



General Assembly

**Substitute Bill No. 416**

February Session, 2026



**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 Section 13b-23c of the general statutes is repealed and the  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 Section 22a-201d of the general statutes is repealed and the  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.