

# OVERVIEW OF TRANSPORTATION FUNDING

## HOUSE TRANSPORTATION COMMITTEE

WEDNESDAY, JANUARY 13, 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
<b>Total State levies</b>	13.1 cents per gallon + the 4% TFund assessment + the 2% TIB Assessment
<b>Federal Gasoline Tax</b>	18.4 cents per gallon
<b>Total State and Federal levies</b>	31.5 cents per gallon + the 4% TFund assessment + the 2% TIB Assessment

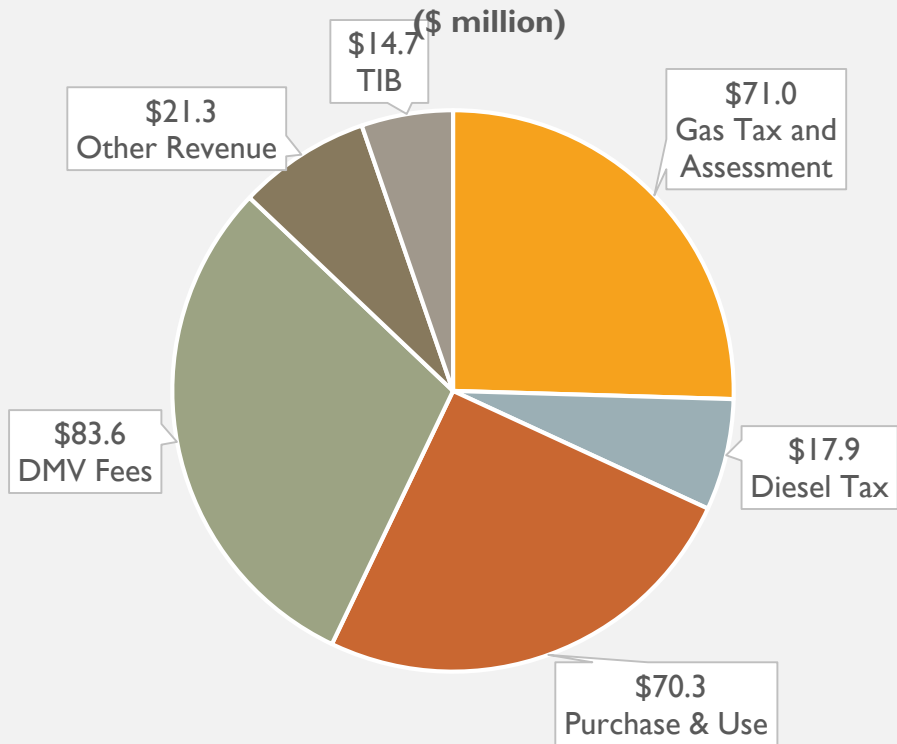
DIESEL	
Levy	Amount
Diesel Tax	28 cents per gallon
Petroleum Clean-Up Fee	1 cent per gallon
TIB Assessment	3 cents per gallon
<b>Total State levies</b>	32 cents per gallon
<b>Federal Diesel Tax</b>	24.4 cents per gallon
<b>Total State and Federal levies</b>	56.4 cents per gallon

- 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. 26<sup>th</sup> in the nation) and VT diesel tax is 23<sup>rd</sup> highest in the nation.



