



Agency Legislative Proposal

2026 Session

General Information

Agency	Dept. of Banking
Proposal Name	AAC Rental Security Deposits and Civil Penalties
Legislative Liaison	Matt Smith
Division Requesting Proposal	N/A
Drafter	Elizabeth Mullin

Overview

Brief Summary of Proposal

Clarifying change to the rental security deposit statutes reaffirming the Commissioner's authority to impose civil penalties.

What problem is this proposal looking to solve?

Eliminate any confusion concerning the Commissioner's authority to impose a civil penalty against a landlord who violates the rental security deposit statute.

How does the proposal solve the problem?

While the Commissioner already has the authority to impose a civil penalty on anyone subject to the commissioner's, jurisdiction as set forth in 36(a) – 50, this language makes it clear within 47-21, which are set apart from the 36(a) and may not be readily apparent.

Section by section summary:

Section #(s)	Section Summary
1	Clarifies that the Commissioner has the authority to impose civil penalties on landlords who are found violating the statute.

Statutory Reference: NA

Background

☒ New Proposal

☐ Resubmission

Have there been any changes in federal laws or regulations that make this legislation necessary?

No

Have there been any changes in state laws or regulations that make this legislation necessary?

No

Has this proposal or a similar proposal been implemented in other states?

No

Have certain constituencies called for this proposal?

Yes Recommended by the OAG.

Interagency Impact

☒ Check here if this proposal does NOT impact other agencies

Agency	N/A
Contact	N/A
Date Contacted	N/A
Status	N/A
Open Issues	N/A

Fiscal Impact

☒ No Fiscal Impact

☐ Budget Option Submitted

Include the section number(s) which have a fiscal impact and the anticipated impact:

State

No

Municipal

No

Federal

No

Other Information

If there is any additional information we should know, please detail below: N/A

Legislative Language

Insert fully drafted bill below. Please use standard legislative drafting considerations, as published by LCO [here](#).

Section 1. Section 47a-21 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(j) (1) Except as provided in subdivision (2) of this subsection, the commissioner may receive and investigate complaints regarding any alleged violation of subsections (b), (d), (h) or (i) of this section. For the purposes of such investigation, any person who is or was a landlord shall be subject to the provisions of section 36a-17. If the commissioner determines that any landlord has violated any provision of this section over which the commissioner has jurisdiction, the commissioner may, in accordance with ~~section~~ sections 36a-52 and 36a-50, order such person to pay a civil penalty, cease and desist from such practices, and to comply with the provisions of this section.

(2) The commissioner shall not have jurisdiction over (A) the failure of a landlord to pay interest to a tenant annually under subsection (i) of this section, or (B) the refusal or other failure of the landlord to return all or part of the security deposit if such failure results from the landlord's good faith claim that such landlord has suffered damages as a result of a tenant's failure to comply with such tenant's obligations, regardless of whether the existence or amount of the alleged damages is disputed by the tenant. For purposes of this section, "good faith claim" means a claim for actual damages suffered by the landlord for which written notification of such damages has been provided to the tenant in accordance with the provisions of subdivision (2) of subsection (d) of this section.

(3) The commissioner may adopt regulations, in accordance with chapter 54, to carry out the purposes of this section.

(k) (1) Any person who is a landlord at the time of termination of a tenancy and who knowingly and willfully fails to pay all or any part of a security deposit when due shall be subject to a fine of not more than two hundred fifty dollars for each offense, provided it shall be an affirmative defense under this subdivision that such failure was caused by such landlord's good faith belief that he was entitled to deduct the value of damages he has suffered as a result of such tenant's failure to comply with such tenant's obligations.

(2) Any person who knowingly and willfully violates the provisions of subsection (h) of this section on or after October 1, 1979, shall be subject to a fine of not more than five hundred dollars or imprisonment of not more than thirty days or both for each offense. It shall be an affirmative defense under the provisions of this subdivision that at the time of the offense, such person leased residential real property to fewer than four tenants who paid a security deposit.

(3) Any person who is a landlord at the time an interest payment is due under the provisions of subsection (i) of this section and who knowingly and willfully violates the provisions of such subsection shall be subject to a fine of not more than one hundred dollars for each offense.

(4) No financial institution shall be liable for any violation of this section except for any violation in its capacity as a landlord.

(l) Nothing in this section shall be construed as a limitation upon: (1) The power or authority of the state, the Attorney General or the commissioner to seek administrative, legal or equitable relief permitted by the general statutes or at common law; or (2) the right of any tenant to bring a civil action permitted by the general statutes or at common law.



