effect in that state unless and until the opt-out legislation or regulation is repealed or otherwise becomes ineffective under the state's laws. If a compacting state opts out of a uniform standard after the standard takes effect, the opt-out has the same prospective effect as the effect Article XIV provides for withdrawals (see below).

If a compacting state has formally initiated the opt-out process by regulation, it may petition the commission, at least 15 days before the uniform standard's effective date, to stay the effectiveness of the standard in that state. The commission may grant a stay if it determines the regulatory opt out is being pursued in a reasonable manner and there is a likelihood of success. If a stay is granted, the commission may postpone the effective date for up to 90 days. It may extend a stay, but the compact prohibits a stay from remaining in effect for more than one year unless the compacting state can show extraordinary circumstances, including an existing legal challenge that prevents the state from opting out. The commission may end a stay upon notice that the rulemaking process has been terminated.

Judicial Review. Within 30 days after the commission adopts a rule or operating procedure, anyone may file a petition for judicial review of the rule or procedure. But the petition does not stay or otherwise prevent the rule or procedure from taking effect unless the court finds that the petitioner has a substantial likelihood of success. The court must (1) give deference to the commission's actions consistent with applicable law and (2) not find the rule or procedure to be unlawful if it represents a reasonable exercise of the commission's authority.

Article VIII – Commission Records and Enforcement

The commission must adopt rules allowing public inspection and copying of its information and official records, excluding information and records involving a person's privacy and an insurer's trade secrets. The commission may adopt rules under which it may (1) give federal and state

agencies records and information otherwise exempt from disclosure and (2) enter into agreements with the agencies to receive information subject to nondisclosure and confidentiality provisions.

Except for privileged records, data, and information, the laws of any compacting state on confidentiality or nondisclosure do not relieve any compacting state's insurance commissioner of the duty to disclose any relevant records, data, or information to the commission. Disclosure to the commission does not waive or otherwise affect any confidentiality requirement. Except as the compact otherwise expressly provides, the commission is not subject to the compacting state's laws on confidentiality and nondisclosure with respect to records, data, and information in its possession. The commission's confidential information remains confidential after disclosure to an insurance commissioner.

The commission must monitor compacting states for compliance with duly adopted bylaws, rules, uniform standards, and operating procedures. The commission must notify any non-complying compacting state in writing of any noncompliance. If a non-complying compacting state fails to comply within the time specified in the notice, the compacting state is in default (see Article XIV).

A state's insurance commissioner retains his or her authority to examine and investigate an insurer's activities in the market according to state law.

An insurance commissioner is prohibited from citing an insurer for a violation of the compact provisions, standards, or requirements, with some exceptions. First, citation of an insurer is prohibited unless he or she has obtained from the commission a final order, issued at the commissioner's request, after notice to the insurer and an opportunity for a hearing before the commission. Second, citation is prohibited relating to the content of an advertisement the commission did not approve or certify, unless the commission, or an authorized commission officer or employee, authorizes the action, but this authorization does not require notice to the insurer, opportunity for a hearing, or disclosure of authorization requests or records of the commission's actions on such requests.

Article IX – Dispute Resolution

The commission must attempt, upon a member's request, to resolve any disputes or other issues subject to the compact and arising between two or more compacting states or between compacting and non-compacting states. It must adopt an operating procedure for resolving such disputes.

Article X – Product Filing and Approval

Insurers seeking the commission's approval for a product must file the product with, and pay applicable filing fees to, the commission. The compact does not prevent an insurer from filing its product with a state's Insurance Department for its review and determination under the state's laws.

The commission must (1) establish appropriate filing and review processes and procedures and (2) adopt rules for public access to product filing information. In establishing such rules, the commission must consider the public's interests in having access to the information, along with the protection of personal medical and financial information and trade secrets.

An insurer may sell and issue any product the commission approves in those compacting states in which it is legally authorized to do business.

Article XI – Review of Commission’s Filing Decisions

Within 30 days after the commission has given an insurer notice of a disapproved product or advertisement, the insurer may appeal the determination to a review panel the commission appoints. The commission must adopt rules to establish procedures for appointing review panels and provide for notice and hearing.

An allegation that the commission, when disapproving a product or advertisement, acted arbitrarily or capriciously, abused discretion, or did not act in accordance with law is subject to judicial review in accordance with Article III.

The commission has authority to monitor, review, and reconsider products and advertisements after their filing or approval if it finds that the product does not meet the relevant uniform standard. Where appropriate, the commission may withdraw or modify its approval after proper notice and hearing, subject to the above appeal process.

Article XII – Finance

The commission must pay, or provide for payment of, the reasonable expenses of its establishment and organization. To fund the cost of its initial operations, the commission may accept contributions and other forms of funding from the NAIC, compacting states, and other sources. But in accepting contributions, the commission's independence in performing its duties must not be compromised.

The commission must collect a filing fee for each filing submitted to it to cover the cost of its operations and activities in an amount sufficient to cover its annual budget.

The commission's fiscal year budget will not be approved until it has been subject to notice and comment as provided for in Article VII. The commission is exempt from all taxation in and by the compacting states. It is prohibited from pledging any compacting state's credit except with the state's appropriate legal authorization.

The commission must keep complete, accurate internal financial accounts for receipts and disbursements of all funds under its control. The accounts are subject to accounting procedures the commission's bylaws establish. An independent, certified accountant must annually audit the commission's financial accounts and reports, including internal controls and procedures. At least every three years, the accountant's report must include a commission management and performance audit.

The commission must report annually to the governor and legislature of each compacting state. The report must include the independent audit's findings.

The commission's internal accounts are not confidential and may be shared with a compacting state's insurance commissioner upon request. But work papers related to an internal or independent audit and any information on a person's privacy and insurer's proprietary information remain confidential.

A compacting state does not have a claim to or ownership of any commission property or funds.

Article XIII – Compacting States, Effective Date, and Amendment

Any state, district, or U. S. territory may become a compacting state.

The compact is effective and binding when two states enact it into law. For purposes of adopting uniform standards and reviewing, approving, or disapproving product filings, the commission is effective only after 26 jurisdictions, or those representing 40% of the premium volume for life insurance, annuity, disability income, and long-term care insurance products have become compact states. After that, it is effective and binding as to any other compacting state when that state enacts the compact into law.

The commission may propose compact amendments for the compacting states' enactment. No amendment is effective and binding until all compacting states enact it into law.

Article XIV – Withdrawal, Default, and Termination

Withdrawal. Once effective, the compact continues in force and remains binding on each compacting state. A state may withdraw from the compact by repealing the statute that enacted it into law. The effective date of withdrawal is the effective date of the repealing statute.

The insurance commissioner of the withdrawing state must immediately notify the management committee in writing when legislation is introduced to repeal the compact, and the commission must notify the other compacting states within 10 days after receiving the notice.

The withdrawing state is responsible for all obligations, duties, and liabilities incurred through the effective date of withdrawal. The commission's approval of products and advertisements before the withdrawal continues to be effective and is given full force and effect in the withdrawing state, unless the withdrawing state rescinds the approval in the same way as provided for in the state's laws for the prospective disapproval of previously approved products.

A state may reinstate the compact after its withdrawal by reenacting the compact into law.

Default. If the commission determines that any compacting state has defaulted in the performance of any of its obligations or responsibilities under the compact, bylaws, rules, or operating procedures, then, after notice and hearing, all rights, privileges, and benefits the compact conferred on the defaulting state are suspended. The commission must immediately notify the defaulting state in writing of its suspension pending a cure of the default. The commission must provide the conditions and the deadline by which the defaulting state must cure its default. If the defaulting state fails to do so, it is terminated from the compact and all rights, privileges, and benefits the compact conferred are terminated.

Product approvals, self-certifications, and related advertisements in force on the termination date remain in force in the defaulting state in the same manner as if the state had voluntarily withdrawn from the compact.

A state may reinstate the compact after its termination by reenacting the compact into law.

Compact Dissolution. The compact dissolves on the date a compacting state withdraws or defaults, thereby reducing the compact membership to one compacting state.

Upon the compact's dissolution, the compact becomes null and void and has no further force or effect. The commission must wind up its business and affairs and distribute any surplus funds in accordance with the bylaws.

Article XV – Severability and Construction

The compact's provisions are severable and must be liberally construed to effectuate its purposes. If any phrase, clause, sentence, or provision is deemed unenforceable, the remaining provisions remain enforceable.

Article XVI – Binding Effect of Compact and Other Laws

The compact does not prevent the enforcement of any compacting state's laws, except that, for products the commission approves or were self-certified and advertisements subject to its authority, the commission's rules, uniform standards, and any other requirements are the exclusive provisions that apply.

Except for products and advertisements, no commission action abrogates or restricts the following:

1. anyone's access to state courts;
2. remedies available under state law related to breach of contract, tort, or other laws not specifically directed to a product's content;
3. state law relating to the construction of insurance contracts; or
4. a state's attorney general's authority, including the authority to maintain any actions or proceedings as the law permits.

All insurance products filed with individual states are subject to the laws of those states.

The commission's lawful actions, including adopted rules and operating procedures, are binding on the compacting states. All agreements between the commission and the compacting states are binding in accordance with their terms.

The commission may issue advisory opinions on the meaning or interpretation of a commission action that is in dispute upon the request of someone involved in a conflict over the action.

If any compact provision conferring obligations, duties, powers, or jurisdiction on the commission exceeds a compacting state legislature's constitutional limits, the provision is ineffective as to that state and those obligations, duties, powers, or jurisdiction shall remain with the compacting state.

Article XVII – State of Connecticut Opt Out

Under the act and in accordance with Article VII, Connecticut opts out of all existing and prospective uniform standards for long-term care insurance products and all existing uniform standards for disability income insurance products to preserve the state's statutory requirements governing these products. Thus, Connecticut adopts the compact for life insurance and annuity products.

BACKGROUND

Compact Members

The Interstate Insurance Product Regulation Commission became operational in May 2006. As of March 2016, 44 jurisdictions had joined the compact: Alabama, Alaska, Arizona, Arkansas, Colorado, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

The commission has adopted and made available on its website bylaws, an operating budget, an ethics code, uniform product standards, and operating rules.

Public Act# 16-125

SB# 211

AN ACT ALLOWING EMPLOYERS TO PAY WAGES USING PAYROLL CARDS

SUMMARY: This act allows employers to pay their employees through payroll cards under certain conditions. An employee must voluntarily and expressly authorize, in writing or electronically, that he or she wishes to be paid with a card. The authorization must be free of any intimidation, coercion, or fear of discharge or reprisal on the part of the employer. No employer can require payment through a card as a condition of employment or for receiving any benefits or other type of remuneration. In addition:

1. employers must allow employees the option to be paid by check or through direct deposit,
2. the card must be associated with an ATM network that ensures the availability of a substantial number of in-network ATMs in the state,
3. employees must be able to make at least three free withdrawals per pay period, and
4. none of the employer's costs for using payroll cards may be passed on to employees.

Under the act, a "payroll card" is a stored value card (similar to a bank account debit card) or other device, but not a gift certificate, that allows an employee to access wages from a payroll card account. The employee may redeem it at multiple unaffiliated merchants or service providers, bank branches, or ATMs. A "payroll card account" is a bank or credit union account (1) established through an employer to transfer an employee's wages, salary, or other compensation; (2) accessed through a payroll card; and (3) subject to federal consumer protection regulations on electronic fund transfers.

The act allows the labor commissioner to (1) adopt regulations to ensure compliance with the act's payroll card provisions and (2) within available appropriations, study payroll card use and the actual incidence of associated fees. By October 1, 2018, he must determine whether to conduct the study and report his decision, or the study's status or results if it has been started or conducted, to the Labor and Public Employees Committee.

The act also allows employers, regardless of how they pay their employees, to provide them with an electronic record of their hours worked, gross earnings, deductions, and net earnings (i. e., pay stub). To do so, the (1) employee must explicitly consent and (2) employer must (a) provide a way for the employee to access and print the record securely, privately, and conveniently; and (b)

incorporate reasonable safeguards to protect the confidentiality of the employee's personal information.

Lastly, the act allows employers to pay employees through direct deposit at an employee's electronic request. Prior law only allowed them to do so at an employee's written request.

EFFECTIVE DATE: October 1, 2016

PAYROLL CARD CONDITIONS

The act sets numerous conditions and requirements for employers using payroll cards. It specifies that none of them preempt or override a collective bargaining agreement's terms on how an employer must pay its employees.

Notice Requirements

Before employees choose to be paid through a payroll card, their employers must provide them with a clear and conspicuous written notice, in the language the employer normally uses to communicate employment-related policies to employees, stating:

1. that being paid through a payroll card is voluntary and the employee can instead choose to be paid by direct deposit or check;
2. the terms and conditions related to using the card, including an itemized list of fees that the card issuer may assess and their amounts;
3. how employees can (a) access their pay in U. S. currency without a transaction fee; (b) avoid or minimize fees for using the cards, including a clear and conspicuous notice describing how to access their pay for free at ATMs, banks, savings and loan associations, credit unions, or other convenient locations; and (c) check their card account balances for free; and
4. that third parties may assess additional fees.

Consumer protections under the federal consumer protection regulations for electronic fund transfers, including transaction histories and advanced notice of changes in terms and conditions, must be provided to all employees who have a payroll card. In addition, employees must be given the option to receive free monthly automatic written transaction histories for at least 12 months, or until the employee cancels the option. An employer can require the employee to renew the option at the end of each 12-month term.

All notices provided about payroll cards and their accounts must be clear and conspicuous.

Employer Requirements

Employers paying with payroll cards must give employees a (1) free way to check their payroll card account balances at any time through an automated phone system, ATM, or electronically and (2) statement of payroll deductions for each pay period, as required by law.

They must also allow employees who provide timely notice to switch from a payroll card to direct deposit or check at no cost, without fear of reprisal or discrimination, or any penalty. The switch must occur as soon as practicable, but no later than the first payday that occurs 14 days after the employer receives the employee's request and, if applicable, the necessary account information.