# TRANSPORTATION AND TIB REVENUE SOURCES

**FY20 State Transportation Revenue Sources**



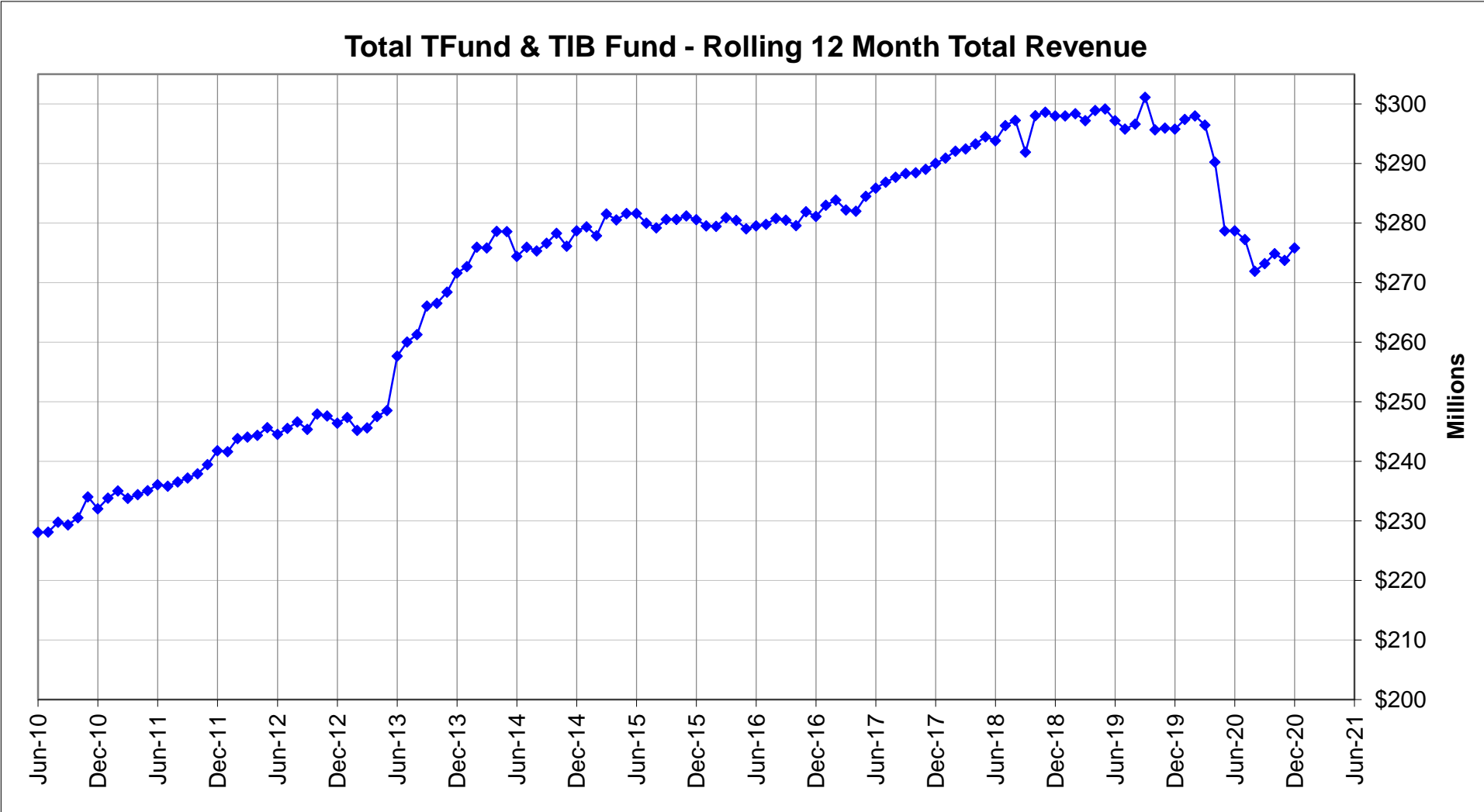
## T-FUND

Revenue Source	FY20 Collections	% of T Fund
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%
	<b>\$264.1 million</b>	

