Proposed Substitute Bill No. 9

LCO No. **3299**

AN ACT SUPPORTING COMMUTERS AND MICROTRANSIT SERVICES.

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 corporation licensed to operate a business in the state that is subject to the tax imposed under chapter 208 of the general statutes, employs at least five employees in the state and provides a qualified commuter transportation benefit to 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) transportation in a commuter highway vehicle, as defined in 26 USC 132(f)(5), as amended from time to time, (B) any transit pass entitling the holder of such pass to transportation on public transit services, (C) participation in the CTpass program established pursuant to section 13b-38ee of the general statutes, and (D) 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 reimbursement for fuel or mileage for the use of a single occupancy

vehicle to commute between the employee's residence and place of employment; and

(3) "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, any eligible employer who provides a qualified commuter transportation benefit to one or more participating employees shall be allowed a credit against the tax imposed under chapter 208 of the general statutes. The amount of such credit shall be equal to fifty per cent of the increase, if any, in the total cost of the qualified commuter transportation benefit provided to participating employees during the income year that exceeds the total cost of such benefit provided during the immediately preceding income year.

(c) If an eligible employer did not provide any qualified commuter transportation benefit in the immediately preceding income year, the entire amount of the qualified commuter transportation benefit provided in the current income year shall be deemed to be the increase for purposes of subsection (b) of this section.

(d) The credit allowed under this section shall not exceed five hundred dollars per participating employee per year calculated with respect to the increase in the qualified commuter transportation benefit described in subsection (b) of this section. The total amount of the credits authorized under this section shall not exceed one million five hundred thousand dollars in any income year.

(e) An employer seeking to claim a credit under this section shall apply to the Commissioner of Transportation for a tax credit voucher and shall provide with the application such documentation and independent certification as the commissioner may require pertaining to the amount of the qualified commuter transportation benefit and certifying that such benefit was actually provided to eligible employees.

If the commissioner determines that such employer is eligible to be issued a tax credit voucher, the commissioner shall enter on the voucher the amount of the credit allowed. The commissioner shall provide a copy of such voucher to the Commissioner of Revenue Services upon request.

(f) The Commissioners of Transportation and Revenue Services may, for purposes of determining the correctness of any credit claimed pursuant to this section, examine any books, papers and records relating to the documentation provided with an application for a tax credit voucher under this section.

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 response for proposals regarding transit-oriented development, including reviewing and evaluating the responses to such 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 amended to read as follows (*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 July 1, 2026*) The sum of ten million five hundred thousand dollars is appropriated to the Department of Transportation from the Special Transportation Fund, for the fiscal year ending June 30, 2027, for the continuation of the pilot program to test microtransit services in the state established pursuant to section 23 of public act 22-40, as amended by this act.

Sec. 6. Sections 12-217s, 13b-38o, 13b-38p, 13b-38t, 13b-38v and 13b-38x of the general statutes are repealed. (*Effective January 1, 2027*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	*January 1, 2027, and applicable to income years commencing on or after January 1, 2027*	New section
Sec. 2	*from passage*	New section
Sec. 3	*October 1, 2026*	New section
Sec. 4	*July 1, 2026*	PA 22-40, Sec. 23
Sec. 5	*July 1, 2026*	New section
Sec. 6	*January 1, 2027*	Repealer section