

Theresa Utton-Jerman

Subject: House Transportation's Response to the Governor's Recommended FY 2022 State Budget

Dear Rep. Hooper:

In general, the House Committee on Transportation supports the Governor's Recommended FY2022 Big Bill Proposed Language as it relates to transportation. However, the House Committee on Transportation may have additional recommendations on the monetary values included in the Governor's Recommend Language once we finish our work on the Transportation Bill and I will update you accordingly. The Committee's response on each section identified for comment by the House Committee on Appropriations is below.

Secs. B.1100.1(a) and D.101(a)(3) and (11) (Downtown Transportation and Capital Improvement Fund) (+\$4,023,966 Transportation Fund monies & +\$1,500,000 in General Fund monies)

The Committee supports the recommendation to put \$5,523,966 towards the Downtown Transportation and Capital Improvement Fund (DTF) established by 24 V.S.A. § 2796 in FY22, split between Transportation Fund and General Fund monies as follows: \$4,023,966 (\$3,500,000.00 designated as one-time) in Transportation Fund monies and \$1,500,000 in one-time General Fund monies.

Further, the Committee supports the Governor's recommendation to temporarily notwithstanding statutory eligibility requirements for who is eligible for grants from the DTF so that certain municipalities with village centers designated by the Downtown Development Board pursuant to 24 V.S.A. chapter 76a who would not otherwise be eligible are eligible for a grant from the DTF. As recommended by the Governor, and supported by this Committee, this would apply to \$5,000,000 of the appropriation, which reflects the portion of the appropriation designated as one-time (\$1,500,000 in General Fund monies and \$3,500,000 in Transportation Fund monies).

The language that will allow for this increased eligibility is included in Sec. B.1100.1(a) in the updated version of the [Governor's Recommended Budget FY2022 Big Bill Proposed Language](#), which is available on the Department of Finance and Management's website. If you choose to include this language in the Big Bill then Legislative Counsel will prepare some small, but non-substantive, changes to the proposed language to better conform with Vermont legislative drafting norms. In addition, the Committee is working with the Administration, the Vermont League of Cities and Towns, and interested municipalities to determine if existing grant parameters should be modified—possibly with a higher grant amount or a lower municipal match requirement, or both—and we may make a suggestion on an additional notwithstanding clause for inclusion in the Big Bill. The expansion of eligibility and any change in grant parameters will not apply to \$523,966 of the Transportation Fund monies, which this Committee expects, and hopes, is the Governor's new proposed minimum Transportation Fund monies appropriation for the DTF going forward.

More information on the DTF, including a listing of past projects and the annual report, is available [here](#).

Sec. B.1100.2 (One-Time Electric Vehicle Initiatives) (+\$5,000,000 Transportation Fund monies)

The Committee supports this recommendation, which appropriates \$5,000,000 in one-time Transportation Fund monies for electric vehicle initiatives in FY22. The Committee is still working on the details of these initiatives—which may include additional funding for [PEV incentives](#), [grants for charging infrastructure](#), and a new program to encourage Vermonters to “replace their ride” in favor of a mode of transportation that produces

fewer greenhouse gas emissions. The Committee looks forward to presenting its work on these electric vehicle initiatives to you and your committee once they are finalized and may, at that time, provide an updated recommendation on the amount of the one-time Transportation Fund monies appropriation for electric vehicle initiatives expected to be contained in Sec. B.1100.2 of the Big Bill.

Sec. D.101(a)(12) (Transportation Infrastructure Bonds Debt Service Fund) (+\$2,502,363 Transportation Fund monies)

The Committee fully supports this appropriation and standard language. The entirety of the section is necessary for the State to pre-pay the Transportation Infrastructure Bond Fund debt service for FY23 so that monies in the Transportation Infrastructure Bond Fund can be used on a pay-go basis.

Sec. E.105(a)(1) (DMV IT System Replacement) (+\$15,000,000 General Fund monies)

The Committee supports this recommendation, which puts \$15,000,000 towards the first phase of replacing 40-year-old mainframe applications used by the Department of Motor Vehicles. Not only does the Committee support this appropriation for the first phase but needs to stress the importance of funding this replacement fully, which is expected to require an additional two phases of approximately the same appropriation amount. It is imperative that this replacement be completed as soon as practicable given how outdated this system is and the need to upgrade to a new system that can keep pace with the increased needs of the Department of Motor Vehicles and Vermonters.

Sec. E.915 (Town Highway Aid) (revenue neutral)

Sec. E.915 is required in years where the appropriation from the Transportation Fund for Town Highway Aid deviates from what is required in statute. Specifically, 19 V.S.A. § 306(a). As recommended, the proposed Transportation Program includes an appropriation amount for Town Highway Aid that does not require the inclusion of Sec. E.915. However, the Committee is still determining whether or not this proposed appropriation amount is adequate to meet municipal needs in FY22 and therefore will withhold making a recommendation on Sec. E.915 until the Transportation Bill is introduced. We appreciate your understanding on this moving piece.

Conclusion

All members of the House Committee on Transportation appreciate being asked to provide a response to the Governor's Recommended FY2022 Big Bill Proposed Language as it relates to transportation and are available to answer any questions. The Committee took a vote on this response and the vote was 10-0-1.

Sincerely,

Representative Diane Lanpher
Chair, House Committee on Transportation