

OFFICE OF FISCAL ANALYSIS

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sSB-9

AN ACT SUPPORTING COMMUTERS AND MICROTRANSIT SERVICES.

As Amended by Senate "A" (LCO 4071), Senate "B" (LCO 5584)
House Calendar No.: 557
Senate Calendar No.: 261

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Revenue Services	GF - Potential Revenue Loss	None	Up to 1.9 million
Department of Transportation	TF - Various	See Below	See Below
Education, Dept.	GF - Cost	See Below	See Below
Department of Veterans' Affairs	GF - Cost	See Below	See Below

Note: GF=General Fund; TF=Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 27 \$	FY 28 \$
Various Local Boards of Education	Revenue Gain	See Below	See Below

Explanation

The bill makes changes to public transportation related programs and results in the following:

Section 1 establishes a corporation business tax credit for providing a qualified commuter transportation benefit and results in a potential General Fund revenue loss estimated at up to \$1.9 million annually beginning in FY 28. The actual revenue loss is dependent upon the number of qualifying participants in the tax credit program and the total value of vouchers approved by the Department of Transportation (DOT) annually.

Primary Analyst: PM
Contributing Analyst(s):

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Section 1 also results in a cost of at least \$100,000 for either consultant or staffing costs that DOT would incur in administering the program. These costs include support for reviewing and approving commuter benefit plans, determining credit amounts, verifying relevant expenditures, and other implementation tasks. The actual cost will depend on the number of participating employers and implementation decisions made by DOT.

Section 2 requires DOT, in consultation with various business and community organizations, to implement a public awareness campaign to inform employers of the tax credit established in Section 1. It is expected that the agency can implement this within available resources.

Section 3 requires DOT to submit a report on transit-oriented development, as outlined in the bill, and does not have a fiscal impact because it is anticipated that the agency has the expertise to complete such a report.

Section 4 results in a one-time cost of \$10.5 million in FY 27 by extending DOT's microtransit program by one year.

Section 5 makes \$4 million of funds appropriated to DOT's Rail Operations account in PA 25-168 available for FY 27 for Shore Line East, which does not have a fiscal impact as such funds are expected be available for Shore Line East under current law.

Section 5 also requires that \$3 million of funds appropriated to DOT's Rail Operations account in PA 25-168 for FY 27 be expended to increase service on Shore Line East. To the extent that anticipated resources under current law are insufficient to increase service, this provision results in a cost to DOT of up to \$3 million for increasing service on Shore Line East.

Sections 6 & 9 result in potential savings to DOT by eliminating certain notice requirements related to proposed transit fare decreases. It is expected that DOT could save up to \$10,000 associated with any round of proposed fare decreases by, for example, having to place fewer

newspaper advertisements.

Section 7 requires the State Department of Education (SDE) to establish a competitive grant program for local and regional boards of education (BOEs) to provide free bus passes to students in grades nine through 12 beginning in FY 27. This results in a cost to SDE and a revenue gain to BOEs, which is dependent on funding for and the provisions of the grant program. The cost to SDE may be partially offset by repayments from districts that are found to not have used the grant for its specified purposes.

Section 8 requires the Department of Veterans Affairs (DVA) to purchase bus passes for veterans, which results in an annual cost beginning in FY 27 dependent on the number and fare category of passes purchased.

Section 10 repeals an inactive DOT-administered traffic reduction program and does not have a fiscal impact.

Senate "A" eliminates the appropriation to DOT to fund the microtransit pilot program extension and has no fiscal impact because it does not change the cost associated with the extension.

Senate "B" eliminates the bill and its associated fiscal impact, and results in the impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, any future funding made available for the bus pass programs, or as otherwise described above.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.