



House of Representatives

General Assembly

File No. 450

February Session, 2024

House Bill No. 5408

House of Representatives, April 11, 2024

The Committee on Government Administration and Elections reported through REP. BLUMENTHAL of the 147th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE PURCHASE OF PRINT AND DIGITAL ADVERTISING BY THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2024*) (a) As used in this section,
2 "publisher of news" means an entity that (1) disseminates original news
3 content to the public, whether by print, broadcast, photographic,
4 mechanical, electronic or any other means or medium, and (2) has been
5 producing such original news content for a period of at least twelve
6 months.

7 (b) Except as provided in subsections (c) and (e) of this section, on
8 and after January 1, 2025, each state agency of the executive branch of
9 the state government procuring print or digital advertising shall
10 contract with a commercial or nonprofit publisher of news whose
11 principal place of business is in this state for not less than fifty per cent
12 of the total annual value of such agency's contracts for such advertising.
13 In the case of a commercial or nonprofit publisher of news that is owned

14 by a parent company that is located outside of this state, the principal
15 place of business of such publisher shall be deemed to be the location of
16 such parent company. Not later than December 1, 2024, the
17 Commissioner of Administrative Services shall establish guidelines for
18 any contracts entered into under this section. The commissioner may
19 accept volunteer assistance from institutions of higher education in the
20 state or other neutral third parties with relevant expertise in establishing
21 such guidelines.

22 (c) If a state agency determines that an award in accordance with
23 subsection (b) of this section would interfere with the purpose of the
24 advertising, such state agency may request a waiver of such
25 requirement from the Commissioner of Administrative Services, in a
26 manner and form prescribed by the commissioner. Any such request
27 shall clearly document the reasons for requesting such a waiver.

28 (d) Not later than December 1, 2025, and annually thereafter, each
29 such state agency shall provide a summary of all print or digital
30 advertising purchased by such agency during the preceding fiscal year,
31 including the amounts spent, to the Commissioner of Administrative
32 Services, in a form and manner prescribed by the commissioner.

33 (e) The provisions of this section shall not apply to state agency
34 contracts for print or digital advertising for out-of-state tourism,
35 economic development or employee recruitment.

36 (f) Not later than February 1, 2026, and annually thereafter, the
37 Commissioner of Administrative Services shall submit a report, in
38 accordance with the provisions of section 11-4a of the general statutes,
39 to the joint standing committee of the General Assembly having
40 cognizance of matters relating to government administration. The
41 report shall summarize any advertising purchased by executive branch
42 state agencies during the preceding fiscal year, the amounts spent by
43 such agencies on such advertising, any waiver requests received by the
44 commissioner, whether such waivers were granted or denied and the
45 reasons for such granting or denial.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2024</i>	New section
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GAE *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do 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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
State Comptroller - Fringe Benefits ¹	GF - Cost	40,000	40,000
Department of Administrative Services	GF - Cost	100,000	100,000
Various State Agencies	App Fund - Potential Cost	See Below	See Below
Constituent Units of Higher Education	Various - Potential Cost	See Below	See Below

Note: GF=General Fund; App Fund=All Appropriated Funds; Various=Various

Municipal Impact: None

Explanation

The bill results in a cost of up to \$140,000 per year for the Department of Administrative Services (DAS) to administer the process and fulfill the reporting requirements established in the bill. DAS will have to hire up to one additional employee with a salary and other expenses cost of \$100,000, along with associated fringe benefits costs of \$40,000 beginning in FY 25.

The bill results in a potential cost to various state agencies, including the constituent units of higher education, to the extent they conform to the advertising requirements established in the bill. The bill provides a waiver process for agencies which would eliminate any potential cost

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 41.25% of payroll in FY 25.

associated with those requirements.

The bill results in costs to the constituent units of higher education annually beginning in FY 25 (with half-year costs in FY 25). The constituent units conduct out-of-state and digital advertising for student recruitment that cannot easily be supplanted by in-state news advertising. As a result, unless the constituent units apply for and receive waivers from DAS, it is expected that the University of Connecticut (including the UConn Health Center) and the Connecticut State Colleges and Universities would have to increase in-state news advertising in order to comply. Costs would depend on the amount of advertising each constituent unit currently conducts, and how much of that advertising occurs in in-state news publications.

The impact to UConn, in particular, could be significant. In FY 23, UConn spent \$3.9 million on advertising, of which \$57,776 was spent on in-state news publications.²

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Department of Administrative Services website

² These figures do not include advertising expenditures of the UConn Health Center.

OLR Bill Analysis**HB 5408*****AN ACT CONCERNING THE PURCHASE OF PRINT AND DIGITAL ADVERTISING BY THE STATE.*****SUMMARY**

Starting January 1, 2025, this bill generally requires each executive branch state agency buying print or digital advertising to contract with in-state news publishers for at least 50% of the total annual value of the agency's contracts for advertising. These publishers may be commercial or non-profit, but they must (1) disseminate original news content to the public by print, broadcast, photographic, mechanical, electronic, or any other means or medium; (2) have been producing this content for at least 12 months; and (3) have their principal place of business in Connecticut. For news publishers owned by a parent company located outside of Connecticut, the bill deems the principal place of business as the parent company's location.

The bill exempts state agency contracts for print or digital advertising for out-of-state tourism, economic development, or employee recruitment. It also allows an agency to request a waiver if it determines that following this requirement would interfere with an advertisement's purpose. An agency may request the waiver from the Department of Administrative Services (DAS) commissioner, in a form and way she sets, but it must clearly document the reasons for the request.

The bill requires the DAS commissioner, by December 1, 2024, to establish guidelines for any contracts entered into under the bill's provisions. In doing so, she may accept voluntary assistance from in-state higher education institutions or other neutral third parties with relevant experience.

Starting by December 1, 2025, the bill requires each agency to annually give the DAS commissioner a summary of all print or digital advertising it purchased during the preceding fiscal year, including the amounts spent. The information must be given in a form and way set by the commissioner.

Then, starting by February 1, 2026, the commissioner must annually give the Government Administration and Elections Committee a report that summarizes (1) advertising bought by executive branch state agencies during the preceding fiscal year; (2) the amounts they spent on the advertising; and (3) any waiver requests received by the commissioner, whether they were granted or denied, and the reasons why.

EFFECTIVE DATE: July 1, 2024

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 13 Nay 5 (03/22/2024)