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## **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)