

OVERVIEW OF TRANSPORTATION FUNDING

HOUSE APPROPRIATIONS COMMITTEE

THURSDAY, JANUARY 14, 2021



Vermont Legislative
JOINT FISCAL OFFICE

Chris Rupe

Transportation Fiscal Analyst

Joint Fiscal Office

AGENDA

- 1) How does VT pay for transportation?
- 2) Where does the money go?
- 3) Federal funds update
- 4) Questions?



HOW DOES VERMONT PAY FOR TRANSPORTATION?

TRANSPORTATION FUNDING

- Vermont funds its transportation program through a mix of state and federal funds.
- Like most states, Vermont relies heavily on “user fees” to fund transportation.
- This money is deposited into a dedicated **Transportation Fund (the T-Fund)** according to statute.
- The **Transportation Fund** is the primary state funding source for AOT and also supports the VT State Police and some other programs.
- A second, smaller sub-fund, the **Transportation Infrastructure Bond Fund (TIB Fund)**, supports larger-scale capital projects through a dedicated assessment on gas and diesel.

TRANSPORTATION FUND (T-FUND)

Revenue comes from:

- A fixed per-gallon gasoline tax.
 - 11.245 cents to the T-Fund
 - 0.855 cents split between DUI Fund and Fish and Wildlife Fund
 - 1 cent per gallon to the Petroleum Clean-Up Fund
 - Consumers pay a total of **13.1 cents per gallon** in state gasoline tax.
- A variable gasoline assessment of approximately 4% (MFTA).
 - Similar to a special sales tax on the average retail price of gasoline.
 - Subject to a floor of 13.4 cents per gallon and a ceiling of 18 cents per gallon.
 - The floor applies when gas prices fall below \$3.87 and the ceiling applies when prices exceed \$5.08



TRANSPORTATION FUND (T-FUND)

Revenue comes from:

- A fixed per-gallon **diesel tax**.
 - 28 cents per gallon to the T-Fund
 - 1 cent to the Petroleum Clean-Up Fund
- **Motor Vehicle Purchase & Use Tax**
 - Tax levied at the rate of 6% of the market value (less trade-in allowance) on motor vehicle purchases.
 - 2/3 of P&U Tax revenue goes to the T-Fund, 1/3 to the Education Fund.
- **DMV Fees**
- **Other Revenue**



TIB FUND

Revenue comes from:

- A fixed 3 cents per-gallon diesel tax.
- A 2% gasoline assessment (MFTIA).
 - Operates similar to the 4% T-Fund gasoline assessment.
 - Minimum rate of 3.96 cents per gallon, no maximum.
- TIB Fund can only be expended on certain long-lived transportation structures (e.g. bridges, roads, culverts), either through direct payment or payment of debt service.
- 3 TIB bond issues sold between 2010 and 2013 for a total of \$36.385M. Debt service totals approximately \$2.5 million/year.
 - <https://www.vermonttreasurer.gov/content/debt/bonds-disclaimer/bonds>

WHAT VERMONTERS PAY IN TOTAL MOTOR FUEL TAXES

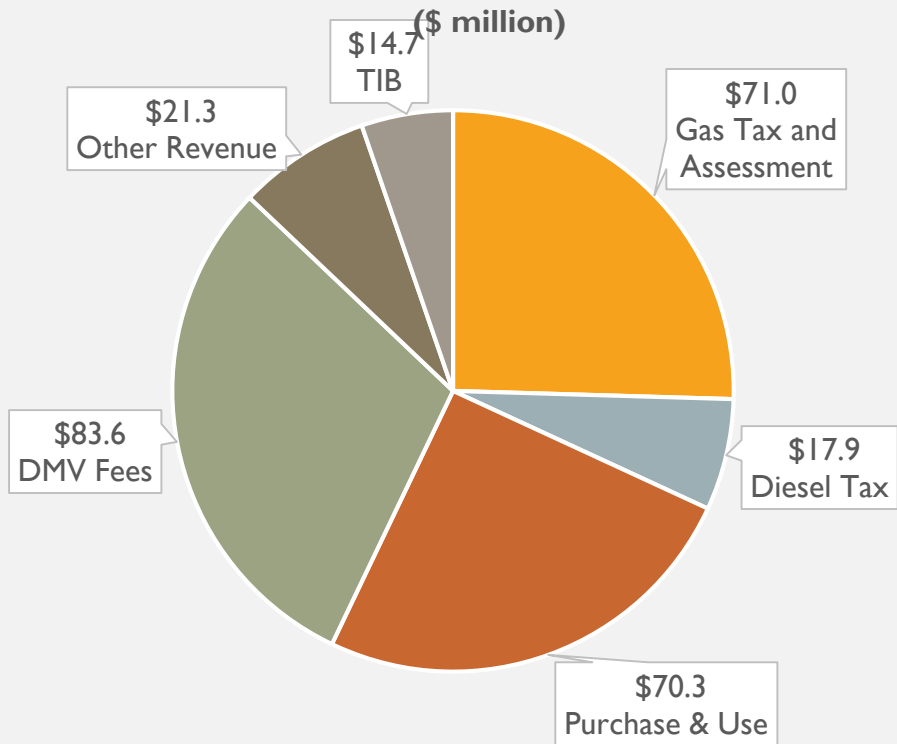
GASOLINE	
Levy	Amount
Gasoline Tax	12.1 cents per gallon
Petroleum Clean-Up Fee	1 cent per gallon
TFund Assessment	4% of the retail price, excluding all state and federal levies, with a floor of 13.4 cents per gallon and a ceiling of 18 cents per gallon
TIB Assessment	2% of the retail price, excluding all state and federal levies, with a floor of 3.96 cents per gallon
Total State levies	13.1 cents per gallon + the 4% TFund assessment + the 2% TIB Assessment
Federal Gasoline Tax	18.4 cents per gallon
Total State and Federal levies	31.5 cents per gallon + the 4% TFund assessment + the 2% TIB Assessment

DIESEL	
Levy	Amount
Diesel Tax	28 cents per gallon
Petroleum Clean-Up Fee	1 cent per gallon
TIB Assessment	3 cents per gallon
Total State levies	32 cents per gallon
Federal Diesel Tax	24.4 cents per gallon
Total State and Federal levies	56.4 cents per gallon

- The total minimum gas tax rate is 48.86 cents/gallon, including the federal tax.
- VT's state gas tax equates to a minimum of 30.46 cents/gallon (approx. 26th in the nation) and VT diesel tax is 23rd highest in the nation.