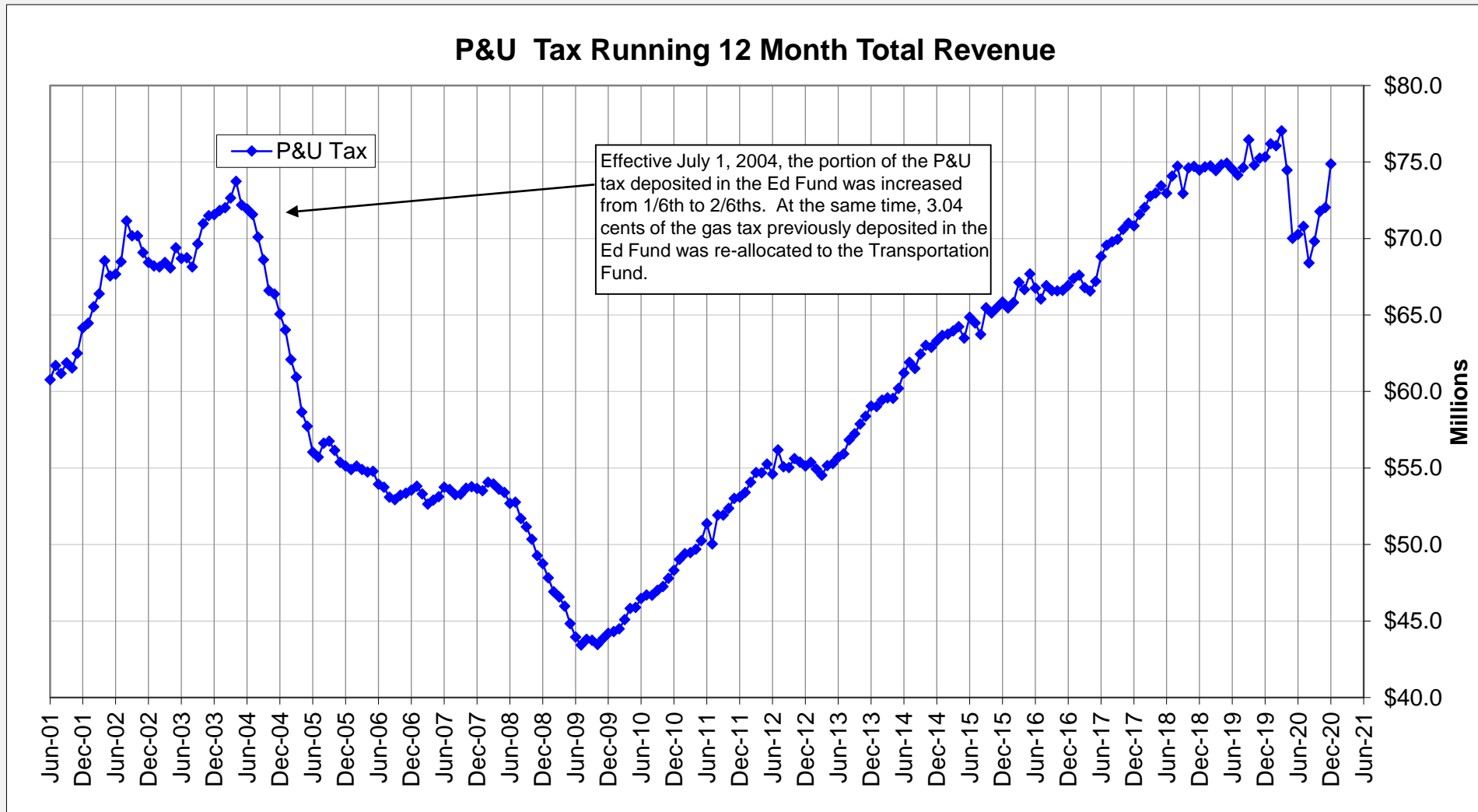
## TIB FUND

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

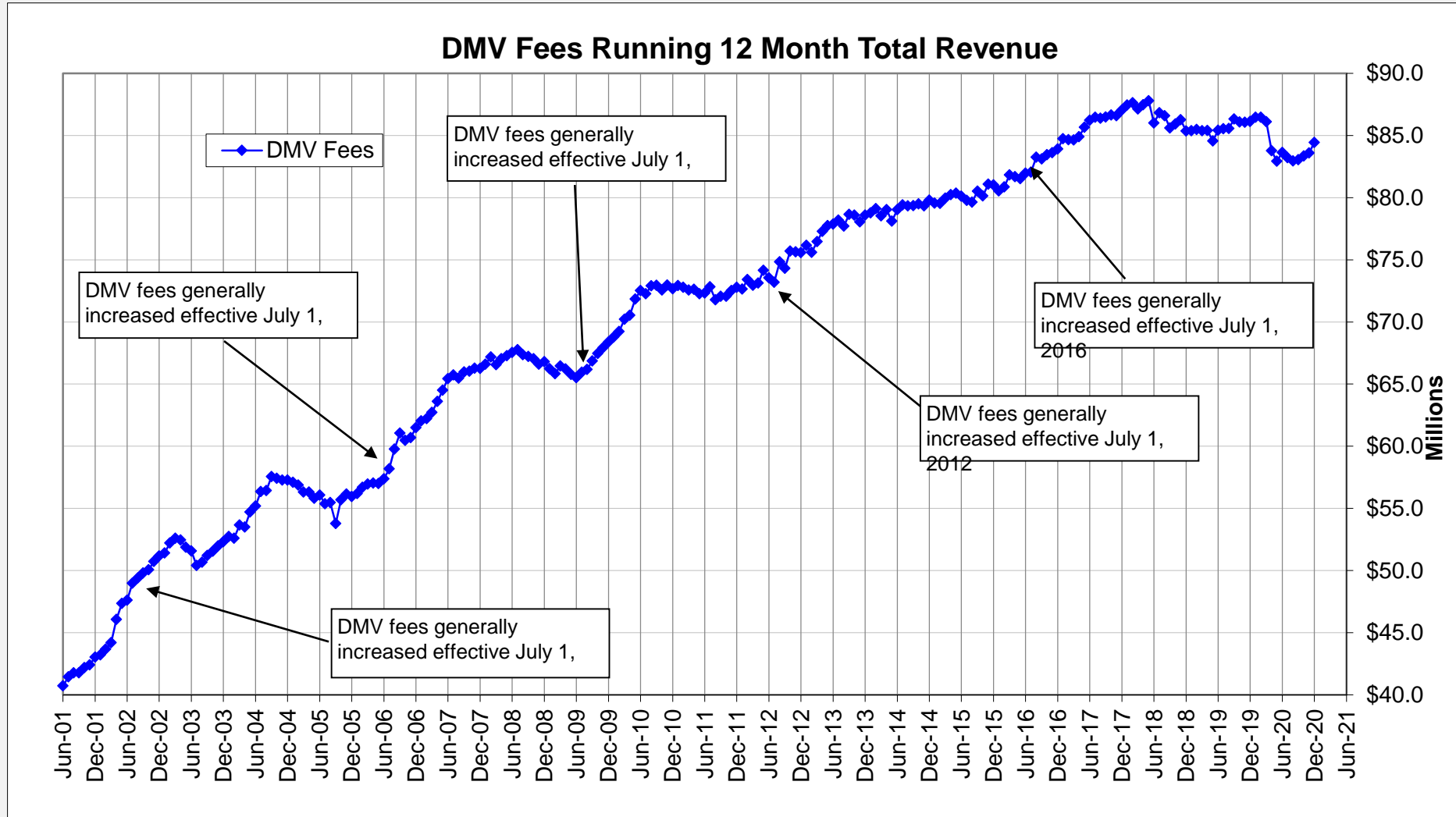