An employer's obligations to an employee under the act's payroll card provisions end 60 days after the employer no longer employs the employee.

Card & Account Conditions

Payroll cards and their accounts cannot be linked to any form of credit and, if technologically feasible, must not allow for overdrafts. Employees cannot be charged fees or interest for an overdraft or for the first two declined transactions of each calendar month.

A payroll card account must be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration on a pass-through basis to the employee (i. e. , the employee is reimbursed for any losses).

A card may have an expiration date if the (1) funds in the card's account do not expire and (2) employee is given a free replacement card before the card expires. The requirement to provide a free replacement card applies while the employee is being paid through the card and for 60 days after the employer last transfers pay to the card's account.

Under the act, payroll card accounts that receive only employee pay are exempt from (1) executions or attachments by the employer's creditors (legal procedures to collect the employer's debts) and (2) executions against debts due from a financial institution (legal procedures to collect the employee's debts directly from his or her bank account). The law, unchanged by the act, also allows wage executions against an employee's wages (legal procedures to collect an employee's debts by requiring the employer to deduct payments from the employee's wages and remit them to the creditor).

Access and Usage

Each pay period, but no more than weekly, employees must be able to make at least three free withdrawals from their payroll card account at a bank, savings and loan, credit union or other convenient location. One of the free withdrawals must allow for the withdrawal of the full amount of the employee's net pay for the pay period.

A payroll card account may escheat (revert) to the state under the law for determining when property held by banking or financial organizations is presumed abandoned.

Fees and Charges

The act generally prohibits employers from passing on their costs for using payroll cards to employees. Specifically, none of the employer's costs from paying employees with payroll cards or establishing payroll accounts can be deducted from or charged against an employee's pay. In addition, the act prohibits employers and payroll card issuers from charging an employee a fee, regardless of how it is labeled, for:

1. issuing an initial card,
2. transferring pay from the employer to a card account,
3. maintaining a card account,
4. providing one replacement card per calendar year at the employee's request,
5. closing a payroll card account,
6. maintaining a low balance,
7. not using an account for up to 12 months, or
8. point-of-sale transactions.

The act specifies that it does not restrict the fees that a payroll card issuer may charge the employer under their payroll card agreement, as long as they are not passed on to an employee.

AN ACT CONCERNING A SMALL MINORITY BUSINESS REVOLVING LOAN FUND

SUMMARY: This act establishes, within the Small Business Express program (SBX), up to two minority business revolving loan funds (“funds”) to support the growth of small minority-owned businesses by providing them with loans.

Under the act, the Department of Economic Development (DECD) must provide up to two minority business development entities with grants, from SBX bond funds, to establish the funds. The development entities must use the grants to provide loans to small minority-owned businesses that meet SBX eligibility criteria.

The act also specifies amounts, terms, and eligible uses of the loans and imposes various administrative requirements on the funds.

It also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

REVOLVING LOAN FUNDS***Establishment of Funds***

The act requires the DECD commissioner to allocate a total of \$5 million in grants to up to two minority business development entities in each year from FY 16 through FY 20 (\$25 million total) to establish up to two minority business revolving loan funds.

Under the act, a “minority business development entity” is a nonprofit organization that, on or before June 9, 2016 (the act's effective date), (1) has a lending portfolio from which at least 75% of lending is provided to minority-owned businesses statewide and (2) provided at least 75% of its technical assistance to minority-owned business statewide.

Under the act a “minority” refers to:

1. Black Americans, including people with origins in any of the Black African racial groups not of Hispanic origin;
2. Hispanic Americans, including anyone of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race;
3. anyone with origins in the Iberian Peninsula, including Portugal, regardless of race;
4. women;
5. Asian Pacific Americans and Pacific Islanders; and
6. American Indians and people with origins in any of the original people of North America who maintain identifiable tribal affiliations through membership and participation or community identification.

Funding and Administration

The money in the revolving loan funds must be used to provide loans to eligible small minority-owned businesses and fund the development entity's administrative costs of providing the loans.

The development entities cannot use more than 10% of the amount they receive from DECD for their administrative costs. Within five years of the funds' establishment, they must provide loans in a way that makes their annual investment income, loan repayments, or other revenue sources sufficient to cover the funds' administrative costs. They must also annually submit to DECD an independent financial audit of expenditures until they have spent all funding they received from DECD. If DECD finds that an entity used any of the funding for unauthorized purposes, the commissioner may require it to repay DECD for the funding it provided.

Loans

To be eligible for loans from the funds, a business must:

1. be owned by one or more members of a minority,
2. employ fewer than 100 employees on at least 50% of its working days in the previous 12 months,
3. operate in Connecticut
4. have been registered to conduct business for at least 12 months, and
5. be in good standing with the payment of all state and local taxes and with all state agencies.

Under the act, the development entities must prioritize applicants that, as part of their business plan, are creating new jobs that will be maintained for at least 12 consecutive months. They may provide loans to small minority-owned businesses in amounts from \$10,000 to \$100,000. They must review and approve loan terms, conditions, and collateral requirements in a way that prioritizes job growth and retention. The act caps the repayment rate on the loans at 4% and their term at 10 years.

Businesses may use the loans (1) to acquire or purchase machinery or equipment or (2) for construction or leasehold improvements, relocation expenses, working capital, or other business-related expenses authorized by the development entity.

Public Act# 16-184

SB# 2

AN ACT SUPPORTING VETERAN-OWNED SMALL BUSINESSES

SUMMARY: This act increases, from 10% to 15%, the maximum price preference the Department of Administrative Services can give micro businesses owned by veterans for open market orders or contracts. A price preference is the percentage by which a bid may be reduced for purposes of awarding a contract to the lowest qualified bidder.

By law, a “micro business” is a business with gross revenue of up to \$3 million in the most recently completed fiscal year. Under the act, a “veteran-owned micro business” is any micro business in which at least 51% of the ownership is held by one or more veterans.

As under existing law, a “veteran” is anyone honorably discharged or released from active service in the U. S. Armed Forces or their reserve components, including the Connecticut National Guard performing duty under Title 32 of (e. g., certain Homeland Security missions).

EFFECTIVE DATE: October 1, 2016

AN ACT MODIFYING THE STANDARD FOR MANDATORY REPORTING OF ENVIRONMENTAL SPILLS

SUMMARY: This act requires the Department of Energy and Environmental Protection (DEEP) commissioner to adopt regulations specifying numerical thresholds for reporting discharges, spills, or other releases of specified substances, materials, and waste (i. e., regulatory thresholds) to DEEP.

Under the act, a person responsible for a release must report it to DEEP if it exceeds the applicable threshold established in regulations. Under prior law, anyone responsible for causing a release had to report it to DEEP if the released substance, material, or waste posed a threat to human health or the environment, regardless of the amount released. Under the act, the person must continue to report such releases until the regulatory thresholds take effect.

EFFECTIVE DATE: October 1, 2016

REGULATORY THRESHOLDS

Under the act, the DEEP commissioner must adopt regulatory thresholds for reporting discharges, spills, uncontrolled losses, seepages, or filtrations of certain substances to DEEP. In doing so, he may specify the facts that must be included in the report in addition to those the law already requires. Under the law, a person's report must include the name and address of the person reporting the spill; the date, location, amount, and cause of the release; the name and address of the owner of the real or personal property from which the spill occurred; and the reporting person's relationship with the owner. Existing law already allows the commissioner to specify additional that must be included in the report.

BACKGROUND***Reporting Requirements***

Under the law, the reporting requirement applies to release of specific substances, materials, and wastes under different situations. A release can be a discharge, spill, uncontrolled loss, seepage, or filtration of oil or petroleum; chemical liquids; solid, liquid, or gaseous products; or hazardous wastes that poses a potential threat to human health or the environment. It can be from a ship, boat, barge, or other vessel; a terminal where these substances are loaded and unloaded; or an establishment, vehicle, trailer, or other machine where a substance is accidentally, negligently, or otherwise released.

A vessel's master, the person in charge of a terminal, an establishment's owner, and a machine's operator are specifically responsible for reporting a release to DEEP. They and their employers must pay fines if the responsible person fails to report. For most substances, the fine is up to \$1,000 for the responsible person and up to \$5,000 for the person's employer. The maximum fines increase to \$5,000 and \$10,000 respectively for gasoline releases.

AN ACT ESTABLISHING A STATE FILM PERMITTING PROCESS

SUMMARY: This act makes the Department of Economic and Community Development's (DECD) Office of Film, Television, and Digital Media ("office") the statewide point of contact for all film, television, and digital media producers requesting permission to:

1. conduct film production activities ("film") on state-owned property, including state roads and highways, railroads and train stations, state forests and parks, airports, seaports, hospitals, and all public higher education institution campuses and
2. use any other state-owned real or personal property, except courthouses and judicial branch facilities, for film production.

Under the act, DECD may issue state film permits to people seeking to film on state-owned property. The act specifies the information that the permit must contain, such as insurance coverage requirements. Presumably, under existing law, people seeking to film on state property go directly to the state agency controlling the property. Under the act, state film permit holders must still obtain permission to film from the controlling agency, but must first present their permit.

Existing law requires anyone seeking to film on property owned or controlled by the Department of Transportation (DOT) to obtain a DOT filming permit (CGS § 13a-259). Under the act, people seeking a DOT filming permit must first obtain a state film permit. The act also eliminates a requirement that DOT determine, and specify on the DOT filming permit, the insurance coverage a permit holder must obtain.

Lastly, the act requires (1) DECD to develop guidelines to work with agencies to implement the film permitting process and (2) agencies to make reasonable efforts to work with the office.

EFFECTIVE DATE: October 1, 2016

DECD-ISSUED STATE FILM PERMIT

The act allows DECD to issue state film permits, on a form it designates, to anyone seeking to film on state-owned property. The state film permit must (1) identify the person requesting to film on state property and (2) indicate that the holder has provided documentation to DECD that substantiates the holder's ability to conduct indemnified film production activities.

Obtaining Permission to Film from State Agencies

A person who holds a state film permit must present it to the state agency, authority, or institution in control of the state property when seeking permission to film on the property. After the holder presents the permit, the agency may authorize him or her to film on the property. The act also makes a change to allow DOT to issue filming permits only after a person presents his or her state film permit.

Insurance Coverage and Liability

The act requires state film permits to specify the insurance coverage the holder must obtain, as determined by DECD and the state's director of Insurance and Risk Management, with the state

named as the additional insured. It also eliminates a similar requirement that the DOT commissioner, in consultation with the state's director of Insurance and Risk Management, determine the insurance coverage a DOT filming permit holder must obtain and specify the coverage on the DOT filming permit.

Under the act, no liability accrues to the state or any of its agencies or employees for any injury or damages to people or property that may directly or indirectly result from a state film permit holder's production activities on state-owned property.

GUIDELINES AND AGENCY COOPERATION

Existing law requires DECD to formulate and propose guidelines, forms, or model local ordinances to state agencies and municipalities for creating a "one-stop permitting process" for using state or municipal roads and highways or other state or municipal property for film production activities (CGS § 32-1p).

Under the act, DECD must develop guidelines to work with agencies to implement the act's film permitting process. The guidelines must include:

1. an agency contact at the office for filing applications and obtaining information on the permit's requirements;
2. the identification of each individual within each agency who is a point of contact for an agency permit application;
3. a single, coordinated production activity form, including an equipment checklist and roster;
4. a process by which the office may forward permit applications to other state agencies on behalf of applicants; and
5. a fee structure, at the DECD commissioner's discretion.

The guidelines must also include a mandatory pre-application review process to reduce permitting issues or conflicts by providing guidance to applicants on:

1. information required for permit approval or authorization from the relevant state agencies;
2. specifications for desired on-site production and production-related activities, site suitability, and limitations; and
3. steps applicants can take to ensure expeditious permit application.

The act allows the office, at the DECD commissioner's request, to ask any state agency to provide information and assistance as may be necessary to expedite the permitting process the act creates. Each state agency officer or employee must make reasonable efforts to cooperate with the office.

EFFECTIVE DATE: October 1, 2016

AN ACT CONCERNING THE OFFICE OF THE PERMIT OMBUDSMAN AND ASSISTANCE FOR BIOSCIENCE COMPANIES

SUMMARY: This act makes projects to develop bioscience businesses eligible for assistance from the Department of Economic and Community Development's (DECD) Office of the Permit Ombudsman. By law, the office coordinates expedited permit reviews of eligible economic development projects with the transportation, public health, and energy and environmental protection departments.

The act also requires the permit ombudsman to assist and provide guidance to bioscience businesses seeking to expedite the review and approval of permits required by local zoning authorities.

EFFECTIVE DATE: October 1, 2016

BACKGROUND***Project Eligibility Criteria for Expedited Permit Reviews***

By law, DECD's Permit Ombudsman Office provides for the expedited review of projects meeting one of two sets of economic development criteria. It must do so for projects:

1. creating at least 50 permanent, full-time equivalent non-construction jobs in any of the state's 17 enterprise zones or at least 100 such jobs elsewhere in Connecticut;
2. located in a brownfield;
3. compatible with the state's responsible growth initiatives;
4. considered transit-oriented development, or
5. developing green technology businesses.

The office also must review other types of projects the commissioner approves based on specified economic impact factors, such as the project's total capital investment and the extent to which it will diversify and strengthen the local and state economy.

AN ACT CONCERNING SIGNAGE FOR SITES ON THE CONNECTICUT ANTIQUES TRAIL

SUMMARY: Existing law requires the Department of Economic and Community Development (DECD), as part of its administration of the Connecticut Antiques Trail, to develop criteria to identify (1) major antique dealers, (2) communities with a high concentration of antique dealers, and (3) auction houses with annual sales in excess of one million dollars. This act additionally requires it to develop criteria to identify antique dealers located within municipally designated antiques corridors.

The act also authorizes businesses that DECD identifies as being on the Connecticut Antiques Trail to display temporary signs or flags, for up to 16 hours a day, indicating that they are on the trail. Except with respect to a municipal ordinance or regulation concerning sign or flag size, the

authorization applies even if a state statute or municipal zoning ordinance or regulation prohibits such a display.

