



Senate

General Assembly

File No. 449

February Session, 2026

Substitute Senate Bill No. 9

Senate, April 7, 2026

The Committee on Transportation reported through SEN. COHEN of the 12th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT SUPPORTING COMMUTERS AND MICROTRANSIT SERVICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2027, and applicable to income*
2 *years commencing on or after January 1, 2027*) (a) As used in this section:

3 (1) "Eligible employer" means any corporation licensed to operate a
4 business in the state that is subject to the tax imposed under chapter 208
5 of the general statutes, employs at least five employees in the state and
6 provides a qualified commuter transportation benefit to one or more
7 participating employees. For the purposes of this subdivision, the
8 number of employees shall be the average number of employees
9 employed during the preceding twelve months;

10 (2) "Qualified commuter transportation benefit" means any benefit
11 provided by an eligible employer to an employee for the purpose of
12 commuting between the employee's residence and place of
13 employment, including (A) transportation in a commuter highway

14 vehicle, as defined in 26 USC 132(f)(5), as amended from time to time,
15 (B) any transit pass entitling the holder of such pass to transportation on
16 public transit services, (C) participation in the CTpass program
17 established pursuant to section 13b-38ee of the general statutes, and (D)
18 any other transportation benefit that qualifies as a qualified
19 transportation fringe under 26 USC 132(f), as amended from time to
20 time. "Qualified commuter transportation benefit" does not include
21 reimbursement for fuel or mileage for the use of a single occupancy
22 vehicle to commute between the employee's residence and place of
23 employment; and

24 (3) "Participating employee" means an employee who works at least
25 twenty hours per week in the state and receives a qualified commuter
26 transportation benefit.

27 (b) For income years commencing on or after January 1, 2027, any
28 eligible employer who provides a qualified commuter transportation
29 benefit to one or more participating employees shall be allowed a credit
30 against the tax imposed under chapter 208 of the general statutes. The
31 amount of such credit shall be equal to fifty per cent of the increase, if
32 any, in the total cost of the qualified commuter transportation benefit
33 provided to participating employees during the income year that
34 exceeds the total cost of such benefit provided during the immediately
35 preceding income year.

36 (c) If an eligible employer did not provide any qualified commuter
37 transportation benefit in the immediately preceding income year, the
38 entire amount of the qualified commuter transportation benefit
39 provided in the current income year shall be deemed to be the increase
40 for purposes of subsection (b) of this section.

41 (d) The credit allowed under this section shall not exceed five
42 hundred dollars per participating employee per year calculated with
43 respect to the increase in the qualified commuter transportation benefit
44 described in subsection (b) of this section. The total amount of the credits
45 authorized under this section shall not exceed one million five hundred
46 thousand dollars in any income year.

47 (e) An employer seeking to claim a credit under this section shall
48 apply to the Commissioner of Transportation for a tax credit voucher
49 and shall provide with the application such documentation and
50 independent certification as the commissioner may require pertaining
51 to the amount of the qualified commuter transportation benefit and
52 certifying that such benefit was actually provided to eligible employees.
53 If the commissioner determines that such employer is eligible to be
54 issued a tax credit voucher, the commissioner shall enter on the voucher
55 the amount of the credit allowed. The commissioner shall provide a
56 copy of such voucher to the Commissioner of Revenue Services upon
57 request.

58 (f) The Commissioners of Transportation and Revenue Services may,
59 for purposes of determining the correctness of any credit claimed
60 pursuant to this section, examine any books, papers and records relating
61 to the documentation provided with an application for a tax credit
62 voucher under this section.

63 *Sec. 2. (Effective from passage)* The Commissioner of Transportation
64 shall, in consultation with chambers of commerce, community-based
65 organizations and business advocacy organizations, develop and
66 implement a public awareness campaign to inform employers of the tax
67 credit allowed under section 1 of this act.

68 *Sec. 3. (Effective October 1, 2026)* Not later than January 1, 2027, the
69 Commissioner of Transportation shall submit a report, in accordance
70 with the provisions of section 11-4a of the general statutes, to the joint
71 standing committee of the General Assembly having cognizance of
72 matters relating to transportation, detailing (1) the status of sites
73 identified as opportunities for transit-oriented development, as defined
74 in section 13b-79o of the general statutes, (2) the timelines associated
75 with any request for proposals regarding transit-oriented development,
76 including reviewing and evaluating the responses to any such request
77 for proposals, and (3) an estimate of the number of housing units
78 associated with such opportunities for transit-oriented development.

