

1 Sec. __. 32 V.S.A. § 3709 is amended to read:

2 § 3709. PILOT SPECIAL FUND

3 (a) There is hereby established a PILOT Special Fund consisting of local
4 option tax revenues paid to the State Treasurer pursuant to 24 V.S.A. § 138.
5 This Fund shall be managed by the Commissioner of Taxes pursuant to chapter
6 7, subchapter 5 of this title. Notwithstanding subdivision 588(3) of this title,
7 all interest earned on the Fund shall be retained in the Fund for use in meeting
8 future obligations. The Fund shall be exclusively for payments required under
9 ~~chapter 123~~, subchapters 4 and 4C of this ~~title~~ chapter, ~~and~~ for any additional
10 State payments in lieu of taxes for correctional facilities, and as provided in
11 subsection (c) of this section. The Commissioner of Finance and Management
12 may draw warrants for disbursements from this Fund in anticipation of
13 receipts.

14 * * *

15 (c) If the local option tax revenues deposited in the PILOT Special Fund
16 pursuant to 24 V.S.A. § 138 in any State fiscal year exceed the full amount of
17 all payments made under subchapters 4 and 4C of this chapter plus any
18 additional State payments in lieu of taxes for correctional facilities, three-
19 fourths of the excess amount shall be transferred to the Local Option
20 Municipal Transportation Special Fund established pursuant to 19 V.S.A.
21 § 306b.

1 Sec. __. 19 V.S.A. § 306b is added to read:

2 § 306b. LOCAL OPTION MUNICIPAL TRANSPORTATION SPECIAL
3 FUND

4 (a) The Local Option Municipal Transportation Special Fund is established
5 in the Agency of Transportation and shall be managed in accordance with
6 32 V.S.A. chapter 7, subchapter 5. The purpose of the Fund is to provide
7 additional State aid for town highways pursuant to the provisions of section
8 306 of this chapter.

9 (b) The Fund shall consist of:

10 (1) transfers from the PILOT Special Fund pursuant to 32 V.S.A.
11 § 3709(c);

12 (2) any gifts, grants, or contributions made to the Fund; and

13 (3) any amounts transferred to the Fund by the General Assembly.

14 (c)(1) All interest earned on Fund balances shall be credited to the Fund.

15 (2) The Secretary may seek and accept gifts, donations, and grants from
16 any source, public or private, to be dedicated for deposit into the Fund.

17 (3) The Commissioner of Finance and Management shall anticipate
18 receipts to the Fund and shall issue warrants based on the anticipated amounts.

19 (4)(A) Monies in the Fund shall be used solely to provide State aid to
20 municipalities pursuant to subsections 306(a), (e), and (h) of this chapter and
21 for any administrative costs incurred in administering the Fund.

1 appportionment for each town shall be that town’s percentage of class 2 town
2 highways of the total class 2 town highway mileage in the State.

3 (C) Fifty percent of the State’s annual town highway appropriation
4 shall be appportioned to class 3 town highways. The appportionment for each
5 town shall be that town’s percentage of class 3 town highways of the total class
6 3 town highway mileage in the State.

7 (D) Monies appportioned under subdivisions (1), (2), and (3) of this
8 subsection (a) shall be distributed to each town in quarterly payments
9 beginning July 15 in each year.

10 (E) Each town shall use the monies appportioned to it solely for town
11 highway construction, improvement, and maintenance purposes or as the
12 nonfederal share for public transit assistance. These funds may also be used
13 for the establishment and maintenance of bicycle routes and sidewalks. The
14 members of the selectboard shall be personally liable to the State, in a civil
15 action brought by the Attorney General, for making any unauthorized
16 expenditures from money appportioned to the town under this section.

17 (4)(A) In addition to the amounts appropriated pursuant to subdivision
18 (1) of this subsection (a), a portion of the anticipated annual revenue of the
19 Local Option Municipal Transportation Special Fund may be appropriated for
20 class 1, 2, and 3 town highways in each State fiscal year in an amount that is
21 consistent with the provisions of subdivision 306b(c)(4) of this chapter.

1 Amounts appropriated from the Fund shall be apportioned, distributed, and
2 used in the same manner as provided pursuant to subdivision (3) of this
3 subsection (a).

4 (B) Amounts appropriated pursuant to this subdivision (4) shall not
5 decrease the amount appropriated pursuant to subdivision (1) of this subsection
6 (a) or be subject to the annual inflationary adjustment provided for in
7 subdivisions (1) and (2) of this subsection (a).

