

OFFICE OF FISCAL ANALYSIS

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SB-5

AN ACT CONCERNING ONLINE SAFETY. AMENDMENT

LCO No.: 4063

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OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Attorney General	GF - Cost	483,556	628,075
State Comptroller - Fringe Benefits ¹	GF - Cost	193,859	258,479
Comptroller	GF - Cost	550,000 - 2.5 million	None
UConn	OF - Cost	200,000 to 500,000	None
Connecticut State Colleges and Universities	OF - Cost	150,000	150,000
Office of Workforce Strategy	GF - Cost	Up to 100,000	None
Labor Dept.	GF - Cost	1,000	None
Legislative Mgmt.; Human Rights & Opportunities, Com.; Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
Human Rights & Opportunities, Com.	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

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Reviewer: PR

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The amendment strikes the underlying bill and its associated fiscal impact resulting in the following impact.

The amendment makes various requirements and establishes various programs related to artificial intelligence (AI) resulting in the fiscal impact described below.

Sections 1-2, 4-13, 16, 36 create a regulatory structure for the artificial intelligence market and task the Office of the Attorney General (OAG) with regulating and enforcing² the requirements of the amendment and requires the OAG to develop a pilot program for independent certification programs resulting in a cost to the agency.

The OAG will require additional staffing to fulfill the amendment's regulatory requirements related to the new and expanding field of artificial intelligence. Due to the anticipated workload requirements and required technical expertise, the OAG will need to hire seven additional employees for a cost of \$483,556 in FY 27³ and \$628,075 in FY 28, along with associated fringe benefit costs of \$193,859 in FY 27 and \$258,479 in FY 28. The new employees consist of three assistant attorney generals, two information technology analysts, one program manager, and one paralegal specialist.

These sections also include various civil penalties (ranging from \$1,000 to \$25,000) resulting in a potential revenue gain to the General Fund to the extent violations occur.

Section 3 has no fiscal impact by requiring the Department of Economic and Community Development (DECD) to develop a plan to establish an Artificial Intelligence regulatory sandbox program. It is anticipated that DECD will consult with the state agencies outlined in the amendment to develop the plan within existing resources.

²The amendment creates multiple unfair trade practice violations enforced solely by the OAG, requires the OAG to issue civil penalties, and institute civil actions to collect the penalties.

³FY 27 costs reflect 9 months of expenditures due to these sections having a 10/1/26 effective date.

Sections 14 and 15 expand the definition of a "discriminatory practice" under the Commission on Human Rights and Opportunities (CHRO) laws to include the use of an automated employment-related decision-making process to discriminate based on a protected status. This results in a minimal potential cost⁴ and minimal potential revenue gain to CHRO beginning in FY 27.

The exact cost and revenue gain will depend on the number of additional CHRO proceedings brought and fines imposed in response to this section. These impacts are expected to be minimal.

Section 17, which prohibits the use of AI in state government in a way that reduces the number of state employees or their compensation, results in no fiscal impact.

Section 18 allows legislative leaders to request a liaison from the Connecticut Academy of Science and Engineering (CASE) resulting in a potential cost to the Office of Legislative Management (OLM)⁵ to the extent legislative leaders request a liaison and CASE increases their contract fee with OLM.

Section 19 results in a cost of approximately \$150,000 annually beginning in FY 27 to the Connecticut State Colleges and Universities. While Charter Oak State College (COSC) already administers an AI Academy, the section significantly expands the scope of the Academy's duties. It is anticipated that COSC will incur costs of approximately \$150,000 annually for additional staff, materials, and equipment needed to fulfill the amendment's duties.

Section 20 creates a working group to make certain recommendations concerning artificial intelligence resulting in no fiscal impact to the state as the working group has the resources and expertise to meet the requirements of the amendment.

⁴ This cost is associated with additional staff time, materials, and resources required to facilitate additional proceedings.

⁵OLM contracts with CASE for their services and paid them \$219,000 in FY 26.

Section 21 requires the Department of Labor (DOL) to provide a notice about the courses and services offered by the Connecticut AI Academy, which the amendment creates, to each individual who makes a claim for unemployment compensation. This results in a one-time cost to the DOL of \$1,000 in FY 27 related to vendor costs needed to make changes to ReEmployCT to include such notice.⁶

Section 25 has no fiscal impact. It expands the possible uses of the computer science education account, but does not change the funding source for the account, or the amount of expenditures from the account. The account is not currently funded.

Sections 26 - 27 repurpose the Technology Talent and Advisory Committee by requiring them to develop programs in the field of artificial intelligence. Future General Fund debt service costs may be incurred sooner under the amendment to the degree that it causes authorized General Obligation (GO) bond funds authorized for the Manufacturing Assistance Act, available to the Technology Talent and Advisory Committee, to be expended more rapidly than they otherwise would have been. The amendment does not change GO bond authorizations relevant to the program.

Section 30 has no fiscal impact by expanding the state economic strategic plan which is required every four years to include plans to foster innovation in advanced manufacturing, artificial intelligence and quantum computing. The amendment requires DECD to collaborate with the Connecticut Academy of Science and Engineering to complete this requirement.

Section 31 results in a one-time cost ranging from \$200,000 to \$500,000 in FY 27 for the Institute for Municipal and Regional Policy at UConn to conduct a study concerning the impact of artificial intelligence on the state workforce. Given the study's scope and deadline, it is anticipated that the IMRP would incur a cost ranging from \$200,000 to

⁶Currently, individuals apply for unemployment benefits via ReEmployCT, the DOL's unemployment tax and benefits system.

\$500,000 to hire a consultant to assist with the study.

Section 32 results in a one-time cost of up to \$100,000 to the Office of Workforce Strategy (OWS) to develop a report by July 1, 2027 with data concerning the impacts of artificial intelligence on the state's workforce. It is anticipated that OWS will require consulting services to produce this report. The cost may be mitigated to the extent that OWS can partner with relevant state agencies to produce the data needed for the report.

Sections 33 & 34 have no fiscal impact by requiring the Office of Workforce Strategy (OWS) to develop, implement and promote programs to improve the skills of the state's workforce in relation to artificial intelligence. OWS has already established workforce initiatives using a \$5 million bond allocation which fit the scope of the amendment, including the Tech Talent Accelerator program and AI Skills for Jobs program.⁷

Section 35 requires the Office of the State Comptroller (OSC) to conduct a competition and make certain data available to participants resulting in a cost ranging from \$550,000 to \$2.5 million in FY 27. The competition results in a one-time cost of \$500,000 in FY 27 for an outside consultant to design and administer the competition and prepare a report summarizing the results.

The amendment further requires OSC to compile historical and current claims data for participant use, which requires a limited data set with patient identifiers removed. As the amendment does not specify the applicable date range or population, costs are estimated to range from \$50,000 to \$2 million, depending on the level of detail required.

The amendment also makes various changes regarding artificial intelligence resulting in no fiscal impact to the state.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is

⁷Per [OWS testimony](#) to the Appropriations Committee, March 2, 2026.

consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.