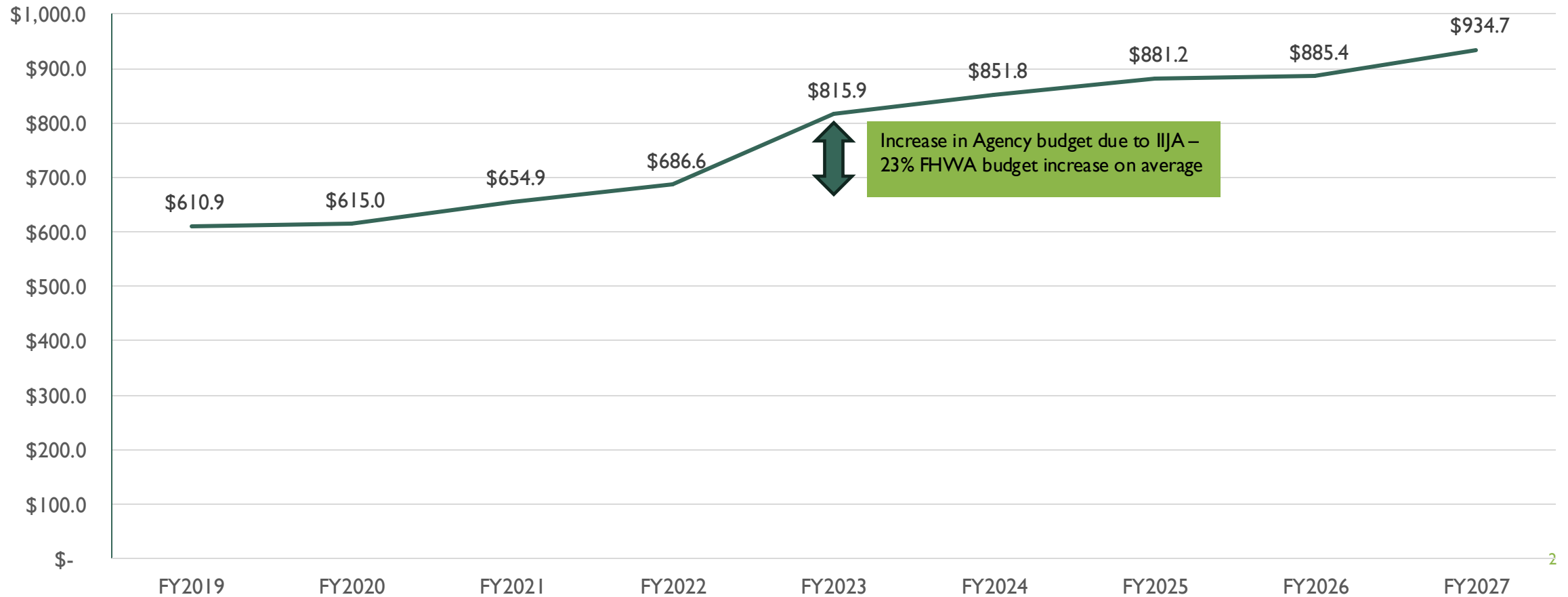


FY2027 GOVERNOR'S
RECOMMENDED BUDGET
OVERVIEW

JOE FLYNN, SECRETARY
FEBRUARY 11, 2026

AGENCY OF TRANSPORTATION

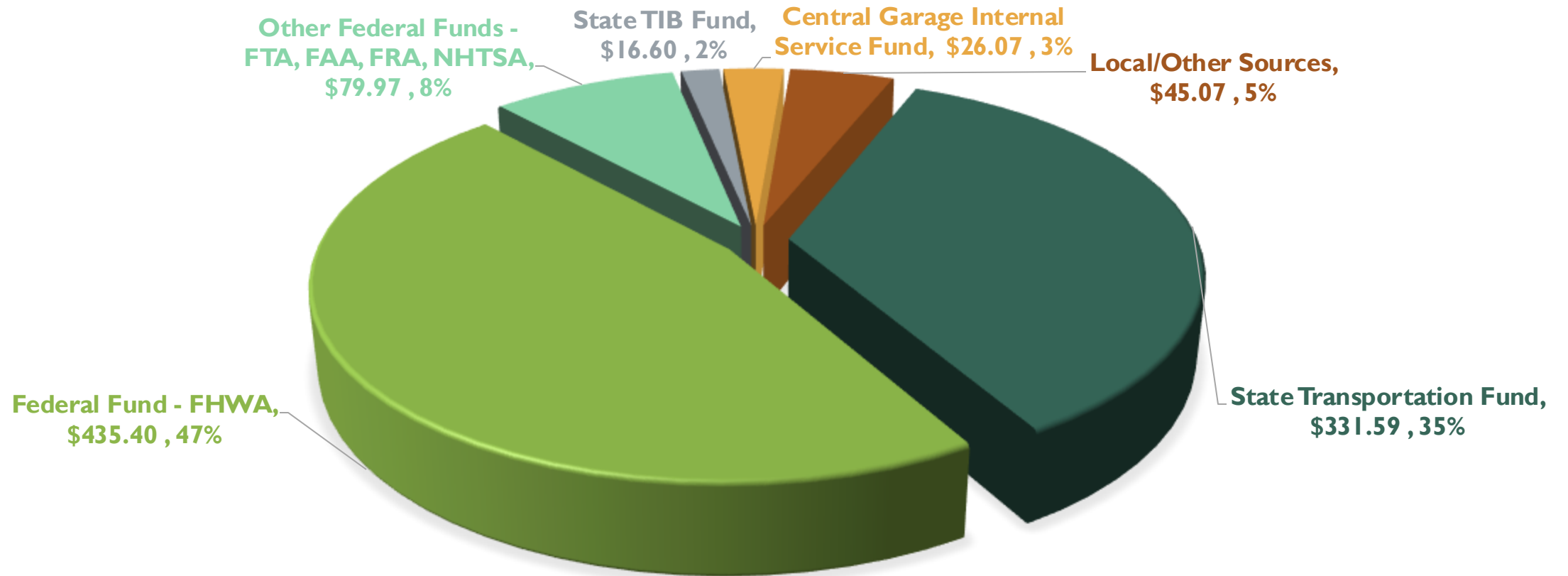
AOT BUDGET OVER LAST NINE FISCAL YEARS



AGENCY BUDGET OVERVIEW

| Fund Source | FY2026 As Passed | FY2027 Gov Rec | Increase (Decrease) | Percent Change |
|---------------------|--------------------|--------------------|---------------------|----------------|
| Transportation Fund | 332,605,399 | 331,592,355 | (1,013,044) | -0.30% |
| Federal | 452,025,811 | 515,369,691 | 63,343,880 | 14.01% |
| Local/Other | 56,091,627 | 45,070,425 | (11,021,202) | -19.65% |
| TIB Fund | 19,000,000 | 16,600,000 | (2,400,000) | -12.63% |
| Central Garage Fund | 25,654,553 | 26,070,502 | 415,949 | 1.62% |
| Total | 885,377,390 | 934,702,973 | 49,325,583 | 5.57% |

FY2027 REVENUE SOURCES



IMPACT OF GOVERNOR'S RECOMMENDED BUDGET LANGUAGE ON THE PURCHASE & USE TAX

Governor's Recommended budget language:

Sec. E.516 16 V.S.A. § 4025(a) is amended to read:

§ 4025. Education Fund

(a) The Education Fund is established to comprise the following:

(5) one-third of the revenues raised from the purchase and use tax imposed by 32 V.S.A. chapter 219, notwithstanding 19 V.S.A. § 11(1); the amount received from the purchase and use tax imposed by 32 V.S.A. chapter 219 shall be as follows: \$41,900,000 for the fiscal year beginning July 01, 2026; \$31,900,000 for the fiscal year beginning July 01, 2027; \$21,900,000 for the fiscal year beginning July 01, 2028; and, \$11,900,000 for the fiscal year beginning July 01, 2029. 16 V.S.A. § 4025(a)(5) shall be repealed for the fiscal year beginning July 01, 2030.

