

# REVIEW OF FY2022 B.A.A.

## HOUSE TRANSPORTATION COMMITTEE

WEDNESDAY, JANUARY 5, 2022



*Vermont Legislative*  
**JOINT FISCAL OFFICE**

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# AGENDA

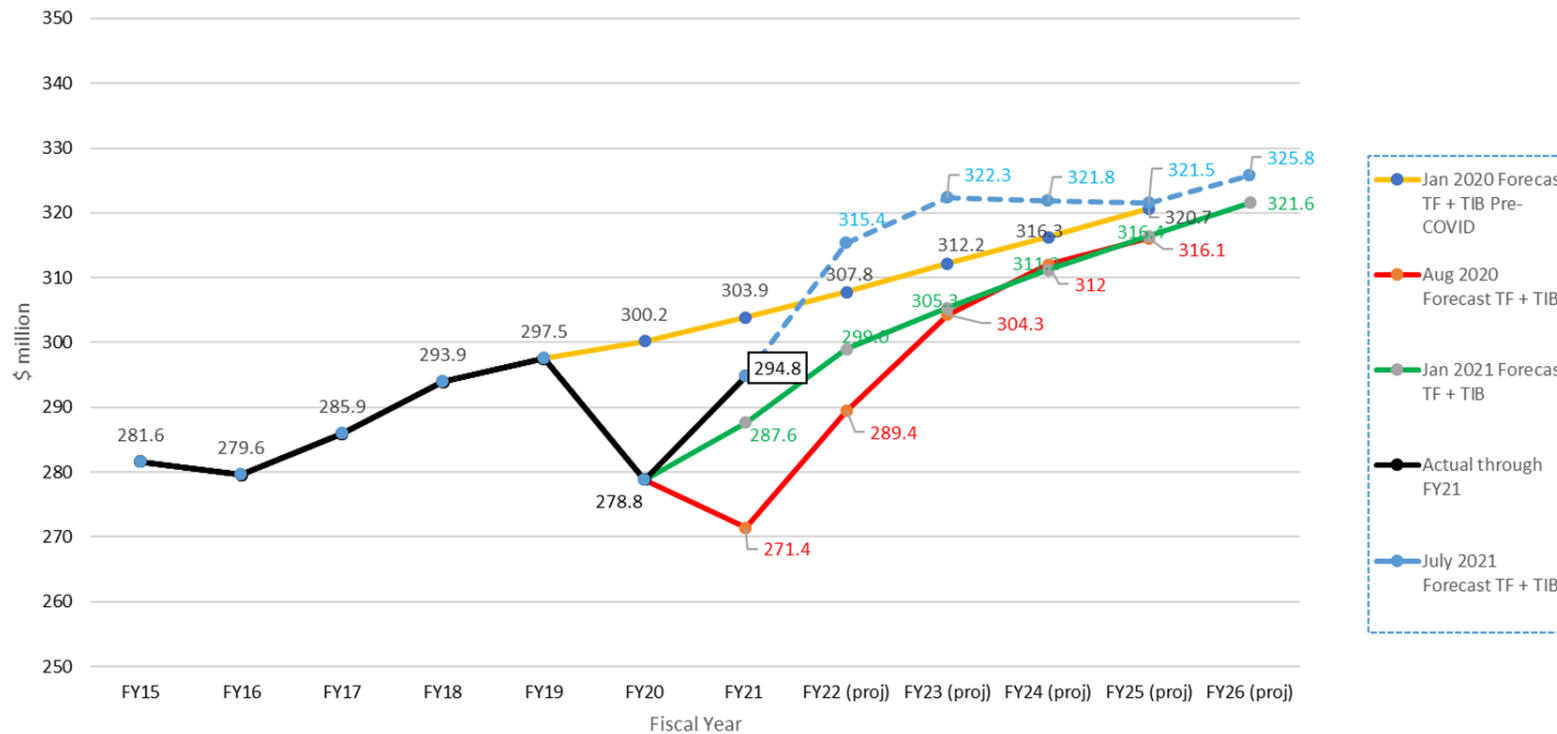
- 1) FY2022 Revenue Update
- 2) FY2022 B.A.A.
- 3) Questions?

A scenic view of a wooden bridge over a river. The bridge has a dark wooden railing and a car is driving across it. Several people are walking on the bridge. The river reflects the sky and the bridge. The background is a dense forest of green trees. The text "FY2022 REVENUE UPDATE" is overlaid in the center of the image.

# FY2022 REVENUE UPDATE

# JULY 2021 REVENUE FORECAST

Projected Combined Transportation Fund and TIB Fund State Tax Revenues



FY2021 actual collections were “less bad” than expected – higher than the January 2021 forecast but lower than the pre-pandemic January 2020 forecast.

