

# OFFICE OF FISCAL ANALYSIS

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sHB-6829

AN ACT MAKING CERTAIN TERMS IN ELECTRONIC BOOK AND DIGITAL AUDIOBOOK LICENSE AGREEMENTS OR CONTRACTS UNENFORCEABLE.

## ***OFA Fiscal Note***

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

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 24 \$</b>	<b>FY 25 \$</b>
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Higher Education Constituent Units;	Various - Potential Savings	See Below	See Below
Library, CT State	GF - Potential Savings	See Below	See Below

Note: GF=General Fund; Various=Various

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

<b>Municipalities</b>	<b>Effect</b>	<b>FY 24 \$</b>	<b>FY 25 \$</b>
Local and Regional School Districts	Potential Savings	See Below	See Below
Various Municipalities	Potential Revenue Gain	See Below	See Below

### ***Explanation***

This bill results in potential savings and potential revenue gain. The purpose of the bill is to make unenforceable certain conditions for purchasing electronic material as owned by state libraries. This bill may result in potential savings for local and regional school districts and the Connecticut State Library, depending on the number and cost of material exempted from existing contracts with this bill. The bill may also result in potential revenue gain to various municipalities beginning

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in FY 24 depending on the number of civil penalties collected.

To the extent the bill produces e-book lending terms that are more favorable to libraries, the bill may result in a savings to public entities statewide that provide e-books, including the Connecticut State Library (CSL), the constituent units, various other state agencies, municipalities, and local and regional boards of education. The extent of annualized savings would depend upon actual contract terms.

Currently, there are various e-book licensing models implemented across state agencies and municipalities. The CSL spends approximately \$125,000 annually on e-book content and municipalities aggregately spend approximately \$150,000 per year on e-book content. The higher education constituent units collectively have over 30 contracts involving e-books. Some of the contracts include terms that the bill prohibits, such as restrictions on interlibrary loaning. The bill's removal of those terms potentially results in savings associated with less costly e-book acquisition, as well as expanded interlibrary loan access. The extent of the potential savings depends on contract terms, the cost differential between e-books and traditional books, and the extent to which interlibrary loan access reduces a library's need to independently purchase content.

The bill also authorizes civil penalties for companies attempting to enforce contracts that are unenforceable up to \$500 per violation and up to \$4,500 overall. This bill also authorizes municipalities to impose their own penalties up to the penalties imposed by the state. The revenue generated will depend on the number of violations and the amount in civil penalties imposed by each municipality.

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

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of violations.