



Substitute Senate Bill No. 9

Public Act No. 26-21

AN ACT SUPPORTING COMMUTERS AND MICROTRANSIT SERVICES AND CONCERNING PUBLIC TRANSPORTATION.

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

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

(1) "Eligible employer" means any entity licensed to operate a business in the state that is subject to the tax imposed under chapter 207, 208 or 228z of the general statutes, employs at least five employees in the state and provides a qualified commuter transportation benefit to one or more participating employees. For the purposes of this subdivision, the number of employees shall be the average number of employees employed during the preceding twelve months;

(2) "Qualified commuter transportation benefit" means any benefit provided by an eligible employer to an employee for the purpose of commuting between the employee's residence and place of employment, including (A) participation in the CTpass program established pursuant to section 13b-38ee of the general statutes, and (B) any other transportation benefit that qualifies as a qualified transportation fringe under 26 USC 132(f), as amended from time to time. "Qualified commuter transportation benefit" does not include

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reimbursement for fuel or mileage for the use of a single occupancy vehicle to commute between the employee's residence and place of employment;

(3) "Qualified commuter benefit expenditures" means amounts paid or incurred by an eligible employer during the income year to provide a qualified commuter transportation benefit to participating employees pursuant to an approved commuter benefit plan;

(4) "Approved commuter benefit plan" means a written proposal submitted by an eligible employer and approved by the Commissioner of Transportation; and

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

(b) For income years commencing on or after January 1, 2027, and for the first five income years in which an eligible employer provides a qualified commuter transportation benefit pursuant to an approved commuter benefit plan, such eligible employer shall be allowed a credit against the tax imposed under chapter 207, 208 or 228z of the general statutes. The amount of such credit shall be equal to: (1) Twenty-five per cent of the qualified commuter benefit expenditures made in the first income year in which such expenditures are made, (2) twenty per cent of the qualified commuter benefit expenditures made in the second income year in which such expenditures are made, (3) fifteen per cent of the qualified commuter benefit expenditures made in the third income year in which such expenditures are made, (4) ten per cent of the qualified commuter benefit expenditures made in the fourth income year in which such expenditures are made, and (5) five per cent of the qualified commuter benefit expenditures made in the fifth income year in which such expenditures are made.

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(c) An eligible employer seeking to claim the credit under the provisions of this section shall submit an application to the Commissioner of Transportation, in such form and manner prescribed by the commissioner. Such application shall describe the eligible employer's proposed commuter benefit plan and include (1) the type of qualified commuter transportation benefits to be established or expanded, (2) the projected qualified commuter benefit expenditures to be made over the five-year period, (3) the number of participating employees expected to be covered, and (4) any additional information as the commissioner may require. Upon approval of an application and commuter benefit plan, the commissioner shall determine and reserve the amount of the credit the eligible employer will be entitled to claim over the five-year period.

(d) On an annual basis, an eligible employer shall submit documentation to the Commissioner of Transportation demonstrating actual qualified commuter transportation benefit expenditures made pursuant to the approved commuter benefit plan. Upon verification of such expenditures, the commissioner shall issue a voucher to the employer in the amount of the applicable credit percentage under the provisions of subsection (b) of this section.

(e) If an eligible employer notifies the commissioner that such employer is discontinuing its approved commuter benefit plan or fails to submit required annual documentation within a reasonable time period established by the commissioner, the commissioner shall issue a written notice of noncompliance to such employer. If the employer does not address such noncompliance not later than ninety days after such notice, the commissioner shall revoke approval of the commuter benefit plan and any reserved credit associated with such employer.

(f) Any credit not used in the income year for which it was allowed may be carried forward and credited against the taxes imposed for the three immediately succeeding income years or until the full credit has

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been allowed, whichever occurs first.

(g) Any credit allowed pursuant to this section may be sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers subject to chapter 208 of the general statutes, and such taxpayers may sell, assign or otherwise transfer, in whole or in part, such credit.

(h) The Commissioners of Transportation and Revenue Services may examine any books, papers or records relating to an approved commuter benefit plan or any credit claimed under the provisions of this section for purposes of verifying compliance and accuracy.

(i) The total amount of all tax credits which may be reserved by the Commissioner of Transportation pursuant to this section shall not exceed seven million five hundred thousand dollars.

