

# 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.

As Amended by House "A" (LCO 8973)

House Calendar No.: 357

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## ***OFA Fiscal Note***

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

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$	FY 26 \$
Library, CT State	GF - Potential Savings	None	None	See Below
Higher Education Constituent Units	Various - Potential Savings	None	None	See Below
Various State Agencies	Various - Potential Savings	None	None	See Below
Attorney General	GF - Revenue Gain	None	None	Potential

Note: GF=General Fund; Various=Various

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

Municipalities	Effect	FY 24 \$	FY 25 \$	FY 26 \$
Various Municipalities; Local and Regional School Districts	Potential Savings	None	None	See Below

Beginning in FY 26, the bill prohibits certain licensure and contract agreements between libraries and electronic book publishers and makes violations an unfair trade practice.

To the extent the bill produces e-book lending terms that are more favorable to libraries, the amendment may result in a savings beginning in FY 26 to publicly funded entities statewide that provide e-books, including the Connecticut State Library (CSL), the constituent units,

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various other state agencies, municipalities, and local and regional boards of education. It may also result in a General Fund revenue gain beginning in FY 26 associated with enforcement.

Currently, there are various e-book licensing models implemented across state agencies and municipalities. The extent of the potential savings to each entity depends on contract terms, the cost differential between e-books and traditional books, and the extent to which improved interlibrary loan e-book access reduces a library's need to independently purchase content.

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.

Additionally, the bill requires the Office of the Attorney General to enforce any violations of the amendment's provisions, which constitute an unfair trade practice. This may result in a General Fund revenue gain, beginning in FY 26.

House "A" strikes the underlying bill and its associated fiscal impact and replaces it with the fiscal impact described above.

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

The bill's fiscal impacts begin in the out years. The annualized fiscal impact identified above would continue into the future subject to potential savings and violations.

*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.*