Agency Legislative Proposal

2026 Session

General Information

Agency	Dept. of Banking
Proposal Name	AAC Data Security
Legislative Liaison	Matt Smith
Division Requesting Proposal	N/A
Drafter	Joseph Chambers

Overview

Brief Summary of Proposal

This is a conforming change to the Federal Trade Commission's Safeguard Rule. Specifically, it expands the requirement for developing and implementing written policies and procedures to safeguard consumer data and confidentiality to all entities subject to the Commissioner's jurisdiction. It codifies the requirement to comply with the FTC's Safeguard rule and implements a three-day notification requirement to the Department of Banking when a licensee, bank or credit union experiences a breach. Finally, it removes the FTC's under 5,000-consumer data threshold exemption.

The FTC Safeguards Rule requires financial institutions under the Federal Trade Commission's jurisdiction to maintain a comprehensive information security program to protect customer data. This includes conducting a risk assessment, implementing administrative, physical, and technical safeguards like encryption and multi-factor authentication, designating a qualified individual to oversee the program, providing security awareness training, and maintaining an incident response plan. The rule also mandates the reporting of certain data breaches to the FTC and requires financial institutions to ensure their service providers also safeguard customer information.

What problem is this proposal looking to solve?

Protection of consumer data

How does the proposal solve the problem?

Requires entities subject to the Commissioner's jurisdiction to develop and implement data security protocols designed to protect consumer data and implements a three day notification requirement to the DOB.

Section by section summary:

Section #(s)	Section Summary
1	This is a conforming change to the Federal Trade Commission's Safeguard Rule. Specifically, it expands the requirement for developing and implementing written policies and procedures to safeguard consumer data and confidentiality to all entities subject to the Commissioner's jurisdiction. It requires compliance with the FTC's Safeguard rule and implements a three-day notification requirement to the Department of Banking when a licensee, bank or credit union experiences a breach. Finally, it removes the 5,000-consumer threshold exemption and makes it applicable to all consumer credit licensees.

Statutory Reference:	CGS 36a-44a
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Background

☒ New Proposal ☐ Resubmission

Have there been any changes in federal laws or regulations that make this legislation necessary?

Yes While not required, this proposal is a prudent step in data security. The federal reference is: 16 CFR Part 314 Standards for Safeguarding Customer Information promulgated by the Federal Trade Commission.

Have there been any changes in state laws or regulations that make this legislation necessary?

No

Has this proposal or a similar proposal been implemented in other states?

Yes

AR, GA, KS, MA, MD (partial), MN, ND, NE, NV, NY, RI, and WA.

Have certain constituencies called for this proposal?

No

Interagency Impact

☒ Check here if this proposal does NOT impact other agencies

Agency	N/A
Contact	N/A
Date Contacted	N/A
Status	N/A
Open Issues	N/A

Fiscal Impact

☒ No Fiscal Impact

☐ Budget Option Submitted

Include the section number(s) which have a fiscal impact and the anticipated impact:

State

No

Municipal

No

Federal

No

Other Information

If there is any additional information we should know, please detail below: N/A

Legislative Language

Insert fully drafted bill below. Please use standard legislative drafting considerations, as published by LCO [here](#).

Section 36a-44a of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2026)

(a) Each financial institution that is a bank, Connecticut credit union, federal credit union, an out-of-state bank that maintains a branch in this state, an out-of-state trust company or out-of-state credit union that maintains an office in this state, a licensee under this title or any person subject to the jurisdiction of the commissioner under title 36b shall have a written program setting forth standards for developing, implementing and maintaining reasonable data security safeguards to protect the security, confidentiality, and integrity of customer information and shall otherwise comply with all applicable provisions of Subtitle A of Title V of the Gramm-Leach-Bliley Financial Modernization Act of 1999, 15 USC 6801 et seq., and the regulations promulgated thereunder that apply to such financial institution, except to the extent that this section is inconsistent with the provisions of sections 36a-41 to 36a-44, inclusive, in which case the provisions that afford the customer greater protection shall control. (b) Each licensee under this title that maintains customer information for any Connecticut consumer shall comply with all applicable provisions within 16 CFR Part 314 Standards for Safeguarding Customer Information promulgated by the Federal Trade Commission. (c) Each licensee under this title and any bank or credit union under this title shall file a written report with the department within three business days after it has reason to know of the occurrence of a data security incident that (i) affects its ability to do business or (ii) involves unauthorized access or potential access to the personal information of any Connecticut consumer. For purposes of this section, “financial institution” has the meaning given to that term in Section 509 of the Gramm-Leach-Bliley Financial Modernization Act of 1999, 15 USC 6809, and the regulations promulgated thereunder.