In practice, to be designated as being on the trail, a business must meet certain criteria and submit a form to DECD for its review. Among other things, an eligible business must primarily buy and sell items collected or desired because of their age, rarity, condition, or other unique feature. Art dealers, consignment shop operators, and flea markets do not qualify for the designation.

EFFECTIVE DATE: Upon passage

Public Act# 16-204

SB# 401

AN ACT CONCERNING THE CONNECTICUT BIOSCIENCE INNOVATION FUND AND INVESTMENTS BY CONNECTICUT INNOVATIONS, INCORPORATED

SUMMARY: This act allows Connecticut Innovations, Inc. (CI) to use its unrestricted funds and funds in the Connecticut Bioscience Innovation Fund (CBIF) to invest in private equity investment funds under certain conditions (see “BACKGROUND”).

It makes the following changes to CBIF administration and eligibility:

1. crediting to CI's unrestricted funds any income or earnings in excess of the original award amount that result from CBIF financial assistance awards;
2. making businesses' eligibility for CBIF funding contingent on annual commercial revenue, rather than the age of the business and current activity; and
3. allowing CI to provide, through CBIF, additional funding to eligible recipients that have already received financial assistance from CI or CBIF (“follow-on funding”).

The act also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2016

PRIVATE EQUITY FUND INVESTMENT

CI's General Powers

The act authorizes CI to (1) invest its unrestricted funds in private equity investment funds, or “funds of funds,” and (2) enter into related limited partnership agreements or other contractual arrangements with the investment funds. The investment funds may be organized and managed and invested in businesses in- or out-of-state, as long as the funds' investment objectives and criteria are consistent with policies adopted by CI's board of directors. Under the act, these policies must require an investment fund to invest at least as much money as CI invested in the fund, discounting reasonable management fees and closing costs, to support the (1) growth of technology, bioscience, or precision manufacturing businesses or (2) relocation of these businesses to Connecticut.

CBIF

Under existing law, the CBIF advisory committee provides CBIF financial assistance directly to eligible recipients. Under the act, the committee may additionally provide financial assistance

indirectly to eligible recipients by investing in private equity investment funds, including those organized, managed, and investing in businesses in- or out-of-state.

The act requires the committee to adopt guidelines to provide CBIF financial assistance through private equity investment funds. The guidelines must require any fund that receives a CBIF investment to invest an amount at least equal to the CBIF investment, discounting reasonable management fees and closing costs, in Connecticut entities that qualify for CBIF assistance.

CBIF ADMINISTRATION AND ELIGIBILITY

Income and Earnings

Under prior law, all money recovered or earned as a result of financial assistance provided from CBIF had to be credited back to CBIF and held for its use. Under the act, (1) any repayment of loan principal or other recovery of the original amount of financial assistance awarded from CBIF must be credited to CBIF and (2) any interest repayments and additional income, earnings, or return on investment in excess of the original CBIF award amount are deemed unrestricted funds of CI. Consequently, CI can use the CBIF returns to fund any of its other programs or for other purposes.

Eligibility

By law, entities eligible for CBIF financial assistance include accredited colleges or universities, nonprofits, for-profit start-ups, and early-stage businesses. The act makes businesses' eligibility for CBIF funding contingent on annual commercial revenue, rather than the age of the business and current activity, by modifying the definition of "early-stage business." Under prior law, an early-stage business was one that had been operating for seven years or less and was developing or testing a product or service that was (1) not yet available for commercial release or (2) commercially available in a limited manner, including market testing of prototypes and certain clinical trials. Under the act, an early-stage business is instead one that has not yet achieved annual commercial revenue of more than \$2 million.

BACKGROUND

CI

CI is a quasi-public agency with broad powers to finance and promote technological innovation. It is governed by a 17-member board composed of gubernatorial and legislative appointees, as well as four ex-officio members. Among other things, CI invests in startups in software and information technology, bioscience, clean technology, digital media, and technology important to advanced manufacturing (e. g., photonics and advanced materials). CI can also fund research that has commercial applications (CGS § 32-35).

CBIF

CBIF is administered by CI and governed by an advisory committee. CBIF provides grants, loans, equity, and other types of investments ("financial assistance") to colleges, universities, nonprofits, start-ups, and early-stage businesses to further the development of disciplines, such as bioscience, medical devices, and health information management, that (1) are likely to lead to an improvement in or development of commercializable services, therapeutics, diagnostics, or devices, (2) are designed to advance the coordination, quality, or efficiency of health care and lower health care costs, and (2) promise, directly or indirectly, to lead to job growth in the state in these or related fields. CBIF is capitalized by bond funds (CGS §§ 32-41aa to 32-41dd).

AN ACT MAKING ADJUSTMENTS TO THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017

SUMMARY: This act makes various statutory and budgetary changes to reduce projected General Fund deficits for FY 16. Among other things, it does the following:

1. allows the Office of Policy and Management (OPM) secretary to make a total of \$97.4 million in specific reductions to FY 16 General Fund allotments (§ 1);
2. increases, by a total of \$10. 6 million, the amount by which the OPM secretary may reduce FY 16 allotments to the legislative and judicial branches in order to achieve budget savings (§ 2);
3. increases, by \$10 million, FY 16 transfers to the General Fund included in PA 15-1, December Special Session (DSS) (§§ 4-7); and
4. allows the OPM secretary to transfer a total of up to \$57.2 million from various accounts to the General Fund for FY 16 (§§ 8-38 & 40-43).

EFFECTIVE DATE: Upon passage

§§ 1 & 2 – REDUCED APPROPRIATIONS FOR FY 16

The act allows the OPM secretary to make a total of \$97,433,061 in specific reductions to FY 16 executive branch allotments in the General Fund.

The act also increases the amount by which the OPM secretary may reduce FY 16 allotments to the legislative and judicial branches in order to achieve General Fund budget savings. It increases the reductions to the (1) legislative branch by \$1 million, from \$2 million to \$3 million, and (2) judicial branch by \$9. 6 million, from \$15 million to \$24. 6 million.

The act retains the secretary's authority to reduce FY 17 allotments to the legislative and judicial branches by \$2 million and \$15 million, respectively. As under existing law, reductions must be determined by the six legislative leaders and the chief justice and chief public defender, respectively.

	GENERAL FUND	2015-2016
DECD	Personal Services	420,505
	Other Expenses	2,430
	Statewide Marketing	2,500,000
	Small Business Incubator Program	2,002
	Hartford Urban Arts Grant	672
	New Britain Arts Council	600
	Main Street Initiatives	867
	Office of Military Affairs	10,829
	Hydrogen/Fuel Cell Economy	978
	CCAT-CT Manufacturing Supply Chain	23,758
	Capital Region Development Authority	493,218
	Neighborhood Music School	215
	Nutmeg Games	109
	Discovery Museum	37

National Theatre of the Deaf	468
CONNSTEP	4,709
Development Research & Economic Assistance	1,092
Connecticut Science Center	922
CT Flagship Producing Theaters Grant	709
Women's Business Center	984
Performing Arts Centers	2,148
Performing Theaters Grant	1,077
Arts Commission	137
Art Museum Consortium	1,047
CT Invention Convention	33
Litchfield Jazz Festival	80
Connecticut River Museum	43
Arte Inc.	43
CT Virtuosi Orchestra	93
Barnum Museum	43
Greater Hartford Arts Council	154
Stepping Stones Museum for Children	63
Maritime Center Authority	828
Tourism Districts	2,143
Amistad Committee for the Freedom Trail	67
Amistad Vessel	598
New Haven Festival of Arts and Ideas	1,131
New Haven Arts Council	134
Beardsley Zoo	556
Mystic Aquarium	879
Quinebaug Tourism	92
Northwestern Tourism	92
Eastern Tourism	92
Central Tourism	92
Twain/Stowe Homes	54
Cultural Alliance of Fairfield	292

§ 3 – DISBURSEMENTS FROM THE TOBACCO SETTLEMENT FUND

The act increases, from \$2 million to \$4 million, the disbursement from the Tobacco Settlement Fund to the General Fund in FY 16 and eliminates a \$2 million disbursement to the Biomedical Research Trust Fund in FY 16.

Sec. 32. (*Effective from passage*) Notwithstanding the provisions of section 12-263m of the general statutes, on or before June 30, 2016, the Secretary of the Office of Policy and Management may approve a sum of up to \$2,427 to be transferred from the dry cleaning establishment remediation administrative account and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

Approved March 30, 2016

AN ACT CONCERNING AN ENTREPRENEUR LEARNER'S PERMIT PROGRAM

SUMMARY: The act establishes an Entrepreneur Learner's Permit pilot program to encourage and assist first-time entrepreneurs in certain business sectors by reimbursing them for state fees associated with forming a business.

The act requires Connecticut Innovations, Inc. (CI) to administer the program during FY 17 and FY 18 and caps the total amount of reimbursements provided under the program at \$500,000 for each year. Entrepreneurs interested in participating in the program must apply to CI before forming the business, and CI must approve applications according to criteria it establishes.

The act also requires CI to evaluate the program's effectiveness and report to the Commerce Committee by February 1, 2018.

EFFECTIVE DATE: July 1, 2016

ENTREPRENEUR LEARNER'S PERMIT

Under the act, first-time entrepreneurs wishing to start new information technology, biotechnology, and green technology businesses are eligible for reimbursement under the program. Entrepreneurs must apply to CI, in the form and manner it determines, before starting the business for which they want to be reimbursed. Approved applicants receive reimbursement, in a manner determined by CI, for any state filing, permitting, or licensing fees associated with forming their business in Connecticut

The act requires CI to establish criteria for application review and approval. CI must (1) give priority to female and minority applicants and (2) not approve any applicant who is not a first-time business owner.

Program Evaluation

By February 1, 2018, the act requires CI to conduct a review of the program's effectiveness and submit it to the Commerce Committee. In the review, CI must recommend whether the program should continue after FY 18. The review must also include the following information:

1. number and type of businesses formed in connection with the program and the current status of each one,
2. number of employees employed by these businesses,
3. program's economic impact on the state, and
4. program participants' satisfaction.

AN ACT ESTABLISHING A TASK FORCE TO STUDY ISSUES RELATING TO THE RECRUITMENT OF MANUFACTURING TEACHERS AND ESTABLISHING A TASK FORCE TO STUDY PROFESSIONAL DEVELOPMENT AND IN-SERVICE TRAINING REQUIREMENTS FOR EDUCATORS

Section 1. (*Effective from passage*) (a) There is established a task force to study issues relating to the recruitment of manufacturing teachers. The task force shall examine (1) the need for manufacturing teachers at various grade levels in schools, (2) the interest among persons employed in manufacturing in teaching a manufacturing course or program in schools, (3) obstacles and constraints that exist in the law and collective bargaining agreements, or at the technical high schools, Board of Regents for Higher Education and private education institutions, that inhibit the recruitment of persons to teach manufacturing in schools, and (4) potential state actions to improve and increase the recruitment of manufacturing teachers.

(b) The task force shall consist of the following members:

- (1) Two appointed by the speaker of the House of Representatives, one who is a teacher employed at a technical high school who teaches manufacturing and one who is a representative of a chamber of commerce in the state;
- (2) Two appointed by the president pro tempore of the Senate, one who is a teacher employed by a college or university who teaches manufacturing and one who is a representative of a manufacturing association in the state;
- (3) One appointed by the majority leader of the House of Representatives, who is an owner or manager of a manufacturing company with fewer than one hundred employees;
- (4) One appointed by the majority leader of the Senate, who is an owner or manager of a manufacturing company with one hundred or more employees;
- (5) One appointed by the minority leader of the House of Representatives, who is a representative of an association of manufacturers;
- (6) One appointed by the minority leader of the Senate, who is a representative from a private education institution with a manufacturing program;
- (7) The Commissioner of Education, or the commissioner's designee;
- (8) The superintendent of the technical high school system, or the superintendent's designee;
- (9) The president of the Board of Regents for Higher Education, or the president's designee; and
- (10) The president of the Connecticut Center for Advanced Technology, Inc., or the president's designee.

(c) All appointments to the task force shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(d) The speaker of the House of Representatives and the president pro tempore of the Senate shall select the chairpersons of the task force from among the members of the task force. Such chairpersons shall schedule the first meeting of the task force, which shall be held not later than sixty days after the effective date of this section.

(e) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to education shall serve as administrative staff of the task force.

(f) Not later than January 1, 2017, the task force shall submit a report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to education, in accordance with the provisions of section 11-4a of the general statutes. The task force shall terminate on the date that it submits such report or January 1, 2017, whichever is later.

Section 2. (*Effective from passage*) (a) There is established a task force to study issues relating to the professional development requirements, as described in sections 10-148a and 10-148b of the general statutes, and the in-service training requirements, as described in section 10-220a of the general statutes, for educators. The task force shall (1) examine (A) how the professional development and in-service training requirements prescribed by law are being implemented by local and regional boards of education, (B) the content prescribed by such requirements, including, but not limited to, any duplicative training or instruction requirements, and the frequency with which educators are completing the same training or instruction, (C) the time required each year to complete the professional development and in-service training requirements, and, after completing such training and instruction, how much time remains to address issues and topics specific to the school district, (D) the direct and indirect costs of such requirements to local and regional boards of education, and (E) the effect such requirements have on the provision of instruction in the public schools, and (2) make recommendations for the streamlining of such requirements, including, but not limited to, the frequency of the provision of the requirements and the combination or elimination of duplicative requirements.

(b) The task force shall consist of the following members: (1) The Commissioner of Education, or the commissioner's designee, (2) one representative from each of the following associations, designated by each such association: The Connecticut Association of Boards of Education, the Connecticut Association of Public School Superintendents, the Connecticut Association of Schools, Connecticut Federation of School Administrators, the Connecticut Education Association and the American Federation of Teachers-Connecticut, and (3) four persons selected by the Commissioner of Education, one of whom is an academic with knowledge and expertise in social-emotional learning, one of whom is a teacher, one of whom is a member of the School Paraprofessional Advisory Council, established pursuant to section 10-155k of the general statutes, and one of whom is any other person the commissioner deems appropriate.

