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[PROPOSED NEW SECTION]

Sec. X. TRANSPORTATION FUNDING STUDY; CONSULTANT;
REPORT

(a) The General Assembly finds:

(1) Vermont’s transportation system is crucial to every resident, student, worker, visitor, and business located in Vermont; serves as the backbone of the economy; and is a critical component of Vermont’s economic competitiveness.

(2) The State must continue to pursue an equitable transportation network in which communities have improved access to all modes of transportation, enhancing access to jobs, housing, and other services.

(3) In order to keep up with the maintenance, repair, and construction necessary to maintain the State’s transportation infrastructure, additional State revenue needs to be raised in order to meet the nonfederal match for all federal monies for which Vermont is eligible and that is awarded to Vermont through competitive federal grants.

(4) Several public transit funding studies have been presented to the General Assembly, in 2015, 2021, and 2024, that highlight growing labor costs, changed ridership habits, a reduction in federal monies intended to minimize person-to-person contact during the COVID-19 pandemic, increased service needs, and an anticipated funding cliff just to maintain current levels of service and operation in State fiscal year 2026.

1 (5) Vermont will continue to contend with transportation funding
2 shortfalls due to decreased motor fuel tax revenue, on both gasoline and diesel,
3 due to increasing vehicle fuel efficiency and the continued adoption of plug-in
4 electric vehicles.

5 (6) The Agency of Transportation is studying and seeking federal
6 competitive grant funding to implement, possibly as early as July 1, 2025, a
7 mileage-based user fee (MBUF) as a way to supplant lost motor fuel tax
8 revenue from Vermonters who own a battery electric vehicle that is charged at
9 home.

10 (7) While motor fuels represent a significant source of funding for the
11 Transportation Fund, they are only one component of the State’s overall
12 transportation funding.

13 (8) In addition to an MBUF, the State must identify new and innovative
14 funding and policy options needed to adequately maintain Vermont’s
15 transportation system and support future growth.

16 (b) The Agency of Transportation shall invest not more than \$100,000.00
17 to contract with an independent third-party consultant with expertise in
18 transportation funding and finance.

19 (c) The consultant shall consider and evaluate issues related to
20 transportation funding in order to identify mechanisms to sufficiently fund

1 transportation projects and operations through appropriations by the General
2 Assembly. Specifically, the consultant shall:

3 (1) evaluate current transportation funding in Vermont, taking into
4 account the viability of existing revenue sources and funding distributions;

5 (2) consider future trends that will impact the transportation system,
6 including inflation, safety needs, racial equity, electric vehicles, and climate
7 change;

8 (3) consider new and innovative funding options and alternative
9 solutions employed by other states;

10 (4) consider how an MBUF can, along with other new and traditional
11 funding mechanisms, provide sustainable transportation funding; and

12 (5) provide a report of transportation revenue projection scenarios
13 through 2030, including new sources.

14 (d) The Agency shall send to the chairs of the House and Senate
15 Committees on Transportation, the House Committee on Ways and Means, and
16 the Senate Committee on Finance:

17 (1) on or before December 15, 2024, a written update of work performed
18 and, if available, a draft of the final report; and

19 (2) on or before January 15, 2025, the final written report and
20 recommendations required by this section.