



# Senate

General Assembly

**File No. 468**

February Session, 2026

Substitute Senate Bill No. 416

*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 CONCERNING TRANSPORTATION SYSTEM MODERNIZATION.**

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

1 Section 1. Section 13b-23c of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2026*):

3 The Commissioner of Transportation shall establish a matching grant  
4 program for the purpose of assisting municipalities to modernize  
5 existing traffic signal equipment and operations to (1) make such  
6 equipment and operations capable of utilizing transit signal priority and  
7 responsive to congestion, and [to] (2) reduce idling. Applications shall  
8 be submitted annually to the commissioner at such times and in such  
9 manner as the commissioner prescribes. The commissioner shall  
10 develop the eligibility criteria for participation in the program and  
11 determine the amount a municipality shall be required to provide to  
12 match any such grant. The commissioner shall give preference to  
13 applications [submitted by two or more municipalities and establish  
14 incentives for projects undertaken by two or more municipalities]

15 involving projects located in heavily congested areas.

16 Sec. 2. Subsection (g) of section 21 of public act 20-1, as amended by  
17 section 344 of public act 22-118 and section 74 of public act 23-205, is  
18 amended to read as follows (*Effective July 1, 2026*):

19 (g) For the Department of Transportation: For construction, repair or  
20 maintenance of highways, roads, bridges, noise barriers or bus and rail  
21 facilities and equipment, not exceeding \$130,000,000, provided not more  
22 than \$75,000,000 shall be used for a matching grant program established  
23 pursuant to section 13b-23c of the general statutes, as amended by this  
24 act, to assist municipalities to modernize existing traffic signal  
25 equipment and operations.

26 Sec. 3. Section 22a-201d of the general statutes is repealed and the  
27 following is substituted in lieu thereof (*Effective July 1, 2026*):

28 (a) As used in this section, (1) "zero-emission school bus" has the same  
29 meaning as provided in 42 USC 16091(a)(8), as amended from time to  
30 time, (2) "alternative fuel school bus" means a school bus that reduces  
31 emissions and is operated entirely or in part using liquefied natural gas,  
32 compressed natural gas, hydrogen, propane or biofuels, [and (3)  
33 "environmental justice community" has the same meaning as provided  
34 in subsection (a) of section 22a-20a] (3) "distressed municipality" means  
35 a municipality that is a distressed municipality under the provisions of  
36 subsection (b) of section 32-9p on July 1, 2026, (4) "carrier" has the same  
37 meaning as provided in section 14-212, and (5) "biodiesel" has the same  
38 meaning as provided in section 32-324.

39 (b) Except as provided in subsection (c) of this section, (1) on and after  
40 [January] July 1, 2035, one hundred per cent of the school buses that  
41 provide transportation for [all school districts] each school district in the  
42 state shall be zero-emission school buses or alternative fuel school buses,  
43 and (2) on and after [January] July 1, 2040, [one hundred] ninety per cent  
44 of the school buses that provide transportation for [all school districts]  
45 each school district in the state shall be zero-emission school buses.

46 (c) (1) On and after [January] July 1, 2030, [one hundred] ten per cent  
47 of the school buses that provide transportation for [school districts  
48 entirely within an environmental justice community as of July 1, 2022,  
49 or in an area that encompasses at least one environmental justice  
50 community as of July 1, 2022,] each school district in a distressed  
51 municipality shall be zero-emission school buses.

52 (2) On and after July 1, 2035, fifty per cent of the school buses that  
53 provide transportation for each school district in a distressed  
54 municipality shall be zero-emission school buses.

55 (3) On and after July 1, 2040, ninety per cent of the school buses that  
56 provide transportation for each school district in a distressed  
57 municipality shall be zero-emission school buses.

58 (d) (1) Not later than July 1, 2029, each distressed municipality shall  
59 submit a plan and schedule to the Commissioner of Energy and  
60 Environmental Protection that outlines how such distressed  
61 municipality will achieve compliance with the provisions of this section.

62 (2) Not later than July 1, 2035, each municipality that is not a  
63 distressed municipality shall submit a plan and schedule to the  
64 commissioner that outlines how such municipality will achieve  
65 compliance with the provisions of this section.