TRANSPORTATION AND TIB REVENUE SOURCES

FY20 State Transportation Revenue Sources



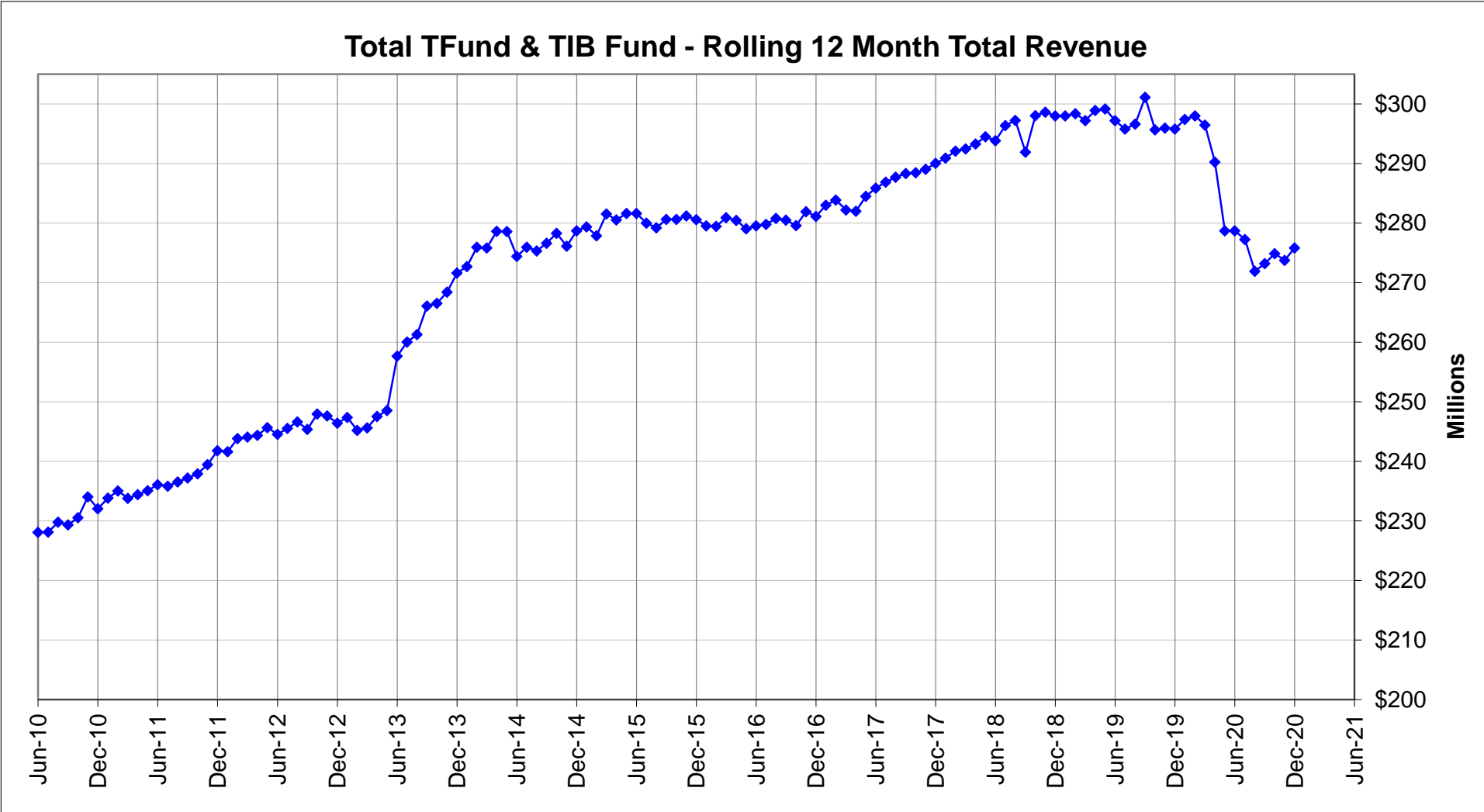
T-FUND

Revenue Source	FY20 Collections	% of T Fund Tax Rev
Gas Tax and Assessment	\$71.0 million	26.9%
Diesel Tax	\$17.9 million	6.8%
Purchase & Use	\$70.3 million	26.6%
DMV Fees	\$83.6 million	31.7%
Other Revenue	\$21.3 million	8.1%
	\$264.1 million	

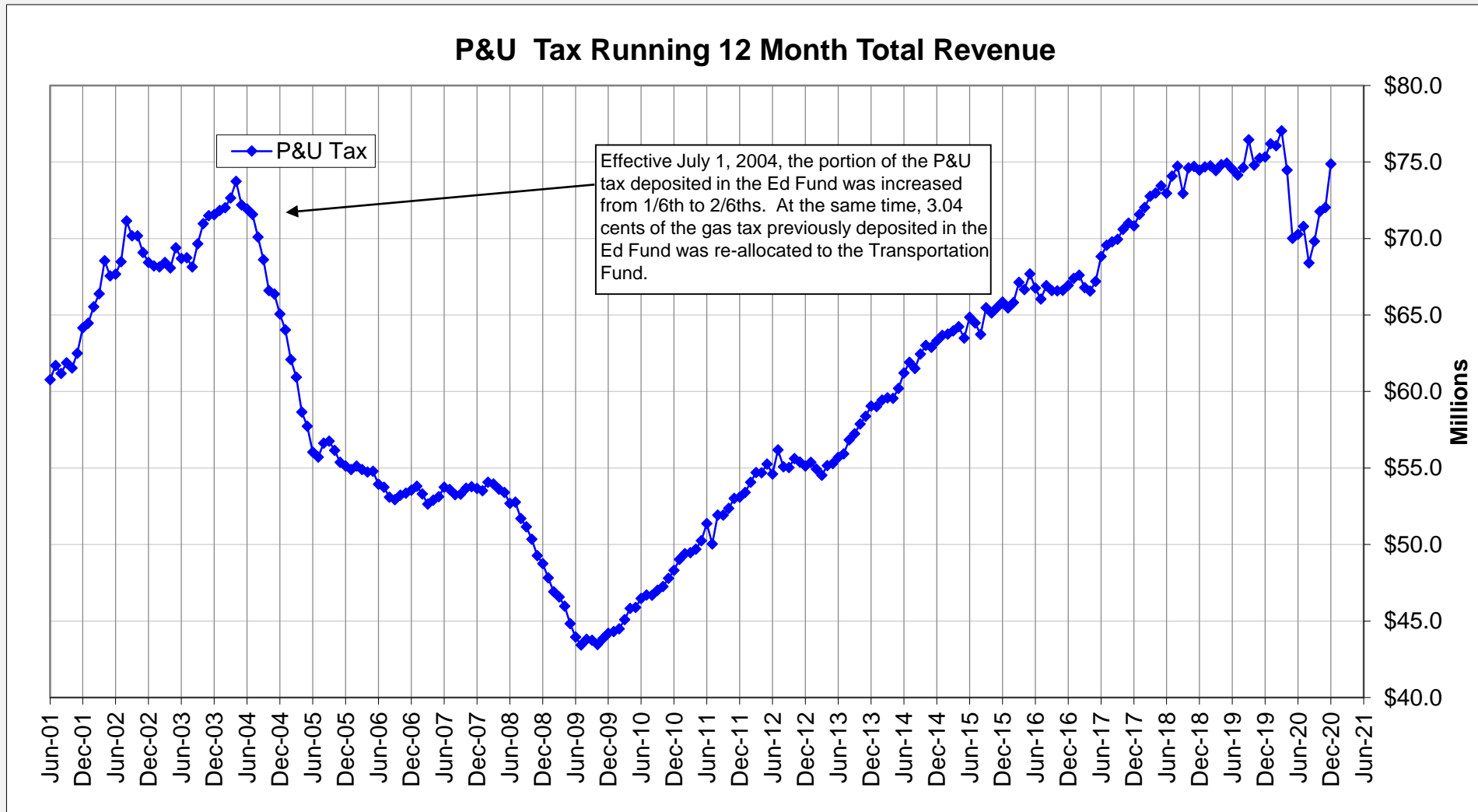
TIB FUND

Revenue Source	FY20 Collections	% of TIB Fund Tax Rev
Gas TIB Assessment (2%)	\$12.7 million	86.4%
Diesel TIB and Other	\$2.0 million	13.6%
	\$14.7 million	

