

OFFICE OF FISCAL ANALYSIS

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sHB-5320

AN ACT CONCERNING VIRTUAL CURRENCY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Banking Dept.	BF - Cost	180,163	180,163
Banking Dept.	BF - Revenue Gain	Potential	Potential

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill requires people or businesses conducting virtual currency business activity to register with the Department of Banking (DOB) not later than October 1, 2022. This results in a staffing cost of \$180,163 to the DOB as this new area of regulation will impact each of the DOB operational divisions. There is also a potential revenue gain associated with a registration fee and any fines for violations.

Due to the complexity of this new area of regulation, it is anticipated that DOB would require an additional Staff Attorney 2¹. The salary range for a Staff Attorney 2 is \$90,203 - \$115,434. Based on the starting salary and fringe benefit rate charged to the Banking Fund², the Staff Attorney 2 has an annualized cost of approximately \$180,163 to the

¹ The agency currently has 2 Staff Attorney 2 positions.

² The fringe benefit cost for employees funded out of other appropriated funds are budgeted within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 99.73% of payroll in FY 23.

Banking Fund.

The bill requires the DOB Commissioner to establish a registration fee for any person engaging in virtual currency business activity. The potential revenue gain is dependent on the fee that is established and the number of registrations. Currently, 182 companies who engage in virtual currency money transmission are registered with the DOB for an annual license fee of \$1,000. It is unclear how many other security firms may need to register under the requirements of this bill. The bill also specifies a civil penalty of \$5,000 as a per violation fine which may result in revenue gain to the extent that fines are levied.

The Out Years

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

Sources: Core-CT Financial Accounting System