# TRANSPORTATION REVENUES OVER TIME



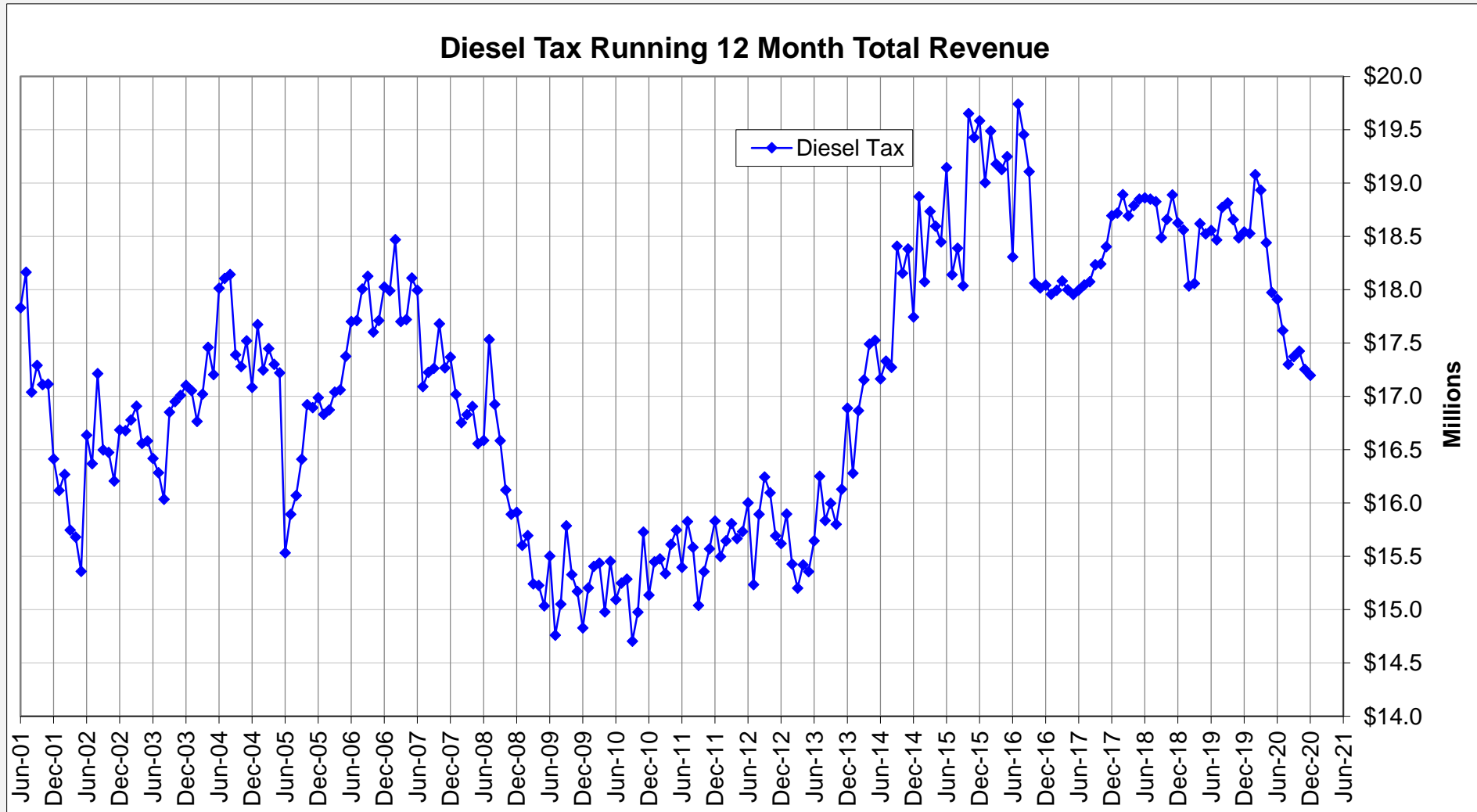
# TRANSPORTATION REVENUES OVER TIME



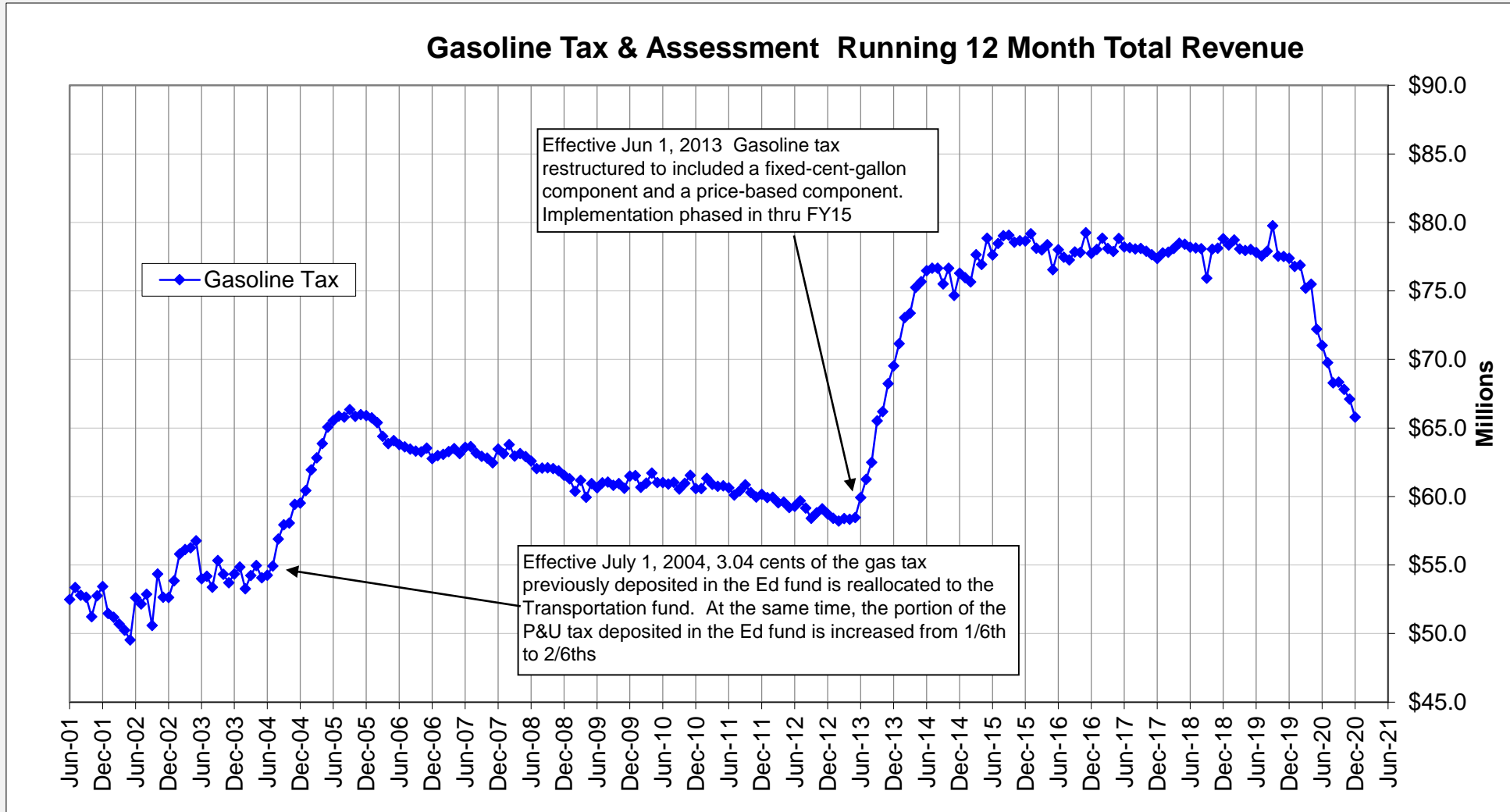
