



House of Representatives

File No. 633

General Assembly

February Session, 2024 **(Reprint of File No. 450)**

House Bill No. 5408
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 1, 2024

***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, (1)
2 "publisher of news" means an entity that (A) disseminates original news
3 content to the public, whether by print, broadcast, photographic,
4 mechanical, electronic or any other means or medium, and (B) has been
5 producing such original news content for a period of at least twelve
6 months; and (2) "state agency" means any department, board, council,
7 commission or other executive branch agency of state government, but
8 excludes each constituent unit of the state system of higher education,
9 as described in section 10a-1 of the general statutes.

10 (b) Except as provided in subsections (c) and (e) of this section, on
11 and after July 1, 2025, each state agency procuring print or digital
12 advertising shall, within available appropriations, contract with a
13 commercial or nonprofit publisher of news whose principal place of

14 business is in this state for not less than fifteen per cent of the total
15 annual value of such agency's contracts for such advertising. In the case
16 of a commercial or nonprofit publisher of news that is owned by a
17 parent company that is located outside of this state, the principal place
18 of business of such publisher shall be deemed to be the location of such
19 parent company. Not later than June 1, 2025, the Commissioner of
20 Administrative Services shall, within available appropriations, establish
21 guidelines for any contracts entered into under this section. The
22 commissioner may accept volunteer assistance from institutions of
23 higher education in the state or other neutral third parties with relevant
24 expertise in establishing such guidelines.

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

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

36 (e) The provisions of this section shall not apply to state agency
37 contracts for print or digital advertising that is primarily directed at an
38 out-of-state audience, including, but not limited to, for out-of-state
39 tourism, economic development or employee recruitment.

40 (f) Not later than February 1, 2026, and annually thereafter, the
41 Commissioner of Administrative Services shall, within available
42 appropriations, submit a report, in accordance with the provisions of
43 section 11-4a of the general statutes, to the joint standing committee of
44 the General Assembly having cognizance of matters relating to
45 government administration. The report shall summarize any

46 advertising purchased by state agencies during the preceding fiscal
47 year, the amounts spent by such agencies on such advertising, any
48 waiver requests received by the commissioner, whether such waivers
49 were granted or denied and the 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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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	None	40,000
Department of Administrative Services	GF - Cost	None	100,000
Various State Agencies	App Fund - Potential Cost	Potential Minimal	Potential Minimal

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

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 beginning in FY 26. 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 26.

The bill results in a potential minimal cost to various state agencies to the extent they conform to the advertising requirements established in the bill. The bill requires 15% of an agencies' annual print or digital advertising to be with in-state news publishers. The bill provides various exemptions and a waiver process for agencies which would eliminate any potential cost associated with those requirements.

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.

House "A" strikes the underlying bill and results in the impact described above.

The Out Years

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

Sources: Department of Administrative Services website

OLR Bill Analysis**HB 5408 (as amended by House "A")******AN ACT CONCERNING THE PURCHASE OF PRINT AND DIGITAL ADVERTISING BY THE STATE.*****SUMMARY**

Starting July 1, 2025, this bill generally requires certain state agencies buying print or digital advertising to contract, within available appropriations, with in-state news publishers for at least 15% of the total annual value of the agency's advertising contracts. 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 state agencies subject to the bill's requirement are any department, board, council, commission, or other executive branch state agency except for each constituent unit of the state higher education system.

The bill exempts state agency contracts for print or digital advertising primarily directed at an out-of-state audience, such as those 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 June 1, 2025, and within available appropriations, 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 state 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, and within available appropriations, the commissioner must annually give the Government Administration and Elections Committee a report that summarizes (1) advertising bought by the 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.

*House Amendment “A” (1) delays implementation of the bill’s requirements by six months, (2) decreases the bill’s required amount of in-state advertising contracts from 50% to 15% of an agency’s advertising contracts, (3) requires certain actions to be done within available appropriations, (4) specifies that exempt advertising must be primarily directed at an out-of-state audience, and (5) defines the state agencies subject to the bill.

EFFECTIVE DATE: July 1, 2024

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 13 Nay 5 (03/22/2024)