

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◊ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

sHB-6865

## AN ACT IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS FOR GENERAL GOVERNMENT.

### ***OFA Fiscal Note***

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

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Policy & Mgmt., Off.	GF - Revenue Gain	Potential Significant	None
Judicial Dept.	GF - Cost	None	1,704,260
Probate Court	PCAF - Cost	None	353,908
Workers' Compensation Com.	WCF - Cost	None	146,615
Governor's Off.	GF - Cost	None	8,418
Lt. Governor's Off.; Treasurer; Secretary of the State; Comptroller	GF - Cost	None	7,036 each

Note: GF=General Fund; PCAF=Probate Court Administration Fund; WCF=Workers' Compensation Fund

***Municipal Impact:*** None

#### ***Explanation***

**Sections 1 - 6** modify statutes regarding state agencies charging credit card service fees. These sections conform to current practices and have no fiscal impact.

**Section 7** makes changes to the membership of the State Health Information Technology Advisory Council, which does not result in a fiscal impact.

**Section 8** moves the balance of Materials Innovation and Recycling Authority (MIRA) Dissolution Authority to a nonlapsing account within OPM. This results in a potentially significant revenue gain to OPM in

Primary Analyst: PR  
Contributing Analyst(s): NB, ME, LG, WL, PM, TM, NN, JP, BP,  
RP, CR, CW, EW

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FY 26. The total revenue gain will be dependent on what the balance of MIRA is at the close of the fiscal year.<sup>1</sup>

**Section 9** changes the composition of the Governor's Workforce Council from 55 members to 61 members. This does not result in any fiscal impact.

**Section 10** results in a one-time potential revenue loss to the General Fund and to the Applicant Fingerprint Card Submission Account within the Department of Emergency Services and Public Protection (DESPP) in FY 26, by waiving the criminal history record check fee and fingerprint fee for certain individuals.

**Section 11** results in a potential cost to DESPP beginning in FY 26 to the extent that the department is required to hold more criminal erasure hearings.

**Section 12** is not anticipated to result in a fiscal impact. The Judicial Department has the expertise necessary to exclude this criminal charge from consideration for erasure.

**Section 13** creates a civil law working group resulting in no fiscal impact to the state because the working group has the expertise needed to meet the requirements of the bill.

**Sections 14 - 17** increase judicial compensation by 3.5% beginning in FY 27, which results in a cost of \$1,704,260 to the Judicial Department, \$353,908 to the Probate Court Administration Fund, \$146,615 to the Workers' Compensation Fund, \$8,418 to the Governor's Office, and \$7,036 each to the Lieutenant Governor's Office, the Office of the State Treasurer, the Secretary of State, and the Office of the State Comptroller.

**Sections 18 - 20** establish a new "social equity and innovation account" as a non-appropriated account and eliminates the current Social Equity and Innovation Fund (SEIF).

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<sup>1</sup> The net position of MIRA Dissolution Authority was \$79.7 million as of June 30, 2024.

The bill transfers a portion of the cannabis tax to the "social equity and innovation account" at the same rate that is transferred to the SEIF under current law. The table below provides the transfer rates and current estimated tax transfers.

**Cannabis Tax Transfer to the Social Equity and Innovation Account**

	FY 26	FY 27	FY 28	FY 29
Transfer Rate	60%	65%	65%	75%
Amount	14,100,000	16,100,000	16,800,000	20,400,000

The bill also transfers the end of FY 25 balance of the SEIF to the new social equity and innovation account, which is anticipated to be approximately \$62 million.

**Section 21** has no fiscal impact by allowing the Comptroller to record to the prior fiscal year any accrued cannabis tax revenues received through five business days after July 31<sup>st</sup>.

**Sections 23 - 25** make clarifying and conforming changes regarding the Social Equity Council which have no fiscal impact.

**Section 26** transfers the Commission on Human Rights and Opportunities (CHRO) from the Department of Labor to the Department of Administrative Services (DAS) for administrative purposes, resulting in no fiscal impact.

**Section 27** makes a change to the duties of the Office of Health Strategy, which does not result in a fiscal impact.

**Section 28** repeals the statute funding the fringe benefit cost differential for employees of The University of Connecticut Health Center, which does not result in a fiscal impact as the appropriated funding was not distributed and has since been removed.

**Section 28** also repeals an ineffectual statute related to offsetting revenue transfers between the General Fund and the municipal video

competition trust account which have a net zero budget impact.

***The Out Years***

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