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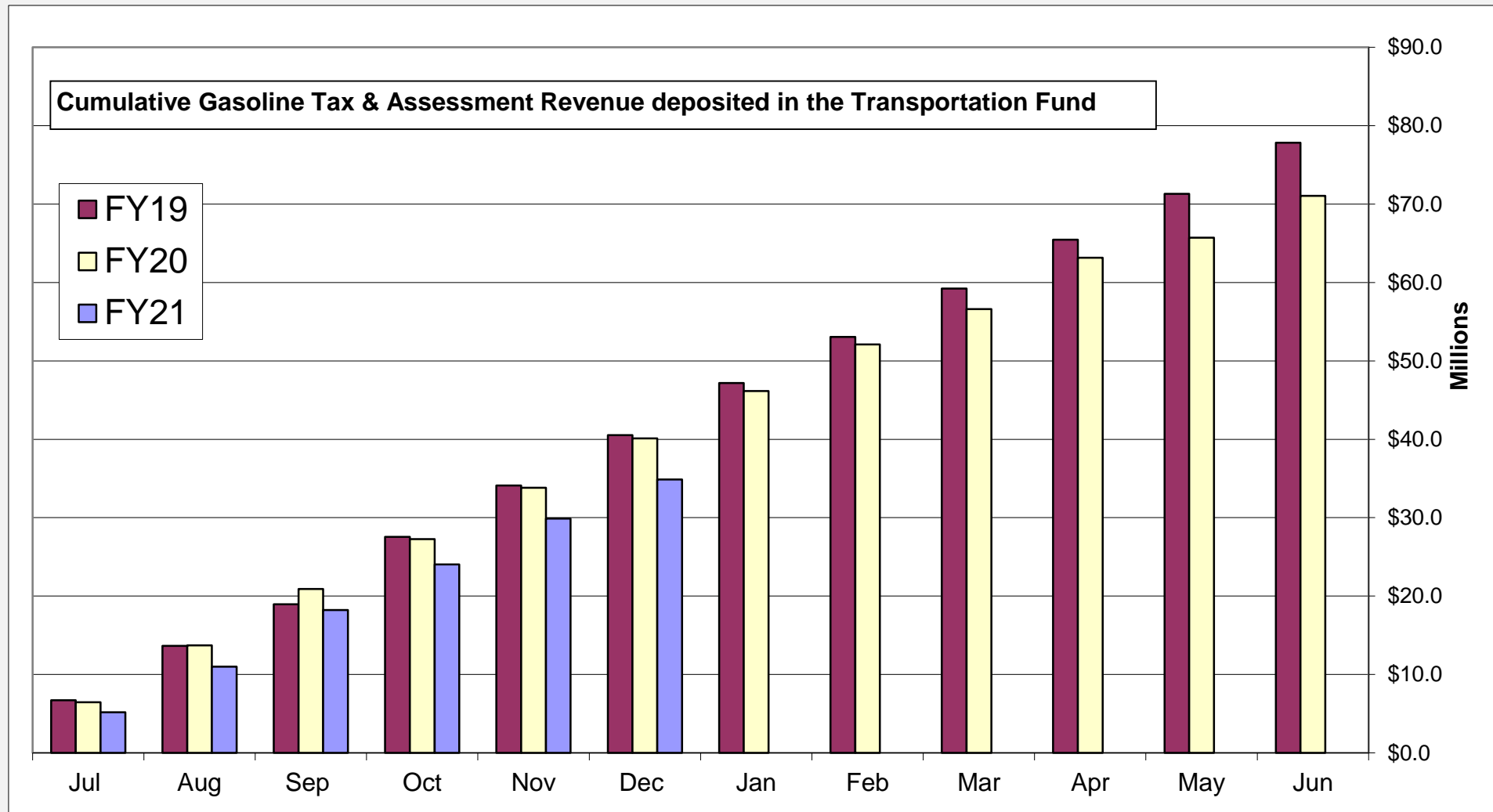
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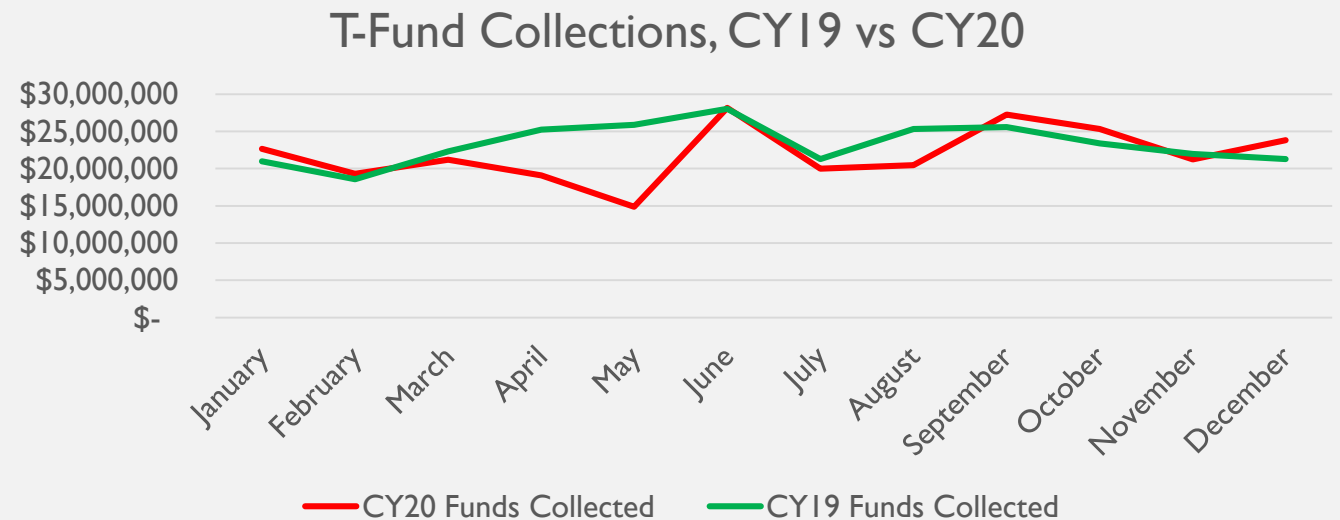


