

# OFFICE OF FISCAL ANALYSIS

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sSB-131

## AN ACT CONCERNING ELECTRONIC BOOK AND DIGITAL AUDIOBOOK LICENSING.

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

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

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 23 \$</b>	<b>FY 24 \$</b>
Consumer Protection, Dept.	GF - Cost	133,631	133,631
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	54,161	54,161
Library, CT State;	GF - Potential Savings	See Below	See Below
Higher Education Constituent Units	Various - Potential Savings	See Below	See Below

Note: GF=General Fund; Various=Various

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

<b>Municipalities</b>	<b>Effect</b>	<b>FY 23 \$</b>	<b>FY 24 \$</b>
Various Municipalities	Potential Savings	See Below	See Below

### ***Explanation***

The bill, which establishes parameters for electronic book (e-book) library contracts and enforcement of those parameters, is anticipated to result in an annual cost to the state due to the enforcement provisions and a potential savings to public entities that operate libraries.

The bill makes it an unfair or deceptive trade practice for a publisher to offer unreasonable terms for e-book licenses, resulting in a cost to the

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<sup>1</sup>The 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 40.53% of payroll in FY 23.

Department of Consumer Protection (DCP) and the Office of the State Comptroller of \$187,792 in FY 23 and 24 (cost includes salary and fringe benefits). The bill's provisions are anticipated to generate numerous new complaints and violations resulting in DCP needing to hire one special investigator and one paralegal. These positions will manage and review the complaints, investigate the cases, determine what purchasing or licensing specifications are unreasonable, conduct settlement negotiation and case preparation.

To the extent the bill produces e-book lending terms that are more favorable to libraries, the bill may result in a savings to public entities statewide that provide e-books, including the Connecticut State Library (CSL), the constituent units, various other state agencies, municipalities, and local and regional boards of education. The extent of annualized savings would depend upon actual contract terms.

Currently, there are various e-book licensing models implemented across state agencies and municipalities. 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. The bill's removal of those terms potentially results in savings associated with less costly e-book acquisition, as well as expanded interlibrary loan access. The extent of the potential savings depends on contract terms, the cost differential between e-books and traditional books, and the extent to which interlibrary loan access reduces a library's need to independently purchase content.

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

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