(c) All appointments to the task force shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(d) The Commissioner of Education, or the commissioner's designee, shall serve as the chairperson of the task force. Such chairperson shall schedule the first meeting of the task force, which shall be held not later than sixty days after the effective date of this section.

(e) Not later than January 1, 2017, the task force shall submit a report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to education, in accordance with the provisions of section 11-4a of the general statutes. The task force shall terminate on the date that it submits such report or January 1, 2017, whichever is later.

Approved June 9, 2016

AN ACT REQUIRING A STUDY OF CERTAIN EMPLOYMENT TRANSITIONS IN EASTERN CONNECTICUT

Section 1. (*Effective July 1, 2016*) Not later than January 1, 2017, the Commissioner of Economic and Community Development, in consultation with the Labor Commissioner, shall submit a report on the transition of former casino employees to employment in other job sectors, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to commerce. Such report shall include, but need not be limited to: (1) An analysis of the impact of casino job losses on the workforce in eastern Connecticut; (2) an examination of the availability of industry sectors in eastern Connecticut into which former casino employees may gain employment, including, but not limited to, the advanced manufacturing and health care fields; (3) the type and amount of training necessary for transition into such industry sectors; (4) the existing resources in eastern Connecticut for former casino employees to obtain such training; and (5) recommendations for any additional training resources or changes in career coaching the commissioner deems necessary to aid the transition to such industry sectors.

Approved June 7, 2016

AN ACT ESTABLISHING A HEALTH DATA COLLABORATIVE WORKING GROUP

Section 1. (*Effective from passage*) (a) The chairpersons of the Commission on Economic Competitiveness, established pursuant to section 2-124 of the general statutes, shall appoint and convene a health data collaborative working group to examine and make recommendations regarding:

- (1) The anticipated digital infrastructure needs of the health care industry, the insurance industry, public and private universities and research institutions, including, but not limited to, access to data centers and private sector high-speed broadband networks;
- (2) The potential economic and employment benefits that may result from the development of such digital infrastructure; and
- (3) Means to encourage the development of such digital infrastructure, which may include, but not be limited to, the enactment of statutory and regulatory changes or the implementation of other approaches to support private, not public, investment in and development of such digital infrastructure.

(b) Appointments to the working group pursuant to subsection (a) of this section shall include, but not be limited to, representatives from the insurance industry, the health care industry, the Connecticut Education Network, broadband Internet service providers, the Connecticut Technology Council, the bioscience industry and a public or private university or research institution. The working group shall also include the Consumer Counsel, or the Consumer Counsel's designee. All appointments to the working group shall be made not later than thirty days after the effective date of this section. Any member of the working group may be a member of the General Assembly or the Commission on Economic Competitiveness.

(c) The chairpersons of the Commission on Economic Competitiveness shall select the chairperson of the working group. The chairperson of the working group shall schedule the first meeting of the working group, which shall be held not later than sixty days after the effective date of this section. The working group shall meet at least monthly thereafter, until it submits its report pursuant to subsection (d) of this section.

(d) Not later than January 15, 2017, the working group shall submit a report on its findings and recommendations pursuant to subsection (a) of this section to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and technology, in accordance with the provisions of section 11-4a of the general statutes. The working group shall terminate on the date that it submits such report or January 15, 2017, whichever is later.

Approved June 7, 2016

Special Act# 16-21

SB# 308

AN ACT CONCERNING THE DEVELOPMENT OF RECOMMENDATIONS FOR A STRANDED RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM

Section 1. (*Effective from passage*) (a) The Commissioner of Economic and Community Development shall develop legislative recommendations for the establishment of a program that allows businesses in the state to exchange unused research and development tax credits, allowed pursuant to section 12-217n of the general statutes, for financial assistance in support of capital projects in the state that propose to result in any of the following: (1) Expansion of the scale or scope of the business exchanging such unused tax credits, (2) an increase or retention of employment at such business, or (3) generation of a substantial return to the state economy. Such recommendations may include, but need not be limited to: (A) Proposed requirements for such a capital project to qualify for financial assistance under such program, (B) proposed terms for financial assistance under such program, (C) the maximum amount of unused tax credits that may be exchanged for financial assistance, and (D) an analysis of whether to include in such program a requirement that a capital project be anticipated to generate direct and indirect economic benefits to the state that exceed the amount of unused tax credits proposed to be exchanged. The commissioner may consult with the Commissioner of Revenue Services in developing such legislative recommendations.

(b) Not later than January 1, 2017, the Commissioner of Economic and Community Development shall submit such legislative recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and finance, revenue and bonding, in accordance with the provisions of section 11-4a of the general statutes.

Approved June 7, 2016

AN ACT ADJUSTING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017

Section 1. (Effective July 1, 2016) The amounts appropriated for the fiscal year ending June 30, 2017, in section 1 of public act 15-244, as amended by section 155 of public act 15-5 of the June special session, regarding the GENERAL FUND are amended to read as follows:

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT		
Personal Services	[8,476,385]	7,792,889
Other Expenses	[1,052,065]	543,644
Statewide Marketing	[9,500,000]	6,500,000
Small Business Incubator Program	[349,352]	310,810
Hartford Urban Arts Grant	[400,000]	358,386
New Britain Arts Council	[64,941]	58,230
Main Street Initiatives	[154,328]	138,278
Office of Military Affairs	[219,962]	193,376
Hydrogen/Fuel Cell Economy	[157,937]	150,254
CCAT-CT Manufacturing Supply Chain	[860,862]	715,634
Capital Region Development Authority	[7,864,370]	6,413,253
Neighborhood Music School	[128,250]	114,921
Nutmeg Games	[65,000]	58,244
Discovery Museum	[324,699]	291,141
National Theatre of the Deaf	[129,879]	116,456
CONNSTEP	[503,067]	447,275
Development Research and Economic Assistance	[124,457]	112,591
Connecticut Science Center	[550,000]	492,810
CT Flagship Producing Theaters Grant	[428,687]	384,382
Women's Business Center	[400,000]	358,445
Performing Arts Centers	[1,298,792]	1,164,559
Performing Theaters Grant	[505,904]	453,586
Arts Commission	[1,622,542]	1,543,606
Art Museum Consortium	[473,812]	424,842
CT Invention Convention	[20,000]	17,924
Litchfield Jazz Festival	[47,500]	42,560
Connecticut River Museum	[25,000]	22,384
Arte Inc.	[25,000]	22,384
CT Virtuosi Orchestra	[25,000]	22,384
Barnum Museum	[25,000]	22,384

Greater Hartford Arts Council	[91,174]	81,739
Stepping Stones Museum for Children	[37,977]	34,053
Maritime Center Authority	[500,842]	449,079
Tourism Districts	[1,295,785]	1,133,345
Connecticut Humanities Council		1,731,172
Amistad Committee for the Freedom Trail	[40,612]	36,414
Amistad Vessel	[324,698]	291,140
New Haven Festival of Arts and Ideas	[683,574]	612,926
New Haven Arts Council	[81,174]	72,786
Beardsley Zoo	[336,217]	301,469
Mystic Aquarium	[531,668]	476,719
Quinebaug Tourism	[35,611]	31,931
Northwestern Tourism	[35,611]	31,931
Eastern Tourism	[35,611]	31,931
Central Tourism	[35,611]	31,931
Twain/Stowe Homes	[100,000]	89,591
Cultural Alliance of Fairfield	[81,174]	72,786
AGENCY TOTAL	[40,070,130]	34,798,575

Sec. 26. (Effective July 1, 2016) In implementing the Arts and Tourism Lapse specified in section 1 of this act, the Secretary of the Office of Policy and Management shall reduce grants made by the Department of Economic and Community Development for Tourism, Arts and Youth Development proportionally.

AN ACT CONCERNING REVENUE AND OTHER ITEMS TO IMPLEMENT THE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017

§§ 1-4, 11 & 12 – CTNEXT

The act establishes CTNext as a subsidiary of Connecticut Innovations (CI), the state's quasi-public venture capital agency. In doing so, it requires CI to take no other actions to create the subsidiary except adopting a resolution. As discussed below, the act transfers some of CI's statutory purposes to CTNext, specifying that it is CI's successor with respect to those purposes.

CTNext's major purpose is to assist entrepreneurs and startup and growth-stage businesses (i.e., those that have been incorporated for no more than 10 years, raised private capital, and saw a 20% increase in their annual gross revenues in each of their previous three income years). CTNext must do this by:

1. fostering innovation, start-up, and growth-stage businesses, and building entrepreneur communities;

2. serving as a catalyst to protect and enhance the innovation ecosystem;
3. connecting start-up entrepreneurs and growth-stage businesses with each other and state, federal, and private resources;
4. facilitating (a) the establishment of innovation places and (b) mentoring for entrepreneurs and start-up and growth-stage businesses;
5. providing technical training and resources to start-up and growth-stage businesses and entrepreneurs; and
6. facilitating innovation and entrepreneurship at higher education institutions.

CTNext continues as long as it has outstanding obligations and until it is legally terminated. Termination does not affect any of its outstanding contractual obligations. Upon termination, (1) the state succeeds to CTNext's obligations under any contract, and (2) CTNext's rights and properties pass to and vest in CI.

CTNext is not subject to state collective bargaining laws.

CTNext Board (§1)

CTNext is governed by an 11-member board of directors, most of whom must be serial entrepreneurs representing a diverse range of Connecticut's growth sectors. Under the act, a serial entrepreneur is a person who has brought one or more start-up businesses to a point where institutional investors invested venture capital in the business. The act does not impose the requirement applicable to other CI subsidiary boards that at least half of the members be CI employees, officers, or directors or their designees.

Board members must have education or experience in at least one of the following areas:

1. start-up and growth-stage business development,
2. investment,
3. innovation place development,
4. urban planning, and
5. technology commercialization in higher education.

Appointment and Length of Terms. Five members of the board serve initial two-year terms, and four members serve initial one-year terms. The chairpersons of the Finance, Revenue and Bonding Committee jointly appoint two of the members serving initial two-year terms; the governor, the House speaker, and Senate president pro tempore each appoint one member to serve an initial two-year term; and House and Senate majority and minority leaders each appoint one member to serve an initial one-year term. Successor members, appointed by the original appointing authorities, serve two-year terms.

The act designates as ex officio board members CI's executive director and the economic and community development commissioner.

Board members are eligible for reappointment, and the original appointing authority fills any vacancy for the balance of an unexpired term. The appointing authority may remove, for misfeasance, malfeasance, willful neglect of duty, or failure to attend three consecutive board meetings, any member it appoints.

Reimbursement and Conflicts of Interest. Board members are reimbursed for the actual and necessary expenses they incur performing their official duties. They are public officials and may engage in private employment or in a profession or business, subject to applicable state laws, rules, and regulations on ethics and conflict of interest. The act exempts board members from filing statements of financial interests (CGS § 1-83).

It does not constitute a conflict of interest for a trustee, director, partner, or officer of any person, firm, or corporation or any individual with a financial interest in a person, firm, or corporation to serve on the board, provided such trustee, director, partner, officer, or individual complies with the State Code of Ethics. Among other things, this means that members must abstain from taking official action on a matter if they have a substantial conflict of interest.

By law, directors, officers, and employees of quasi-public agencies, including CI and their subsidiaries, are generally not personally liable for the debts, obligations, or liabilities of the agency, and such agencies must generally protect, save harmless, and indemnify them from financial loss and expense arising from claims against the agency (CGS §§ 1-125 and 32-11e(e)).

Officers, Meetings, and Quorum. The board's chairperson is CI's chief executive officer. Initial appointments to the board must be made by September 1, 2016, and the chairperson must schedule the board's first meeting, which must be held by October 15, 2016. The board must meet at least quarterly and at other times the chairperson deems necessary.

A majority of members then seated constitute a quorum to transact business and exercise any power. Except as the act provides otherwise, the board may act by a majority of the members present at any meeting at which there is a quorum. A board member may not, in his or her absence, designate a representative to perform his or her official duties under the act.

Executive Director. The chairperson, with board approval, must appoint an executive director to supervise CTNext's administrative affairs and technical activities as the board directs. The executive director is a CTNext employee and receives a salary set by the board.

CTNext Powers and Duties (§§ 2, 11, & 12)

General Administrative Powers. The act gives CTNext many of the general powers and duties of state quasi-public agencies. It specifically allows CTNext to do the following:

1. employ assistants, agents, and other employees, who are not state employees;
2. establish necessary and appropriate personnel practices and policies, including hiring, promotion, compensation, retirement, and collective bargaining policies, which may align with CI's but do not have to align with the state's;
3. engage consultants, attorneys, and appraisers to fulfill its purposes;
4. receive and accept grants or contributions from any source to fulfill its purposes, subject to the source's terms and conditions;
5. enter into contracts and agreements to execute its powers and fulfill its purposes, including contracts for professional services;
6. insure its property, assets, and employees;
7. audit its funds and those of the parties it funds;
8. measure and evaluate the administration and performance of CTNext's performance; and
9. establish advisory committees to help fulfill CTNext's duties.

Powers and Duties Specific to Innovation and Entrepreneurship. The act assigns the following powers and duties to CTNext to:

1. encourage younger generation start-up entrepreneurs to stay in Connecticut,
2. promote entrepreneurship at Connecticut public and independent institutions of higher education, and
3. do all things necessary to carry out its purposes and execute its powers.

The other powers and duties the act assigns to CTNext are narrower. CTNext may:

1. counsel and assist start-up and growth-stage entrepreneurs with preparing business plans and managing, financing, and marketing their businesses;
2. hold workshops, seminars, and conferences on business topics with other organizations, including municipalities, chambers of commerce, higher education institutions, and small business development organizations;
3. facilitate partnerships between innovative start-up and growth-stage businesses and research institutions and venture capitalists or financial institutions;
4. increase the capital supply for entrepreneurs and start-up and growth-stage businesses, including capital supplied by angel investors and venture capitalists;
5. award higher education entrepreneurship grants the Higher Education Entrepreneurship Advisory Committee recommends (\$28);
6. establish a program providing grants to businesses that have transitioned from the startup to growth stages;
7. connect entrepreneurs in innovation places to municipal and state resources geared toward helping them comply with regulations; and
8. award planning grants to entities seeking designation as an innovation place, as long as the entities demonstrate that the proposed place meets the innovation place program's purposes (see §§ 5-9).