79 *Sec. 4. Section 23 of public act 22-40 is amended to read as follows*

80 (Effective July 1, 2026):

81 (a) As used in this section, "microtransit" means transportation by a
82 multipassenger vehicle that uses a digital network or software
83 application service to offer fixed or dynamically allocated routes and
84 schedules in response to individual or aggregate consumer demand.

85 (b) The Commissioner of Transportation shall establish a [two-year]
86 three-year pilot program to test microtransit services in the state,
87 including rural areas not currently served by public transportation. The
88 commissioner may enter into agreements with third parties to provide
89 such services.

90 (c) Not later than January 1, [2025] 2028, the commissioner shall
91 submit a report on the implementation of the pilot program and any
92 recommendations concerning the future deployment of microtransit
93 services in the state, to the joint standing committee of the General
94 Assembly having cognizance of matters relating to transportation, in
95 accordance with the provisions of section 11-4a of the general statutes.

96 Sec. 5. (Effective July 1, 2026) The sum of ten million five hundred
97 thousand dollars is appropriated to the Department of Transportation
98 from the Special Transportation Fund, for the fiscal year ending June 30,
99 2027, for the continuation of the pilot program to test microtransit
100 services in the state established pursuant to section 23 of public act 22-
101 40, as amended by this act.

102 Sec. 6. Sections 12-217s, 13b-38o, 13b-38p, 13b-38t, 13b-38v and 13b-
103 38x of the general statutes are repealed. (Effective January 1, 2027)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2027, and applicable to income years commencing on or after January 1, 2027</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>October 1, 2026</i>	New section

Sec. 4	<i>July 1, 2026</i>	PA 22-40, Sec. 23
Sec. 5	<i>July 1, 2026</i>	New section
Sec. 6	<i>January 1, 2027</i>	Repealer section

Statement of Legislative Commissioners:

In Section 1(a)(1), "employees" was changed to "one or more participating employees" for consistency with other provisions of the section and in Section 3(2), "response for proposals" was changed to "request for proposals" for accuracy.

TRA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Revenue Services	GF - Potential Revenue Loss	None	Up to 1.5 million
Department of Transportation	TF - Cost	10.5 million	None

Note: GF=General Fund; TF=Transportation Fund

Municipal Impact: None

Explanation

Section 1, which establishes a corporation business tax credit for providing a qualified commuter transportation benefit, results in a potential General Fund revenue loss of up to \$1.5 million annually beginning in FY 28. The actual revenue loss is dependent upon the number of qualifying participants in the tax credit program and the total amount of vouchers approved by the Department of Transportation (DOT) annually.

Section 2 requires DOT, in consultation with various business and community organizations, to implement a public awareness campaign regarding the tax credit established in Section 1. It is expected that the agency can implement this within available resources.

Section 3 requires DOT to submit a report on transit-oriented development, as outlined in the bill, and does not have a fiscal impact because it is anticipated that the agency has the expertise to complete such a report.

Sections 4 and 5 appropriate \$10.5 million from the Special

Transportation Fund to DOT to extend the agency's microtransit pilot program by a year.

Section 6 repeals an inactive DOT-administered traffic reduction program and does not have a fiscal impact.

Spending Cap

sHB 5032, the FY 27 Revised Budget as favorably reported by the Appropriations Committee, is under the spending cap by \$16.1 million in FY 27. The appropriation contained in section 5 of the bill would result in the budget being under the spending cap by \$5.6 million in FY 27.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the amount of vouchers approved annually.

OLR Bill Analysis**sSB 9****AN ACT SUPPORTING COMMUTERS AND MICROTRANSIT SERVICES.****SUMMARY**

This bill (1) allows certain employers to claim a tax credit for providing qualifying transportation benefits to employees for commuting to and from work (§ 1); (2) requires the Department of Transportation (DOT) commissioner, in consultation with chambers of commerce and community-based and business advocacy organizations, to create a related public awareness campaign for employers (§ 2); and (3) repeals statutes on an inactive, DOT-administered voluntary traffic reduction program for certain employers that includes a tax credit incentive (§ 6).