66 (e) On and after July 1, 2027, and until the school buses in a  
67 municipality are zero-emission school buses in accordance with the  
68 provisions of subsection (b) of this section, a carrier shall fuel, or cause  
69 to be fueled, any fully diesel-powered school bus with a biodiesel blend  
70 containing not less than twenty per cent biodiesel to the extent that such  
71 biodiesel blend is available, unless the use of such biodiesel blend would  
72 void the manufacturer's warranty on such school bus.

73 [(d)] (f) The Commissioner of Energy and Environmental Protection,  
74 in consultation with the Connecticut Green Bank, shall establish and  
75 administer a grant program for the purpose of providing [matching] a  
76 portion of the funds necessary for municipalities, school districts and

77 school bus operators [to submit federal grant applications in order] to  
78 maximize federal, state or other sources of funding or financing for the  
79 purchase or lease of zero-emission school buses and electric vehicle  
80 charging or fueling infrastructure. Applications for such grants shall be  
81 filed with the commissioner at such time and in such manner as the  
82 commissioner prescribes. The commissioner shall give preference to  
83 applications concerning the purchase or lease of a zero-emission school  
84 bus that will be operated [primarily in an environmental justice  
85 community. The commissioner shall determine the amount a  
86 municipality, school district or school bus operator shall be required to  
87 provide to match such grant] in a distressed municipality.

88 [(e)] (g) The Commissioner of Energy and Environmental Protection  
89 shall, within available funds and appropriations, provide  
90 administrative and technical assistance to municipalities, school  
91 districts and school bus operators that are transitioning to the use of  
92 zero-emission school buses, applying for federal grants for such buses  
93 and installing electric vehicle charging and fueling infrastructure.

94 Sec. 4. (Effective July 1, 2026) (a) For the purposes described in  
95 subsection (b) of this section, the State Bond Commission shall have the  
96 power from time to time to authorize the issuance of bonds of the state  
97 in one or more series and in principal amounts not exceeding in the  
98 aggregate forty million dollars.

99 (b) The proceeds of the sale of such bonds, to the extent of the amount  
100 stated in subsection (a) of this section, shall be used by the Department  
101 of Energy and Environmental Protection for the purpose of  
102 administering the grant program established pursuant to subsection (f)  
103 of section 22a-201d of the general statutes, as amended by this act.

104 (c) All provisions of section 3-20 of the general statutes, or the exercise  
105 of any right or power granted thereby, that are not inconsistent with the  
106 provisions of this section are hereby adopted and shall apply to all  
107 bonds authorized by the State Bond Commission pursuant to this  
108 section. Temporary notes in anticipation of the money to be derived  
109 from the sale of any such bonds so authorized may be issued in

110 accordance with section 3-20 of the general statutes and from time to  
111 time renewed. Such bonds shall mature at such time or times not  
112 exceeding twenty years from their respective dates as may be provided  
113 in or pursuant to the resolution or resolutions of the State Bond  
114 Commission authorizing such bonds. None of such bonds shall be  
115 authorized except upon a finding by the State Bond Commission that  
116 there has been filed with it a request for such authorization that is signed  
117 by or on behalf of the Secretary of the Office of Policy and Management  
118 and states such terms and conditions as said commission, in its  
119 discretion, may require. Such bonds issued pursuant to this section shall  
120 be general obligations of the state and the full faith and credit of the state  
121 of Connecticut are pledged for the payment of the principal of and  
122 interest on such bonds as the same become due, and accordingly and as  
123 part of the contract of the state with the holders of such bonds,  
124 appropriation of all amounts necessary for punctual payment of such  
125 principal and interest is hereby made, and the State Treasurer shall pay  
126 such principal and interest as the same become due.

127       Sec. 5. (*Effective July 1, 2026*) (a) The Commissioner of Economic and  
128 Community Development, or the commissioner's designee, shall  
129 convene a working group to study and make recommendations  
130 regarding (1) potential state policies and incentives to encourage the  
131 utilization of freight rail for the transportation of goods within the state,  
132 including, but not limited to, construction materials, metals and  
133 industrial materials, agricultural and food products and municipal solid  
134 waste, as defined in section 22a-207 of the general statutes, (2)  
135 opportunities to expand freight rail infrastructure within the state, and  
136 (3) the environmental, economic and transportation impacts of  
137 increasing freight rail utilization.