The act gives certain CI powers to CTNext, allowing both entities to exercise them. These shared powers are:

1. promoting technology-based development in Connecticut;
2. encouraging and promoting the establishment of advanced technology centers and, within available resources, providing financial assistance to them;
3. promoting and encouraging the coordination of public and private resources and activities in Connecticut aimed at helping technology-based entrepreneurs and business enterprises;
4. promoting science, engineering, mathematics, and other disciplines necessary for developing and applying technology;
5. coordinating efforts with existing business outreach centers;
6. providing financial aid to people developing smart buildings, incubator facilities, or other offices and laboratories that rely heavily on information technology; and
7. advising several state officials on science, engineering, and technology matters that may affect (1) state policies, programs, employers, and residents and (2) the state's efforts to create and retain jobs.

Those officials are the governor, legislators, the economic and community development commissioner, the University of Connecticut president, and the Board of Regents for Higher

Education president. (The University of Connecticut president is not included among the officials CI must advise about science, engineering, and technology matters.)

The act also transfers the following CI powers to CTNext:

1. maintaining an inventory of information on state and federal programs and serving as a clearinghouse and referral service for such information;
2. promoting and encouraging the establishment, maintenance, and operation of incubator facilities and, within available resources, providing financial assistance to them; and
3. coordinating the development and implementation of strategies regarding technology-based talent and innovation among state and quasi-public agencies, which include creating and administering the Connecticut Small Business Innovation Research Office to provide information and technical assistance to businesses seeking to participate in the federal small business research and development programs.

Although the act transfers power to create and administer the office, it requires CI to fund it.

CTNext and CI may jointly exercise these powers until September 1, 2016, after which only CTNext may exercise them.

Specific Powers and Duties Given to the CTNext. The act requires CTNext to designate innovation places (see §§ 5-8) and develop a plan to support entrepreneurial research and develop entrepreneurial talent by strengthening the relationships between the state's businesses and institutions of higher education.

Informational Website. CTNext must also (1) create an informational Internet website that offers information and services of value to entrepreneurs and (2) publicize the website and other workshops, seminars, and conferences CT Next offers. (In practice, CI maintains a website called CTNext that provides similar information.) The website must:

1. list services, programs, and events aimed at entrepreneurs;
2. function as an online community for entrepreneurs;
3. list entrepreneurial and innovation-related research projects that professors at higher education institutions are undertaking;
4. provide information about college and university innovation and entrepreneurial programs, including those related to engineering, computer science, and bioscience; and
5. connect businesses seeking to buy Connecticut-made products for their business inputs.

Marketing. CTNext must also annually develop, update, and implement a strategic statewide plan for promoting Connecticut as a hub for innovation and entrepreneurship. CTNext's executive director must report on the plan to the Commerce and Finance, Revenue and Bonding committees by February 1, 2017 and annually thereafter.

CTNext Written Policies and Procedures (§ 3)

The CTNext board must adopt written procedures, according to the laws that quasi-public agencies follow, for the following:

1. adopting an annual budget and operations plan, including requiring the board to approve these items before they take effect;
2. hiring, dismissing, promoting, and compensating CTNext employees, which may be consistent with CI's procedures, as long as they (a) include an affirmative action policy and (b) require the board to approve new positions or filling vacant ones;
3. acquiring personal property and personal services, including a requirement that the board approve any non-budgeted expenditure above a board-determined amount;
4. contracting for financial, legal, and professional services, including a requirement that CTNext solicit proposals at least once every three years for the services it uses;
5. awarding grants and other financial assistance, including specifying eligibility criteria, the application process, and the roles of CTNext staff and board;
6. using surplus funds, to the extent allowed under the act and the law; and
7. disclosing conflicts of interests at board meetings.

CTNext Fund (§ 4)

The act establishes the CTNext Fund as a nonlapsing fund outside the General Fund and requires CI to administer it. The fund must contain any money the law requires and any contributions, gifts, grants, donations, bequests, or devises from any public or private source.

CI may invest the fund's money in any institution it chooses, and these institutions must invest or pay that money as CI directs. CI may tap the fund, with approval by the CTNext board, to (1) make grants for the specified purposes or (2) fund other purposes the law specifies.

Under the act, the CTNext's board must approve individual and budgeted expenditures under the conditions it established when it approved the budget.

CI must administer the fund and provide any staff, office space, office systems, and administrative support needed to operate it. CI can do so by using all of its statutory powers but must obtain the board's approval before it can spend funds.

Starting January 1, 2017, CI must annually prepare an operations plan and operating and capital budget for the fund and submit it to the board for review and approval at least 90 days before the fiscal year begins.

Starting April 15, 2017, CI must also submit an annual report on the fund's activities to the board for review and approval. The report must provide available information on fund's status and operations, including information on the grants it awarded. After the board approves the report, it must submit the report to the Commerce and Finance, Revenue and Bonding committees.

EFFECTIVE DATE: Upon passage, except the provisions transferring CI powers to CTNext take effect September 1, 2016.

§§ 5-9 – INNOVATION PLACE PROGRAM

The act establishes, within CTNext, an innovation place program to foster innovation and entrepreneurship in compact, mixed use geographic areas with start-ups, “growth stage businesses,” “anchor institutions,” and access to public transit. Under the act, an “anchor institution” is an entity having a significant and stable presence in the community, including an

institution of higher education, hospital, major corporation, research institution, or business incubator or accelerator. A “growth stage businesses” is a business that (1) has been incorporated for up to 10 years, (2) has raised private capital, and (3) whose annual gross revenue has increased by 20 percent for each of the three preceding income years. “Public transit” means the New Haven rail line (including the Danbury, Waterbury, and New Canaan branch lines), the Shore Line East rail line, the New Haven-Hartford-Springfield rail line, and the New Britain to Hartford busway and any planned expansion of the busway.

Under the act, entities such as corporations, associations, nonprofit organizations, municipalities, and institutions of higher education may submit applications for the designation of an innovation place. The act (1) establishes eligibility and selection criteria and (2) specifies the information an application must include. Among other things, an application must outline a plan for developing the place and leveraging private investment. Grants are available to (1) entities preparing such applications (planning grants) and (2) successful applicants.

The act also authorizes the CTNext board to initiate, or provide grants to entities for, projects that network innovation places with one another.

The act requires the CTNext board to report by September 30, 2017 and annually for three years thereafter to the Commerce and Finance, Revenue and Bonding committees on the operation and effectiveness of the innovation place program and grants distributed under it.

EFFECTIVE DATE: July 1, 2016, except the provision requiring DECD and CI to publicize and post on their websites certain information is effective upon passage.

Program's Purposes

Under the act, the purpose of the innovation place program is to:

1. foster innovation and entrepreneurship by facilitating the designation and establishment of innovation places consisting of at least one compact geographic area within the same municipality having entrepreneurial and innovation potential where (a) existing anchor institutions, companies, institutions, and recreational spaces are in close proximity to start-up and growth stage businesses; (b) public transit is accessible; (c) a significant portion of the underlying zoning allows for mixed-use development; and (d) foot traffic is promoted;
2. identify, designate, and fund the initial costs associated with developing an innovation place;
3. encourage collaboration among higher education institutions, medical institutions, hospitals, existing companies, start-up and growth stage businesses, researchers, and investors;
4. encourage the leveraging of private investment in innovation places;
5. connect entrepreneurs who are facing similar opportunities and challenges with other entrepreneurs and with private and public resources.

Applying for Planning Grants

The act authorizes the CTNext board to award planning grants to entities preparing an application for innovation place designation. By July 1, 2016, CI must post on its website a planning grant application form it prescribes (the section with this requirement takes effect on July 1, 2016). Applicants must submit the application to the CTNext board.

Planning grant applicants must apply by October 1, 2016. The board may extend this deadline by up to 60 days. The CTNext board must award grants by November 15, 2016.

Planning grants cannot exceed \$50,000 and must be proportionate to the anticipated grants for designated innovation places (see below). The act does not specify these proportions. In the aggregate, planning grants cannot exceed \$500,000.

Applying for Innovation Place Designation

The act requires the CTNext board to screen all submitted applications for innovation place designation and select several finalists. It specifies the required application contents and the criteria by which the board must judge them.

Notice and Deadlines. Applications for innovation place designation are due by April 1, 2017.

The act requires the CTNext board to publicize and post on its website the deadline by which entities must submit an application for innovation place designation. It also requires DECD and CI to publicize and post on their websites, by July 1, 2016, the (1) application deadline for innovation place designation and (2) portion of the act setting forth definitions related to the innovation place program, the program's purposes, and the application and review process.

Application Contents. Applicants must submit an application on a board-prescribed form and include with it information on the proposed innovation place, including (1) a plan for its development (“Master plan,” see below), (2) a list of municipal and state legislative action that may be required to execute the plan, and (3) information concerning the capability of the applicant and its partners to implement and administer the plan and how such partners will be involved in the plan's implementation.

The application must also include information on:

1. the proposed place's conformity with the program's purposes;
2. the place's geographical boundaries (including a map) and walkability;
3. at least two anchor institutions in the place and how they will participate in its development and activities;
4. existing and proposed transportation-related infrastructure in and around the place;
5. existing and proposed businesses, recreational facilities, public parks, and other public or private gathering spaces in the place; and
6. the proposal's consistency with the State Plan of Conservation and Development.

The application must also include letters of support from (1) private investors and (2) the chief elected official of the affected municipality. The latter letter must include a statement that the municipality's legislative body has, by majority vote, indicated its support for the proposed place and for any municipal legislative action recommended in the place plan. A chief elected official may submit a letter of support for only one proposed place in his or her municipality.

Master Plan. As noted above, the application must include a master plan outlining the applicant's plans for developing the place. The plan must include a proposal for connecting the place to public transit via rail or bus and leveraging private investment. It must also establish a proposed budget and timeline for spending grant money awarded by the CTNext board. The budget must indicate spending priorities should grants be insufficient to cover the entire proposed budget.

Applicants may include in their submitted plan (a) letters of support from community members and (b) plans for the following initiatives:

1. attracting and directing support to start-up businesses and attracting anchor institutions;
2. developing, in collaboration with private partners, a business incubator, co-working space, business accelerator, or public meeting space;
3. events, community building, marketing, and outreach; and
4. open space improvement, housing development, bicycle paths, and improved technology infrastructure, including broadband.

Application Approval

The CTNext board must approve applications and designate such applications as innovation places. The board may condition its approval on modifications agreed to by the applicant. The board may not approve an application that does not meet the program's purposes.

Minimum Requirements. The act prohibits the board from approving an application for innovation place designation unless:

1. it is consistent with the program's purposes;
2. a significant portion of the place is in an area zoned for mixed uses or mixed use zoning is proposed;
3. it was prepared in collaboration with the local chamber of commerce or other industry association and the affected municipality's economic development department, or similar authority; and
4. it is supported by the affected municipality's legislative body, as demonstrated by a majority vote of the body.

Other Criteria. In determining whether to approve an application for innovation place designation, the CTNext board must consider whether the entities partnering together to implement and administer the proposed master plan are of the quality, and have demonstrated the commitment, to implement and administer the master plan in a manner sufficient to achieve the program's purposes. The board must give preference to applicants with (1) diverse partners (including anchor institutions); (2) partnerships with entities located within the proposed place; and (3) substantial private funding for expenses associated with the proposed place's development, in relation to the amount of grants requested.

The board must generally consider whether the plan is sufficient to achieve the program's purposes and specifically consider whether the plan leverages private investment and includes the following:

1. proposed boundaries that are sufficiently compact to achieve the program's purposes;
2. sufficient measures to (a) ensure walkability within the place and (b) enhance regular interpersonal interactions among the place's residents, workers, and visitors;
3. adequate and accessible public transportation; and
4. existing or proposed restaurants, affordable housing options, and indoor or outdoor retail and public spaces providing an adequate opportunity for interpersonal interaction.

The board must also consider whether the (1) place will be self-sustaining after it spends any CTNext grants and (2) place's underlying zoning provides for, or will be amended to provide for, dwellings with reduced square footage.

The act authorizes the board to consider any other criteria it determines are relevant for evaluating whether the proposed place will achieve the program's purposes.

Finalists. The CTNext board must conduct a site walk of each finalist's proposed innovation place and hold a public hearing on each finalist's application in the affected municipality. The board's chairperson must give at least 10 days' notice of the hearing. The notice must include the hearing's time and place and be posted (1) in a conspicuous place in or near the town clerk's office and (2) on the municipality's website, if available.

At the public hearing, the applicant must present its proposal, and the public must be given an opportunity to comment. Applicants may revise their applications based on public hearing comments.

Grants to Successful Innovation Place Applicants

The board may award grants to successful applicants, within available funding. Before awarding a grant, the board must enter into an agreement with the grantee (1) concerning allowable grant expenses and (2) requiring an annual financial audit of grant expenditures prepared by an independent auditor. The board must also confirm that (1) a significant portion of the underlying zoning of the proposed place allows for mixed-use development and (2) no portion of the grant goes to an entity that is not part of the place's master plan.

If a grantee uses grants for expenses other than those specified in the agreement, the board may require the grantee to repay the misused amounts.

§§ 10 & 16 – EARMARKED BOND FUNDS

The act earmarks a total of \$90 million in previously authorized Manufacturing Assistance Act (MAA) and CI bond funds for CTNext and other purposes, as shown below in Tables 1 and 2.