EXPLANATION:

Transitions the current one-third Purchase & Use Tax, received by the Department of Motor Vehicles and deposited into the Education Fund, back to the Transportation Fund beginning in fiscal year 2027. All proceeds from the Purchase & Use Tax will be returned to the Transportation Fund beginning in fiscal year 2031.

Effect to the Transportation Fund:

| \$ in millions | Consensus Ed Fund P&U Tax Current Law | Ed Fund P&U Tax Governor's Recommend | Additional T Fund P&U Tax Governor's Recommend |
|----------------|---------------------------------------|--------------------------------------|--|
| FY27 | 51.9 | 41.9 | +10.0 |
| FY28 | 53.5 | 31.9 | +21.6 |
| FY29 | 55.2 | 21.9 | +33.3 |
| FY30 | 56.8 | 11.9 | +44.9 |
| FY31 | 58.3 | 0 | +58.3 |

In the past 24 years, Purchase & Use tax deposits into the Education Fund have equated to \$720M, of which \$225M was deposited within just the past 5 years.

CONSENSUS REVENUE FORECAST UPDATE – FY2026 & FY2027

Difference from July 2025 Forecast:

- TF:
 - -\$1.5M impact in FY2026 + -\$800K impact in FY2027 for a total impact of -\$700K across both fiscal years

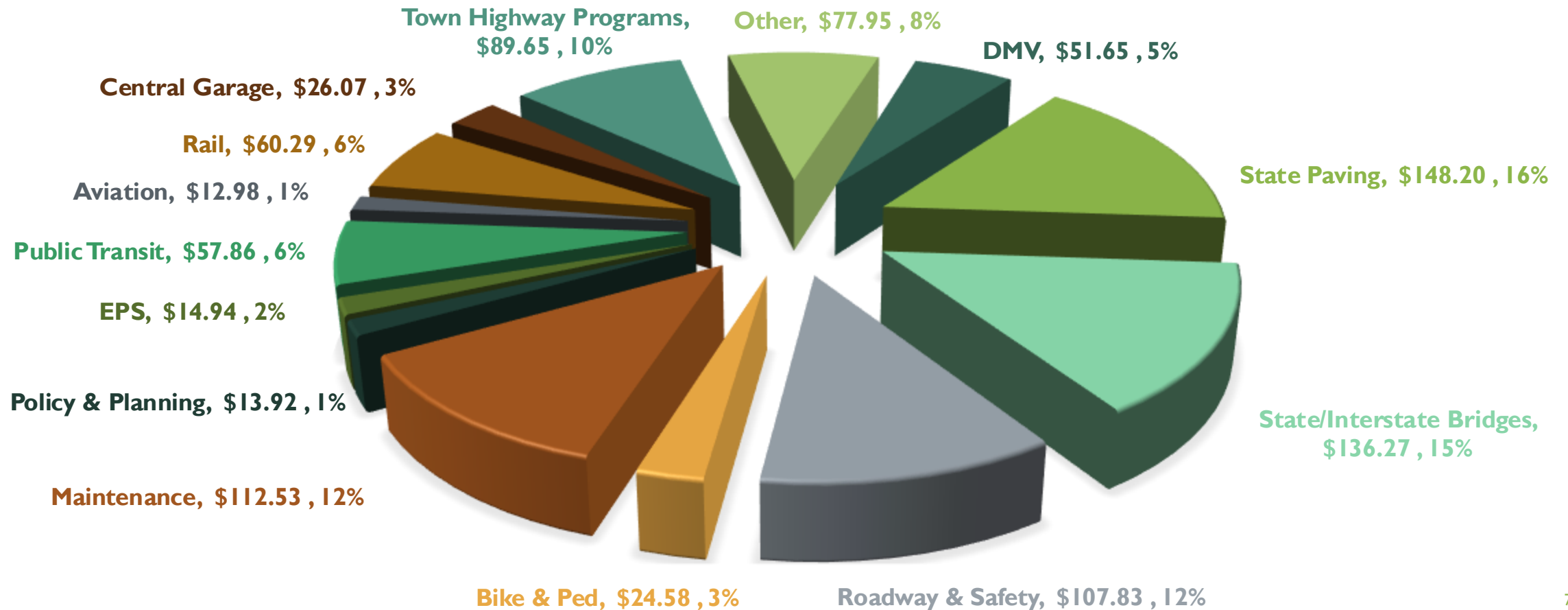
- TIB:
 - -\$200K impact in FY2026 + -\$100K impact in FY2027 for a total impact of -\$300K across both fiscal years

