OFFICE OF FISCAL ANALYSIS

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SB-5
AN ACT CONCERNING ONLINE SAFETY.
AMENDMENT
LCO No.: 4418
File Copy No.: 338
Senate Calendar No.: 224

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 $	FY 28 $
Attorney General	GF - Cost	483,556	628,075
Department of Administrative Services	GF - Cost	422,000	222,000
State Comptroller - Fringe Benefits[1]	GF - Cost	328,519	393,139
Comptroller	GF - Potential Cost	See Below	None
UConn	OF - Cost	200,000 to 500,000	None
Office of Higher Education	GF - Cost	150,000	150,000
Consumer Protection, Dept.	GF - Cost	100,000	100,000
Labor Dept.	GF - Cost	1,000	None
Consumer Protection, Dept.; Legislative Mgmt.; Attorney General; Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

The amendment strikes the underlying bill and its associated fiscal

[1]The 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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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, 4-12, 15 create a regulatory structure for the artificial intelligence market and task the Office of the Attorney General (OAG) with regulating and enforcing[2] the requirements of the amendment 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 27[3] 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.

Sections 13 and 14 prohibit the use of automated employment-related decision technology as a defense against claims of

[2]The 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.

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

"discriminatory practice," which results in no fiscal impact to the state or municipalities.

Section 16 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)[4] to the extent legislative leaders request a liaison and CASE increases their contract fee with OLM.

Section 18 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.

Section 19 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.[5]

Section 23 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 24 - 25 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

[4]OLM contracts with CASE for their services and paid them $219,000 in FY 26.
[5] Currently, individuals apply for unemployment benefits via ReEmployCT, the DOL's unemployment tax and benefits system.

authorizations relevant to the program.

Section 28 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 29 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 $500,000 to hire a consultant to assist with the study.

Section 30 has no fiscal impact, as the Treasurer has the necessary expertise to provide the required notification.

Section 31 results in a cost of $150,000 annually beginning in FY 27 to the Office of Higher Education. It requires OHE to coordinate an alliance of public and private institutions of higher education to create and develop AI-related programming. As OHE does not have AI-related expertise, it is anticipated the agency will incur an estimated cost of $150,000 to hire a contractor to assist with these duties.

Section 32 allows the Comptroller to serve as a member of the steering committee for a competition and provide participants relevant data to develop artificial intelligence models resulting in a potential cost in FY 27 to make such data available and ensure patient privacy.

Section 33 requires the Comptroller to serve as a member of the steering committee for a competition and provide participants relevant data to develop artificial intelligence models resulting in a potential cost of at least $50,000, depending on the level of detail required, in FY 27 to make such data available and ensure patient privacy.

Section 33 requires the Department of Consumer Protection (DCP) to

develop and administer a pilot program to evaluate the use of independent certification programs administered by independent third-party entities to ensure compliance with state AI laws, resulting in a cost to the state. To meet the requirements of the amendment, DCP will need to hire a durational project manager for a salary cost of $100,000 in FY 27 and FY 28 and a corresponding fringe benefit cost of $41,820 in FY 27 and FY 28. The durational employee will be required until the pilot program terminates on June 30, 2030.

Section 35 requires the OAG to partner with nonprofit organization to develop and administer a technology fellowship pilot program resulting in a potential cost to the state. If the nonprofit organization requires compensation to assist the OAG with the pilot program, there may be a cost to the state dependent on the terms of the contract.

Section 37-38, which add additional requirements regarding the inventory, assessment, procurement, and use of AI by state agencies, result in a cost of $514,840 to the General Fund in FY 27 and annually thereafter. The costs include $314,840 in salary and fringe for two new analysts within the Department of Administrative Services (DAS) and $200,000 in costs related to changes in IT infrastructure and ongoing bias assessments of AI systems.

Section 39 creates a new unfair trade practice violation for covered operator and covered platform violations resulting in a potential cost to the state. DCP enforces unfair trade practice violations and may have to hire additional staff depending on the number of violations.

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