Table 1: Bonds Earmarked for CTNext

§	Authorization	Amount (in Millions)					Total	Purpose
		FY 17	FY 18	FY 19	FY 20	FY 21		
10 (b)(4)	MAA	\$4.9	\$4.9	\$4.9	\$9.9	\$4.9	\$29.5	Innovation Places Program (up to \$3 million for projects that network innovation places) (§§ 5-9)
16 (b)(5)	CI	2.0	2.0	--	--	--	10	Higher Education entrepreneurship grants(see § 28)
10 (b)(5)	MAA	--	--	2.0	2.0	2.0		
10 (b)(8)	MAA	0.45	0.45	0.45	0.45	0.45	2.25	Grants to growth-stage companies (see § 2)
16 (b)(2)	CI	5.0	5.0	5.0	5.0	5.0	25	CTNext's purposes
16 (b)(3)	CI	--	--	--	--	--	0.5*	Grant to a policy institute or other research institution for program evaluation (see § 25)

*Earmark is effective on passage

Table 2: Bonds Earmarked for Other Purposes

§	Authorization	Amount (in Millions)					Total	To	Purpose
		FY 17	FY 18	FY 19	FY 20	FY 21			
10 (b)(6)	MAA	\$2	\$2	\$2	\$2	\$2	\$10	DECD	Technology Talent Advisory Committee (see § 23)
10 (b)(7)	MAA	0.25	0.25	0.25	0.25	0.25	1.25	DECD	Grant to the Connecticut Supplier Connection
10 (b)(7)	MAA	0.30	0.30	0.30	0.30	0.30	1.5	DECD	Grant to the Connecticut Procurement Technical Assistance Program
16 (b)(4)	CI	--	--	--	--	--	10*	CI	Investments in Later Stage Companies (see § 11)

*Earmark is effective upon passage

EFFECTIVE DATE: Upon passage

§§ 11, 13 & 22 – CI CHANGES

Location of CI Offices (§11)

As a quasi-public agency, CI has broad powers to acquire and dispose of real property. The act requires CI to consider (1) relocating its main office (Rocky Hill) to an innovation place designated under the act and (2) establishing one or more satellite offices in one or more such places.

EFFECTIVE DATE: September 1, 2016

Private Equity Fund Investment (§§ 11 & 22)

CI's General Powers. The act authorizes CI to (1) invest its unrestricted funds in private equity investment funds, or funds of funds, and (2) enter into related limited partnership agreements or other contractual arrangements with the investment funds. The investment funds may be organized and managed and invested in businesses in- or out-of-state, as long as the funds' investment objectives and criteria are consistent with policies adopted by CI's board of directors. Under the act, the policies must require an investment fund to invest at least as much money as CI invested in the fund, discounting reasonable management fees and closing costs, to support the (1) growth of technology, bioscience, or precision manufacturing businesses or (2) relocation of these businesses to Connecticut.

EFFECTIVE DATE: September 1, 2016

Connecticut Bioscience Innovation Fund (CBIF). Under existing law, the CBIF advisory committee provides CBIF financial assistance directly to eligible recipients. Under the act, the committee may additionally provide financial assistance indirectly to eligible recipients by investing in private equity investment funds, including those organized, managed, and investing in businesses in- or out-of-state.

The act requires the committee to adopt guidelines for providing CBIF financial assistance through private equity investment funds. The guidelines must require any fund that receives a CBIF investment to invest an amount equal to or higher than the CBIF investment, discounting reasonable management fees and closing costs, in Connecticut entities that qualify for CBIF assistance.

EFFECTIVE DATE: July 1, 2016

Investments by State Residents. The act authorizes CI to create a program to solicit investments from state residents and invest the funding they receive into a private investment fund as the act allows. CI may only invest these funds in venture capital firms with offices in Connecticut.

EFFECTIVE DATE: September 1, 2016

Capital and Other Incentives for Relocating Later-Stage Businesses (§ 11)

The act authorizes CI to invest, under certain conditions, in certain out-of-state, later-stage businesses, as long as they relocate to Connecticut. Specifically, CI may invest in businesses (1) incorporated for 10 years or less, (2) that have raised private capital, and (3) whose revenue has increased by 20% in each of the previous three years (i.e., growth-stage companies). CI cannot invest more than (1) \$5 million in a single venture capital funding round of a business; (2) 50% of the total amount the business raises in the funding round; and (3) \$10 million in these companies, total.

Under the act, CI may create, using its unrestricted funds, to create financial incentives to encourage growth-stage companies and out-of-state venture capital firms to relocate to Connecticut. It may do so only if it has made an investment in the growth stage company or investing in the firm's funds as a limited partner.

EFFECTIVE DATE: September 1, 2016

CI Venture Investments (§13)

The act requires CI to enter into venture capital agreements, investment agreements, and other similar agreements with one or private investor partners, except those agreements involving the Connecticut Bioscience Fund or a winner of CI's annual business competition (i.e., Venture Clash).

By law, CI invests its funds in people and businesses in Connecticut that research, develop, or apply specific technologies, procedures, services, and techniques. In exchange, CI receives rights to product or inventions, a share of the proceeds from their sale, or equity in the business that makes the product or provides the service. The equity can be in the form of common and preferred stocks (CGS § 32-39 (2)). CI makes these investments by entering into venture agreements with a person or business.

EFFECTIVE DATE: Upon passage

§ 14 – CI PERFORMANCE AUDIT

The act requires CI to undergo a performance audit and submit it to the Commerce and Finance, Revenue and Bonding committees by December 1, 2016. CI must have an independent accounting or management consulting firm conduct the audit, which must include recommendations as to:

1. whether CI's staffing levels are appropriate;
2. CI's performance, based on performance measures the firm chooses; and
3. CI's compensation levels.

The firm must base its recommendations about CI's compensation on an analysis of compensation policies at private investment firms, recommend changes that would maximize the performance of CI's employees in a way that allows CI to achieve its statutory purpose.

By January 15, 2017, CI must submit a report to the Commerce and Finance, Revenue and Bonding committees summarizing its response to the audit report.

EFFECTIVE DATE: Upon passage

§ 15 – DECD LOAN FORGIVENESS FOR BUSINESS MENTORS

The act allows the DECD commissioner to forgive a portion of state financial assistance awarded to technology-based businesses that mentor other businesses through CTNext's mentorship network. The commissioner must base the forgiveness on the amount of hours the business spends mentoring another business.

EFFECTIVE DATE: Upon passage

§ 17 – PRIORITY FOR SMALL BUSINESS EXPRESS (EXP) PROGRAM

DECD's EXP program provides grants, loans, and other forms of financial assistance to eligible businesses with fewer than 100 employees. Under current law, the DECD commissioner (1) must give priority to businesses that create jobs and (2) may give priority to those that (a) materially affect the state's economy (i.e., economic base businesses) or (b) are attempting to export their products and services to foreign markets. Under the act, she may additionally, give priority to businesses located in innovation places CT Next designates under the act.

EFFECTIVE DATE: October 1, 2016

§ 18 – FIRST FIVE PLUS PROGRAM

Extensions

The act extends the First Five Plus program's sunset date by three years, from June 30, 2016 to June 30, 2019, and increases the maximum number of business development projects DECD can fund under the program from 15 to 20. The program combines financial assistance and tax incentives under existing programs for projects that create jobs and make capital investments within the law's timeframes. Projects qualify for First Five Plus assistance if they can (1) create at least 200 new jobs within 24 months after the commissioner approved assistance or (2) invest at

least \$25 million and create at least 200 new jobs within five years after the commissioner approves the assistance.

First Five Plus Preferences

The act expands the types of projects to which the DECD commissioner may give preference for First Five Plus assistance to those:

1. located in the state's 25 distressed municipalities, which the commissioner annually determines based on social and economic criteria (see BACKGROUND) or
2. that are part of an industry that the state's strategic economic development plan targets for assistance.

(The state's 2015 plan targets for priority investment health care, bioscience, insurance and financial services, advanced manufacturing, digital media, tourism, and green technologies industries.)

The act changes the criteria under which the commissioner may give preference to projects involving the relocation of jobs to Connecticut. Under current law, she may give preference to projects involving the relocation of jobs from outside the United States, regardless of the types of jobs being relocated. The act, instead allows her to give preference to projects involving the relocation of job from anywhere as long as they involve research, invention, or innovation.

By law, the commissioner may also give preference to projects involving:

1. the relocation of an out-of-state or international manufacturer or corporate headquarters or
2. redevelopment projects she believes will create jobs sooner than expected under the program's timeframes.

Deadline Extensions

The act makes conforming changes aligning certain expiration dates to the act's extension of First Five Plus's sunset date. It extends, from FY 17 through FY 20, the time during which the commissioner can use Manufacturing Assistance Act Program funds to fund First Five Plus projects without adhering to its funding limits (i.e., up to 90% funding for projects in municipalities with enterprise zones (currently 17) and up to 50% in the other municipalities).

The act extends, from FY 17 through FY 20, the time during which First Five Plus projects are exempt from the thresholds requiring legislative approval for financial assistance or urban and industrial reinvestment tax credits for large-scale economic development projects.

The act also extends, for the same period, the time during which the commissioner may exempt projects financed with insurance premium tax credits from the statutory limits on the amount of credits taxpayers may claim against the insurance premium tax.

Lastly, the act extends current law's biannual reporting requirements into 2019. Under the act, the commissioner must submit reports to the Commerce and Finance, Revenue and Bonding committees twice a year, by January 1 and September 1 in 2017, 2018, and 2019.

EFFECTIVE DATE: July 1, 2016

§ 19 – UCONN CENTER FOR ENTREPRENEURSHIP

The act eliminates a requirement that the UConn Center for Entrepreneurship's accelerator program and intellectual property law clinic be located with the Connecticut Center for Advanced Technology in the Hartford Area.

EFFECTIVE DATE: July 1, 2016

§ 20 – CONNECTICUT 500 PROJECT

Purpose

The act establishes the Connecticut 500 Project to (1) create a net increase of 500,000 new private sector jobs over the next 25 years, (2) set and achieve the state's cornerstone economic development goals for the next generation, and (3) establish a permanent governing board authorized to take specific steps to accomplish these tasks. The project must be administered by the Commission on Economic Competitiveness.

Permanent Governing Board

Composition. The commission, in collaboration with the project's governing board, must convene and work closely with the businesses, community organizations and institutions, and government agencies to achieve the act's goals.

By January 1, 2017, the commission must solicit bids from outside consultants with economic development expertise to develop the project. The project must include creating the governing board that includes business leaders; the chief executive officers of public companies operating in Connecticut; state and local elected officials; and other business, government, and community leaders.

Powers. To achieve the CT 500 Project's goals, the governing board must propose legislation, leverage public and private investment in Connecticut and the project, solicit funds, solicit private funds to match public dollars, evaluate economic development policies, and take other actions the board deems necessary to achieve the goals.

Project Goals

Besides creating a net increase of 500,000 new private sector jobs, the project must, at a minimum:

1. increase, within an unspecified time, the state's population by 5,000 new residents;
2. create 500 new startup businesses based on intellectual property developed in Connecticut;
3. increase, by 500, the annual number of students graduating from each state college and university;
4. place Connecticut among the top five nationally ranked states with respect to economic growth, public education, quality of life, and private sector employee salary; and
5. maintain Connecticut's top five ranking with respect to productivity, higher education, and per capita income.

The act allows the commission to rename the project and reset the goals.

EFFECTIVE DATE: July 1, 2017

§ 21 – COMMISSION ON ECONOMIC COMPETITIVENESS MEMBERSHIP

PA 15-5, June Special Session, established the 13-member Commission on Economic Competitiveness to assess how the state's tax policies affect business and industry and develop policies to promote economic growth. The act adds the following 10 members to the commission, increasing its membership to 23: the chairperson of CTNext or the chairperson's designee; the chairpersons and ranking members of the Commerce and Finance, Revenue and Bonding committees or their designees; and a member appointed by the governor.

The commission's current members consist of designated and appointed members. The designated members are the revenue services and economic and community development commissioners and a Connecticut Business and Industry Association (CBIA) representative appointed by the CBIA president. As Table 3 shows, the other members are appointed by legislative leaders.

Table 3: Commission's Appointed Members under Current Law

<i>Appointing Authority</i>	<i>Number of Appointments</i>	<i>Member Qualifications</i>
House speaker	3	One appointee must be an executive of a publicly traded company
Senate president pro tempore	3	One appointee must be an attorney
House majority leader	1	Member of an employee advocacy group
Senate majority leader	1	Economist
House minority leader	1	Representative of a major corporation headquartered in Connecticut
Senate minority leader	1	Small business owner

EFFECTIVE DATE: Upon passage

§ 23 – TECHNOLOGY TALENT ADVISORY COMMITTEE

The act establishes a Technology Talent Advisory Committee within DECD to identify shortages of qualified employees in specific technology sectors and develop pilot programs to address those shortages.

Composition

The DECD commissioner determines the committee's size and appoints the members, which, at a minimum must include representatives of UConn, the Board of Regents for Higher Education, independent institutions of higher education, and private industry. The committee designates its chairperson from among the members.

Appointments and Terms

The commissioner sets the members' terms and must appoint the first members by September 30, 2016. A member continues to serve until the commissioner appoints his or her successor.

Members' Duties and Obligations

Members serve without compensation but are reimbursed for actual and necessary expenses incurred while performing their official duties.

Under the act, it is not a conflict of interest for a committee member to be a trustee, director, or partner of any person, firm, or corporation, or to have a financial interest in these entities, as long as he or she complies with the state's code of ethics. The act deems the members public officials and requires them to adhere to the code of ethics for such officials, but it exempts them from filing statements of financial interest.

Meetings

The commissioner must call the committee's first meeting by October 15, 2016. The committee must meet at least quarterly and at such other times the chairperson deems necessary.

Decision-Making

A majority of the members is needed for a quorum to transact business or exercise any of the committee's powers. If a quorum is present, the committee may act only by a majority of the members.

Identifying and Addressing Technology-Based Job Shortages

The act specifies the tasks the committee must perform and the order in which it must perform them.

The committee must first calculate the number of software developers and other people who are (1) employed in technology-based fields (e.g., data mining, data analysis, or cybersecurity) where there is a shortage of qualified workers in Connecticut for businesses to hire and (2) employed by Connecticut businesses as of December 31, 2016.