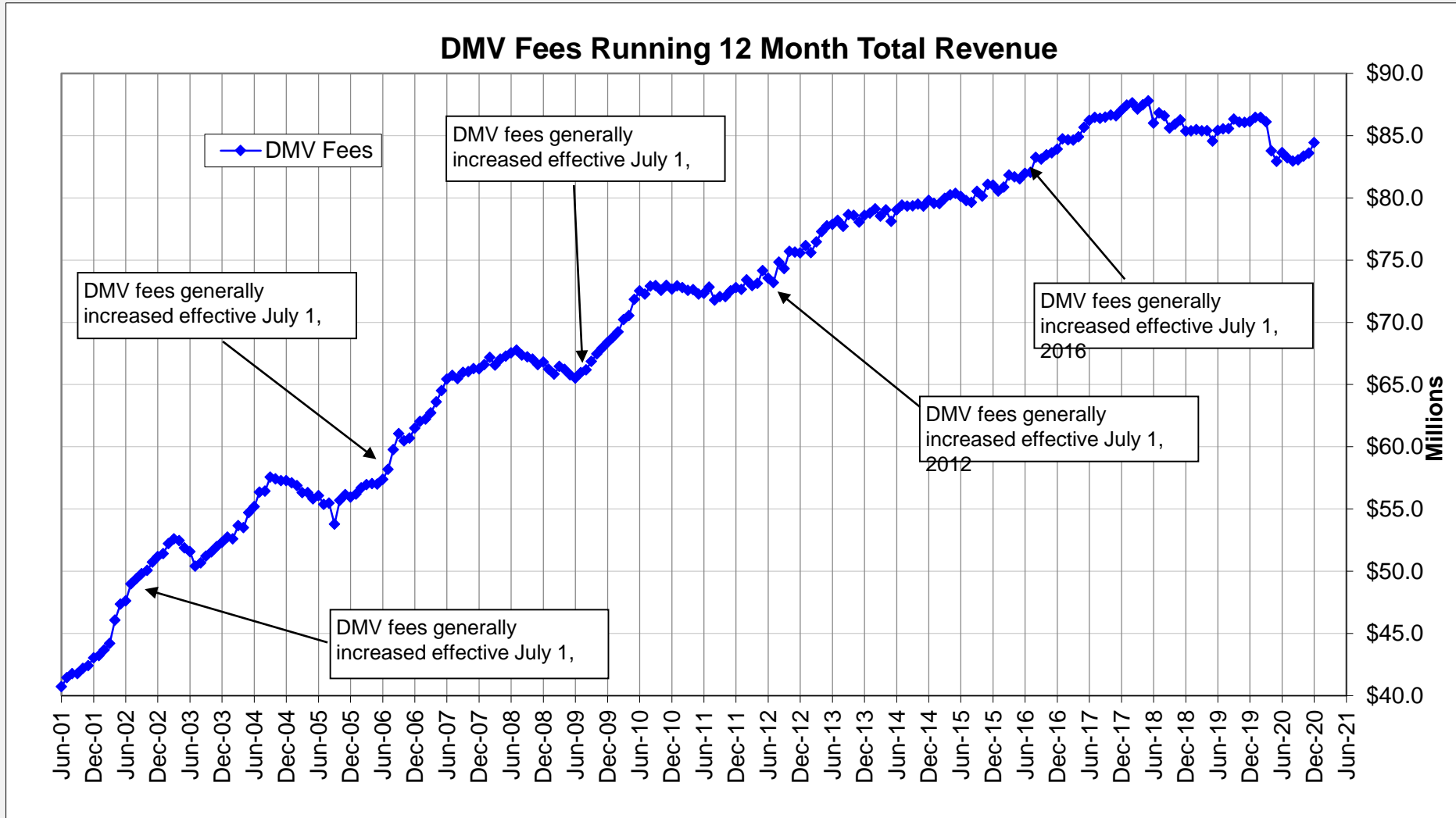
TRANSPORTATION REVENUES OVER TIME



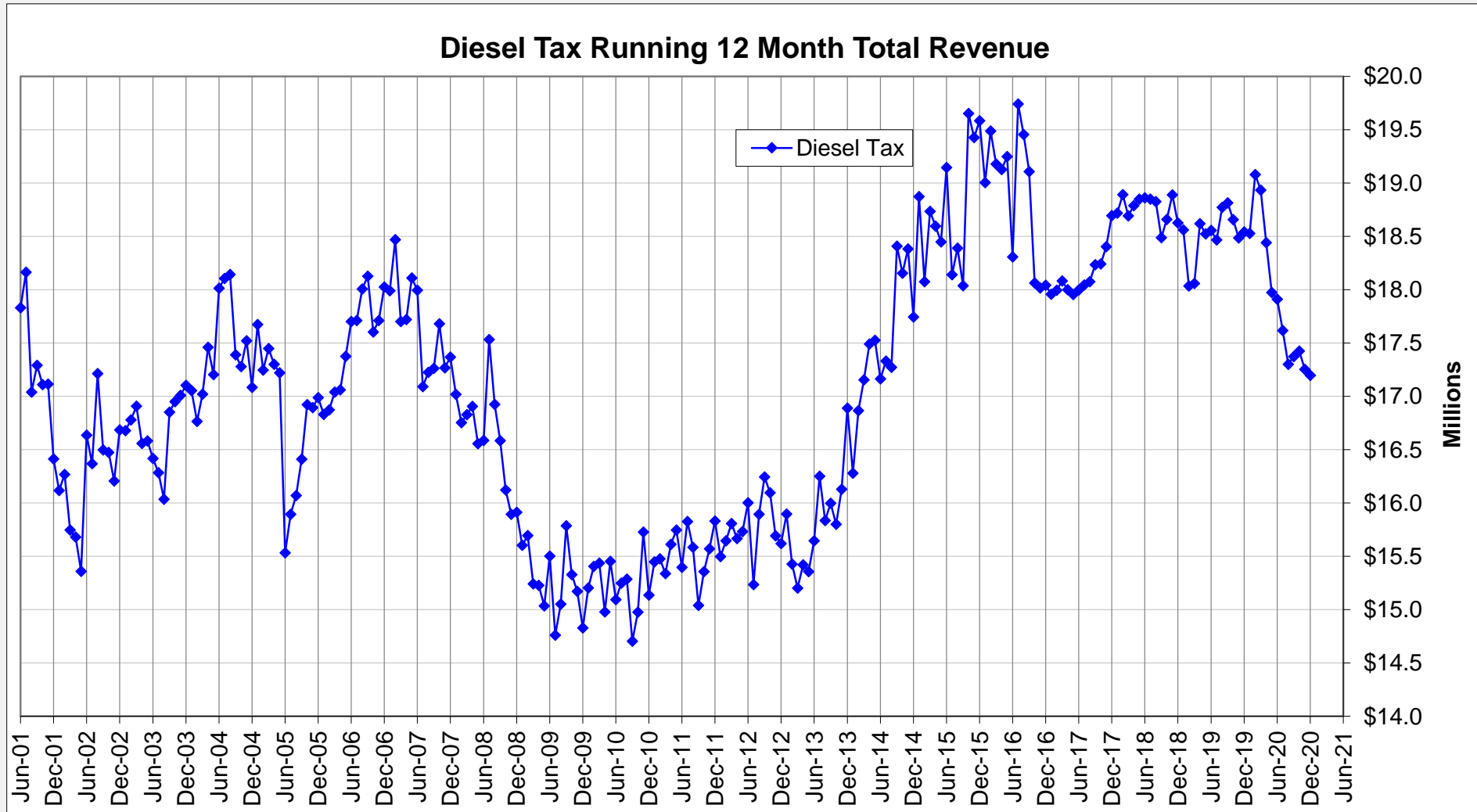
TRANSPORTATION REVENUES OVER TIME



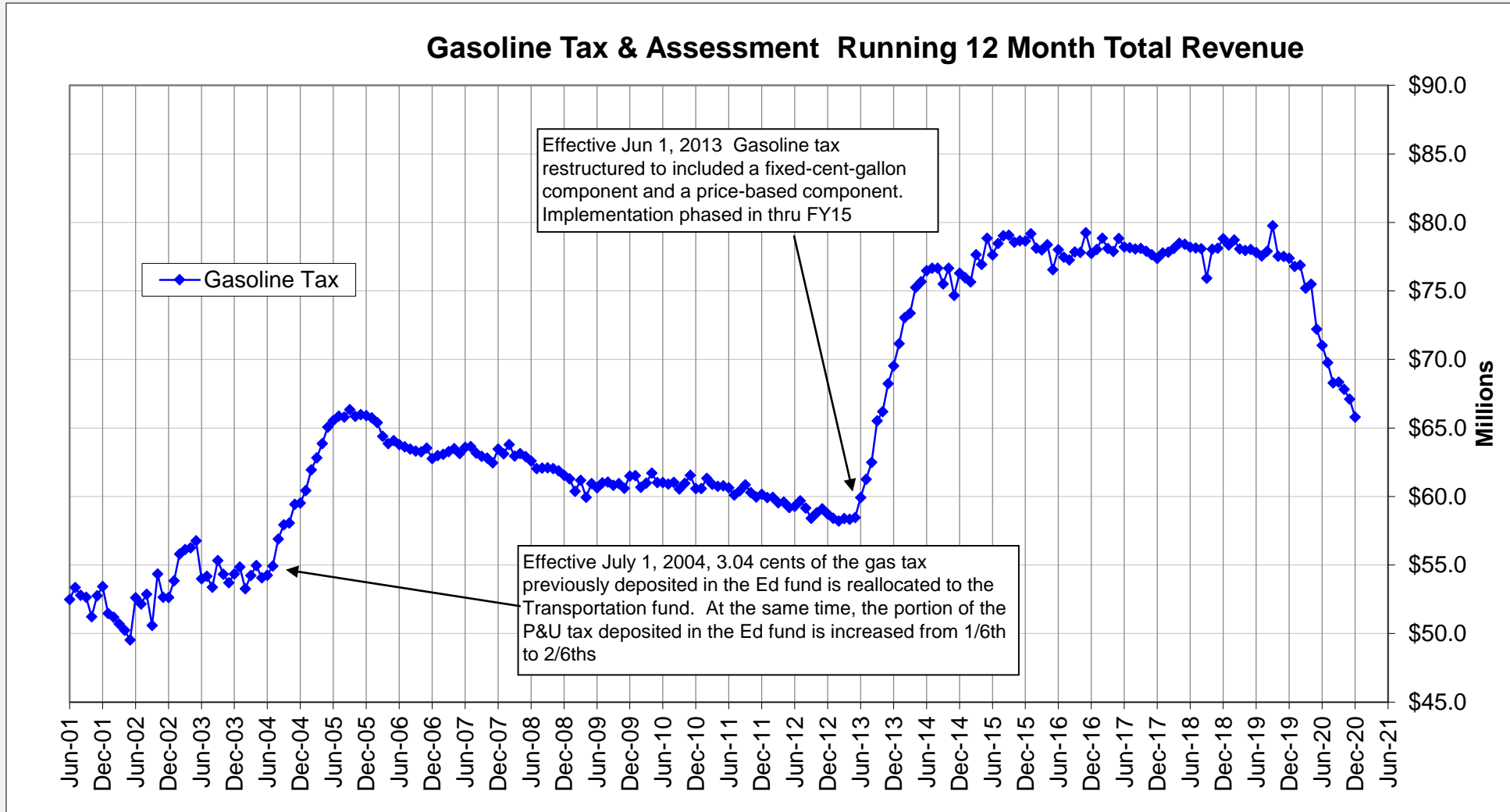
TRANSPORTATION REVENUES OVER TIME



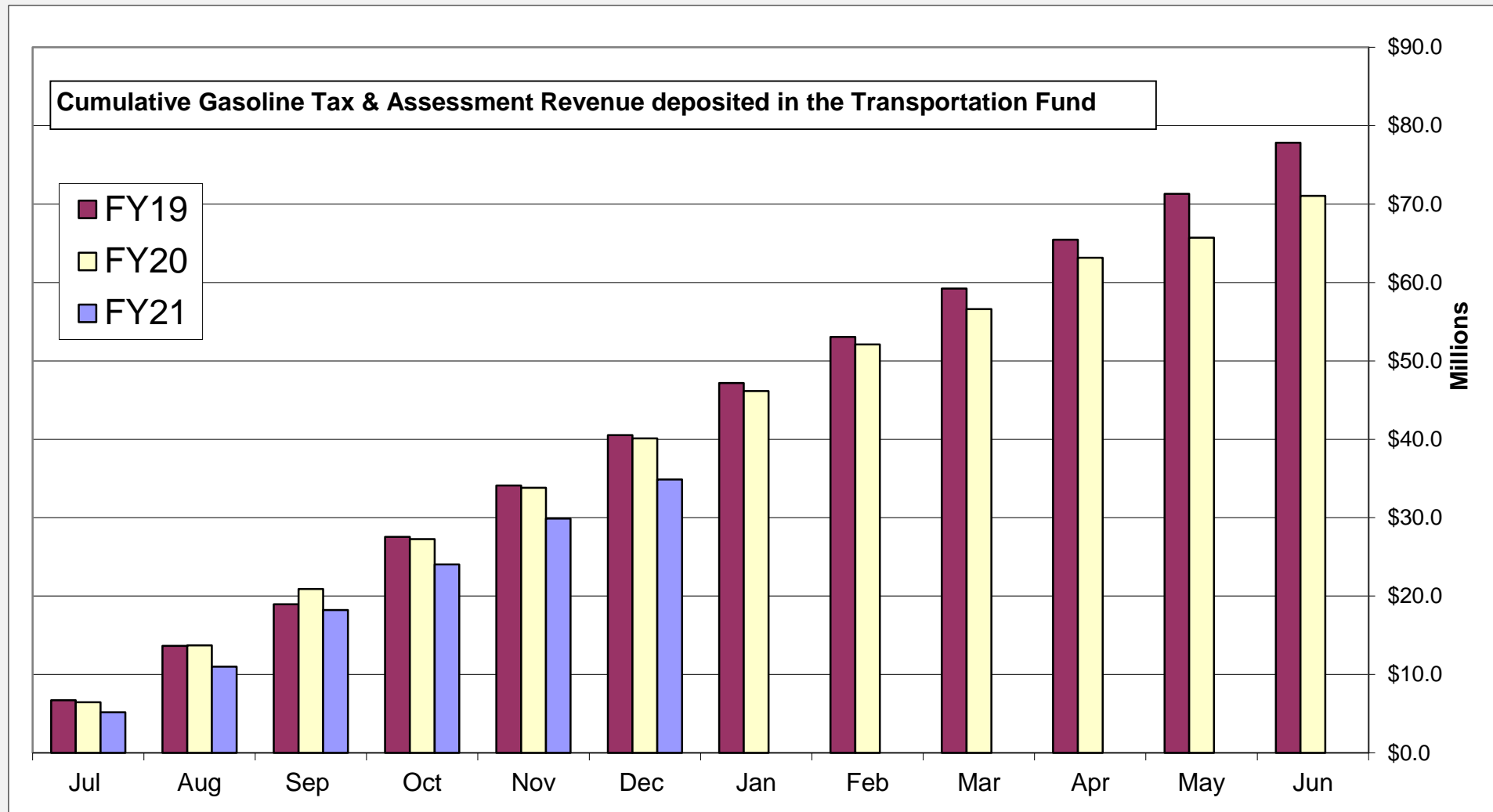
TRANSPORTATION REVENUES OVER TIME



