

FY2027 BUDGET CREATION

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# AGENCY OF TRANSPORTATION

	<b>FY2026 Budget As Passed Jan '25 Rev</b>
<b>Revenues</b>	
Current Law Revenues	326,000,000
Current Year Reversions	
<b>Total Revenue</b>	326,000,000
Carry forward balance	5,419,512
<b>Total State Funds</b>	331,419,512
<b>Appropriations</b>	
AOT Appropriations	330,605,399
B.114 BGS Information Centers	4,542,959
Pay Act / FY11 27th Payroll	3,000,000
Other appropriations	2,000,000
Current Year Reversions/Rescissions	
Net Budget Adjustments	
<b>Total Appropriations</b>	340,148,358
Pre- Transfer balance	(8,728,846)
<b>Transfers</b>	
Transfer (to)/from General Fund	
Transfer (to)/from Downtown Fund	(523,966)
Transfer (to)/from Central Garage Fund	(1,650,731)
Transfer (to)/from Other Reserves	
Transfer (to)/from Recreational Trail Fund	(370,000)
Transfer (to)/from Other funds	12,334,175
Transfer (to)/from Stabilization Reserve	(1,060,632)
Transfer (to)/from Vision Reserve	
Transfer (to)/from Bond Reserve	
Closing Recon Entries	
Transfer (to)/from Bridge Fund	
<b>Net Transfers</b>	8,728,846
<b>Ending Balance</b>	0
Bond Reserve	0
Stabilization Reserve Balance	17,036,658
5% Maximum Balance	17,036,658
Reserve Balance vs Maximum	0

One-time revenue sources in the FY2027 Budget As Passed from last legislative session:

- \$12.5M – transfer from the Cash Fund for Capital and Essential Investments Fund to the Transportation Fund
- \$5.4M – reversions found at FY2025 closeout to balance the FY2026 budget

Other components of the projected \$33M gap in Transportation Funds from September 2025:

- \$7.8M – Revenue downgrade in July 2025
- \$7.5M – Payroll, benefit, ISF, and CG transfer increases, TH statutory increases, and backfilling the TH non-federal disasters appropriation with TF instead of PILOT special funds

Agency of Transportation - Proposed FY27 Budget			
Summary of Changes and Reduction Proposals from the FY26 Budget - Transportation Fund Impact			
Change #	Appropriation Name	Description	FY27 Proposed TF
<b>Increases from FY26 Budget</b>			\$ 21,932,002
1	All	Salaries, position movements, and benefit rates increase	\$ 8,342,271
2	All	ISF & SLA increase	\$ 1,191,825
3	TH Structures, Class 2 Roadways, and Federal Disasters	Minimum statutory calculations for Town Highway Structures, Town Highways Class 2 Roadways, and Town Highway Aid Program	\$ 1,247,906
4	TH Nonfederal Disasters	Restoration of TF for the Town Highways Nonfederal Disasters deptId (funded with PILOT funds by legislature in FY2026 As Passed budget)	\$ 1,150,000
5	Program Development, Maintenance	*Governor's Initiative* - Planned FY2027 highways and maintenance projects funded with \$10M new revenue from the Purchase & Use tax	\$ 10,000,000
<b>Reductions from FY26 Budget</b>			\$ (20,945,046)
1	Policy	Annualized impact of PPAID reorganization (net reduction of 2 positions)	\$ (418,014)
2	Admin, Policy, EPS, Public Transit, Maintenance, Rail Trails, Buildings	Miscellaneous reductions in expenditures in for FY2027 operations	\$ (459,511)
3	All	Position management savings	\$ (7,468,532)
4	Program Development, Rest Areas	Reduction in state match available for projects within the Program Development Division	\$ (5,365,418)
5	Department of Motor Vehicles	Pass credit card processing fees of DMV VTTRIPS transactions onto the customer	\$ (1,900,000)
6	Rail	Reduction in state match available for projects within the Rail Division	\$ (2,658,511)
7	Aviation	Reduction in state match available for projects and grants within the Aviation Division	\$ (1,175,060)
8	Maintenance	Reduction in stockpiling supplies	\$ (600,000)
9	Maintenance	Reduction in overtime utilization	\$ (500,000)
10	Maintenance	Reduction in salt utilization	\$ (400,000)
<b>TOTAL OF ABOVE ITEMS (matches Att. B net reduction from FY2026 As Passed)</b>			\$ 986,956
<b>Reduction from FY26 Budget - reflected on the Transportation Fund operating statement</b>			\$ 12,243,565
11	Implementation of an FHWA-approved indirect cost rate	Projected savings in implementing an FHWA-approved indirect cost rate for FY2027	\$ 12,243,565

- (annual base budget reduction): \$21M in budget reduction proposals effecting spending authority, primarily in modification to Highways projects and position management savings
- (base budget reduction, projected for two years): \$12M in a budget reduction proposal effecting the operating statement – use of an indirect cost rate on FHWA projects effective July 1, 2026

# 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:

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~~(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.~~

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## 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 TFund P&U Tax Governor's Recommend
<b>FY27</b>	51.9	41.9	+10.0
<b>FY28</b>	53.5	31.9	+21.6
<b>FY29</b>	55.2	21.9	+33.3
<b>FY30</b>	56.8	11.9	+44.9
<b>FY31</b>	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.*