After calculating these numbers, the committee must develop pilot programs to recruit software developers to Connecticut and train state residents in software development and other technology fields. The programs must aim to increase the number of workers employed in these fields by at least twice the number of software developers and other technology-based workers employed in the fields where there are shortages of software developers and workers. The programs must accomplish this goal by January 1, 2026.

Lastly, the committee must identify other technology industries where there are shortages of qualified employees for growth stage businesses to hire.

The act allows the committee to develop pilot programs that:

1. market and publicize technology talent recruitment programs;
2. defer or forgive student loans for students who start businesses in Connecticut (it is not clear which loans the committee is authorized to defer or forgive); and
3. offer training, apprenticeship, and gap year initiatives (i.e., programs in which a graduating student takes a career-oriented position with a company or travel abroad before going to graduate school or seeking a permanent, full-time job).

Reporting

The committee must submit a report on its activities to the Commerce; Education; and Finance, Revenue and Bonding committees by January 1, 2017. The report must provide information about the (1) committee's pilot programs, (2) number of technology-based workers targeted for recruitment, and (3) timeline and measures for reaching the recruitment target.

EFFECTIVE DATE: Upon passage

§ 24 – KNOWLEDGE CENTER ENTERPRISE ZONES

The act authorizes the DECD commissioner to establish up to 10 knowledge center enterprise zones in the state's distressed municipalities based on proposals submitted by higher education institutions.

Proposing and Approving Zones

Under the act, a higher education institution may submit to DECD a proposal to establish a knowledge center enterprise zone. The proposal must include the following components:

1. the proposed zone's geographic scope, including all of the census blocks incorporated in the zone, which may extend for up to a two-mile radius beyond the institution's boundaries;
2. the nature of the business and industry that will be developed in the zone;
3. how the business and industry (a) aligns with the institution's mission and (b) will collaborate with the institution to create jobs;
4. the (a) number of jobs, (b) state and local revenue loss, and (c) economic and community development anticipated from the zone's establishment; and
5. the institution's experience collaborating with businesses or planning for such collaboration.

The act authorizes the DECD commissioner to approve a zone if she determines that (1) its economic development benefits outweigh the anticipated costs to the state and affected municipalities, (2) the proposal complies with the State Plan of Conservation and Development, and (3) it is located in one of the 25 state-designated distressed municipalities. (The most recent distressed municipalities list (2015) includes Ansonia, Bridgeport, Bristol, Derby, East Hartford, Enfield, Griswold, Hartford, Killingly, Meriden, Naugatuck, New Britain, New Haven, New London, North Canaan, Norwich, Plymouth, Preston, Putnam, Sprague, Stafford, Torrington, Waterbury, West Haven, and Windham.)

The DECD commissioner may modify the proposed zone's geographic scope to improve the balance between its anticipated economic benefit and cost to the state and affected municipalities.

Zone Benefits

Under the act, businesses located in knowledge center enterprise zones receive the same benefits, subject to the same conditions, as those located in general enterprise zones.

By law, benefits given to businesses in enterprise zones include the following:

1. property and real estate conveyance tax exemptions and corporation business tax credits mainly for developing facilities, with the state reimbursing municipalities for a portion of the revenue loss from the property tax exemption (CGS §§ 12-81, 12-498, & 12-217e) and
2. a 10-year corporation business tax credit for any newly formed corporations locating in the zones (CGS § 12-271v).

Performance Assessment

The act requires the DECD commissioner to assess each zone's performance at least 10 years after its establishment. It authorizes her to remove a zone's designation if it fails to meet the established goals and standards outlined in regulations.

Regulations

The act requires the DECD commissioner to adopt regulations to implement the knowledge center enterprise zone program, including regulations on (1) reviewing and approving proposals, (2) establishing zone goals and performance standards, and (3) assessing their performance.

EFFECTIVE DATE: October 1, 2016

§ 25 – ANALYZING INNOVATION AND ENTREPRENEURSHIP IN THE STATE

The act requires CTNext's board of directors to award a grant of up to \$500,000 to a policy institute, higher education institution, or research organization to conduct certain analyses of innovation and entrepreneurship in the state, as described below. The grantee must have significant experience in evaluating these initiatives and assessing statewide innovation and entrepreneurship performance generally.

CTNext must prescribe the manner in which such institutions or organizations may apply for the grant and include a request for proposals (RFP) to conduct the assessments, audits, and reports described below. Applicants must submit their RFPs to CTNext by January 1, 2017. The grantee must submit the assessments, audits, and reports to the CTNext board of directors and the Commerce and Finance, Revenue and Bonding committees.

Baseline Assessment of Innovation and Entrepreneurship

By June 1, 2017, and updated biennially for the subsequent four years, the grantee must conduct a baseline assessment of the state's innovation and entrepreneurship based on certain program measures, including:

1. the increase or decrease in the state's (a) start-up businesses, including growth stage start-ups; (b) software developers; and (c) serial entrepreneurs (i.e., those having brought at least one start-up business to venture capital funding by an institutional investor);
2. job growth within growth-stage businesses;
3. the amount of private venture capital invested in start-up and growth-stage businesses;
4. employee turnover at start-up and growth-stage businesses;
5. the amount of entrepreneurship and innovation research funded by higher education institutions in the state;
6. the rate at which businesses enter and leave the state; and
7. the degree to which the state's (a) hiring rate exceeds its job creation rate and (b) employment separation rate exceeds its job loss rate.

Annual Audits and Analyses

The grantee must annually audit and analyze:

1. CTNext's programs and initiatives and include (a) an analysis of whether they are enhancing the program measures described above and (b) recommendations for legislative or programmatic changes to improve the measures and increase business creation;
2. activity at UConn that encourages or discourages entrepreneurship, including (a) patenting and intellectual property licensing policies and (b) hiring of faculty with entrepreneurial experience; and
3. activity that would increase the likelihood of new business formation.

Other Analyses

The act authorizes the grantee to conduct a one-time policy audit of, and recommend improvements to, state legislation and regulations effecting innovation and entrepreneurship in the state. It also allows the grantee to prepare a report (1) evaluating intrapreneurship models used by business organizations to stimulate creativity and innovation at such businesses; (2) detailing the models applied by the state's businesses, if any; and (3) recommending ways to promote the application of such models.

EFFECTIVE DATE: July 1, 2016

§ 26 – PRIORITY FOR FINANCIAL ASSISTANCE FOR ENTITIES LOCATED IN DESIGNATED INNOVATION PLACES

The act authorizes the DECD, housing, energy and environmental protection, and transportation commissioners; OPM secretary; and CHFA executive director to give priority for available financial assistance to entities located in designated innovation places if they determine that doing so furthers the innovation place program's purposes.

EFFECTIVE DATE: October 1, 2016

§ 27 – HIGHER EDUCATION INNOVATION AND ENTREPRENEURSHIP WORKING GROUP

The act establishes a working group to examine innovation and entrepreneurship at in-state public and private colleges and universities.

Membership

The act requires the CTNext executive director to invite, by January 1, 2017, the president of every in-state public and private college and university to serve on the working group. Each president may send a designee to serve in his or her place.

Organization

Under the act, the CTNext Executive Director must schedule the first working group meeting on or before February 1, 2017. The group must select two chairpersons from among its members, one of which must be from a public higher education institution and the other from a private.

CT Next must provide necessary staff, office space and systems, and administrative support for the working group.

Charge

The act charges the working group with developing a master plan for fostering innovation and entrepreneurship at in-state public and private colleges and universities. The plan must accomplish the following:

1. assess the scope and scale of existing entrepreneurial programs and initiatives at higher education institutions in the context of best practices at state and national institutions of higher education that are leaders in innovation and entrepreneurship,
2. recommend initiatives that facilitate collaboration and cooperation among higher education institutions on projects that address and strengthen innovation and entrepreneurship at these institutions,
3. provide for the establishment of a statewide intercollegiate business plan competition,

4. identify funding priorities for higher education entrepreneurship grants-in-aid for projects (a) that expand and enhance entrepreneurial programs and initiatives or (b) involving partnerships among higher education institutions,
5. recommend programs that advance the state's innovation and entrepreneurship efforts, and
6. address opportunities and risks to innovation and entrepreneurship resulting from existing and emergent conditions affecting entrepreneurial programs and initiatives at higher education institutions.

The act defines “existing and emergent conditions” to include the following elements:

1. trends in (a) national funding for research and entrepreneurship endeavors at higher education institutions and (b) student and faculty preferences in entrepreneurship-related collegiate programming and initiatives;
2. willingness of alumni, entrepreneurs, and local business organizations to serve as mentors to faculty and students and to provide student internships;
3. undergraduate and post-graduate student visa opportunities for recruiting international students interested in entrepreneurship; and
4. the state's need to expand and strengthen statewide innovation and entrepreneurship and new business formation.

Under the act, “entrepreneurial programs and initiatives” include the following:

1. mentoring student entrepreneurs,
2. encouraging faculty entrepreneurship through (a) commercialization and licensing of intellectual property and (b) tenure policies,
3. entrepreneur in residence programs,
4. entrepreneurship-related courses,
5. research faculty having entrepreneurial experience,
6. on-campus (a) business incubators or accelerators and (b) events encouraging entrepreneurship and entrepreneurial community building, and
7. proof of concept support.

The working group must submit the plan to the CTNext board of directors by May 1, 2017. Within one month of receiving the plan, the board must review and approve or reject it.

If the board approves the plan, it must submit the plan to the Higher Education Entrepreneurship Advisory Committee (described in Section 28 below). If the board rejects the plan, it must submit a rejection letter and modification recommendations for the plan to the working group. Within one month of receiving the letter and recommendations, the working group must then revise the plan based on the recommendations and resubmit it to the board. The working group must continue to resubmit the plan to the board until it gains approval. The one-month timeframes for board review and plan resubmission apply for subsequent revisions.

EFFECTIVE DATE: July 1, 2016

§ 28 – HIGHER EDUCATION ENTREPRENEURSHIP ADVISORY COMMITTEE

Duties

The advisory committee must review applications for higher education entrepreneurship grants-in-aid that higher education institutions, or a partnership of one or more institutions, submit. The committee prescribes the form for this application.

The committee may recommend approval of any application to the CTNext board of directors, if it determines that the application is consistent with or in furtherance of the master plan for entrepreneurship at public and private institutions of higher education developed by the higher education innovation and entrepreneurship working group (described above in § 27). The act requires the committee to give priority to applications that include collaborative initiatives between higher education institutions.

EFFECTIVE DATE: October 1, 2016

Membership

Under the act, the CTNext board of directors must make initial appointments to the Higher Education Entrepreneurship Advisory Committee, which is to be located within CTNext, by June 1, 2017. The committee must include the following members:

1. an equal number of representatives from public and private higher education institutions,
2. one undergraduate student,
3. one graduate student,
4. one non-voting high school student, and
5. three serial entrepreneurs with experience as entrepreneurs in residence at a higher education institution.

The act defines “serial entrepreneur” as an entrepreneur who brought one or more start-up businesses to venture capital funding by an institutional investor.

Under the act, CTNext prescribes term limits for members. Each member must hold office until his or her successor is appointed. Members are not compensated for their service but are entitled to reimbursement for actual and necessary expenses they incur while performing their official duties.

All advisory committee members are deemed public officials under the act and must adhere to the code of ethics for public officials established in state law. No member is required, however, to file a statement of financial interest with the Office of State Ethics for that portion of the year during which the member served on the advisory committee as public officials do.

Under the act, it is not a conflict of interest for any of the following individuals to serve as a committee member, as long as they comply with the code of ethics for public officials, as applicable: a trustee, director, partner, or officer of any person, firm, or corporation, or any individual having a financial interest in a person, firm, or corporation.

Organization

The act requires the CTNext executive director to call the first meeting of the advisory committee by June 15, 2017, at which the committee must select chairpersons. The committee must meet at

least quarterly thereafter and may meet during additional times as the chairperson deems necessary. (It is unclear whether one chairperson or both must deem the additional meetings necessary.)

Under the act, a majority of members constitute a quorum for the committee to transact any business or exercise any power. The act allows the committee to act by a majority of members present at any meeting at which there is a quorum.

§ 29 – GRANTS TO INNOVATION PLACE BUSINESSES

The act requires CI to establish a program to award, on a competitive basis, grants of up to \$50,000 to start-ups located in or relocating to a CI-selected municipality with one or more designated innovation places. CI must consider investing in the start-ups that receive these grants and provide them with access to (1) mentoring opportunities, (2) coworking space or business accelerators located in the municipality for one year, (3) talent acquisition services, (4) angel or venture capital networks, and (5) a community of entrepreneurs.

EFFECTIVE DATE: July 1, 2016

§ 30 – CROWDFUNDING WEBSITE

The act requires CTNext, beginning July 1, 2017, to establish and maintain a website that advertises Connecticut-based start-up businesses that (1) have been approved by CI to receive investments from angel investors or (2) are seeking funding on reward-based and equity-based crowdfunding websites. (“Crowdfunding” means funding a product, project, or venture by seeking small individual cash donations from a large number of people.)

CTNext must include, for each business it advertises on the website, (1) a description of the business and the product, project, or venture it is proposing and (2) links to the applicable websites and crowdfunding website associated with the business.

Under the act, CTNext, DECD and CI must post a link on their websites' homepages to the website CTNext establishes. CTNext must advertise and promote the website with paid advertisements on other websites and by any other means CTNext determines.

EFFECTIVE DATE: July 1, 2016

§§ 33 & 34 – CONNECTICUT ARTS ENDOWMENT FUND

This act changes the criterion for determining the amount of funds annually available in the Connecticut Arts Endowment Fund for making matching grants to arts organizations. Under current law, that amount equals the fund's investment earnings for the prior fiscal year. Under the act, it equals the greater of the (1) prior fiscal year's investment earnings or (2) increase in the fund's market value, up to 5% of the fund's total market value.

