

Town Highway Aid, Structures, and Class 2 Roadway Programs

House Transportation Committee

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JFO

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What are Town Highways

- **19 V.S.A. § 301 (7)** “Town highways” are class 1, 2, 3, and 4 highways:
- (A) that the towns have authority to exclusively or cooperatively maintain; or
- (B) that are maintained by the towns except for scheduled surface maintenance performed by the Agency pursuant to section 306a of this title.



Town Highway Class Definitions

19 V.S.A. §302 defines the various classes of town highways:

- **Class 1:** Town highways that form the extension of a State highway route and that carry a State highway route number. AOT determines which highways are to be Class 1.
- **Class 2:** Town highways selected as the most important highways in each town. Shall be selected with the purposes of securing trunk lines of improved highways from town to town and to places that by their nature have more than normal amounts of traffic. Towns (with AOT approval) determine which roads are Class 2.
- **Class 3:** Traveled town highways other than Class 1 or 2 highways (e.g. residential streets that are regularly maintained but do not serve as major connectors). Towns (after conference with AOT) determine which roads are Class 3.
- **Class 4:** All town highways that are not class 1, 2, or 3 town highways.



Overview of Town Highway Aid

- Vermont provides formula-based funding to towns from the Transportation Fund through the annual budget process.

B.915	All Funds	T-Fund	Federal	Local/Other	InterDept	TIB	Int Svc Fund
TH AID PROGRAM	30,418,736	30,418,736	-	-	-	-	-

- The amount each town receives is based on the town's mileage of Class 1, Class 2, and Class 3 roadways.
- Towns may use Town Highway Aid relatively flexibly – unlike other grants, the funds are not restricted to a specific project.
- To be eligible for Town Highway Aid, towns must appropriate an annual highway budget equivalent to or greater than a sum of at least \$300 per mile for each mile of class 1, 2, and 3 town highways



TH Aid Funding Formula

19 V.S.A. §306(a) outlines how Town Highway Aid is appropriated

- Town Highway Aid appropriation shall increase over the previous fiscal year's appropriation by the same percentage as the following, **whichever is less:**
 1. The year-over-year increase, for the two most recently closed fiscal years, of AOT's total appropriations funded by Transportation Fund revenues, excluding appropriations for town highway aid; or
 2. The percentage increase in the CPI-U during the two most recently closed fiscal years.
- If the year-over-year changes in AOT T-Fund appropriations or the CPI-U are negative, then the appropriation to town highways shall be equal to the previous fiscal year's appropriation.



FY25 Town Highway Formula Calculation

1. Change in Appropriations

From Operating Statement	FY23	FY24
AOT Approp	\$ 299,059,742	\$ 304,753,571
Pay Act	\$ 1,502,420	\$ 2,500,000
Less: Current year reversions	\$ (34,787,029)	\$ (12,468,190)
Contingent Approps/Excess Receipts	\$ -	\$ 250,000
Net Budget Adjustments	\$ (6,700,000)	\$ -
Less: TH AID	\$ (27,837,624)	\$ (28,672,753)
	\$ 231,237,509	\$ 266,362,628
	Change in AOT approp	15.2%

2. Change in CPI-U

June 2023 CPI-U: 305.109

June 2024 CPI-U: 314.175

Change: 3.0%

3. Use the lesser of these two. If it is negative Town Highway Aid remains level funded.



Town Highway Aid Disbursement

- The total appropriation for Town Highway Aid is then distributed via quarterly payments to individual towns according to 19 V.S.A. §306(a)(3):
 - 6% is apportioned to class 1 town highways;
 - 44% is apportioned to class 2 town highways;
 - 50% is apportioned to class 3 town highways



Historic Town Highway Aid Appropriations

	Formula Appropriation	One-Time Appropriation	Total Appropriation
FY 2012	\$ 24,982,744		\$ 24,982,744
FY 2013	\$ 25,982,744		\$ 25,982,744
FY 2014	\$ 25,982,744		\$ 25,982,744
FY 2015	\$ 25,982,744		\$ 25,982,744
FY 2016	\$ 25,982,744		\$ 25,982,744
FY 2017	\$ 25,982,744		\$ 25,982,744
FY 2018	\$ 25,982,744		\$ 25,982,744
FY 2019	\$ 25,982,744		\$ 25,982,744
FY 2020	\$ 26,663,160		\$ 26,663,160
FY 2021	\$ 27,105,769	\$ 7,000,000	\$ 34,105,769
FY 2022	\$ 27,105,769	\$ 3,000,000	\$ 30,105,769
FY 2023	\$ 27,837,624		\$ 27,837,624
FY 2024	\$ 28,672,753		\$ 28,672,753
FY 2025	\$ 28,672,753	\$ 860,000	\$ 29,532,753
FY 2026	\$ 30,418,736		\$ 30,418,736

Town Highway Structures

- **19 V.S.A. § 306 e)** State aid for town highway structures.
- (1) There shall be an annual appropriation for grants to municipalities for maintenance and for construction of bridges and culverts... intended to preserve the integrity of the traveled portion of class 1, 2, and 3 town highways...
- (2) Each fiscal year, the Agency shall approve qualifying projects with a total estimated State share cost of **\$7,200,000.00** at a minimum as new grants.

TH Structures	
FY19	6,333,500
FY20	6,333,500
FY21*	4,650,000
FY22*	12,667,000
FY23	7,200,000
FY24	7,416,000
FY25	8,016,000
FY26	7,200,000



Town Highway Class 2 Roadways

- **19 V.S.A. § 306 (h)** Class 2 Town Highway Roadway Program. There shall be an annual appropriation for grants to municipalities for resurfacing, rehabilitation, or reconstruction of paved or unpaved class 2 town highways... Each fiscal year, the Agency shall approve qualifying projects with a total estimated State share cost of **\$8,600,000.00** at a minimum as new grants.

TH Class II	
FY19	7,648,750
FY20	7,648,750
FY21*	3,250,000
FY22*	15,297,500
FY23	8,600,000
FY24	8,858,000
FY25	8,858,000
FY26	8,600,000



Increase program statutory appropriations

- Both TH Structures and TH Class 2 Roadways have a flat statutory funding requirement.
- Language could be added to mirror the Town Highway Aid appropriation calculation (3% in FY26)
 - TH Structures: $\$7,200,000 \times 1.03 = \$7,416,000$
 - TH Class 2: $8,600,000 \times 1.03 = \$8,858,000$
- Funding could be tied to T-fund revenue growth (~1% growth)
- The legislature can always not withstand statutory requirements



Questions?

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