

OFFICE OF FISCAL ANALYSIS

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sSB-5

AN ACT CONCERNING ONLINE SAFETY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Office of Health Strategy	GF - Cost	2 million	2 million
Attorney General	GF - Cost	483,556	628,075
Consumer Protection, Dept.	GF - Cost	783,055	366,740
Department of Economic & Community Development	GF - Cost	325,000	325,000
Labor Dept.	GF - Cost	225,674	220,674
State Comptroller - Fringe Benefits ¹	GF - Cost	464,289	566,700
Human Rights & Opportunities, Com.; Legislative Mgmt.	GF - Potential Cost	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

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

Sections 1, 2, and 37 create multiple enforcement provisions² for the

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.

²The enforcement provisions include enforcing a new unfair trade practice violation for consumer-based AI subscriptions, regulating frontier developers, and administering an AI safe harbor program.

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Department of Consumer Protection (DCP) over artificial intelligence and require DCP to oversee an AI safe harbor program resulting in a cost to the state. To meet the requirements of the bill DCP will need to hire four additional employees³ for a salary and other expenses cost of \$283,055 in FY 27 and \$366,740 in FY 28, along with associated fringe benefit costs of \$113,372 in FY 27 and \$151,163 in FY 28. DCP will also need to hire a consultant for an approximate cost of \$500,000 in FY 27 to help set-up the safe harbor program and train the new staff to properly evaluate these applications.

Section 2 also allows DCP to impose civil penalties of up to \$1,000 per violation 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 bill to develop the plan within existing resources.

Sections 4-13 create a regulatory structure for the artificial intelligence market and task the Office of the Attorney General (OAG) with regulating and enforcing⁴ the requirements of the bill resulting in a cost to the agency.

The OAG will require additional staffing to fulfill the bill'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 27⁵ and \$628,075 in FY 28, along with associated fringe benefit costs of \$193,859 in FY 27 and \$258,479 in

³The new employees include two staff attorney's, one license and applications specialist, and one legal program manager.

⁴Per section 13 of the bill, violations constitute an unfair trade practice which are investigated and enforced by the OAG.

⁵FY 27 costs reflect 9 months of expenditures due to these sections having a 10/1/26 effective date.

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 \$15,000 to \$25,000) resulting in a potential revenue gain to the General Fund to the extent violations occur.

Section 14 expands the definition of a "discriminatory practice" under the Commission on Human Rights and Opportunities (CHRO) laws to include: (1) failure to disclose use of an automated employment-related decision process (AEDP), including which data will be used and the trade name of the software, and (2) using AEDP in personnel decisions and discriminating based on protected status, resulting in a minimal potential cost⁶ and 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 places certain limitations on the state with regard to the use of AI for collective bargaining purposes, results in no fiscal impact to the state.

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)⁷ to the extent legislative leaders request a liaison and CASE increases their contract fee with OLM.

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

⁶This cost is associated with additional staff time, materials, and resources required to facilitate additional proceedings.

⁷OLM contracts with CASE for their services and paid them \$219,000 in FY 26.

to meet the requirements of the bill.

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 bill creates, to each individual who makes a claim for unemployment compensation. This results in a cost to the DOL of \$1,000 in FY 27 related to vendor costs needed to make changes to ReEmployCT to include such notice.⁸

Section 25 creates a Connecticut technology advisory board resulting in no fiscal impact to the state as the board has the resources and expertise to meet the requirements of the bill.

Section 26 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 27 - 28 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 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 30 specifies that teacher preparation programs may include instruction on the responsible use of emerging technologies, which has no fiscal impact as the change is clarifying.

Section 31 results in an annual cost of up to \$398,200 to the state to develop and implement a program to bolster artificial intelligence cooperation within the state. DECD will require one full-time

⁸Currently, individuals apply for unemployment benefits via ReEmployCT, the DOL's unemployment tax and benefits system.

community development specialist and one full-time administrative assistant at an annual cost of \$248,200 (\$175,000 salary and \$73,200 in fringe benefits) to manage the program.

It is also anticipated that DECD will require consulting services at an annual cost of \$150,000 to implement certain facets of the program, including conducting an open competition using AI; creating a plan to provide researchers and students with access to high performing computers; and collaborating with industry partners to offer AI related course work. This cost may be partially offset to the extent that DECD is able to consult with higher education institutions and other relevant state agencies to complete these duties.

Section 32 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 bill requires DECD to collaborate with the Connecticut Academy of Science and Engineering to complete this requirement.

Section 33 requires the DOL to establish an AI Workforce Research Hub to track, research, and analyze the impact of AI on the state's workforce. This results in a cost to the (1) DOL of \$224,674 in FY 27 and \$220,674 in FY 28 and (2) State Comptroller - Fringe Benefits account of \$83,858 in each of FY 27 and FY 28.

The costs identified above reflect the hiring of one associate economist (annualized cost of \$110,792 for salary, \$11,135 for overhead, and \$46,333 for fringe benefits) and one research assistant (annualized cost of \$89,730 for salary, \$9,018 for overhead, and \$37,525 for fringe benefits).

Sections 34 & 35 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 bill,

including the Tech Talent Accelerator program and AI Skills for Jobs program.⁹

Section 36 requires the Office of Health Strategy (OHS) to establish a program using artificial intelligence to improve health outcomes in Connecticut and results in an annual cost of \$2 million beginning in FY 27 to OHS. This includes costs of \$1.5 million to contract with OHS's vendor to meet the technical and legal requirements involved in the de-identification and release of clinical data.

The bill also requires OHS to host a yearly competition aimed at developing additional ideas of how to utilize artificial intelligence to improve healthcare outcomes. This results in an annual cost of \$500,000 beginning in FY 27 for an outside consultant to design and administer the competition and prepare a report summarizing the results.

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

The Out Years

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

⁹Per [OWS testimony](#) to the Appropriations Committee, March 2, 2026.