By law, arts organizations seeking matching grants must apply to the Department of Economic and Community Development (DECD) by December 15 annually. The act reduces, from \$25,000 to

\$15,000, the minimum amount arts organizations must raise in a fiscal year from private donors to qualify for a state matching grant.

The law requires DECD to pro rate the grants if the total for all organizations exceeds the endowment's earnings. In these cases, the act prohibits DECD from awarding grants for less than \$500.

Endowment Funded Grants

The Connecticut Arts Endowment Fund is capitalized by bond proceeds, which the state treasurer invests to generate the funds for making the matching grants. Under current law, she must notify the DECD and the Connecticut Arts Council about the fund's total investment earnings for the prior fiscal year, and that amount is available to DECD for awarding matching grants.

Under the act, the treasurer must notify DECD and the council about the prior fiscal year's investment earnings and the increase in the fund's market value. The total amount of funds available for the grants equals the greater of the investment earnings or the increase in the fund's market value, up to 5% of the fund's total market value.

Matching Grant Amounts

An arts organization may apply to DECD for a grant based on the amount of private contributions the organization received during the previous fiscal year. The grant amount depends on the organization's total private contributions for that year. Under current law, the organization must receive at least \$25,000 during the previous fiscal year. If its contributions meet or exceed this threshold but fall short of the prior fiscal year's total private contributions, the organization qualifies for a grant equal to 25% of that total, up to \$250,000. The act reduces the threshold to \$15,000.

If the organization's total private contributions for the fiscal year exceed the previous year's total and the act's \$15,000 threshold, it qualifies for a grant equal to that amount, up to \$1 million.

EFFECTIVE DATE: July 1, 2016

§§ 85-86 – TOURISM WELCOME CENTERS

Under current law, the Department of Economic and Community Development's (DECD) tourism promotion duties include maintaining, operating, and managing the state's six visitor welcome centers (Danbury, Darien, Greenwich, North Stonington, Westbrook and West Willington) and performing the following tasks:

1. providing space for listing events and promoting attractions at these centers;
2. developing, in consultation with the Department of Transportation (DOT), plans for (a) consistent signage for the centers and (b) regulating highway signage for privately operated centers;
3. establishing, with DOT, a program under which local civic organizations help maintain and operate a center (i.e., Adopt a Visitor Welcome Center program); and
4. placing a full-time year-round supervisor and a part-time assistant supervisor at the Danbury, Darien, North Stonington, and West Willington centers.

The act requires DECD to perform these visitor welcome center duties and tasks within available appropriations.

By law, subject to available funds, DECD must (1) place a seasonal full-time supervisor and a seasonal part-time assistant at the Greenwich and Westbrook centers and (2) provide training for center supervisors.

EFFECTIVE DATE: July 1, 2016

§§ 96-109 & 208 – RETIREMENT SECURITY AUTHORITY

The act makes numerous changes to PA 16-29, which creates the Connecticut Retirement Security Authority (“authority”) to establish a program for individual retirement accounts (IRAs) for eligible private-sector employees, who are automatically enrolled in the plan unless they opt out. The authority is administered by the Connecticut Retirement Security Authority Board, which the act establishes as a quasi-public authority under state law.

Among other things, the act:

1. sets the default contribution rate at 3% of an employee's taxable wages for employees who do not select their own contribution rate (§ 96);
2. expands the authority's board from nine to 15 members by adding the Office of Policy and Management (OPM) secretary, the Banking and Labor commissioners, and three additional members the governor appoints (bringing the total number appointed by the governor to four) (§ 97);
3. eliminates the requirement that the General Assembly consent before the governor's choice of the chairman of the board is finalized (§ 97);
4. requires that eight board members, rather than four, constitute a quorum to conduct business (§ 97);
5. changes the name from “program” to “exchange” (§ 96);
6. authorizes the board to establish guidelines for the exchange to offer retirement investment choices from multiple vendors the authority selects (§ 98);
7. requires the authority to minimize total annual fees and, beginning in year five of operation, annual fees cannot exceed 0.75% of the value of total program assets (§ 100); and
8. requires the authority to establish and maintain a secure website to provide participants with information regarding approved vendors that offer IRAs through the program and the various investment options, including the investment performance history, that may be available for the IRAs (§ 107).

It also makes numerous minor, technical, and conforming changes.

EFFECTIVE DATE: January 1, 2017 except the sections establishing the authority and changing the effective date of parts of PA 16-29 are upon passage, and the section requiring the website for participants is effective January 1, 2018.

Definitions (§ 96)

The act sets the default contribution rate at 3% of an employee's after tax wages when the employee does not select his or her own contribution rate. PA 16-29 allows the authority to determine a default rate up to 6%.

The act's requirements apply to all "qualified employers," i.e., private sector employers that employ at least five people each of whom was paid at least \$5,000 in wages in the preceding calendar year. "Covered employees" are those who have worked for a qualified employer for a minimum of 120 days and are at least 19 years old.

Qualified employers must automatically enroll each covered employee in the program no later than 60 days after the employer provides the employee with informational material on the program the act requires. If the employee does not affirmatively opt in (contribution options are provided) the act requires the employer to enroll the employee with a contribution of 3% of the employee's taxable wages (up to normal IRS limits). A covered employee may opt out of the program by electing a contribution level of zero.

Vendors

The act modifies the two vendor definitions under the act. One requires them to be federally regulated retirement plan sponsors that include federally regulated investment companies or insurance companies. The act did not specify that they be federally regulated.

The second applies to payroll or recordkeeping businesses that also provide retirement plans or payroll deposit IRAs. The act expands the definition to include businesses that provide ancillary services, including technological services, and offer retirement plans or payroll deposit IRA products of retirement plan sponsors.

Fees

The act defines participant fees as investment management charges, administrative charges, investment advice charges, trading fees, marketing and sales fees, revenue sharing, broker fees and other costs necessary to administer the program.

Board of Directors (§ 97)

In addition to adding the OPM secretary and the banking and labor commissioners, the act adds three governor's appointees to the board. It specifies they must possess the following qualities:

1. one who has a favorable reputation for skill, knowledge, and experience in annuity products;
2. one who has a favorable reputation for skill, knowledge, and experience in retirement investment projects; and
3. one who has a favorable reputation of skill, knowledge and experience in actuarial science.

It also specifies that the House majority leader's appointee's favorable reputation for skill, knowledge, and experience in the interests of employers be specific to small employers. Other appointees must possess other related qualities.

The act extends the deadline for making appointments from July 31, 2016 to January 1, 2017. The appointed members (i.e., those who are not ex officio) serve four year terms.

Under the act, the governor selects the board chairman. The act removes the requirement that the selection is made with the advice and consent of both chambers of the legislature. It also removes the requirement for the secretary of the state to administer the oath to each member.

The act requires eight, rather than four, members for a quorum to conduct authority business.

Retirement Security Exchange Guidelines and Fees (§§ 98 & 100)

The act establishes the Connecticut Retirement Security Exchange (rather than program) to promote and enhance retirement savings for private sector employees in the state. While the act authorizes the authority board to establish criteria and guidelines for the retirement programs offered under the act, the act specifies that the guidelines offer retirement choices provided by multiple vendors the authority selects. It also requires them to include a cap on the total annual fees and provide participants with information regarding each retirement choice's investment performance history.

The act requires (1) the authority to minimize total annual fees that can be charged to participants and, (2) beginning in year five of operation, limits annual fees to 0.75% of the value of total program assets.

Transmitting Employee Contributions (§ 102)

The act shortens the deadline for an employer to transmit an employee's contribution after withholding it from the employee's pay.

The act requires qualified employers to transmit withheld employee contributions on the earliest day that the amount held can be segregated from the employer's assets, but no later than the 15th business day of the month following the month in which the covered employee's contribution amounts are withheld from his or her paycheck. The act instead requires (1) transmitting the contribution on the earliest date it can be transmitted and (2) the transmittal be no more than 10 business days after the date the employee's contributions were withheld.

Program Design Features (§ 103)

The act requires the authority to invest each participant's IRA in (1) an age-appropriate target date fund, (2) a vehicle designed for lifetime income investment to provide participants with a source of retirement income for life or (3) such other investment vehicles as the authority may prescribe.

The act specifies that the investment fund must be with an investor selected by the participant, or when an employee does not affirmatively select a specific vendor or investment option within the program, the participant's contribution will be invested in an age-appropriate target date fund that most closely matches the participant's normal retirement age. In these cases, the vendor will be assigned on a rotating basis by the exchange.

§ 185 – ANGEL INVESTOR TAX CREDIT

The act extends the sunset date for the angel investor tax credit by three years, from July 1, 2016 to July 1, 2019, and allows taxpayers to sell, assign, or transfer all or part of the credit to other taxpayers.

The credits, which are available through CI, apply against the personal income tax and equal 25% of the amount taxpayers invest in technology-based businesses, up to \$250,000.

EFFECTIVE DATE: July 1, 2016 and applicable to taxable years beginning on or after January 1, 2016.

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES AND AUTHORIZING STATE GRANT COMMITMENTS FOR SCHOOL BUILDING PROJECTS

§§ 1-17 – NEW BOND AUTHORIZATIONS FOR FY 17

New GO Bond Authorizations

The act authorizes up to \$302.7 million in new GO bonds for FY 17 for the state projects and grant programs listed in Table 1. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The act includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purposes within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

§	AGENCY	FOR GRANTS	FY 17
9(c)	Department of Economic and Community Development (DECD)	Program to offer payments to holders of tax credit eligibility certificates under the urban and industrial sites reinvestment program to replace allowable credits under the certificates	10,000,000

§§ 18-259 & 324-325 – CHANGES TO EXISTING BOND AUTHORIZATIONS

Bond Cancellations and Language Changes

The act cancels or reduces all or part of bond authorizations for the projects and grants shown in Table 3. It also changes the purposes of several existing authorizations as indicated below.

TABLE 3: BOND CANCELLATIONS AND LANGUAGE CHANGES

AGENCY	§	FOR	CURRENT AUTHORIZATION	AMOUNT CANCELLED
DECD	20	East Hartford: road and infrastructure and improvements associated with Rentschler Field project	6,500,000	6,500,000
DECD	35	Grants to municipalities and nonprofit organizations for cultural and entertainment-related economic development projects	4,000,000	1,250,000
DECD	36	Goodspeed Opera House Foundation, Inc.: construction of a new facility in East Haddam	5,000,000	5,000,000
DECD	37	West Haven: Front Avenue industrial development and Allingtown Business District improvements	1,000,000	500,000
DECD	38	Stratford: Barnum Avenue streetscape project	350,000	350,000
DECD	42	Killingworth: Killingworth Old Town Hall restoration and renovations	250,000	250,000
DECD	53	Grants to municipalities and nonprofit organizations for cultural and entertainment-related economic development projects	4,000,000	625,000
DECD	54	Goodspeed Opera House Foundation, Inc.: construction	5,000,000	5,000,000

		of a new facility in East Haddam		
DECD	73	Kidcity Children's Museum in Middletown: new building construction	1,000,000	1,000,000
DECD	74	Westport: new construction at the Levitt Pavilion for the Performing Arts	1,000,000	500,000
DECD	75	Gallery 53, Meriden: structural improvements	50,000	50,000
DECD	76	Barnum Museum Foundation, Inc.: Barnum Museum renovations	1,000,000	1,000,000
DECD	77	Willimantic: restore historic properties along Main Street	650,000	650,000
DECD	78	New England Air Museum, Windsor Locks: swing space storage building and education building construction	2,000,000	515,000
DECD	79	Middlesex County Revitalization Commission: revitalization projects	878,050	878,050
DECD	80	Stafford: downtown redevelopment	439,025	439,025
DECD	81	New Britain: property acquisition, design development, and construction of a downtown redevelopment plan	1,000,000	500,000
DECD	82	Bethel: downtown redevelopment and municipal parking improvements	500,000	500,000
DECD	83	Wethersfield: economic development and infrastructure improvements related to the Silas Deane Highway	1,000,000	1,000,000
Connecticut Innovations Inc. (CI)	91	Recapitalize CII programs; eliminates \$1.5 million earmark for BioBus capital expenses	8,500,000	5,000,000
DECD	106	East Haven: Phase III downtown development	1,000,000	1,000,000
DECD	107	Manchester: Broad Street streetscape project	2,000,000	1,000,000
DECD	125	Identifying, marketing, and remediating five state-owned brownfields	20,000,000	3,000,000
CI	127	Recapitalize CII programs; earmarks \$750,000 for the Commission on Economic Competitiveness to implement the "Connecticut 500 Project"	125,000,000	20,000,000
CI	184	Regenerative Medicine Research Fund	10,000,000	10,000,000
DECD	193	Grant to the Northeast Connecticut Economic Development Alliance	2,000,000	2,000,000
DECD	205	Brownfield Remediation and Revitalization program	20,000,000	4,000,000
Capital Region Development Authority (CRDA)	206	CRDA's statutory purposes and uses; earmarks \$500,000 for the Neighborhood Security Fellows program and \$2 million Neighborhood Security projects (see § 260)	50,000,000	0
DECD	223	Connecticut Manufacturing Innovation Fund	20,000,000	10,000,000
DECD	224	Small Business Express program	50,000,000	20,000,000
Connecticut Port Authority	230	Grants for port, harbor, and marina improvements, including dredging and navigational improvements	17,500,000	4,000,000
OPM	239	Small Town Economic Assistance Program (STEAP) (FY 17)	20,000,000	20,000,000
CT Green Bank	249	Energy Conservation Loan Fund and Green Connecticut Loan Guaranty Fund	5,000,000	2,500,000
DECD	258	Manufacturing Assistance Act (FY 17)	100,000,000	10,000,000
CT Green Bank	324	Renewable energy and efficient energy finance program	8,000,000	8,000,000

§ 257 - Connecticut Bioscience Innovation Fund The act cancels a \$25 million bond authorization for the Connecticut Bioscience Innovation Fund for FY 17 and adds a new \$25 million authorization for FY 23, thus extending the program by one year. EFFECTIVE DATE: July 1, 2016