
OLR Bill Analysis

sSB 416

AN ACT CONCERNING TRANSPORTATION SYSTEM MODERNIZATION.

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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

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)