TRANSPORTATION REVENUES OVER TIME

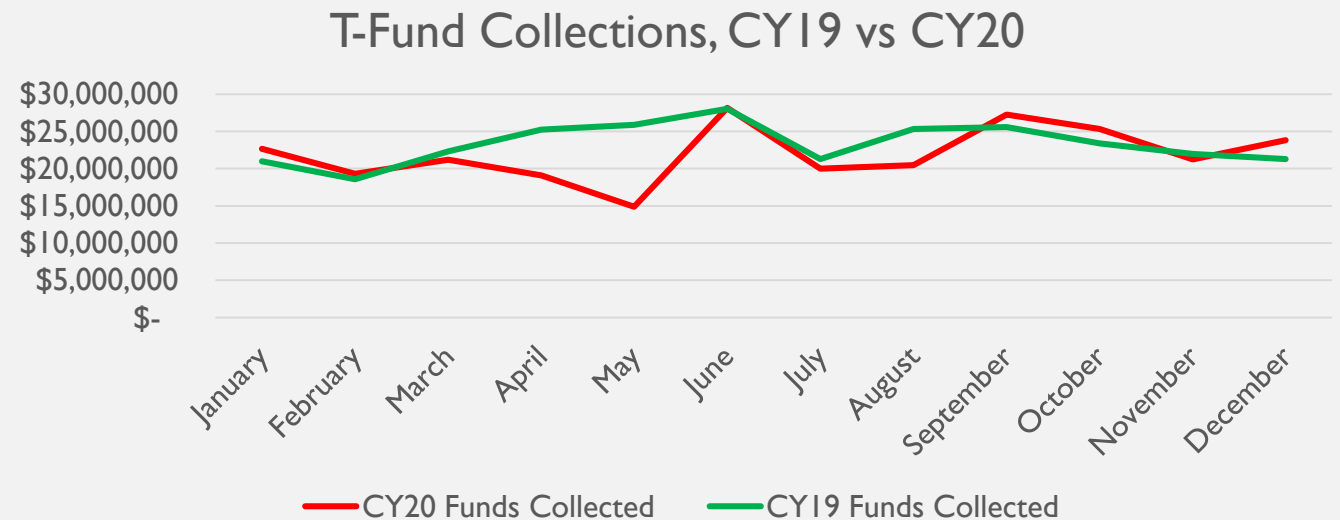


TRANSPORTATION REVENUES OVER TIME



TRANSPORTATION REVENUES OVER TIME

- **COVID-19 has significantly impacted transportation revenue in recent months.**
 - Auto sales are picking back up and driving P&U collections, but people are buying much less motor fuel.
- Revenue forecasts were adjusted downward in August 2020.
- For the first half of FY21, collections are \$11.6M (+9.1%) **above** the revised forecast. However, collections are significantly **below** prior year collections.
 - CY2019 collections: **\$279.8 M**
 - CY2020 collections: **\$263.3 M (- \$16.5M)**



