



***House Transportation Committee
Vermont League of Cities and Towns
Wednesday, February 1, 2017***

As Passed 2017 vs. Governor’s Proposed 2018 Transportation Funding:

Municipal Transportation Funding (in millions of dollars)		
Transportation Program or Initiative	FY17 As Passed	Gov.’s FY18 Recommend
(TF) Town Highway Structures	6.33	6.33
(TF, federal funds) Local Technical Assistance (Vt. Better Roads)	0.39	0.40
(TF) Class 2 Paving and Rehabilitation	7.65	7.25
(TF, TIB, federal funds) Town Bridge Grants. Includes state and federal aid only, no local match.)	18.82	15.76
(TF) Town Highway Aid Program	25.98	25.98
(TF) Town Highway Aid Program – Class 1 Supplemental	0.13	0.13
(TF) State Aid for Nonfederal Disasters	1.15	1.15
(federal funds) State Aid for Federal Disasters	1.28	0.18
(TF, special, federal funds, inter-dept. transfer) Municipal Mitigation Grant Program	2.91	8.18
Total Local Highway Aid	64.64	65.36

According to the Treasurer’s Clean Water Report, the 20-year clean water act compliance costs are \$2.3 billion. Revenues during that time are \$1.06 billion, leaving a gap or \$1.25 billion. Estimated annual compliance costs are \$115.6 million and revenues are \$53 million, leaving – according to the treasurer – an annual gap of \$62.4 million.

Under the Administration’s proposal, towns would see a very small increase in overall funding, to the tune of \$720,000. VLCT understands the state wants to ensure that funds are channeled directly to water cleanup initiatives, however this small monetary increase does little to fund the projects that are necessary to comply with the Clean Water Act and total maximum daily loads. Additionally, as funds are earmarked for clean water initiatives, other portions of town funding programs may suffer. Municipalities are clearly anxious to see how much their town highway budgets will have to increase to pay for the clean water initiatives that the state will not fund. With the transportation budgets of many towns already making up between 75-80 percent of the overall budget, towns and taxpayers alike should have significant concerns about the lack of funding choices available to them.

From the Treasurer's Clean Water Report:

VLCT encourages that legislature to take a close look at the Treasurer's Clean Water Report, and focus in on proposal such as Recommendations #1 and #2 of the Report.

Recommendation #1, found on page 42 of the report: "There exists a temporary window for the use of significant bonded dollars within the existing general obligation bond program due to a high level of authorized but unissued debt. A lad time in the current spenddown of these dollars has permitted a "shifting" of cash expenditure from some existing capital authorization to later years, freeing up capacity for authorizing water quality capital project dollars available in the next two years."

Recommendation #2, found on page 44 of the report, proposes that a portion of TIB revenues be used to support municipal transportation needs that relate to clean water requirements. The proposal of funding \$5 million in both 2017 and 2018, would provide much needed funding for water quality infrastructure projects. The use of existing revenues in this program are essential to generating sufficient revenues, without raising taxes or fees in the short-term.

VLCT feels there is great potential to utilize and leverage existing money and unissued debt for clean water projects at the local level.

Thank you for the opportunity to testify.

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