138       (b) The working group shall consist of the Commissioners of  
139 Transportation and Energy and Environmental Protection, or their  
140 designees, the executive director of the Connecticut Port Authority and  
141 any other member invited to participate by the Commissioner of  
142 Economic and Community Development, including, but not limited to,  
143 representatives of organizations representing the interests of

144 manufacturers in the state, representatives of freight rail carriers,  
 145 collectors of solid waste and recyclable items and any other member as  
 146 deemed necessary by the Commissioner of Economic and Community  
 147 Development. The Commissioner of Economic and Community  
 148 Development shall serve as chairperson of the working group and shall  
 149 schedule the first meeting of the working group not later than  
 150 September 1, 2026.

151 (c) Not later than January 1, 2027, the Commissioner of Economic and  
 152 Community Development shall submit, in accordance with the  
 153 provisions of section 11-4a of the general statutes, the results of such  
 154 study and any recommendations to the joint standing committee of the  
 155 General Assembly having cognizance of matters relating to  
 156 transportation. The working group shall terminate on the date that the  
 157 Commissioner of Economic and Community Development submits  
 158 such report or January 1, 2027, whichever is later.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2026	13b-23c
Sec. 2	July 1, 2026	PA 20-1, Sec. 21(g)
Sec. 3	July 1, 2026	22a-201d
Sec. 4	July 1, 2026	New section
Sec. 5	July 1, 2026	New section

**Statement of Legislative Commissioners:**

In Section 1, Subdiv. designators (1) and (2) were added for clarity, in Section 3(b) and (c), references to "all school districts" were changed to "[all school districts] each school district" for clarity, in Section 3(a)(3), "was" was changed to "is" for consistency with standard drafting conventions, in Section 3(e), "subsection (c) of this section" was changed to "subsection (b) of this section" for accuracy, and in Section 4(b), "subsection (f) of" was inserted before "section 22a-201d" for clarity.

**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 Economic & Community Development	GF - Cost	150,000	None
Treasurer, Debt Serv.	GF - Cost	None	See Below

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 27 \$	FY 28 \$
Local and Regional School Districts	See Below	See Below	See Below

**Explanation**

The bill makes various changes to transportation, resulting in the fiscal impacts described below by section.

**Sections 1 and 2** make various changes to the traffic light modernization program, which is funded through General Obligation (GO) bonds. Future General Fund debt service costs may be incurred or incurred sooner due to the program changes to the degree that it causes authorized GO bond funds to be expended or to be expended more quickly than they otherwise would have been.

As of March 1, 2026, there is an unallocated bond balance of \$98 million under the authorization, of which \$75 million is available for the traffic light modernization program. These sections do not change overall GO bond authorization levels.

**Section 3** delays and reduces costs to local and regional boards of

education (BOEs) associated with existing school bus emissions requirements. It also results in new costs to BOEs annually beginning in FY 28. The section: (1) replaces the requirement for school districts in an environmental justice community to have all zero-emission buses by January 1, 2030 with a phase in for distressed municipalities only beginning in FY 31 (starting at 10% and reaching 90% of buses are zero-emission beginning in FY 41); (2) delays for six months (until FY 36) the requirement that all school buses in all other districts be zero-emission or alternative fuel; (3) delays for six months (until FY 41), and reduces, to 90%, the requirement that all school buses in all other districts be zero-emission; and (4) requires diesel buses to be fueled with a biodiesel blend, beginning in FY 28.

These changes delay costs a district would incur in order to comply with the requirements. Additionally, they allow distressed municipalities to more gradually shift their school bus fleets toward compliance, compared to the previous deadline for environmental justice communities, which may delay their costs. The requirement that 90% of school buses must be zero-emission, instead of all school buses, potentially results in a savings to districts to the extent the lesser requirement allows for decreased costs associated with fueling and maintaining alternatives.

The requirement to fuel diesel buses with a biodiesel blend results in a potential cost to districts, dependent on the need to winterize the biodiesel blend and any associated cost increases in bussing contracts.

The section additionally may shift zero-emission bus grant program funds from school districts, towns, and bus operators in environmental justice communities to those in distressed municipalities, beginning in FY 27. All distressed municipalities are also environmental justice communities; some environmental justice communities are U.S. census tracts that are not within distressed municipalities.

