

OFFICE OF FISCAL ANALYSIS

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sHB-6831

AN ACT CONCERNING TRANSIT-ORIENTED COMMUNITIES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Policy & Mgmt., Off.	GF - Cost	216,500	212,300
State Comptroller - Fringe Benefits ¹	GF - Cost	87,200	87,200
Policy & Mgmt., Off.	GF - Potential Cost	See Below	See Below
Public Health, Dept.	GF - Potential Cost	410,300	524,100
State Comptroller - Fringe Benefits ²	GF - Potential Cost	151,900	207,800

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
All Municipalities	Potential Cost	See Below	See Below
All Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

The bill results in a potential revenue gain to various municipalities

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

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beginning in FY 26, and a potential cost to the following agencies beginning in FY 26: (1) Office of Policy and Management (OPM), (2) Department of Public Health (DPH), and (3) Office of the State Comptroller (OSC). These impacts are described below.

Office of Policy and Management

The bill requires OPM to: (1) determine if transit-oriented communities (TOCs) are compliant with certain requirements and meet the restrictions on reasonable size, and (2) establish a grant program to regional councils of government for certain transit projects.

This results in an annual cost of approximately \$212,300 to OPM beginning in FY 26 for two additional positions and a one-time cost of \$4,200 in FY 26 for equipment. There is also a corresponding annual cost of \$87,200 to OSC beginning in FY 26 for fringe benefits.

There is also a potential cost to OPM beginning in FY 26 for a grant program to regional councils of government. The bill does not specify a source of funds for the grants.

Municipalities

The bill: (1) establishes requirements for TOCs, (2) requires the communities to be prioritized for discretionary infrastructure funding, (3) makes TOCs that adopt additional zoning criteria eligible for additional bonus funding that OPM administers, (4) makes municipalities eligible for funds from DPH to defray any costs associated with establishing TOCs.

This may result in a potential revenue gain to municipalities beginning in FY 26 to the extent they qualify for additional bonus funding or receive funds from DPH. This may also result in a potential cost to municipalities associated with establishing and meeting the requirements for a TOC. Any costs may be partially offset by funds from DPH.

There may also be a revenue shift that is dependent on how

discretionary infrastructure is prioritized as a result of TOCs.³

Department of Public Health

The bill also establishes a Public Water and Sewer Rehabilitation or Expansion account within the General Fund, to be managed by the Department of Public Health (DPH). The account will be used to help defray these costs for transit-oriented districts. The bill does not identify a funding source for this new account.

DPH would incur costs of \$410,300 in FY 26 and \$524,100 in FY 27 (and annually thereafter), with an estimated cost to the Office of State Comptroller for associated fringe benefits of \$151,900 in FY 26 and \$207,800 in FY 27 (and annually thereafter), should significant program funding become available. If funding is minimal, it is expected that costs will be substantially lower.

The costs to DPH reflect the need for six new full-time positions to support the administration of a robust grant program, at an annualized salary cost⁴ of \$510,600. These positions would be: (1) two Environmental Engineer 3 positions to evaluate, review, and approve projects as well as ensure regulatory compliance, at an annual salary of \$85,800 each (plus \$34,900 annualized fringe benefits each); (2) a Health Program Associate to facilitate projects as well as community and stakeholder engagement, at an annual salary of \$71,700 (plus \$29,200 annualized fringe benefits); (3) a Fiscal Administrative Officer to evaluate and oversee funding agreements, at an annual salary of \$78,000 (plus \$31,800 annualized fringe benefits); (4) an Associate Accountant to provide fiscal management and oversight, at an annual salary of \$90,000 (plus \$36,600 annualized fringe benefits); and (5) a Supervising

³ The discretionary funding includes (1) Urban Act, (2) Small Town Economic Assistance Program, (3) Main Street Investment Fund, (4) Incentive Housing Zone Program, and (5) Town Aid Road, to the extent such programs are (A) permitted to include a priority designation and (B) recommended to include prioritizations by the OPM Secretary.

⁴ FY 26 total salary costs are projected to be approximately \$373,100, with \$151,900 in associated fringe benefits. This reflects 19 pay periods given the bill's October 1, 2025, effective date.

Environmental Engineer to hire and manage program staff, provide infrastructure planning and development, and lead project collaboration and coordination efforts, at an annual salary of \$99,300 (plus \$40,400 annualized fringe benefits).

Additional costs to DPH are anticipated to total \$37,200 in FY 26 and \$13,500 in FY 27 (and annually thereafter). One-time equipment costs in FY 26 include \$23,700 for laptops and related hardware. Ongoing costs for both FY 26 and FY 27 (which continue with inflation into development (\$12,000); and (2) ongoing minor equipment, software, and office supply costs of \$1,500.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and grants and funding awarded.