

OFFICE OF FISCAL ANALYSIS

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sHB-5236

AN ACT CONCERNING THE DEPARTMENT OF CONSUMER PROTECTION'S RECOMMENDATIONS REGARDING CONSUMER PROTECTION AND PROFESSIONAL LICENSING, CERTIFICATION, PERMITTING AND REGISTRATION.

As Amended by House "A" (LCO 5357)

House Calendar No.: 99

Senate Calendar No.: 465

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Connecticut Lottery Corporation	Lottery Enterprise Fund - Cost	100,000	100,000
Judicial Dept. (Probation)	GF - Potential Cost	Minimal	Minimal
Resources of the General Fund	GF - Revenue Impact	See Below	See Below
Consumer Protection, Dept.	Home Improvement Guaranty Fund - Revenue Impact	See Below	See Below
Department of Emergency Services and Public Protection	Applicant Fingerprint Card Submission Account - Potential Revenue Loss	Up to 4,000	Up to 4,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Municipal Police Departments	Potential Revenue Loss	See Below	See Below

Primary Analyst: ME
Contributing Analyst(s):

5/7/24

OFA Fiscal Note

The bill makes various changes to consumer protection statutes resulting in the impacts described below.

Section 3 expands consumers eligibility to make claims from the Home Improvement Guaranty Fund¹ resulting in a potential revenue loss to the fund to the extent this results in additional restitution payments. In FY 23 there were 148 restitution claims paid from the fund totaling over \$1.5 million.

Section 3 also makes home improvement contractor owners and their business entities liable for repayment of certain debts resulting in a potential revenue gain to the Home Improvement Guaranty Fund to the extent these repayments occur.

Section 6 allows the Department of Consumer Protection (DCP) to issue a civil penalty to anyone engaging in real estate appraisal business without obtaining a certification resulting in a potential revenue gain to the state to the extent these violations occur and civil penalties are assessed.

Section 17 increases the maximum civil penalty that DCP can assess from \$500 to \$5,000 on anyone who removes the tag or marking on an embargoed item resulting in a potential revenue gain to the state to the extent these violations occur and civil penalties over \$500 are assessed.

Section 22 removes DCP's ability to impose a civil penalty of up to \$300 for any health club that offers contracts without submitting a license renewal within a certain time period resulting in a potential

¹The Department of Consumer Protection maintains the Home Improvement Guaranty Fund. This fund was created and is replenished from annual assessments of registered contractors and can be used to help satisfy an unpaid judgment (or court-confirmed arbitration decision) to a homeowner. A homeowner may be eligible for up to \$25,000 from the Fund if they had hired a registered home improvement contractor and the resulting problem meets certain criteria.

revenue loss to the state to the extent these violations occur.

Section 26 allows DCP to impose civil penalties of up to \$5,000 for an unfair trade practice violation resulting in a potential revenue gain to the state to the extent violations occur and civil penalties are assessed.

Section 45 increases the maximum fine for public weigher violations from \$100 to \$1,000 and the maximum civil penalty to \$1,000 per violation resulting in a potential revenue gain to the state to the extent violations occur.

Sections 53 and 91 repeals duplicative food standard statutes which increase the penalties for violations² by imposing the Uniform Food, Drug, and Cosmetic Act penalties resulting in a potential revenue gain to the state the extent violations occur.

Section 63 allows the Department of Consumer Protection to impose a fine of up to \$1,000 for various liquor permittee violations resulting in a potential revenue gain to the state to the extent these violations occur.

Section 67 expands certain disciplinary actions (including a fine of up to \$1,000) to applicants, backers, and proposed backers of liquor permits resulting in a potential revenue gain to the state to the extent violations occur.

Section 70 allows multiple consumer service bars in any premise that already has a retail liquor permit resulting in a potential revenue gain to the state to the extent this permit is applied for. The fee for a consumer service bar is \$190 per year.

Section 76 requires lottery gaming systems, lottery draw games, and keno to be tested and certified by a gaming laboratory in a manner and frequency determined by the Department of Consumer Protection (DCP) resulting in a cost to the Connecticut Lottery Corporation (CLC). The total cost is dependent on the testing standards and frequency

²Fines for a first offense increase from up to \$100 to up to \$500 and second offense fines increase from up to \$500 to up to \$1,000.

which will be developed by DCP and is estimated to cost the CLC \$100,000 per year.

Section 78 requires contractors that supply certain services related to the secure operation of CLC's activities to be licensed as an affiliate licensee by DCP resulting in a potential revenue gain to the state to the extent additional licenses are applied for. There is an application fee of \$250 for an affiliate license.

Section 82 potentially reduces the number of lottery sales agent license applicants required to submit to fingerprint-based state criminal history records checks, resulting in a potential revenue loss to the General Fund of up to approximately \$20,000³ and a potential revenue loss to the Applicant Fingerprint Card Submission Account in the Department of Emergency Services and Public Protection (DESPP) and municipal police departments of up to a total of \$4,000⁴ beginning in FY 25.

Sections 89 and 90 prohibit a fish from being used for solicitation or as a gaming prize, resulting in a potential cost to the Judicial Department for probation and a potential revenue gain from fines. On average, the marginal cost for supervision in the community is less than \$800⁵ each year for adults and \$1,000 each year for juveniles. As of 2014, there have been no charges for this violation and no fine revenue. Few, if any, violations are expected going forward.

House "A" strikes the underlying bill and its associated fiscal impact

³DESPP conducts state criminal history records checks for a fee of \$75, and the revenue that is collected from this fee is deposited into the General Fund. In FY 23, DCP received 276 applications for the lottery sales agent license.

⁴DESPP conducts fingerprinting for a fee of \$15 fee per person paid to the non-lapsing Applicant Fingerprint Card Submission Account. Funds in this account are used for IT support and maintenance for the fingerprinting systems. Municipal police departments may also conduct required fingerprinting and generally charge a fee of \$10 to \$15.

⁵Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.

resulting in the impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of violations, and the number of applications.