The July 2021 consensus revenue forecast upgraded the forecast for transportation funds compared to the prior two forecasts. However, revenues are expected to “flatten” in future years.

The January 2022 forecast will be considered by the Emergency Board on January 13<sup>th</sup>.

# FY2022 REVENUE UPDATE

## Transportation Fund Revenues – FY2022 (July – November)

<i>\$ millions</i> Cumulative values from July – November 2021	Gas Tax	Diesel Tax	P&U Tax	DMV Fees	Other Revenue	TOTAL T-Fund Revenue
<b>Cumulative Target</b>	33.3	7.9	37.9	35.0	8.5	<b>122.7</b>
<b>Cumulative Actual</b>	31.8	8.0	39.3	35.4	7.8	<b>122.4</b>
<b>Difference</b>	<b>-1.5</b>	<b>0.1</b>	<b>1.4</b>	<b>0.4</b>	<b>-0.7</b>	<b>-0.3</b>

## TIB Fund Revenues – FY2022 (July – November)

<i>\$ millions</i> Cumulative values from July – November 2021	Gas Assessment	Diesel Assessment	TOTAL TIB Fund Revenue
<b>Cumulative Target</b>	6.3	0.87	<b>7.2</b>
<b>Cumulative Actual</b>	6.0	0.85	<b>6.9</b>
<b>Difference</b>	<b>-0.3</b>	<b>-0.02</b>	<b>-0.3</b>

Fiscal 2022 Year to Date (thru November), Transportation Fund collections are substantially on target (-\$0.3 million, or -0.3% below target).

TIB revenues are slightly below target (-\$0.3 million, or -3.8% below target).

Demand for gasoline remains weak. However, this has been offset by stronger Purchase & Use Tax.

People are driving/traveling less, fewer gallons of gas are sold. However, demand and prices for new and used vehicles has increased.

Will these trends continue? Fuel prices/demand, vehicle inventory challenges, lapsing of federal stimulus dollars, course of pandemic, etc.



FY2022 B.A.A.

# AOT POSITION REORGANIZATION

2021 Act 74 Sec #	FY22 As Passed	Change in BAA	FY22 As Amended
<b>B.900 – Finance &amp; Admin</b>			
<i>Personal Services</i>	\$13,654,880	(\$96,859)	\$13,558,021
<i>Operating Expenses</i>	\$2,507,103		\$2,507,103
<i>Grants</i>	\$50,000		\$50,000
<b>TOTAL</b>	<b>\$16,211,983</b>		<b>\$16,115,124</b>
<b>B.903 – Program Development</b>			
<i>Personal Services</i>	\$58,611,534	(\$518,621)	\$58,092,913
<i>Operating Expenses</i>	\$227,109,245	(\$143,668)	\$226,965,577
<i>Grants</i>	\$28,813,660		\$28,813,660
<b>TOTAL</b>	<b>\$314,534,439</b>		<b>\$313,872,150</b>
<b>B.905 - Maintenance</b>			
<i>Personal Services</i>	\$45,339,790	+\$615,480	\$45,955,270
<i>Operating Expenses</i>	\$57,902,709	+\$143,668	\$58,046,377
<i>Grants</i>	\$277,000		\$277,000
<b>TOTAL</b>	<b>\$103,519,499</b>		<b>\$104,278,647</b>

**Revenue Neutral** Transfer of Positions.

- 1 FTE from F&A to District Maintenance
- 6 FTE from Highways to District Maintenance and Fleet:
  - Drill Team: 4 FTEs plus equipment
  - 2 other FTEs moved to appropriate organizational budget

**\$759,148 of T-Fund is transferred to different sections of the budget.**

# B.919 – MUNICIPAL MITIGATION ASSISTANCE PROGRAM

2021 Act 74 Sec #	FY22 As Passed	Change in BAA	FY22 As Amended
<b>B.919 - MMAG</b>			
<i>Operating Expenses</i>	\$265,000		\$265,000
<i>Grants</i>	\$5,845,000	<b>\$2,175,150</b>	\$8,020,150
<b>TOTAL</b>	<b>\$6,110,000</b>		<b>\$8,285,150</b>
<i>Special Funds</i>	\$3,977,000	<b>\$2,175,150</b>	\$6,152,150
<i>Transportation Fund</i>	\$705,000		\$705,000
<i>Federal Funds</i>	\$1,428,000		\$1,428,000
<b>TOTAL</b>	<b>\$6,110,000</b>		<b>\$8,285,150</b>