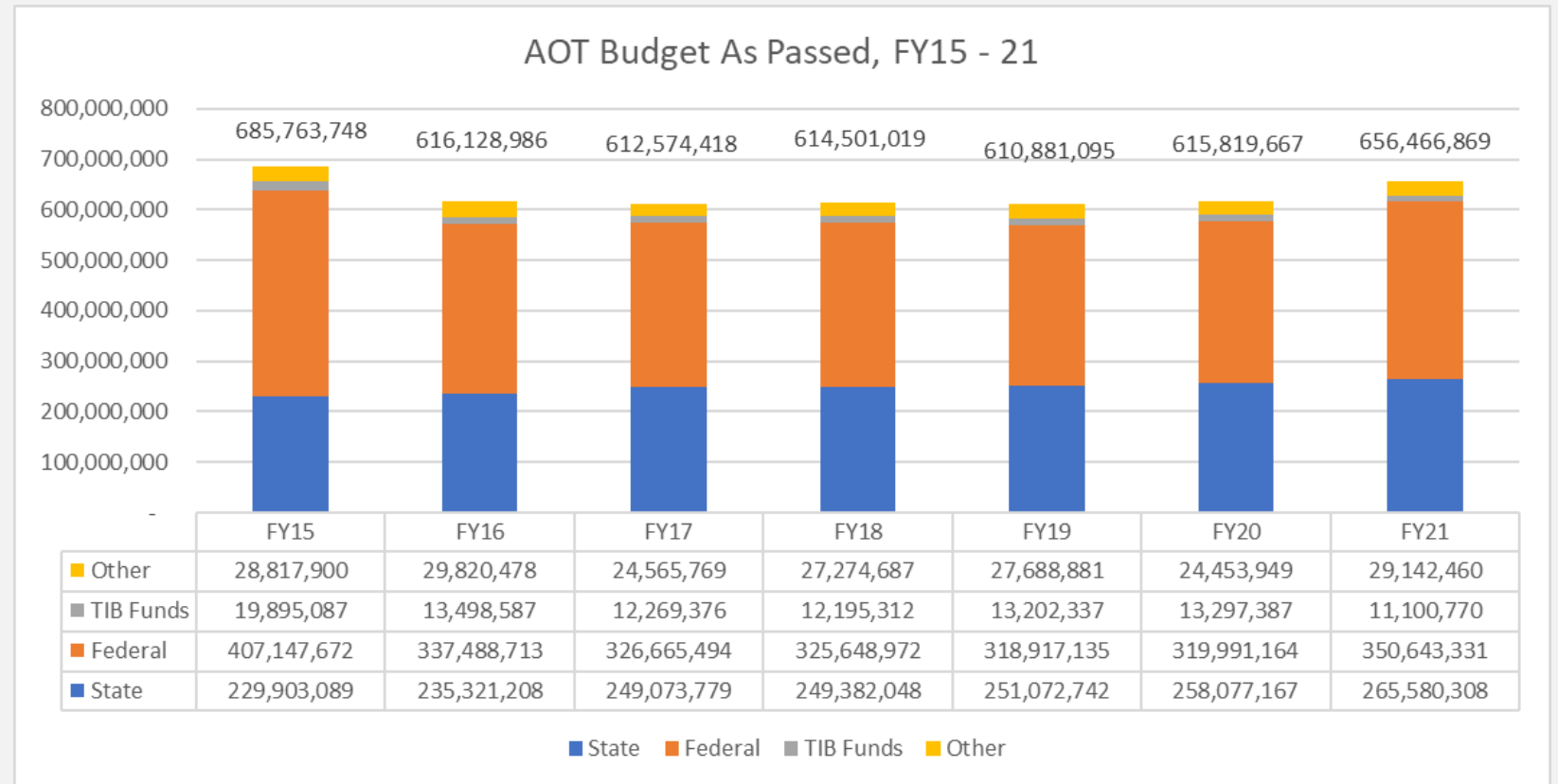
T-FUND REVENUES FY21

August 2020 Targets	FY21 Transportation Fund Tracking (\$ in millions, major sources)					
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Gasoline Tax						
Monthly Target	5.2	6.2	6.5	5.9	5.5	5.2
Monthly Actual	5.2	5.8	7.2	5.8	5.8	5.0
Difference	0.0	-0.4	0.8	-0.1	0.3	-0.2
Cumulative Target	5.2	11.4	17.9	23.7	29.3	34.5
Cumulative Actual	5.2	11.0	18.2	24.0	29.9	34.9
Difference	0.0	-0.4	0.4	0.3	0.6	0.4
Diesel Tax						
Monthly Target	1.2	1.3	1.8	1.5	1.5	1.7
Monthly Actual	1.2	1.3	1.8	1.6	1.5	1.7
Difference	0.0	0.0	0.0	0.2	0.0	0.0
Cumulative Target	1.2	2.5	4.3	5.8	7.3	9.0
Cumulative Actual	1.2	2.6	4.3	5.9	7.4	9.2
Difference	0.0	0.0	0.0	0.1	0.2	0.1
Purchase & Use + Rental Tax						
Monthly Target	5.3	5.7	6.5	6.0	4.8	4.8
Monthly Actual	5.3	4.8	9.3	8.6	6.1	8.1
Difference	0.0	-0.8	2.7	2.6	1.3	3.2
Cumulative Target	5.3	10.9	17.5	23.5	28.2	33.1
Cumulative Actual	5.3	10.1	19.4	28.0	34.1	42.2
Difference	0.0	-0.8	1.9	4.5	5.9	9.1
DMV Fees						
Monthly Target	6.9	7.1	6.9	6.8	5.6	5.8
Monthly Actual	6.9	7.2	7.4	7.4	6.3	6.5
Difference	0.0	0.1	0.5	0.6	0.7	0.7
Cumulative Target	6.9	14.0	21.0	27.8	33.4	39.2
Cumulative Actual	6.9	14.1	21.5	28.9	35.2	41.7
Difference	0.0	0.1	0.5	1.1	1.8	2.5

All Other Revenue	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Monthly Target	1.5	1.8	1.9	1.9	1.5	2.2
Monthly Actual	1.5	1.3	1.6	1.9	1.4	2.5
Difference	0.0	-0.5	-0.4	0.0	-0.1	0.4
Cumulative Target	1.5	3.2	5.1	7.0	8.5	10.7
Cumulative Actual	1.5	2.7	4.3	6.2	7.6	10.2
Difference	0.0	-0.5	-0.8	-0.9	-0.9	-0.5
Total Revenue	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Monthly Target	20.0	22.1	23.7	22.0	18.9	19.8
Monthly Actual	20.0	20.5	27.2	25.3	21.2	23.8
Difference	0.0	-1.6	3.6	3.3	2.3	4.0
Cumulative Target	20.0	42.1	65.8	87.8	106.7	126.5
Cumulative Actual	20.0	40.5	67.7	93.0	114.3	138.1
Difference	0.0	-1.6	2.0	5.2	7.6	11.6

TRANSPORTATION REVENUES OVER TIME

In 2013, the Act 153 Section 40 report on Transportation Funding Options estimated annual needs of **\$700 million** per year between 2014-2018.



TRANSPORTATION REVENUES OVER TIME

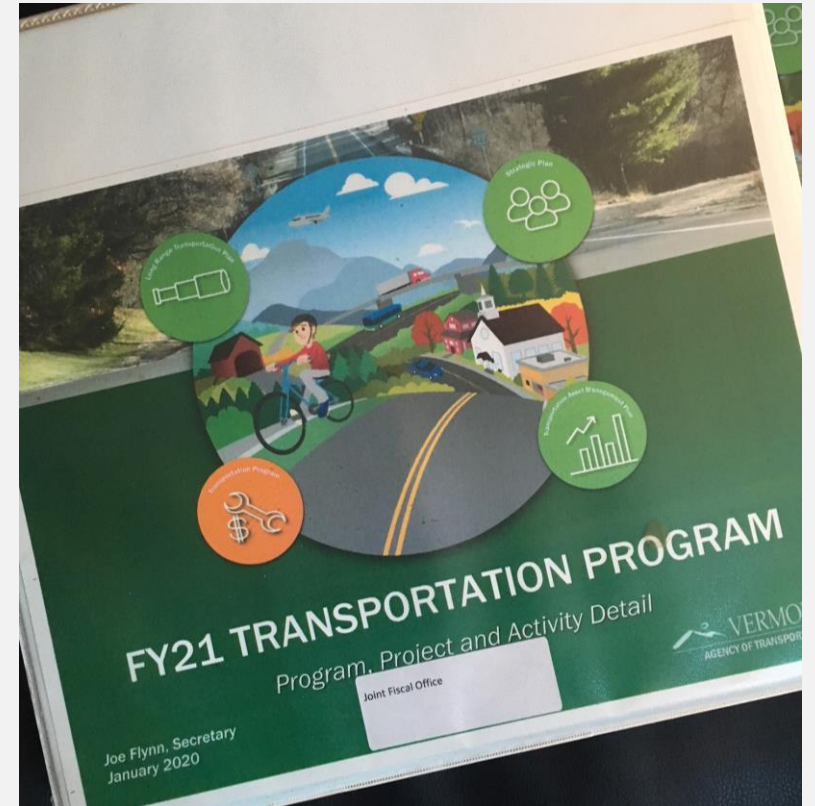
- Overall state transportation revenues have remained steady in most recent years.
- Transportation revenues are paid primarily by motorists. The more you drive, the more you pay (in theory...)
- However, these revenues are sensitive to overall economic conditions and changing modes of transportation.
 - Auto sales
 - Fuel usage and prices
 - Electric vehicles and alternative fuels?
- P&U and DMV fees have provided a steadily increasing amount of revenue, which has helped to counteract declining motor fuel tax collections and keep pace with inflation.
- Detailed revenue reports with historical data available on JFO website under Subjects>All Subjects>Transportation <https://ljfo.vermont.gov/subjects/transportation>



WHERE DOES THE MONEY GO?

