

# Splitting Tax Revenues Across the Three Major Funds

House Committee on Transportation

March 17, 2026



**JFO**

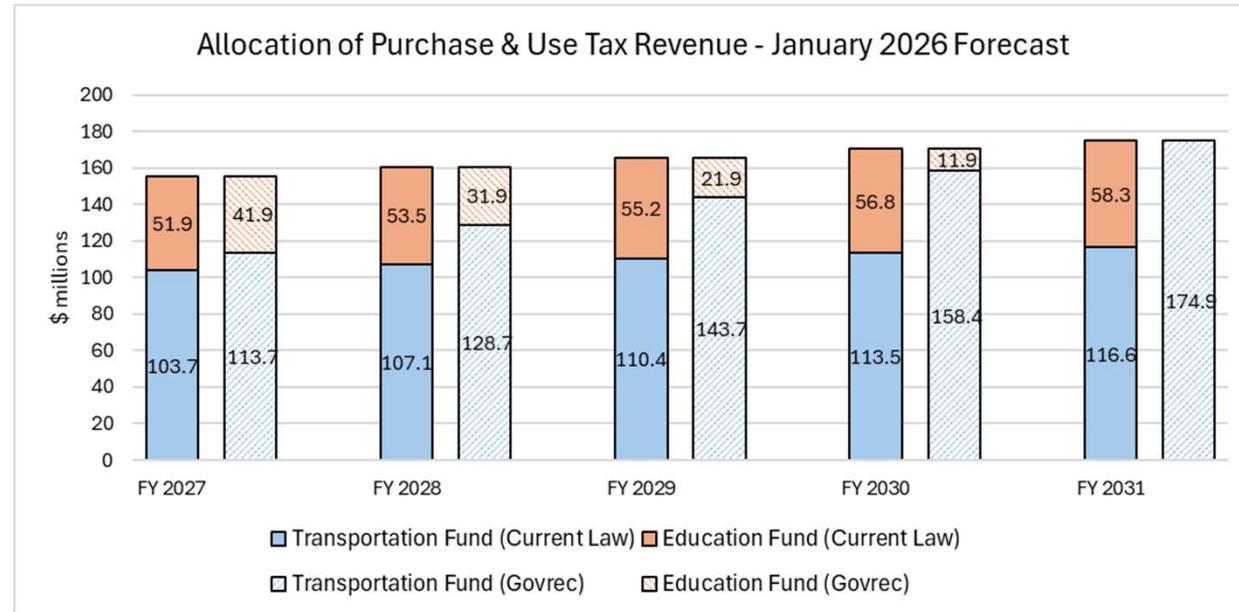
1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://jfo.vermont.gov>

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# Govrec Proposal

- Phase down P&U revenue to Education Fund by \$10 million per year, beginning in FY 2027. Fully phase P&U to Transportation Fund by FY 2031.
- Proposal “caps” the amount of P&U to the Ed Fund and steps the cap down each year, so T-Fund captures all growth in P&U revenues.
- Backfills the Ed Fund with \$10 million transfer from General Fund in FY 2027.
- Ed Fund “hole” in future years after FY 2027. Hole would be “filled” through property taxes by default unless backfilled from another