**Section 4** authorizes \$40 million in General Obligation bonds for the zero-emission bus grant program. To the extent bonds are fully allocated and expended, total debt service is expected to be

approximately \$61 million over the 20-year duration of the bonds.

**Section 5** results in a one-time cost of \$150,000 in FY 27 to the Department of Economic and Community Development (DECD) by requiring the agency to convene a working group to study and make recommendations by January 1, 2027 regarding freight rail utilization. It is anticipated that DECD will require consultation services as the agency does not have the expertise or resources necessary to analyze this topic.

The cost may be partially mitigated to the extent that the working group's consulting agencies, including the Departments of Transportation and Energy and Environmental Protection and the Connecticut Port Authority, can provide relevant expertise.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the terms of any bonds issued.

**OLR Bill Analysis****sSB 416****AN ACT CONCERNING TRANSPORTATION SYSTEM MODERNIZATION.**

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[BACKGROUND](#)

## SUMMARY

This bill modifies the traffic signal modernization grant program and zero-emission school bus requirements, establishes a biodiesel requirement for school buses, and creates a freight rail working group. A section-by-section analysis follows.

EFFECTIVE DATE: July 1, 2026, except the changes to the traffic signal grant program (§ 1) are effective October 1, 2026.

### §§ 1 & 2 — TRAFFIC SIGNAL GRANT PROGRAM

*Requires DOT to give priority under the traffic signal modernization grant program to projects located in heavily congested areas, rather than to grant applications submitted by two or more municipalities*

Existing law requires the Department of Transportation (DOT) commissioner to establish a matching grant program to help municipalities modernize their traffic signal equipment and operations to make them responsive to congestion and to reduce idling. It also earmarks \$75 million from a DOT bond authorization for a matching grant to modernize existing traffic signal equipment and operations.

Under current law, DOT must give preference to grant applications submitted by, and create incentives for projects implemented by, two or more municipalities. The bill instead requires DOT to give priority to projects located in heavily congested areas.

### § 3 — ZERO-EMISSION SCHOOL BUS REQUIREMENTS

*Requires 90%, rather than 100%, of school buses to be zero-emission by 2040 and sets earlier interim deadlines for distressed municipalities; eliminates the requirement that environmental justice communities fully transition to zero-emission school buses by 2030; requires municipalities to submit plans outlining how they will meet the requirements*

#### **Deadline Extensions**

Existing law requires school districts to gradually transition to zero-emission school buses (see BACKGROUND) and sets deadlines for doing so.

Under current law, 100% of school buses that provide transportation for school districts in the state must be (1) either zero-emission or

alternative-fuel (such as natural gas or propane) by January 1, 2035, and (2) zero-emission only by January 1, 2040. The bill (1) lowers the percentage of buses in each district that must be zero-emission in 2040 to 90% and (2) extends these deadlines to July, rather than January in the same years, aligning with the legal school year (July 1 to June 30 of the following year).

### ***Requirement in Environmental Justice Communities and Distressed Municipalities***

Current law sets an earlier deadline for some school districts, requiring that 100% of buses providing transportation for school districts located in or containing at least one environmental justice community (as of July 1, 2022) be zero-emission by January 1, 2030. By law, an environmental justice community is (1) any U.S. census block group, as determined by the most recent census, for which at least 30% of the population consists of low-income people who are not institutionalized and have an income below 200% of the federal poverty level or (2) a distressed municipality (CGS § 22a-20a).

The bill eliminates this requirement and instead sets earlier deadlines for school buses in municipalities that were distressed municipalities on July 1, 2026 (see BACKGROUND). Because the definition of environmental justice community includes distressed municipalities, this change effectively reduces the number of municipalities who must meet earlier deadlines for transitioning to zero-emission school buses.

Under the bill, buses providing transportation for each school district in a distressed municipality must be (1) 10% zero-emission by July 1, 2030, and (2) 50% zero-emission by July 1, 2035. Like all school districts under the bill, the school buses in a distressed municipality must also be 90% zero-emission by July 1, 2040.

### ***Plans***

The bill requires municipalities to submit plans and schedules outlining how they will comply with the bill's requirements to the Department of Energy and Environmental Protection (DEEP) commissioner. Distressed municipalities must submit their plans by

July 1, 2029, and all other municipalities must do so by July 1, 2035.