REVIEW OF PROCESS

- Legislature approve (often with amendments) the Transportation Program (“the book”) every FY, which contains the projects and programs (the spending authority). This legislation is commonly referred to as the **T-Bill**.
 - <https://vtrans.vermont.gov/about/capital-programs>
- Legislature also approves the **Big Bill** (the appropriation authority) which provides the funding to implement the Transportation Program and provisions of the T-Bill.
 - Act 154: <https://legislature.vermont.gov/bill/status/2020/H.969>
- Mid year adjustments to current year’s budget occur during **B.A.A.** early in the calendar year.
- **Miscellaneous Motor Vehicle Bill** is also considered by the Legislature annually. Typically begins in the Senate.
- Fees are periodically adjusted in the **Fee Bill**, though this is not customarily done every year.



	A	B	C	D	E	F	G	I	K
1	AGENCY OF TRANSPORTATION								
2	FY2021 As Passed Budget								
3		TOTAL	STATE	FEDERAL	LOCAL/ OTHER	GENERAL FUND	INTERDEPT TRANSFERS	TIB FUNDS	INTERNAL SERVICE
8	DEPT. OF MOTOR VEHICLES	34,345,533	32,852,324	1,345,934			147,275		
10	FINANCE & ADMINISTRATION	15,979,760	15,108,560	871,200					
12	PROGRAM DEVELOPMENT								
13	Paving	105,755,261	16,328,867	85,532,436				3,893,958	
14	Interstate Bridge	22,653,892	784,881	20,683,294				1,185,717	
15	State Highway Bridge	67,955,839	3,498,851	62,457,630				1,999,358	
16	Roadway	42,111,213	1,785,381	37,983,101	517,451			1,825,280	
17	Traffic & Safety (assumes \$500K TF CF assumption)	34,568,991	131,616	34,430,375	7,000				
18	Park & Ride	5,580,568	200,000	5,380,568					
19	Bike & Pedestrian Facilities (assumes \$143,250 TF CF)	17,000,970	1,319,746	15,681,224					
20	Transportation Alternatives	2,763,408		2,763,408					
21	Multi-Modal Facilities	0							
22	Program Development Administration	24,385,131	18,155,333	6,229,798					
24	Total Program Development	322,775,273	42,204,675	271,141,834	524,451	0	0	8,904,313	
26	AOT COVID-19	1,557,438			1,557,438				
28	AOT ONE-TIME	11,400,000	11,400,000						
30	REST AREAS	1,010,000	101,000	909,000					
32	POLICY & PLANNING	11,551,005	3,003,905	8,529,250			17,850		
34	MAINTENANCE	99,836,436	97,358,649	2,377,787			100,000		
36	PUBLIC TRANSIT PROGRAM	38,234,820	5,708,177	32,486,643			40,000		
38	AVIATION	9,555,672	4,553,828	5,001,844					
40	RAIL	31,494,448	14,942,605	14,634,998			1,156,845	760,000	
42	CENTRAL GARAGE	20,982,875							20,982,875
44	TRANSPORTATION BUILDINGS	307,000	307,000						
46	Total "VTrans" Programs	599,030,260	227,540,723	337,298,490	2,081,889	0	1,461,970	9,664,313	20,982,875
48	TOWN HIGHWAY BRIDGES	13,073,351	791,327	10,456,841	388,726			1,436,457	
50	TH STRUCTURES	4,650,000	4,650,000						
52	TH CLASS 2 ROADWAY PROGRAM	3,250,000	3,250,000						
54	TH - NONFEDERAL DISASTERS	1,150,000	1,150,000						
56	TH - FEDERAL DISASTERS	180,000	20,000	160,000					
58	TH AID PROGRAM (includes one-time)	27,105,769	27,105,769						
60	TH CLASS 1 SUPPLEMENTAL GRANTS	128,750	128,750						
62	TH VERMONT LOCAL ROADS	408,965	108,965	300,000					
64	MUNICIPAL MITIGATION ASSISTANCE PROGRAM	6,055,000	650,000	1,428,000	3,977,000				
66	TH PUBLIC ASSISTANCE GRANTS	1,250,000	0	1,000,000	50,000		200,000		
68	Total "Town Highway" Programs	57,251,835	37,854,811	13,344,841	4,415,726	0	200,000	1,436,457	
70	TRANSPORTATION BOARD	184,774	184,774						
72	TOTAL PROGRAMS	656,466,869	265,580,308	350,643,331	6,497,615	0	1,661,970	11,100,770	20,982,875

	A	B	C	D	E
1		TOTAL FUNDS COMPARISON			
2		FY21 AS PASSED vs FY20 AS PASSED			
3		FY2020	FY2021	CHANGE	CHANGE
4		AS PASSED	AS PASSED	INC/(DEC)	%
8	DEPT. OF MOTOR VEHICLES	33,150,701	34,345,533	1,194,832	3.6%
10	FINANCE & ADMINISTRATION	15,497,069	15,979,760	482,691	3.1%
12	PROGRAM DEVELOPMENT				
13	Paving	100,682,429	105,755,261	5,072,832	5.0%
14	Interstate Bridge	30,831,313	22,653,892	(8,177,421)	-26.5%
15	State Highway Bridge	54,100,006	67,955,839	13,855,833	25.6%
16	Roadway	48,779,614	42,111,213	(6,668,401)	-13.7%
17	Traffic & Safety	20,925,379	34,568,991	13,643,612	65.2%
18	Park & Ride	2,651,588	5,580,588	2,928,980	110.5%
19	Bike & Pedestrian Facilities	13,040,923	17,000,970	3,960,047	30.4%
20	Transportation Alternatives	3,268,618	2,763,408	(505,210)	-15.5%
21	Multi-Modal Facilities	0	0	0	#DIV/0!
22	Program Development Administration	24,117,481	24,385,131	267,650	1.1%
24	Total Program Development	298,397,351	322,775,273	24,377,922	8.2%
26	AOT COVID-19	0	1,557,438	1,557,438	
28	AOT ONE-TIME	0	11,400,000	11,400,000	
30	REST AREAS	679,706	1,010,000	330,294	48.6%
32	POLICY & PLANNING	11,192,221	11,551,005	358,784	3.2%
34	MAINTENANCE	94,013,939	99,836,436	5,822,497	6.2%
36	PUBLIC TRANSIT PROGRAM	33,824,399	38,234,820	4,410,421	13.0%
38	AVIATION	9,244,636	9,555,672	311,036	3.4%
40	RAIL	34,935,351	31,494,448	(3,440,903)	-9.8%
42	CENTRAL GARAGE	20,112,038	20,982,875	870,837	4.3%
44	TRANSPORTATION BUILDINGS	907,746	307,000	(600,746)	-66.2%
46	Total "VTrans" Programs	551,955,157	599,030,260	47,075,103	8.5%
48	TOWN HIGHWAY BRIDGES	13,833,851	13,073,351	(760,500)	-5.5%
50	TH STRUCTURES	6,333,500	4,650,000	(1,683,500)	-26.6%
52	TH CLASS 2 ROADWAY PROGRAM	7,648,750	3,250,000	(4,398,750)	-57.5%
54	TH - NONFEDERAL DISASTERS	1,150,000	1,150,000	0	0.0%
56	TH - FEDERAL DISASTERS	180,000	180,000	0	0.0%
58	TH AID PROGRAM	26,663,161	27,105,769	442,608	1.7%
60	TH CLASS 1 SUPPLEMENTAL GRANTS	128,750	128,750	0	0.0%
62	TH VERMONT LOCAL ROADS	408,307	408,965	2,658	0.7%
64	MUNICIPAL MITIGATION ASSISTANCE PROGRAM	3,098,000	6,055,000	2,957,000	95.4%
66	TH PUBLIC ASSISTANCE GRANTS	4,140,000	1,250,000	(2,890,000)	-69.8%
68	Total "Town Highway" Programs	63,582,319	57,251,835	(6,330,484)	-10.0%
70	TRANSPORTATION BOARD	282,191	184,774	(97,417)	-34.5%
73	TOTAL PROGRAMS	615,819,667	656,466,869	40,647,202	6.6%