8 * * *

9 (e) State aid for town highway structures.

10 (1) There shall be an annual appropriation for grants to municipalities
11 for maintenance ~~(including actions to extend life expectancy)~~, and for
12 construction of bridges and culverts; for maintenance and construction of other
13 structures, including causeways and retaining walls, intended to preserve the
14 integrity of the traveled portion of class 1, 2, and 3 town highways; and for
15 alternatives that eliminate the need for a bridge, culvert, or other structure,
16 such as the construction or reconstruction of a highway, the purchase of parcels
17 of land that would be landlocked by closure of a bridge, the payment of
18 damages for loss of highway access, and the substitution of other means of
19 access. This appropriation shall increase over the previous fiscal year's
20 appropriation by the same percentage change as the following, whichever is

1 less, or shall remain at the previous fiscal year’s appropriation if either of the
2 following are negative or zero:

3 * * *

4 (5) Funds received as grants for State aid for town highway structures
5 may be used by a municipality to satisfy a portion of the matching
6 requirements for federal earmarks, subject to subsection 309b(c) of this title.

7 (6)(A) In addition to the amounts appropriated pursuant to subdivision
8 (1) of this subsection (e), a portion of the anticipated annual revenue of the
9 Local Option Municipal Transportation Special Fund may be appropriated for
10 town highway structures in each State fiscal year in an amount that is
11 consistent with the provisions of subdivision 306b(c)(4) of this chapter.
12 Amounts appropriated from the Fund shall be used in the same manner and for
13 the same purposes as provided pursuant to subdivisions (1) and (5) of this
14 subsection (e).

15 (B) Amounts appropriated pursuant to this subdivision (6) shall not
16 decrease the amount appropriated pursuant to subdivision (1) of this subsection
17 (e) or be subject to the annual inflationary adjustment provided for in
18 subdivisions (1)–(3) of this subsection (e).

19 * * *

1 (h) Class 2 Town Highway Roadway Program.

2 (1) There shall be an annual appropriation for grants to municipalities
3 for resurfacing, rehabilitation, or reconstruction of paved or unpaved class 2
4 town highways. Municipalities that have no State highways or class 1 town
5 highways within their borders may use the grants for such activities with
6 respect to both class 2 and class 3 town highways. This appropriation shall
7 increase over the previous fiscal year's appropriation by the same percentage
8 change as the following, whichever is less, or shall remain at the previous
9 fiscal year's appropriation if either of the following are negative or zero:

10 * * *

11 (4) In a given fiscal year, should expenditures in the Class 2 Town
12 Highway Roadway Program exceed the amount appropriated, the Agency shall
13 advise the Governor of the need to request a supplemental appropriation from
14 the General Assembly to fund the additional project cost, provided that the
15 Agency has previously committed to completing those projects.

16 (5) Funds received as grants for State aid under the Class 2 Town
17 Highway Roadway Program may be used by a municipality to satisfy a portion
18 of the matching requirements for federal earmarks, subject to subsection
19 309b(c) of this title.

20 (6)(A) In addition to the amounts appropriated pursuant to subdivision
21 (1) of this subsection (h), a portion of the anticipated annual revenue of the

1 Local Option Municipal Transportation Special Fund may be appropriated for
2 town highway structures in each State fiscal year in an amount that is
3 consistent with the provisions of subdivision 306b(c)(4) of this chapter.

4 Amounts appropriated from the Fund shall be used in the same manner and for
5 the same purposes as provided pursuant to subdivisions (1) and (5) of this
6 subsection (h).

7 (B) Amounts appropriated pursuant to this subdivision (6) shall not
8 decrease the amount appropriated pursuant to subdivision (1) of this subsection
9 (h) or be subject to the annual inflationary adjustment provided for in
10 subdivisions (1)–(3) of this subsection (h).

11 * * *

12 Sec. X. GENERAL STATE AID FOR TOWN HIGHWAYS; ADDITIONAL
13 APPROPRIATION

14 Notwithstanding any provision of 32 V.S.A. § 3709(a) to the contrary, the
15 sum of \$3,000,000.00 is appropriated in State fiscal year 2027 from the PILOT
16 Special Fund to the Agency of Transportation to provide additional grants
17 through the General State Aid to Town Highways program pursuant to
18 19 V.S.A. § 306(a). The amounts appropriated pursuant to this section shall be
19 in addition to any amounts appropriated pursuant to the provisions of 19
20 V.S.A. § 306(a) in State fiscal year 2027.