### **§ 3 — BIODIESEL IN SCHOOL BUSES**

*Starting July 1, 2027, requires school bus carriers to fuel any fully diesel-powered school bus with a biodiesel blend that contains at least 20% biodiesel, unless doing so would void the manufacturer's warranty*

Starting July 1, 2027, the bill requires school bus carriers to fuel any fully diesel-powered school bus with a biodiesel blend that contains at least 20% biodiesel, unless doing so would void the manufacturer's warranty. This requirement applies to the extent the fuel is available and until the school buses in the municipality are zero-emission as required under the bill.

### **§§ 3 & 4 — ZERO-EMISSION SCHOOL BUS GRANT PROGRAM**

*Authorizes \$40 million in general obligation bonds for DEEP's zero-emission school bus grant program; modifies program requirements, including by broadening the purposes for which grants may be awarded beyond providing matching funds for federal grant applications*

Current law requires DEEP to administer a grant program to give matching funds to municipalities, school districts, and bus operators who apply for federal grants to purchase zero-emission school buses and related charging infrastructure in order to maximize federal funding.

The bill authorizes \$40 million in general obligation bonds for DEEP to fund the zero-emission school bus grant program. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The bill also makes several changes to this program. First, it broadens the purposes for which grants can be awarded by eliminating the requirement that the program provide matching funds for federal grants and instead requires that it provide a portion of funds necessary to maximize federal, state, or other sources of funding or financing. It also requires DEEP to (1) administer the program in consultation with the Connecticut Green Bank and (2) give preference to grant applications for school buses that will operate in a distressed municipality rather than an environmental justice community,

conforming with the change to the zero-emission school bus transition requirements (see above).

## § 5 — FREIGHT RAIL WORKING GROUP

*Requires the DECD commissioner, or his designee, to convene a working group to study, among other things, freight rail's impacts and policies to encourage its use to transport goods in the state*

The bill requires the Department of Economic and Community Development (DECD) commissioner, or his designee, to convene a working group to study and make recommendations on:

1. potential state policies and incentives to encourage using freight rail to transport goods within the state, such as construction materials, industrial materials, agricultural and food products, and municipal solid waste;
2. opportunities to expand freight rail infrastructure in the state; and
3. the environmental, economic, and transportation impacts of increasing freight rail use.

Under the bill, the DECD commissioner serves as chairperson of the group, and the DEEP and DOT commissioners (or their designees) and the Connecticut Port Authority executive director must be members. The group must also include any other member the DECD commissioner invites to participate, including representatives of manufacturer organizations, freight rail carriers, solid waste and recyclable collectors, and other members the DECD commissioner deems necessary.

The DECD commissioner must schedule the working group's first meeting by September 1, 2026. DECD must report its findings and recommendations to the Transportation Committee by January 1, 2027. The group ends when it submits its report or January 1, 2027, whichever is later.

## BACKGROUND

### ***Zero-Emission School Bus***

By law, a zero-emission school bus is a school bus certified by the Environmental Protection Agency (EPA) as having a drivetrain that does not produce any exhaust emission of any EPA-listed air pollutant or greenhouse gas under any possible operational mode or condition (42 U.S.C. § 16091(a)(8)).

### ***Distressed Municipalities***

DECD annually designates distressed municipalities, based on high unemployment and poverty, aging housing stock, and low or declining rates of job, population, and per capita income growth (CGS § 32-9p).

The current (issued October 2025) distressed municipalities are Ansonia, Bridgeport, Bristol, Chaplin, Derby, East Hartford, East Haven, Griswold, Groton, Hartford, Killingly, Lisbon, Mansfield, Meriden, Montville, Naugatuck, New Britain, New Haven, New London, North Canaan, North Stonington, Norwich, Plainfield, Plymouth, Putnam, Preston, Sprague, Stafford, Sterling, Stratford, Torrington, Voluntown, Waterbury, West Haven, Willington, Winchester, and Windham.

### ***Related Bill***

HB 5470, favorably reported by the Energy and Technology Committee, eliminates the requirement to fully transition to zero-emission buses and instead sets a deadline by which all school buses must be zero-emission, alternative fuel, or hybrid.

### **COMMITTEE ACTION**

Transportation Committee

Joint Favorable Substitute

Yea 25    Nay 11    (03/16/2026)