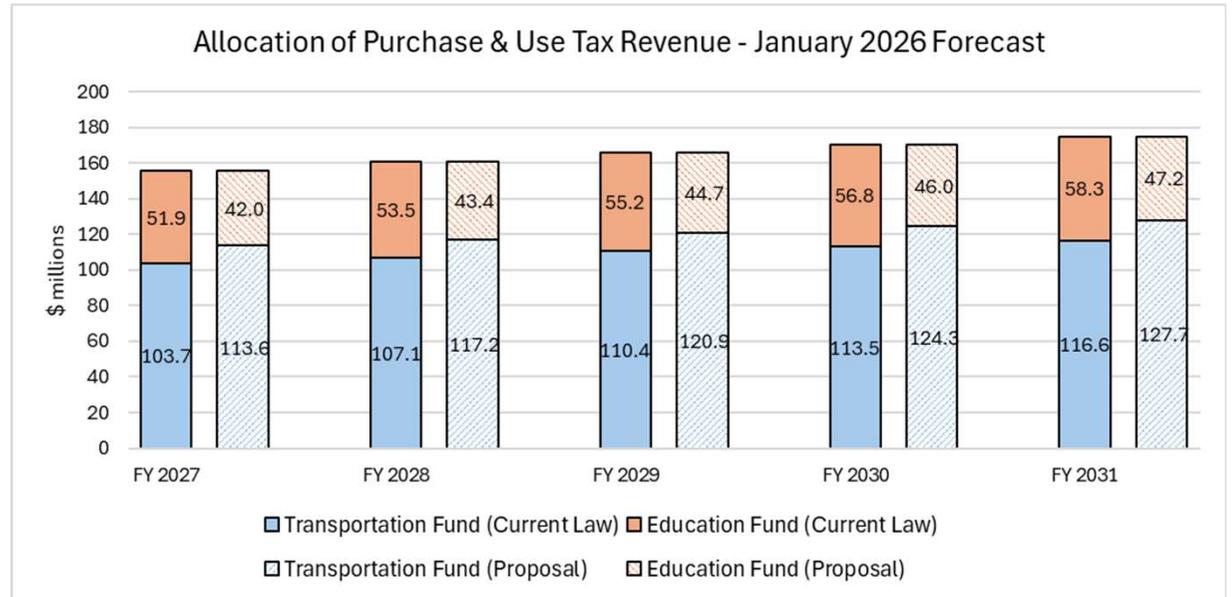


|            |                                  | Net Impact (\$ millions) |               |               |               |               |
|------------|----------------------------------|--------------------------|---------------|---------------|---------------|---------------|
|            |                                  | FY 2027                  | FY 2028       | FY 2029       | FY 2030       | FY 2031       |
| P&U        | Transportation Fund              | 10.0                     | 21.6          | 33.3          | 44.9          | 58.3          |
| P&U        | Education Fund                   | (10.0)                   | (21.6)        | (33.3)        | (44.9)        | (58.3)        |
| tsfr fr GF | Education Fund                   | 10.0                     |               |               |               |               |
| tsfr to EF | General Fund                     | (10.0)                   |               |               |               |               |
|            | <b>Net Education Fund Impact</b> | <b>-</b>                 | <b>(21.6)</b> | <b>(33.3)</b> | <b>(44.9)</b> | <b>(58.3)</b> |



# Alternative Scenario in Misc Tax Bill (H.933)

- Change P&U allocation to shift the approximate equivalent of \$10 million from the Education Fund to the Transportation Fund.
  - EF – from 33.3% to **27%**
  - TF – from 66.7% to **73%**
- Backfill the Ed Fund by changing the Meals & Rooms allocation by the approximately equivalent of \$10 million.
  - EF – from 25% to **29%**
  - GF – from 69% to **65%**
- Avoids creating a “hole” in the Ed Fund after FY 2027 because the ongoing P&U shift would be backfilled on an ongoing basis. Net impact to Ed Fund would be very close to neutral.
- General Fund would lose M&R revenue on an ongoing basis.
- T-Fund would retain a larger share of P&U on an ongoing basis.



|                                  |                     | Net Impacts (\$ millions) |            |            |            |            |
|----------------------------------|---------------------|---------------------------|------------|------------|------------|------------|
|                                  |                     | FY 2027                   | FY 2028    | FY 2029    | FY 2030    | FY 2031    |
| P&U                              | Transportation Fund | 9.9                       | 10.1       | 10.5       | 10.8       | 11.1       |
| P&U                              | Education Fund      | (9.9)                     | (10.1)     | (10.5)     | (10.8)     | (11.1)     |
| M&R                              | Education Fund      | 10.8                      | 11.1       | 11.5       | 12.0       | 12.4       |
| M&R                              | General Fund        | (10.8)                    | (11.1)     | (11.5)     | (12.0)     | (12.4)     |
| <b>Net Education Fund Impact</b> |                     | <b>0.9</b>                | <b>1.0</b> | <b>1.0</b> | <b>1.2</b> | <b>1.3</b> |