- In FY2021 the Municipal Grant-in-Aid program transferred from DEC to AOT.
- \$675,150 that remained after all DEC Grant-in-Aid agreements were closed is proposed to be reverted to the Clean Water Fund and then appropriated to AOT.
- A \$1.5 million increase is from Clean Water Board budget reallocation (See August 12, 2021 Clean Water Board [meeting](#)).
  - Due to availability of ARPA funds, Clean Water Board reallocated \$1.5M of CWF revenues from “stormwater project delivery, planning and implementation” to expand funding for the municipal mitigation assistance programs to improve stormwater management associated with municipal roads.
- **No impact to T-Fund.**



# TRANSFERS AND REVERSIONS

	T-Fund	Federal Funds
<b>TIB Bonds</b>		
<i>Transfer from FHWA Fund to TIB Debt Service Fund</i>		\$12,554,768
<i>Transfer from T-Fund to TIB Debt Service Fund</i>	\$7,009,388	
<b>TOTAL</b>	<b>\$7,009,388</b>	<b>\$12,554,768</b>
<b>T-Fund Reversion (FY2021 End)</b>	<b>(\$3,933,027)</b>	

- AOT proposes to use \$12.6 million of unspent FHWA COVID-19 relief (December 2020), plus \$7.0 million of T-Fund and \$2.5 million already in the TIB Debt Service Reserve Fund to pay off the \$22.1 million of outstanding TIB Bond principal.
  - Debt service is an allowable use for these specific FHWA funds (which are 100% federal share).
  - Paying off the bonds early “frees up” \$2.5 million in the TIB Fund currently used to pay debt service, plus saves approximately \$3.6 million of cumulative interest expenses in future years.
  - The “freed up” \$2.5 million can be used to match federal funds in future years for TIB-approved activities.
  - \$2.5 million of additional “paygo” capacity, or to issue new TIB Bonds in the future if needed.
  
- The \$7.0 million cost to the T-Fund is partially offset by a \$3.9 million year-end reversion of unobligated appropriation to the State Police in FY2021, for a net T-Fund cost of **\$3,076,361**.
  
- Projected T-Fund Balance at end of FY2022 lowered from \$23,266,641 to \$20,190,280.

# TIB BOND PROPOSAL

- TIB Bonds are “Special Obligation” bonds backed up by the revenues that go into the TIB Fund from the state’s gasoline and diesel TIB assessments:
  - Gasoline:** \$0.0564/gallon (FY2022 Q3)
    - Rate tied to 2% of the tax-adjusted average retail price for the prior quarter, with a \$0.0396/gallon minimum (floor kicks in when pump prices <\$2.48/gallon).
  - Diesel:** \$0.03/gallon
- TIB bonds may be used to pay for [\(32 V.S.A. § 972\)](#):
  - State and municipal bridges and culverts;
  - State roads, railroads, airports, and necessary buildings that after such work have an estimated minimum remaining useful life of 30+ years;
  - A permanent reserve required by a trust agreement entered into to secure the bonds.
- Remaining TIB Funds (after debt service obligations are satisfied) are used to pay for eligible transportation expenses on a pay-as-you-go basis [\(19 V.S.A. § 11f\)](#):
  - State bridges, culverts, roads, railroads, airports, and necessary buildings with a remaining useful life of 10+ years.
  - Municipal bridges, culverts, and highways with a minimum remaining useful life of 10+ years.
  - Up to \$100,000/year of operating costs

	Original Principal	Principal Outstanding	Interest Payment (6/15)	Total
<b>TIB Bonds</b>				
<a href="#">2010 Series A</a>	\$14,400,000	\$7,495,000	\$132,206	<b>\$7,627,206</b>
<a href="#">2012 Series A</a>	\$10,820,000	\$6,540,000	\$83,281	<b>\$6,623,281</b>
<a href="#">2013 Series A</a>	\$11,165,000	\$7,675,000	\$144,944	<b>\$7,819,944</b>
<b>TOTAL</b>	<b>\$36,385,000</b>	<b>\$21,710,000</b>	<b>\$360,431</b>	<b>\$22,070,431</b>
<b>TIB Debt Service Reserve Fund Balance</b>				<b>(\$2,506,275)</b>
<b>Total Needed:</b>				<b>\$19,564,156</b>

Chart prepared by JFO from data from VTrans Testimony 12/14/21

# SUMMARY

	T-Fund	Federal Funds	Special Funds
<b>AOT Position Reorganization</b>			
B.900 – Finance & Admin	(\$96,859)		
B.903 – Program Development	(\$662,289)		
B.905 – Maintenance	\$759,148		
<b>Municipal Mitigation</b>			
B.919 - MMAG			\$2,175,150
<b>TIB Bond</b>	\$7,009,388	\$12,554,768	
<b>T-Fund Reversion</b>	(\$3,933,027)		
<b>TOTAL NET IMPACT TO TRANSPORTATION BUDGET ITEMS</b>	<b>\$3,076,361</b>	<b>\$12,554,768</b>	<b>\$2,175,150</b>

# QUESTIONS?

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