Adjustments to the FY2027 Gov Rec budget to account for January 2026 forecast:

- The net -\$700K TF impact will temporarily be absorbed by the Transportation Fund Budget Stabilization Reserve at the end of FY2026.

- The net -\$300K TIB impact will be absorbed by the unallocated fund balance of the TIB fund.

FY2027 GOVERNOR'S RECOMMENDED AGENCY BUDGET



PROGRAM DEVELOPMENT BUDGET

| | FY2026 | FY2027 | Change | Change |
|------------------------------------|--------------------|--------------------|---------------------|---------------|
| | As Passed | Gov Rec | Inc./ (Dec.) | % |
| PROGRAM DEVELOPMENT | | | | |
| Paving | 102,907,857 | 148,200,421 | 45,292,564 | 44.0% |
| Interstate Bridge | 45,544,891 | 51,302,678 | 5,757,787 | 12.6% |
| State Highway Bridge | 77,872,921 | 84,963,305 | 7,090,384 | 9.1% |
| Roadway | 67,659,113 | 53,945,152 | (13,713,961) | -20.3% |
| Traffic & Safety | 45,834,796 | 53,883,774 | 8,048,978 | 17.6% |
| Park & Ride | 2,435,740 | 1,976,211 | (459,529) | -18.9% |
| Bike & Pedestrian Facilities | 21,879,965 | 24,576,873 | 2,696,908 | 12.3% |
| Transportation Alternatives | 6,471,054 | 4,514,362 | (1,956,692) | -30.2% |
| Program Development Administration | 40,704,263 | 39,986,968 | (717,295) | -1.8% |
| | | | | |
| Total Program Development | 411,310,600 | 463,349,744 | 52,039,144 | 12.7% |
| | | | | |
| REST AREAS | 1,190,246 | 450,000 | (740,246) | -62.2% |

■ Each program contains funds for Preliminary Engineering, Right of Way Acquisitions and Construction for projects.

■ Construction projects per Program for FY27 include:

- 44 Paving projects
- 21 Interstate Bridge projects
- 55 State Highway Bridge projects
- 49 Roadway projects
- 20 Traffic and Safety projects
- 3 Park and Ride projects
- 34 Bike & Pedestrian projects
- 22 Transportation Alternative projects
- 1 Rest Area Improvement project

DISTRICT MAINTENANCE & FLEET

| | FY2026 | FY2027 | Change | Change |
|-----------------------|------------------|----------------|--------------------|---------------|
| | As Passed | Gov Rec | Inc./(Dec.) | % |
| <u>MAINTENANCE</u> | 117,227,043 | 112,526,675 | (4,700,368) | -4.0% |
| <u>CENTRAL GARAGE</u> | 25,654,553 | 26,070,502 | 415,949 | 1.6% |

| | |
|--|----------------------|
| Salary & Benefits | \$54,087,931 |
| District + HQ Operating Expenses | \$23,169,693 |
| Central Garage Fleet Expenses | \$15,023,792 |
| BGS Fleet Costs | \$318,330 |
| Major Maintenance - Facilities repair and upkeep | \$1,500,000 |
| Environmental Program | \$446,473 |
| Hazardous Materials | \$116,442 |
| Vegetation Management | \$67,000 |
| Bridge Maintenance (BMTT- Projects, etc) | \$2,500,000 |
| Salt - Based on 5 year average and 5% increase anticipated | \$12,865,000 |
| Federal Aid Projects | \$2,432,014 |
| TOTAL | \$112,526,675 |

