

February 21, 2026

Esteemed Chairs Cohen and Berger-Girvalo,  
Members of the Transportation Committee:

The Western Connecticut Council of Governments (WestCOG) appreciates the opportunity to comment on Committee Bill 8, *An Act Supporting Commuters and Microtransit Services*.

The bill contains strong and forward-looking elements, particularly the modernization of the Traffic Reduction Program (TRP) and the continued investment in microtransit. WestCOG commends the Committee for moving toward an incentive-based framework that expands participation and supports flexible mobility options. To strengthen the bill's structural coherence and maximize its impact, WestCOG further recommends you consider:

## I. **ALIGN THE TRP WITH THE FEDERAL COMMUTER TAX BENEFIT**

S.B. 9 expands eligibility for the state corporate tax credit and makes the Traffic Reduction Program voluntary. However, the bill does not meaningfully integrate the federal commuter tax benefit authorized under Internal Revenue Code §132(f).

Section 132(f) allows employers to provide pre-tax transit and vanpool benefits through payroll deduction. This is a federally authorized, well-established mechanism already embedded in many payroll systems. It represents a ready-made infrastructure for commuter demand reduction.

To leverage this federal framework, you may wish to consider:

1. **Deeming participation in §132(f) presumptive compliance** with the state Traffic Reduction Program. Employers offering qualified transportation fringe benefits should be considered compliant without requiring submission of a separate DOT-approved plan.
2. **Allowing the state tax credit to apply automatically** to employers that:
  - Offer a pre-tax transit or vanpool benefit, and/or
  - Provide an employer-funded transit subsidy above the federal minimum.
3. **Simplifying credit qualification** by using documented payroll participation rather than requiring programmatic approval processes.

This approach would reduce administrative friction, increase uptake among small and mid-sized employers, and align state policy with federal tax architecture rather than creating a parallel administrative regime.

## II. **INTEGRATE COMMUTER BENEFITS INTO EXISTING CT PAYROLL INFRASTRUCTURE**

A more transformative improvement would be to explore delivering commuter payroll deductions through existing statewide payroll systems, rather than requiring employers to contract with third-party benefit administrators.

Currently, employers wishing to offer §132(f) benefits must typically engage a separate vendor or implement manual payroll adjustments. This administrative burden is a primary reason small employers do not participate.

Connecticut already operates or mandates payroll systems with near-universal employer penetration, including:

- The MyCT Savings retirement savings program; and
- The Connecticut Paid Family and Medical Leave payroll contribution system.

The state should explore whether commuter benefit deductions could be administered through one of these existing payroll portals. This could be structured in several ways:

- As an optional payroll deduction feature integrated into existing reporting systems;
- As a state-facilitated pass-through mechanism transmitting employee deductions to approved transit providers; or
- As a simplified standardized payroll category available to all participating employers.

Such integration would:

- Eliminate the need for employers to enroll in separate third-party programs;
- Dramatically reduce administrative friction;
- Increase participation among small businesses;
- Create a uniform statewide commuter benefit platform; and
- Ensure compatibility with federal §132(f) requirements.

This approach advances demand management through payroll architecture rather than through regulatory mandates or stand-alone programmatic structures.

### **III. CREATE COHERENCE BETWEEN TRP, MICROTRANSIT, AND PAYROLL-BASED BENEFITS**

S.B. 9 appropriately extends and funds the microtransit pilot program. However, the bill does not yet connect microtransit services to employer commuter benefit programs. If commuter benefits are integrated into payroll systems, the state could:

- Allow microtransit passes to qualify as eligible commuter benefits;
- Permit payroll deduction for microtransit services operating in rural or transit-poor areas;
- Provide enhanced state tax credits for employers that support vanpool or microtransit participation; and
- Use payroll systems to distribute microtransit subsidies efficiently.

This would unify:

- Employer demand reduction incentives,
- Federal commuter tax benefits,
- State tax credits, and
- Microtransit deployment.

Instead of siloed initiatives, Connecticut would have an integrated commuter ecosystem.

#### IV. ADMINISTRATIVE AND LEGAL CONSIDERATIONS

Any integration with existing payroll systems would require careful review of:

- IRS compliance requirements under §132(f);
- ERISA preemption considerations; and
- Appropriate allocation of administrative authority among state agencies.

For that reason, the bill could direct the Department of Transportation, in consultation with the Department of Revenue Services, the State Treasurer, and the Connecticut Paid Leave Authority, to conduct a feasibility study and report back to the General Assembly with recommended statutory changes. Even authorizing such a study would represent a meaningful step toward modernizing the state's commuter policy framework.

#### V. CONCLUSION

S.B. 9 moves Connecticut toward a voluntary, incentive-based commuter strategy and appropriately supports microtransit expansion. By integrating federal commuter tax benefits and leveraging existing payroll infrastructure, the state can significantly enhance participation, reduce administrative burden, and create a scalable, durable demand management system.

These changes would not impose new mandates or taxes. Rather, they would modernize the architecture through which commuter benefits are delivered.

I appreciate the Committee's consideration of these recommendations and would welcome the opportunity to discuss them further.

Respectfully submitted,



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