

Transportation Funding Study

House Transportation Committee

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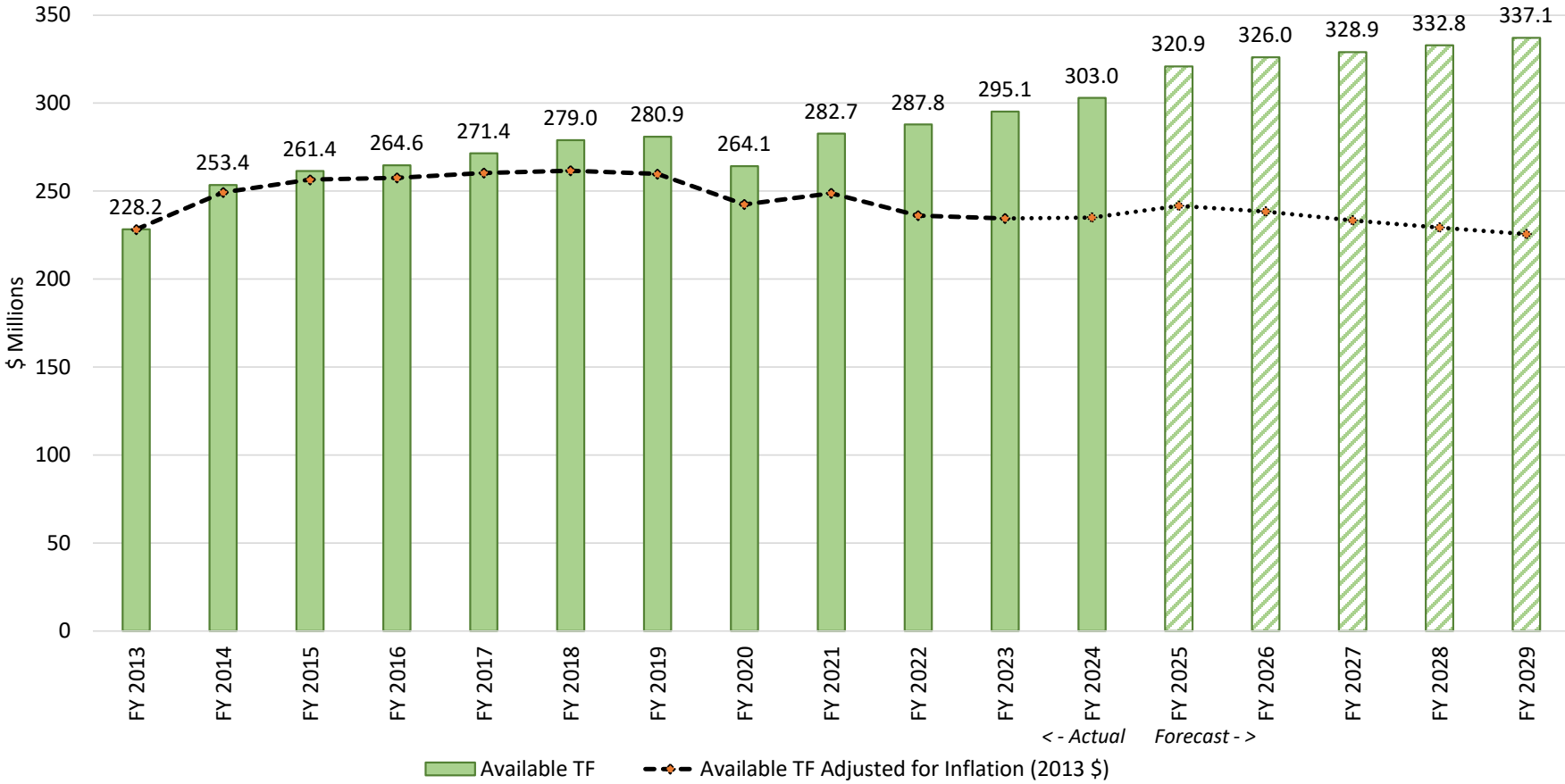


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Transportation Fund – Past and Forecast (July 2024)

Transportation Fund Available Revenues - January 2025 Forecast



Data from consensus revenue forecasts. Inflation measured by the Personal Consumption Expenditures index and applies a 3% annual assumption to years after FY 2024.



