



STATE OF VERMONT
HOUSE OF REPRESENTATIVES

MEMORANDUM

To: Rep. Robin Scheu, Chair, Committee on Appropriations
From: Rep. Matt Walker, Chair, Committee on Transportation
Date: February 26, 2025
Subject: State fiscal year 2026 budget

Introduction

Thank you for the opportunity to comment on the State fiscal year 2026 Governor's recommended budget as it relates to transportation matters.

The House Committee on Transportation is deeply concerned that funding for transportation programs is not keeping up with rising costs. According to a recent report by the Agency of Transportation,¹ Transportation Fund revenues grew at an average annual rate of 1.7 percent between fiscal year 2015 and fiscal year 2024. Meanwhile, construction and personnel costs have been rising steeply in recent years. Because of this, the number of miles that the Agency of Transportation is able to pave each year is dropping, funding for much-needed municipal infrastructure improvements is relatively flat, and the State is less able to build a resilient transportation network to support Vermonters and Vermont's economy. It is with this in mind that the Committee provides the following recommendations.

Discontinue the Annual Use of Transportation Fund Monies to Support the State Police

The Committee supports the proposal in the Governor's recommended budget to discontinue the Transportation Fund's \$20,250,000.00 annual support for the State Police, which is commonly referred to as the "JTOC Transfer." Those funds are sorely needed to support the State's ability to keep up with expected nonfederal match needs and the growth in base costs. Without those funds in the fiscal year 2026, the Agency of Transportation will be required to cancel or postpone 11 paving projects, one road project, 14 rail projects, and seven aviation projects, as well as reduce the amount of salt and employee overtime available for winter road maintenance.

¹ Report of the Vermont Transportation Funding Study, Agency of Transportation, January 15, 2025, available at: https://legislature.vermont.gov/assets/Legislative-Reports/TransportationFundingStudy_Act148-sec35_01152025.pdf.

Reallocate the All Revenues from the Purchase and Use Tax to the Transportation Fund

As enacted, the stated purpose of the Motor Vehicle Purchase and Use Tax “is to improve and maintain the State and interstate highway systems [and] to pay the principal and interest on bonds issued for the improvement and maintenance of those systems...”² However, one-third of those revenues are now used to support the Education Fund. The Committee requests that those revenues be reallocated to the Transportation Fund to ensure more sustainable funding for the State’s Transportation Program moving forward. The Committee acknowledges the significant funding challenges faced by the State’s education system but believes that ensuring the ongoing maintenance and improvement of the State’s transportation infrastructure is important enough that this important revenue source for the Transportation Fund should not be diverted to other purposes.

Committee Vote

Members of the House Committee on Transportation support the proposals listed above on a vote of .

² 32 V.S.A. § 8901; *see also* 32 V.S.A. § 8912 (“The taxes collected under this chapter shall be paid into and accounted for in the Transportation Fund.”).