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

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

Sec. 4. Section 23 of public act 22-40 is repealed and the following is

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substituted in lieu thereof (*Effective July 1, 2026*):

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

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

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

Sec. 5. (*Effective from passage*) (a) The sum of \$4,000,000 of the amount appropriated in section 2 of public act 25-168 to the Department of Transportation, for Rail Operations, for the fiscal year ending June 30, 2027, shall be made available in said fiscal year for the Shore Line East rail line.

(b) The sum of \$3,000,000 of the amount appropriated in section 2 of public act 25-168 to the Department of Transportation, for Rail Operations, for the fiscal year ending June 30, 2027, shall be expended in said fiscal year for the purpose of increasing service on the Shore Line East rail line.

Sec. 6. Section 13b-38h of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

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(a) The Department of Transportation shall provide for changes in fares for mass transportation by land in accordance with the provisions of this section and shall not be required to conform to the procedures in chapter 54.

(b) Prior to adopting any [change] increase in fares for mass transportation by land, the department shall (1) give notice of the proposed fare [change] increase, its amount and the date and time it is proposed to take effect by advertising, at least once, in one or more newspapers having [general] circulation in all areas [of the state] that [may] would be affected by such [change in fares] proposed fare increase, and (2) in such notice, provide information on the date, time and place a public hearing is to be held on such proposed [change] fare increase. Such notice shall be provided at least fifteen days prior to such public hearing. The department shall, at least fifteen days prior to such public hearing, send a copy of such notice to the chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to transportation and finance and to the Connecticut Public Transportation Council, established under section 13b-212b. A public hearing on the proposed fare [change] increase shall be held at such date, time and place as will be convenient for public attendance.

(c) When the department is required to hold a public hearing regarding a proposed major service change to commuter rail service in accordance with the Federal Transit Administration Title VI Circular 4702.1B, as amended from time to time, the department shall, at least fifteen days prior to such public hearing, provide notice of such public hearing to the chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to transportation and finance and to the Connecticut Public Transportation Council.

Sec. 7. (NEW) (*Effective July 1, 2026*) (a) The Department of Education

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shall administer a grant program to provide grants to local and regional boards of education for the purchase of passes for the use of state-owned or state-controlled bus public transportation services and distribution of such passes, without cost, to students who are enrolled in grades nine to twelve, inclusive, of a public school under the jurisdiction of such local or regional board of education. Applications for grants shall be filed with the department at such time and in such manner as the department prescribes. The department may develop guidelines and grant criteria as it deems necessary to administer such grant program.

(b) Each local or regional board of education receiving a grant award under this section shall submit, at such time and in such form as the department prescribes, any reports and financial statements required by the department. If the department finds that any grant awarded pursuant to this section is being used for purposes that are not in conformity with the purposes of this section, the department may require the repayment of the grant to the state.

(c) Not later than July 1, 2027, and annually thereafter, the Department of Education shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to education and transportation. Such report shall include, but need not be limited to, the amount of grants awarded during the prior year and an assessment of the impact of the grant program on student outcomes.

Sec. 8. (NEW) (*Effective July 1, 2026*) (a) For the purposes of this section, "veteran" and "armed forces" have the same meanings as provided in section 27-103 of the general statutes.

(b) The Department of Veterans Affairs shall purchase passes for the use of state-owned or state-controlled bus public transportation services and distribute such passes, without cost, to veterans in the state.

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Applications for such passes shall be filed with the department at such time and in such manner as the department prescribes. The department may develop guidelines and criteria as it deems necessary to distribute such passes.

(c) Not later than July 1, 2027, and annually thereafter, the Department of Veterans Affairs shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to veterans' affairs and transportation. Such report shall include, but need not be limited to, the amount of passes purchased and distributed during the prior year and an assessment of the impact of the distribution of such passes to veterans.

Sec. 9. Subsection (d) of section 4-186 of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(d) The provisions of this chapter shall not apply: (1) To procedures followed or actions taken concerning the lower Connecticut River conservation zone described in chapter 477a and the upper Connecticut River conservation zone described in chapter 477c, (2) to the administrative determinations authorized by section 32-9r concerning manufacturing facilities in distressed municipalities, (3) to the rules made pursuant to section 9-436 for use of paper ballots, [and] (4) to guidelines established under section 22a-227 for development of a municipal solid waste management plan, and (5) to changes in fares for mass transportation by land made in accordance with the provisions of section 13b-38h, as amended by this act.

Sec. 10. Sections 12-217s, 13b-38o, 13b-38p, 13b-38t, 13b-38v and 13b-38x of the general statutes are repealed. (*Effective January 1, 2027*)

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Governor's Action:
Approved May 27, 2026