

OFFICE OF FISCAL ANALYSIS

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sSB-2

AN ACT CONCERNING ARTIFICIAL INTELLIGENCE. AMENDMENT

LCO No.: 8464

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OFA Fiscal Note

See Fiscal Note Details

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

The amendment makes various changes regarding artificial intelligence resulting in the impacts described below.

Sections 4-5, 8 create a regulatory structure for the artificial intelligence market and task the Office of the Attorney General (OAG) with regulating and enforcing the requirements of the amendment 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 seven additional employees for a cost of \$670,000 in FY 26 and \$880,000 in FY 27 (costs include salary, other expenses, and fringe benefits).

Section 6 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)¹ to the extent legislative leaders request a liaison and CASE increases their contract fee with OLM.

¹OLM contacts with CASE for their services and paid them \$212,000 in FY 25.

Section 7 allows the OAG to enter into a contract with an outside vendor to develop a plan to establish an artificial intelligence sandbox program and 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 10 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.

Section 11 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.²

Section 12, of the amendment would 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 businesses³.

Section 13 requires the Department of Housing (DOH) to collaborate

²Currently, individuals apply for unemployment benefits via ReEmployCT, DOL's unemployment tax and benefits system.

³There are currently more than [360,000](#) small businesses in the state.

with housing authorities⁴ 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 16-17 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 18 requires each state agency, in consultation with the 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 21 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.

⁴Local 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.

Section 23 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 24 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 25 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 \$3,300⁵ while the average marginal cost for supervision in the community is less than \$600⁶ each year for adults and \$450 each year for juveniles.

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.

⁵Inmate 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.

⁶Probation 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.