PLANNING, ENVIRONMENTAL, AND INTERMODAL DEVELOPMENT

| | FY2026 | FY2027 | Change | Change |
|--|-------------|-------------|--------------|--------|
| | As Passed | Gov Rec | Inc./ (Dec.) | % |
| POLICY & PLANNING | 15,047,615 | 13,922,850 | (1,124,765) | -7.5% |
| ENVIRONMENTAL POLICY & SUSTAINABILITY | 9,514,007 | 14,944,538 | 5,430,531 | 57.1% |
| PUBLIC TRANSIT PROGRAM | 52,695,234 | 57,855,147 | 5,159,913 | 9.8% |
| AVIATION | 13,417,465 | 12,980,880 | (436,585) | -3.3% |
| RAIL | 61,887,348 | 60,289,410 | (1,597,938) | -2.6% |
| RAIL TRAILS | | | | |
| *included in Maintenance in FY26 budget | 0 | 3,635,029 | 3,635,029 | 100% |
| Total Policy, Environmental and Intermodal Programs | 152,561,669 | 163,627,854 | 11,066,185 | 25.58% |

Policy & Planning

- 238 municipalities actively engaged in regional and statewide Transportation Planning Initiative
- Processed 450 permits for driveways, utilities, and other work in highway right-of-way
- Processed the 2025 mileage certificates and published and mailed to municipalities 315 updated town highway maps

Environmental Policy & Sustainability

- \$12.7M Electric Vehicle and Charging Infrastructure Deployment
- \$1.3M Resilience and Adaptation Projects
- \$1.3M Environment, Energy Efficiency, Carbon Reduction, and Resilience Planning and Implementation Oversight

Rail

- 43 rail projects across 24 VT towns (11 counties)
- 15 bridges projects
- 8 rail crossing safety projects
- 14 FEMA projects

Rail Trails

- 4 trails totaling 145 miles of rail banked trails
- 32 communities engaged in 4 Rail Trail Councils
- 79 bridges inspected; 677 culverts inspected; 282 miles of trail mowed; 30 miles resurfaced
- 20 rail trail projects across 30 VT towns
- Processed 36 special use permits; managed 461 active agreements (lease agreements; crossings; utility agreements)
- 551,470 "trips" (counts on all four (4) trails)
- 461 Trail Friendly Businesses

Aviation

- 20 aviation projects across 8 towns (8 counties)
- Rutland / Southern VT Regional Airport terminal apron reconstruction
- Franklin County State Airport Perimeter fence completion
- Conducting large scale review and modernization of airport policies and rules

PUBLIC TRANSIT

| | FY2026 As Passed | FY2027 Gov. Rec. | Change % Inc./Dec. | |
|------------------------------|-----------------------------|-----------------------------|-------------------------------|--|
| <u>State</u> | 10,007,534 | 9,947,447 | -0.60% | |
| <u>Ops</u> | 5,740,250 | 5,740,250 | 0% | |
| <u>CMAQ/O&D/ CRP</u> | 11,500,000 | 11,950,000 | 3.91% | |
| <u>Admin</u> | 3,590,000 | 3,950,000 | 10.03% | |
| <u>Maintenance</u> | 3,250,000 | 2,960,000 | -9.00% | |
| <u>Capital</u> | 12,535,250 | 16,485,250 | 31.51% | Spend down of previously awarded funds |
| <u>GMT-Urban</u> | 4,000,000 | 4,750,000 | 18.75% | |
| <u>Other</u> | 2,072,200 | 2,072,200 | 0% | VW funds, Training, Go VT, MTI, etc. |
| | 52,695,234 | 57,855,147 | 9.79% | Mostly capital projections. 3% w/o capital |

- 3.74% decrease in Ridership in SFY 2025.
- 4% increase in total system costs in SFY 2025.
- 6 Microtransit services in operation (Morrisville, Windsor, Manchester, Middlebury, Derby/Newport, and Springfield)
- GMT-Urban Awarded \$6.85M in federal funds for buses and capital projects.
- FFY 2026 competitive grant app will focus on non-electric vehicle needs.
- Mobility and Transportation Innovation (MTI) grant program awarded \$1.02M in federal and state funds for transportation demand management (TDM) projects (\$419K fed) and Volunteer driver programs (\$600k in –funds).
- RCT has incorporated GMT-Rural’s Franklin/Grand Isle transit services and TVT is on schedule to take on GMT-Rural’s Washington Country operations by July 1, 2026. This reduces the overall number of rural providers from 7 to 6.