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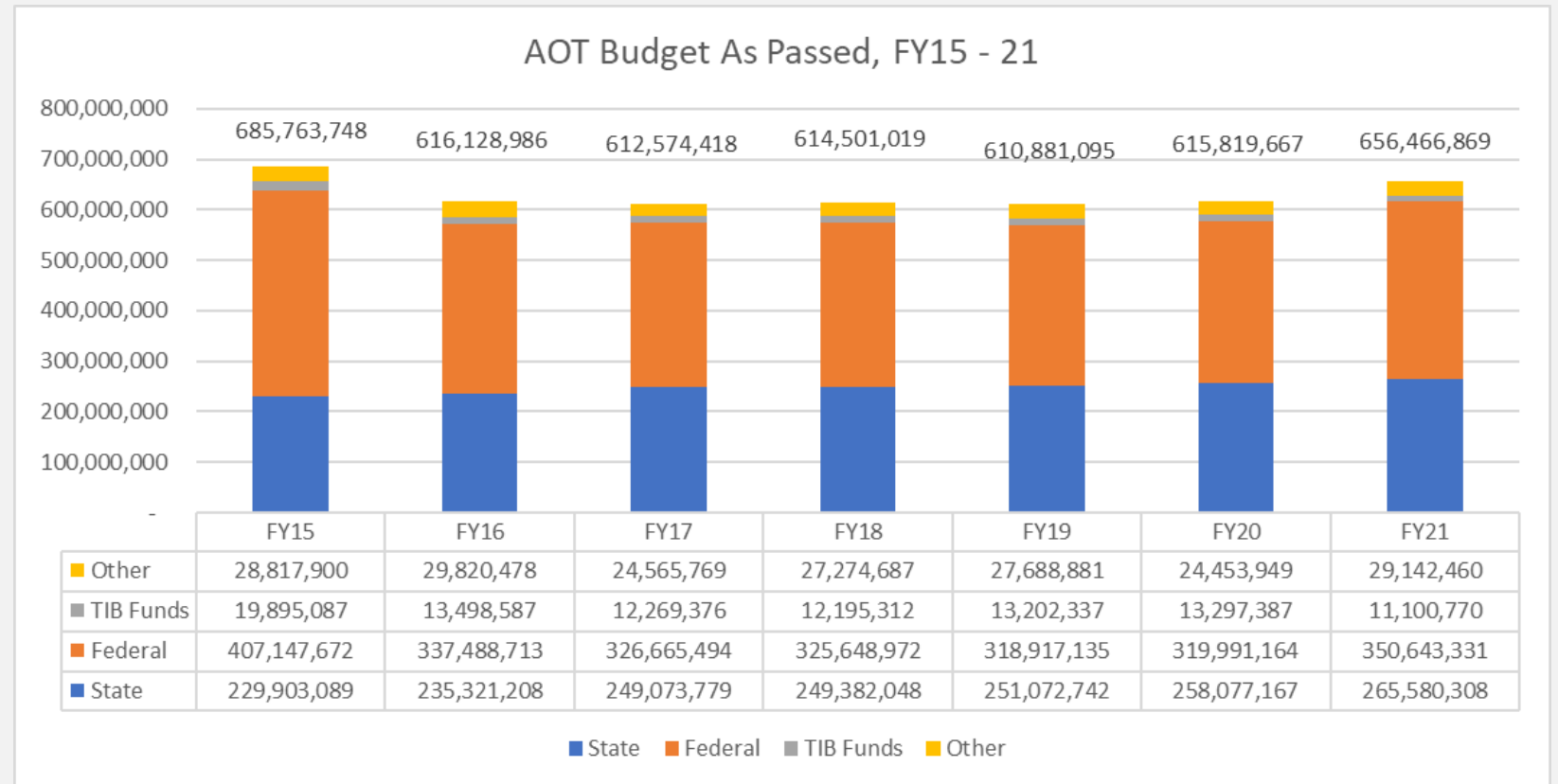
- **COVID-19 has significantly impacted transportation revenue in recent months.**
  - Auto sales are picking back up and driving P&U collections, but people are buying much less motor fuel.
- Revenue forecasts were adjusted downward in August 2020.
- For the first half of FY21, collections are \$11.6M (+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)**