Estimated Transportation Program Needs and Gaps

- “...approximately \$317 million starting in FY 2026. This gap is expected to widen due to significantly increased construction costs and the added pressure of inflation on operating expenses. As these financial challenges persist, the funding gap is anticipated to grow.”

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Total Needs	\$1,020.1	\$1,043.6	\$1,069.2	\$1,124.3	\$1,145.5	\$1,202.6	\$1,253.5	\$1,302.1	\$1,359.3	\$1,416.2
Estimated Funding Gap (Needs – Revenues)	(\$316.8)	(\$379.0)	(\$392.5)	(\$436.2)	(\$449.0)	(\$498.5)	(\$541.8)	(\$582.6)	(\$631.7)	(\$680.2)

- “Few states fund transportation at levels that approach, match, or exceed even basic needs. In most studies, providing high-level estimates of basic needs...quickly outpaces available funding, but it nonetheless offers a benchmark against which to measure future revenue options.”



Alternative Revenue Options

Table ES- 4. Potential Revenue Generation, 10-year period

Potential Revenue Generation	Fiscal Year (millions)									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Gasoline Tax Indexing	\$33.1	\$33.8	\$34.0	\$33.9	\$33.2	\$31.9	\$30.1	\$28.2	\$26.3	\$24.4
Diesel Tax Indexing	\$18.3	\$18.5	\$18.9	\$19.2	\$19.2	\$18.8	\$18.5	\$18.0	\$17.5	\$16.9
MBUF – Light-Duty EVs	\$5.7	\$8.3	\$12.4	\$18.0	\$24.1	\$30.3	\$38.2	\$46.5	\$55.2	\$64.4
MBUF – Light-Duty vehicles (excl. EVs)*	---	---	\$111.4	\$110.8	\$109.9	\$107.4	\$103.3	\$98.8	\$94.1	\$89.0
MBUF – Medium- and Heavy-Duty EVs	\$1.9	\$2.7	\$3.6	\$4.8	\$6.1	\$7.5	\$9.2	\$11.1	\$13.2	\$15.6
Retail Delivery Fee	\$10.9	\$11.3	\$11.7	\$12.2	\$12.6	\$13.0	\$13.4	\$13.8	\$14.2	\$14.7
TNC Fee	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
MPG-Based Registration Fee	\$8.9	\$10.0	\$11.5	\$13.3	\$15.2	\$17.1	\$19.4	\$21.6	\$23.9	\$26.2
Tire Fee	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7

We Need to Think Holistically

- No individual funding mechanism on its own is going to fix the issue.

“...the only transportation-related tax bases large enough to generate meaningful revenue to fund a statewide program are vehicles, fuel, and road usage.”

“Other mechanisms can provide ancillary revenue, which is helpful in building a package of funding options that create a diversified portfolio for the state.”

- A mix of revenue sources can help create a balanced funding portfolio.

“...a mix of funding mechanisms, including traditional sources (e.g., fuel taxes on legacy vehicles), innovative approaches (e.g., direct usage charges), and complementary strategies (e.g., certain vehicle fees, retail delivery fees), is essential for a resilient and flexible funding stream. “

“...combinations of mechanisms can help mitigate the risks of declining revenue from any one source, provide more consistent funding, and spread the cost burden more equitably across various user groups and constituencies.”

“Additionally, whereas a single mechanism may perform well against one or a few guidance principles, layered funding strategies can more effectively address multiple principles in combination, providing for stronger overall performance relative to Vermont’s priorities.”

- As always, there will be trade-offs.

Links

[2025 Vermont Transportation Funding Study](#)

[2016 Vermont Transportation Funding Study](#)

[2013 Vermont Transportation Funding Study](#)

[Status of the Vermont Mileage-Based User Fee](#)

[Statewide Transportation Improvement Program \(STIP\)](#)

[Vermont Long-Range Transportation Plan](#)

[Transportation Asset Management Plan TAMP](#)