ADMINISTRATION, TRANSPORTATION BUILDINGS, AND TRANSPORTATION BOARD

| | FY2026 | FY2027 | Change | Change |
|-------------------------------------|------------------|----------------|---------------------|---------------|
| | As Passed | Gov Rec | Inc./ (Dec.) | % |
| <u>ADMINISTRATION</u> | 26,545,463 | 25,489,292 | (1,056,171) | -4.0% |
| <u>TRANSPORTATION BUILDINGS</u> | 2,500,000 | 1,700,000 | (800,000) | -32.0% |
| <u>TRANSPORTATION BOARD</u> | 204,171 | 195,304 | (8,867) | -4.3% |

Administration

- This budget is a result of position reductions in FY2026 and FY2027.

Transportation Buildings

- Increase in statewide maintenance
- Barton salt shed scheduled for replacement

DEPARTMENT OF MOTOR VEHICLES

| | FY2026 | FY2027 | Change | Change |
|--------------------------------|------------------|----------------|--------------------|---------------|
| | As Passed | Gov Rec | Inc./(Dec.) | % |
| <u>DEPT. OF MOTOR VEHICLES</u> | 49,518,301 | 51,645,376 | 2,127,075 | 4.3% |

- Third party contract needs including FAST M&O, E-Permitting, automated testing system, Driver Tutorials, CVIEW, and NMVTIS: +\$1.34M
- FY26 Budget Overall Increase of \$2.13M or 4.3%.
 - Personal Services – Net Increase of \$3.45M (9.49%).
 - \$1.35M increase in Salaries & Wages for Vacancy Savings of 5% including fringe benefits.
 - \$769k increase in Fringe Benefits.
 - Operating Costs – A net decrease of \$1.33M (10.19%)
- Finance & Logistics continues to oversee the Vermont Strong Plate Distribution, which includes managing plate distribution, accounting for sales, and providing weekly updates on funds received, as well as ensuring distribution to the intended recipients.
- The Core Modernization Project achieved a significant milestone with Driver Service's go-live date on November 11, 2025, both on time and under budget.
- The new e-Permitting system was launched in December 2025. This system is designed to reduce administrative tasks and ensure the timely processing of permits, helping companies comply with regulations and safely transport loads. The initiative reflects a commitment to leveraging technology to enhance the permitting process, supporting the trucking industry while maintaining the safety and integrity of Vermont's highways and roads.

TOWN HIGHWAY PROGRAMS

| | FY2026 | FY2027 | Change | Change |
|---|-------------------|-------------------|--------------------|--------------|
| | As Passed | Gov Rec | Inc./(Dec.) | % |
| TOWN HIGHWAY BRIDGES | 37,793,406 | 30,278,382 | (7,515,024) | -19.9% |
| TH STRUCTURES | 7,200,000 | 7,394,400 | 194,400 | 2.7% |
| TH CLASS 2 ROADWAY PROGRAM | 8,600,000 | 8,832,200 | 232,200 | 2.7% |
| TH - NONFEDERAL DISASTERS | 1,150,000 | 1,150,000 | 0 | 0.0% |
| TH - FEDERAL DISASTERS | 4,000,000 | 4,000,000 | 0 | 0.0% |
| TH AID PROGRAM | 30,418,736 | 31,240,042 | 821,306 | 2.7% |
| TH CLASS 1 SUPPLEMENTAL GRANTS | 128,750 | 128,750 | 0 | 0.0% |
| TH VERMONT LOCAL ROADS | 481,452 | 481,452 | 0 | 0.0% |
| MUNICIPAL MITIGATION ASSISTANCE PROGRAM | 6,893,000 | 6,143,000 | (750,000) | -10.9% |
| Total "Town Highway" Programs | 96,665,344 | 89,648,226 | (7,017,118) | -7.3% |

- All Town Highway program funding meets the statutory requirements of 19VSA 306