# 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

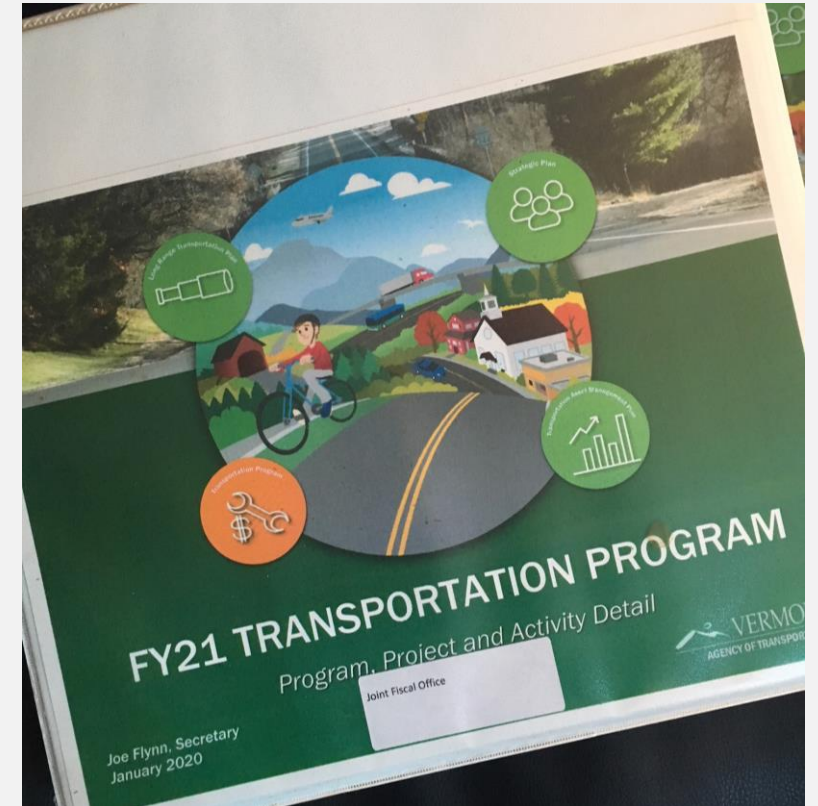
- Overall state transportation revenues have remained steady in most recent years.
- Transportation revenues are paid primarily by motorists. The more you drive, the more you pay (in theory...)
- However, these revenues are sensitive to overall economic conditions and changing modes of transportation.
  - 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	<b>DEPT. OF MOTOR VEHICLES</b>	34,345,533	32,852,324	1,345,934			147,275		
10	<b>FINANCE &amp; ADMINISTRATION</b>	15,979,760	15,108,560	871,200					
12	<b>PROGRAM DEVELOPMENT</b>								
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	<b>Total Program Development</b>	<b>322,775,273</b>	<b>42,204,675</b>	<b>271,141,834</b>	<b>524,451</b>	<b>0</b>	<b>0</b>	<b>8,904,313</b>	
26	<b>AOT COVID-19</b>	1,557,438			1,557,438				
28	<b>AOT ONE-TIME</b>	11,400,000	11,400,000						
30	<b>REST AREAS</b>	1,010,000	101,000	909,000					
32	<b>POLICY &amp; PLANNING</b>	11,551,005	3,003,905	8,529,250			17,850		
34	<b>MAINTENANCE</b>	99,836,436	97,358,649	2,377,787			100,000		
36	<b>PUBLIC TRANSIT PROGRAM</b>	38,234,820	5,708,177	32,486,643			40,000		
38	<b>AVIATION</b>	9,555,672	4,553,828	5,001,844					
40	<b>RAIL</b>	31,494,448	14,942,605	14,634,998			1,156,845	760,000	
42	<b>CENTRAL GARAGE</b>	20,982,875							20,982,875
44	<b>TRANSPORTATION BUILDINGS</b>	307,000	307,000						
46	<b>Total "VTrans" Programs</b>	<b>599,030,260</b>	<b>227,540,723</b>	<b>337,298,490</b>	<b>2,081,889</b>	<b>0</b>	<b>1,461,970</b>	<b>9,664,313</b>	<b>20,982,875</b>
48	<b>TOWN HIGHWAY BRIDGES</b>	13,073,351	791,327	10,456,841	388,726			1,436,457	
50	<b>TH STRUCTURES</b>	4,650,000	4,650,000						
52	<b>TH CLASS 2 ROADWAY PROGRAM</b>	3,250,000	3,250,000						
54	<b>TH - NONFEDERAL DISASTERS</b>	1,150,000	1,150,000						
56	<b>TH - FEDERAL DISASTERS</b>	180,000	20,000	160,000					
58	<b>TH AID PROGRAM (includes one-time)</b>	27,105,769	27,105,769						
60	<b>TH CLASS 1 SUPPLEMENTAL GRANTS</b>	128,750	128,750						
62	<b>TH VERMONT LOCAL ROADS</b>	408,965	108,965	300,000					
64	<b>MUNICIPAL MITIGATION ASSISTANCE PROGRAM</b>	6,055,000	650,000	1,428,000	3,977,000				
66	<b>TH PUBLIC ASSISTANCE GRANTS</b>	1,250,000	0	1,000,000	50,000		200,000		
68	<b>Total "Town Highway" Programs</b>	<b>57,251,835</b>	<b>37,854,811</b>	<b>13,344,841</b>	<b>4,415,726</b>	<b>0</b>	<b>200,000</b>	<b>1,436,457</b>	
70	<b>TRANSPORTATION BOARD</b>	184,774	184,774						
72	<b>TOTAL PROGRAMS</b>	<b>656,466,869</b>	<b>265,580,308</b>	<b>350,643,331</b>	<b>6,497,615</b>	<b>0</b>	<b>1,661,970</b>	<b>11,100,770</b>	<b>20,982,875</b>