# USE OF NEW REVENUE AVAILABLE TO THE TRANSPORTATION FUND

## BRIDGE, PAVING, AND MAINTENANCE

Bridge	Town & White Book Name	Long Description
1	SUNDERLAND BM2010 2 20B155	Bridge #19-5 maintenance located on US 7 in Sunderland at MM .478
2	SUNDERLAND NH CULV(122) 23B027	Project is for bridge #19-7 on US 7 in Sunderland
3	SHAFTSBURY STP 014-1(6) 16B083	Replacement of bridge #1 on VT 67 in Shaftsbury
4	IRA STP CULV(124) 23B029	Project is for bridge #14 on VT 4A in Ira
5	CASTLETON STP CULV(123) 23B028	Project is for bridge #9 on VT 4A in Castleton
6	ROCKINGHAM BF 025-1(48) 19B209	Replace Bridge #3 (short) on VT 103 in Rockingham crossing unnamed brook
7	TOPSHAM BF 031-1(13) 19B210	Replace Bridge #23 on VT 25 in Topsham crossing the Waits River

Maintenance Tree Cutting	Long Description	Locations
1	Tree cutting projects along the I89 corridor	Districts 5 & 6

Paving	Town & White Book Name	Long Description
1	COLCHESTER-SWANTON IM 089-3(85) 24V009	Paving on I-89 from Colchester MM 91.886 to Milton MM 102 NB and ramps and from St. Albans MM 113.4 to Swanton MM 118.2 NB
2	COLCHESTER-SWANTON IM 089-3(86) 24V010	Paving on I-89 from Colchester MM 91.882 to Milton MM 101.977 SB and St. Albans MM 113.294 to Swanton MM 118.189 SB
3	NORWICH-BRADFORD IM 091-2(99) 24V008	Paving on I-91 from Norwich MM 76.422 to Bradford MM 98.394 SB and ramps
4	BRATTLEBORO-WESTMINISTER IM 091-1(88) 24V011	Paving on I-91 from Brattleboro MM 10.153 to Westminster MM 31.291 SB including ramps
5	ST. GEORGE-WILLISTON STP PS26(7) 21V421	Resurfacing on VT 2A from St George MM 0 to Williston MM 3.880
6	HARDWICK-BARTON STP FPAV(74) 21V391	Paving on VT 16 from Hardwick MM 0.0 to Barton MM 1.739
7	SWANTON-HIGHGATE STP FPAV(77) 21V396	Paving on VT 207 from Swanton MM 0.0 to Highgate MM 1.991
8	HARTFORD-SHARON STP FPAV(72) 21V397	Paving on VT 14 from Hartford MM 1.477 to Sharon MM 5.382
9	RUPERT-PAWLET STP FPAV(80) 21V467	Paving on VT 30 from Rupert MM .027 to Pawlet MM 7.8

	<b>FY2026 BAA July '26 Rev</b>	<b>FY2026 BAA Jan '26 Rev</b>
<b>Revenues</b>		
Current Law Revenues	318,500,000	317,000,000
Current Year Reversions	292,289	292,289
<b>Total Revenue</b>	<b>318,792,289</b>	<b>317,292,289</b>
Carry forward balance	5,419,512	5,419,512
<b>Total State Funds</b>	<b>324,211,801</b>	<b>322,711,801</b>
<b>Appropriations</b>		
AOT Appropriations	330,605,399	330,605,399
B.114 BGS Information Centers	4,542,959	4,542,959
Pay Act / FY11 27th Payroll	3,000,000	3,000,000
Other appropriations	2,000,000	2,000,000
Current Year Reversions/Rescissions	(7,500,000)	(7,500,000)
Net Budget Adjustments		
<b>Total Appropriations</b>	<b>332,648,358</b>	<b>332,648,358</b>
Pre-Transfer balance	(8,436,557)	(9,936,557)
<b>Transfers</b>		
Transfer (to)/from General Fund		
Transfer (to)/from Downtown Fund	(523,966)	(523,966)
Transfer (to)/from Central Garage Fund	(1,650,731)	(1,650,731)
Transfer (to)/from Other Reserves		
Transfer (to)/from Recreational Trail Fund	(370,000)	(370,000)
Transfer (to)/from Other funds	12,041,886	12,041,886
Transfer (to)/from Stabilization Reserve	(1,060,632)	439,368
Transfer (to)/from Vision Reserve		
Transfer (to)/from Bond Reserve		
Closing Recon Entries		
Transfer (to)/from Bridge Fund		
<b>Net Transfers</b>	<b>8,436,557</b>	<b>9,936,557</b>
<b>Ending Balance</b>	<b>0</b>	<b>0</b>
Bond Reserve	0	0
Stabilization Reserve Balance	17,036,658	15,536,658
5% Maximum Balance	17,036,658	17,036,658
Reserve Balance vs Maximum	0	(1,500,000)

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

- The -\$1.5M TF impact in FY2026 will be absorbed by the Transportation Fund Budget Stabilization Reserve at the end of FY2026. The FY2027 Governor's Recommended transfer to the stabilization reserve fully restores the stabilization reserve to the full 5% maximum of prior year appropriations.
- The -\$200K TIB impact in FY2026, and -\$100K TIB impact in FY2027, will be absorbed by the unallocated fund balance of the TIB fund. After accounting for the January 2026 forecast, the TIB fund is forecasted to have a balance of \$2.2M at the end of FY2027.