Separately, the bill requires the DOT commissioner, by January 1, 2027, to submit a report to the Transportation Committee detailing (1) the status of potential transit-oriented development (TOD) sites (generally those within a half mile or walking distance of a transit facility); (2) request for proposals timelines for these TOD developments (including for reviewing and evaluating the responses); and (3) the estimated number of housing units associated with these potential TOD developments (§ 3).

Lastly, the bill extends, from two to three years, the length of DOT's microtransit pilot program and delays the date by which DOT must report on the program to the Transportation Committee, from January 1, 2025, to January 1, 2028 (§ 4). It also appropriates \$10.5 million to DOT from the Special Transportation Fund for fiscal year 2027 to continue the pilot program (§ 5). Under existing law, "microtransit" is transportation by a multi-passenger vehicle that uses a digital network (generally an online-enabled application, website, or system) or software application

to offer fixed or dynamically allocated routes and schedules in response to consumer demand.

EFFECTIVE DATE: July 1, 2026, except the provisions (1) establishing new tax credits are effective January 1, 2027, and applicable to income years starting on or after that date; (2) on a related tax credit public awareness campaign are effective upon passage; (3) on transit-oriented development are effective October 1, 2026; and (4) repealing statutes on an inactive DOT program are effective January 1, 2027.

QUALIFIED COMMUTER TRANSPORTATION BENEFIT TAX CREDITS

Starting with the 2027 income year, the bill allows eligible employers to claim a tax credit against the corporation business tax for providing a qualified commuter transportation benefit to at least one employee who works at least 20 hours per week in Connecticut (a “participating employee”). These employer-provided benefits must generally be for an employee’s commute between home and work, including for:

1. transportation in a commuter highway vehicle, as defined by federal law (generally a vehicle that seats at least six adults in addition to the driver and is mostly used to transport employees);
2. passes for public transit services;
3. participation in the CTpass program for state agency employees, which provides discounted monthly local bus passes; and
4. any other qualified transportation fringe under federal law, such as certain employer-provided parking.

Under the bill, fuel or mileage reimbursement for commuting to and from work in a single-occupancy vehicle are not qualifying benefits.

Eligible employers must (1) be a corporation licensed to operate in Connecticut that is subject to the corporation business tax; (2) have at least five employees in the state (based on their average employee number during the prior 12 months); and (3) give benefits as described

above.

Tax Credit Amount and Verification

Under the bill, an eligible employer may claim a tax credit in an amount equal to 50% of their (1) cost increase for providing these commuter transportation benefits during the income year, as compared to their cost during the prior income year, or (2) total benefit cost during the income year, if the employer did not provide these benefits during the prior income year. The bill authorizes a total of \$1.5 million in tax credits per income year and caps an eligible employer's annual tax credit amount at \$500 per participating employee.

To claim the credit, an employer must apply to the DOT commissioner for a voucher and give the commissioner any documentation and independent certification he requires to verify the amount of employer-provided benefits and certify that eligible employees received them. For tax credit-eligible employers, the commissioner must (1) include on the voucher the tax credit amount and (2) give a copy of the voucher to the Department of Revenue Services (DRS) commissioner on request.

The bill allows the DOT and DRS commissioners, in verifying the accuracy of any tax credit an employer claims, to examine the employer's records related to documentation the employer provided with a voucher application.

Repeal of DOT Voluntary Traffic Reduction Program

In addition to allowing for the qualified commuter transportation benefit tax credits discussed above, the bill relatedly repeals several statutes on an inactive DOT-administered voluntary traffic reduction program related to achieving the Clean Air Act's goals. Under current law, this program allows certain employers to submit plans to DOT describing the steps they will take to (1) reduce employees' single-occupancy vehicle trips to and from work and (2) relieve traffic congestion. Current law makes these employers eligible for certain incentives if DOT approves their plans, including tax credits that may

be claimed against the corporation business tax. (In practice, an employer has not claimed such a credit since 2005.)

Among other things, these statutes the bill repeals (1) require the labor commissioner to give DOT information needed to carry out its responsibilities under the Clean Air Act and (2) specify how DOT must use certain federal funding, including requiring that a portion be used for purposes related to the voluntary traffic reduction program.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute

Yea 32 Nay 4 (03/16/2026)