

# OFFICE OF FISCAL ANALYSIS

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sSB-2

## AN ACT CONCERNING ARTIFICIAL INTELLIGENCE.

As Amended by Senate "A" (LCO 8540), Senate "B" (LCO 8554)  
Senate Calendar No.: 328

### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Department of Economic & Community Development	GF - Cost	Up to 1 million	None
Board of Regents for Higher Education	GF - Cost	500,000	500,000
Attorney General	GF - Cost	Up to 225,000	Up to 295,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	Up to 84,081	Up to 112,108
Education, Dept.	GF - Cost	20,000	20,000
Labor Dept.	GF - Cost	1,000	None
Various State Agencies	Various - Potential Cost	See Below	See Below
Secretary of the State	GF - Cost	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund; Various=Various

#### ***Municipal Impact:***

Municipalities	Effect	FY 26 \$	FY 27 \$
Regional Education Service Centers	Cost	900,000	900,000

#### ***Explanation***

The bill makes various changes regarding artificial intelligence

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<sup>1</sup>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 40.71% of payroll in FY 26.

resulting in the impacts described below.

**Sections 2-3**, create an unfair trade practice enforced solely by the Office of the Attorney General (OAG) and require the OAG develop a public education and assistance campaign resulting in a cost to the state. To meet the requirements of the bill the OAG will have to hire up to three additional employees for a salary and other expenses cost of up to \$225,000 in FY 26 and up to \$295,000 in FY 27 and associated fringe benefit costs of up to \$84,081 in FY 26 and up to \$112,108 in FY 27.

**Section 4** 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)<sup>2</sup> to the extent legislative leaders request a liaison and CASE increases their contract fee with OLM.

**Section 5** requires the Department Economic and Community Development (DECD) to enter into a contract with an outside vendor to develop a plan to establish an artificial intelligence safety institute resulting in a potential cost of up to \$1 million in FY 26. The exact cost is dependent on responses to the RFP.

**Section 6** requires DECD to develop a regulatory sandbox plan resulting in a potential cost.

**Section 7** results in an estimated cost of \$500,000 annually beginning in FY 26 to the Board of Regents for Higher Education (BOR). It requires BOR to develop several types of courses and initiatives related to artificial intelligence (AI) at Charter Oak State College (COSC), as part of the Connecticut AI Academy. It is anticipated that COSC will incur costs to substantially expand its course offerings to meet the bill's provisions. These costs, estimated to be \$500,000 annually, are associated with hiring staff and instructors to administer the program, and for marketing. COSC currently offers one five-week online AI course.

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<sup>2</sup>OLM contacts with CASE for their services and paid them \$212,000 in FY 25.

**Section 8** requires the Department of Labor (DOL) to provide a notice about the courses and services offered by the Connecticut AI Academy, which the bill creates, to each individual who makes a claim for unemployment compensation. This results in a cost to DOL of \$1,000 in FY 26 related to vendor costs needed to make changes to ReEmployCT to include such notice.<sup>3</sup>

**Section 9** requires the Secretary of the State (SOTS) to distribute information concerning the courses offered by the Connecticut AI Academy to small businesses resulting in a cost to SOTS. This cost is associated with upgrading the existing distribution system, and the labor to compile the list of businesses that qualify. This cost will vary depending on the number of applicable businesses<sup>4</sup>.

**Section 10** requires the Department of Housing (DOH) to collaborate with housing authorities<sup>5</sup> and other housing providers to notify residents of the services and courses offered by the CT AI Academy. It is anticipated that DOH will incorporate this notice into other notices which may result in a minimal cost.

**Section 13-14** repurposes 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 bill 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 bill does not change GO bond authorizations relevant to the program.

**Section 15** requires each state agency, in consultation with the

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<sup>3</sup>Currently, individuals apply for unemployment benefits via ReEmployCT, DOL's unemployment tax and benefits system.

<sup>4</sup>There are currently more than [360,000](#) small businesses in the state.

<sup>5</sup>Local housing authorities are autonomous public corporations, which are generally funded by the U.S. Department of Housing and Urban Development (HUD) but may also receive state funding.

employees of such state agency, to (1) study how generative AI may be incorporated to improve efficiencies and (2) develop a pilot program to obtain generative AI if deemed appropriate. The agencies are then required to submit their findings and any potential pilot programs to the Department of Administrative Services (DAS). DAS is then required to analyze each report and pilot program and submit their findings to the Connecticut General Assembly (CGA). This results in a potential cost to the extent the agencies will require consultants to provide the necessary expertise to perform these duties.

**Section 16** allows the Office of Legislative Management (OLM) to develop a process to solicit ideas for generative artificial intelligence pilot programs resulting in no fiscal impact to the state.

**Section 17** creates an artificial intelligence working group resulting in no fiscal impact to the state because the working group has the expertise to meet the requirements of the bill.

**Section 18** removes the deadline by which the Office of Policy and Management (OPM) must develop and establish certain policies and procedures related to artificial intelligence and requires OPM to develop and establish training policies for systems that employ artificial intelligence by February 1, 2026. This does not result in a fiscal impact as OPM has the resources necessary to meet these requirements.

**Section 20** results in an annual cost to each regional educational service center (RESC) to provide an AI literacy initiative to every Alliance District in its region, beginning in FY 26. The cost to each of the six RESCs is expected to be at least \$150,000 annually, for a total annual cost statewide of at least \$900,000. To support the initiative, each RESC is required to engage a part-time project coordinator. The initiative must include coaching, regional conferences, in-service training, educator stipends, and curriculum components. RESCs are primarily funded by their member towns.

**Section 21** results in an annual cost to the State Department of Education of up to \$20,000 annually to convene an annual statewide AI

literacy conference, beginning in FY 26.

**Section 22** creates various crimes ranging from a class D misdemeanor to a class D felony related to dissemination of an intimate synthetically created image, which results in a potential cost to the Department of Correction and the Judicial Department for incarceration or probation and a potential revenue gain to the General Fund from fines. On average, the marginal cost to the state for incarcerating an offender for the year is \$3,300<sup>6</sup> while the average marginal cost for supervision in the community is less than \$600<sup>7</sup> each year for adults and \$450 each year for juveniles.

**Section 24** strikes section 4 of SB 1356, as amended by Senate "A" resulting in no fiscal impact.

Senate "A" strikes the underlying bill and its associated fiscal impact resulting in the impact described above.

Senate "B" strikes and replaces section 23 resulting in no fiscal impact to the state.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to employee wage increases, the number of violations, and inflation.

*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.*

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<sup>6</sup>Inmate marginal cost is based on increased consumables (e.g., food, clothing, water, sewage, living supplies, etc.) This does not include a change in staffing costs or utility expenses because these costs would only be realized if a new unit or facility opened.

<sup>7</sup>Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.