THE T-FUND

	FY20 Final
TOTAL REVENUE	\$ 264,153,999
APPROPRIATIONS	
AOT Appropriations	\$ 258,077,167
Information Centers	\$ 4,019,636
Pay Act/27th Payroll	\$ 2,368,000
Transportation Debt Svc	\$ 560,231
State Police	\$ 20,250,000
Current Yr Reversions/Re	\$ (44,596,927)
Net Budget Adjustments	\$ (1,943,148)
TOTAL APPROPRIATIONS	\$ 238,734,959
Pre-Transfer Balance	\$ 25,419,040
TRANSFERS	
(to)/from Downtown Fur	\$ (423,966)
(to)/from Central Garage	\$ (355,358)
(to)/from Recreational Tr	\$ (370,000)
(to)/from Other Funds	\$ 151,765
(to)/from Stabilization R	\$ (258,790)
Net Transfers	\$ (1,256,349)
ENDING BALANCE	\$ 24,162,691
STABILIZATION RESERVE	\$ 14,085,548
5% MAXIMUM BALANCE	\$ 14,085,548

- The table to the left reflects the T-Fund Summary for FY20 (most recent full FY).
- The vast majority of the T-Fund appropriations fund AOT, which include VTrans' operations, DMV, rail, airports, public transit, as well as aid to towns.
- The T-Fund also supports the State Police, debt service, information centers, and transfers to other funds according to statute.
- Reversions, rescissions, and adjustments are common as expenses often fall across different FY's and projects proceed at differing paces.



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RECENT FEDERAL DEVELOPMENTS

FEDERAL DEVELOPMENTS

- The CARES Act (March 2020) provided funding for state and local governments and transportation providers that were impacted by the COVID-19 pandemic. Matching requirements were waived on the transportation funding.
- VT received the following allocations directed for transportation relief through CARES:
 - \$9 mil – [FAA Grants-in-Aid for Airports](#)
 - \$13,327,895 – [FTA 5311 Nonurbanized Formula](#)
 - \$7,682,069 – [FTA 5307 Urbanized Formula](#)
- Unlike the CRF, there was no December 30, 2020 deadline to spend these funds.
- The federal infrastructure stimulus that many hoped for in the spring and summer did not materialize.
- Congress extended the FAST Act for another federal fiscal year in September. FAST Act now authorized through FFY21.

H.R. 133 – DECEMBER 2020

- Massive omnibus included **\$900 billion for economic stimulus** and **\$1.4 trillion to fund the federal government** for FFY21.
- “Normal” transportation funding in FFY21 is relatively flat compared to FFY20 and will, generally, appropriate the funding to implement the one-year extension of the FAST Act that was approved in September.
- The economic stimulus portion of the bill, however, included **\$45 billion of additional funding for transportation.**
- Guidance is trickling out of federal agencies but early estimates indicate that VT is likely to receive the totals in the chart to the right in accordance with formulas. Note – these numbers represent funding from the COVID stimulus portion of the bill.
- AOT is currently planning how to deploy these funds and those plans are expected to be reflected in upcoming budget legislation this session.

Estimated COVID-19 Relief Federal Transportation Funding for Vermont (H.R. 133)	
Grant	Estimated Funding (\$)
FAA – Airport Coronavirus Response Grant	3,922,116
FHWA – Surface Transportation Block Grant	50,411,349
FTA Sec. 5307 - Urbanized Area Formula Grants	2,480,670
FTA Sec. 5310 - Enhanced Mobility of Seniors and Individuals with Disabilities	89,028
FTA Sec. 5311 – Rural Area Formula Grants	26,725,119
Total Transportation Investment Directed to Vermont	\$83,628,282
<i>Estimates from Federal Funds Information for States. December 23, 2020.</i>	

- <https://ljfo.vermont.gov/subjects/covid-19-documents/federal-covid-19-economic-relief-bill-december-2020>

H.R. 133 – COVID STIMULUS

- [FAA Airport Coronavirus Response Grant Program:](#)
 - “...economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the coronavirus disease 2019 (COVID-19) public health emergency.”
 - Costs related to operations, personnel, cleaning, sanitization, janitorial services, and debt service payments.
 - Funding will also be available to airports to provide relief to certain on-site concessionaires
 - No match
 - \$2 billion nationwide. Estimated total for VT: **\$3,922,116**
 - **Largest recipient will be BTV but funds will also be made available to general aviation and non-primary airports. Official dollar amounts and revised guidance have not been released by FAA at this point.**

H.R. 133 – COVID STIMULUS

- [FHWA Surface Transportation Block Grant Program:](#)
 - “...flexible funding that may be used by States and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.”
 - Funds may be used for preventive and routine maintenance, operations, personnel, contractors, debt service, and coverage for other revenue losses.
 - Funds are available until end of FFY24.
 - \$9.8 billion nationwide. Estimate for VT: **\$50,411,349**
 - **Up to 100% federal cost share for the COVID stimulus dollars.**
 - **Awaiting any revised guidance from FHWA**
 - For more about types of eligible STBG projects: <https://www.law.cornell.edu/uscode/text/23/133>

H.R. 133 – COVID STIMULUS

- FTA (Sec [5307](#), [5310](#), and [5311](#)) – Transit Funding
 - “Similar to the [CARES Act](#), the supplemental funding will be provided at 100-percent federal share, with no local match required. Funding will support expenses eligible under the relevant program, although the Act directs recipients to prioritize payroll and operational needs.”
 - Very flexible funding for general operations.
- Sec 5307 (Urban): \$13,271,310,572 nationwide. **Burlington VT: \$2,480,670**
- Sec 5310 (Elderly/Disabled): \$50,034,973 nationwide. **VT: \$89,028**
- Sec. 5311 (Non-urban): \$678,654,455 nationwide. **VT: \$26,725,119**

ANTICIPATED FFY21 FORMULA APPORTIONMENTS AS OF OCTOBER

National Highway Performance Program	Surface Transportation Block Grants	Highway Safety Improvement Program	Railway-Highway Crossings Program	Congestion Mitigation & Air Quality Improvement	Metropolitan Planning	National Highway Freight Program
\$124,018,629	\$62,113,118	\$12,347,954	\$1,225,000	\$12,623,783	\$2,246,963	\$7,604,769

TOTAL

\$222,180,126

QUESTIONS?

Chris Rupe

Transportation Fiscal Analyst
VT Legislative Joint Fiscal Office
1 Baldwin St, Montpelier VT 05633

crupe@leg.state.vt.us

<https://ljfo.vermont.gov/>

[Transportation Committee Primer Document](#)

