STATE OF VERMONT

MEMORANDUM

To: House Transportation Committee
From: Logan Mooberry, Fiscal Analyst, Joint Fiscal Office
Date: January 11, 2024
Subject: FY 2024 Budget Adjustment Act

The Administration proposed relatively few changes related to transportation in the FY 2024 Budget Adjustment Act (BAA). This memo serves to provide you with a high-level summary of the transportation-related elements of the Administration's BAA proposal.

Transportation related changes:

1) Sec. 39 Cash Fund for Capital and Essential Investments: The Administration is proposing to move the one-time, $3.5M General Fund appropriation for the St. Albans District Maintenance Facility from the Big Bill to the Capital Bill. There is no fiscal impact to the appropriation and funds would remain available for the project.

2) Sec. 48 Reversions: Two reversions are proposed in the BAA – these reversions would reduce previously approved appropriation levels and make the reverted amount of spending authority available for future appropriation. It is expected that these reverted funds will be reflected in the FY 2025 Governor's Recommended Budget (GOVREC).
    - $183,952 reversion to the Transportation Fund from the appropriation to BGS Information Centers
    - $3,239,445 reversion to the TIB Fund from Program Development

3) Sec. 48 Debt Service: The Administration is also proposing an alternative approach to funding general obligation debt service costs. Currently, these costs are funded through an *appropriation* in B.1000 of the Big Bill to the Debt Service Fund. The Administration is proposing to instead execute a direct *transfer*, rather than an appropriation, to the Debt Service Fund. Funding these costs through a transfer will not change the cost of debt service to the T-Fund or General Fund, but it will reduce the appropriations total used to calculate the respective Stabilization Reserve balances. The Stabilization Reserve has a statutory maximum balance of 5% of prior year appropriations, so reducing the appropriations total reduces the amount to be transferred into the Stabilization Reserve. Since the T-Fund only pays $327,405 in these debt service costs in FY 2024 (an amount that will continue to decrease in future years), the impact of this change to the T-Fund is expected to be negligible.

4) Sec. 58 EV Incentive Clean-Up: Section 58 of the BAA proposes to change the language relating to the Replace Your Ride program, Electric Bike Incentives, and the Electrify Your Fleet Program. The changes will align appropriations with changes made in the FY 2024 Transportation Bill, which reallocated $550,000 from Replace Your Ride to Electrify Your Fleet ($500,000) and Electric Bike Incentives ($50,000). There is no additional fiscal impact or programmatic change associated with this proposed language – the language is technical in nature and needed to align the appropriations language to the authorization language that was previously adopted.