	A	B	C	D	E
1		<b>TOTAL FUNDS COMPARISON</b>			
2		<b>FY21 AS PASSED vs FY20 AS PASSED</b>			
3		FY2020	FY2021	CHANGE	CHANGE
4		AS PASSED	AS PASSED	INC/(DEC)	%
8	<b>DEPT. OF MOTOR VEHICLES</b>	33,150,701	34,345,533	1,194,832	3.6%
10	<b>FINANCE &amp; ADMINISTRATION</b>	15,497,069	15,979,760	482,691	3.1%
12	<b>PROGRAM DEVELOPMENT</b>				
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	<b>AOT COVID-19</b>	0	1,557,438	1,557,438	
28	<b>AOT ONE-TIME</b>	0	11,400,000	11,400,000	
30	<b>REST AREAS</b>	679,706	1,010,000	330,294	48.6%
32	<b>POLICY &amp; PLANNING</b>	11,192,221	11,551,005	358,784	3.2%
34	<b>MAINTENANCE</b>	94,013,939	99,836,436	5,822,497	6.2%
36	<b>PUBLIC TRANSIT PROGRAM</b>	33,824,399	38,234,820	4,410,421	13.0%
38	<b>AVIATION</b>	9,244,636	9,555,672	311,036	3.4%
40	<b>RAIL</b>	34,935,351	31,494,448	(3,440,903)	-9.8%
42	<b>CENTRAL GARAGE</b>	20,112,038	20,982,875	870,837	4.3%
44	<b>TRANSPORTATION BUILDINGS</b>	907,746	307,000	(600,746)	-66.2%
46	Total "VTrans" Programs	551,955,157	599,030,260	47,075,103	8.5%
48	<b>TOWN HIGHWAY BRIDGES</b>	13,833,851	13,073,351	(760,500)	-5.5%
50	<b>TH STRUCTURES</b>	6,333,500	4,650,000	(1,683,500)	-26.6%
52	<b>TH CLASS 2 ROADWAY PROGRAM</b>	7,648,750	3,250,000	(4,398,750)	-57.5%
54	<b>TH - NONFEDERAL DISASTERS</b>	1,150,000	1,150,000	0	0.0%
56	<b>TH - FEDERAL DISASTERS</b>	180,000	180,000	0	0.0%
58	<b>TH AID PROGRAM</b>	26,663,161	27,105,769	442,608	1.7%
60	<b>TH CLASS 1 SUPPLEMENTAL GRANTS</b>	128,750	128,750	0	0.0%
62	<b>TH VERMONT LOCAL ROADS</b>	408,307	408,965	2,658	0.7%
64	<b>MUNICIPAL MITIGATION ASSISTANCE PROGRAM</b>	3,098,000	6,055,000	2,957,000	95.4%
66	<b>TH PUBLIC ASSISTANCE GRANTS</b>	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	<b>TRANSPORTATION BOARD</b>	282,191	184,774	(97,417)	-34.5%
73	<b>TOTAL PROGRAMS</b>	615,819,667	656,466,869	40,647,202	6.6%

# THE T-FUND

	<b>FY20 Final</b>
<b>TOTAL REVENUE</b>	<b>\$ 264,153,999</b>
<b>APPROPRIATIONS</b>	
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)
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 238,734,959</b>
Pre-Transfer Balance	\$ 25,419,040
<b>TRANSFERS</b>	
(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)
<b>ENDING BALANCE</b>	<b>\$ 24,162,691</b>
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.



## 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
<b>Total Transportation Investment Directed to Vermont</b>	<b>\$83,628,282</b>
<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**

## H.R. 133 – OTHER PROVISIONS

- Aid also authorized for private transportation providers.
- **Sec. 421. Assistance for Providers of Transportation Services Affected By Covid-19.**  
Section 421 provides \$2 billion in economic assistance to motorcoach and bus operators, school bus companies, U.S. flag passenger vessel operators, **like passenger ferries**, and other U.S. transportation service providers.
- US DOT anticipated to establish an application process.

## 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**

As of October 9, 2020. [https://www.fhwa.dot.gov/legsregs/directives/notices/n4510847/n4510847\\_t1.cfm](https://www.fhwa.dot.gov/legsregs/directives/notices/n4510847/n4510847_t1.cfm)

# QUESTIONS?

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

[Transportation Committee Primer Document](#)

