

Transportation Funding Scenario

Senate Committee on Transportation

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JFO

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Outline of talk

1. Assumptions
2. Why these assumptions
3. Hypothetical scenario
4. Some considerations



Assumptions

1. Transportation funding needs grow at a rate of 3.71% annually
2. T-fund appropriations to the Agency of Transportation grow at the same rate as funding needs (3.71% annually)
3. The Gov Rec proposed P&U reallocation occurs
4. T-fund revenues grow at a rate of 1.67% annually between FY32-37



Assumption 1

Transportation funding needs grow at a rate of 3.71% annually

- The chart below is the “...preliminary 10-year estimate of the costs required to maintain, operate, and administer Vermont’s transportation system.” as estimated in the 2025 Transportation funding study
- The compound annual growth rate of these estimates is 3.71%

Per AOT Funding Study-Total Basic Needs (millions)										
FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	10 Year CAGR
1020	1044	1069	1124	1146	1203	1254	1302	1359	1416	3.71%

[Report of the Vermont Transportation Funding Study](#)



Assumption 2

T-fund appropriations to the Agency of Transportation grow at the same rate as funding needs (3.71% annually)

- Using the FY27 gov rec transportation budget as a base the below chart shows the hypothetical T-fund Appropriations to the Agency

Hypothetical T-fund Appropriations to AOT (millions)										
FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37
\$332	\$344	\$357	\$370	\$384	\$398	\$413	\$428	\$444	\$460	\$478



Assumption 3

The Gov rec P&U reallocation proposal occurs

- FY 2027 Gov rec proposes to phase down the P&U Tax to the Education Fund by \$10 million per year and reallocate this funding to the T-Fund.

Purchase and use tax revenue and allocation break down under Gov Rec Proposal \$ millions (Jan 2026 Consensus Forecast)								
Revenue Source	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	Actual		Forecast -->					
Total Purchase & Use Tax	144.9	145.0	150.0	155.6	160.6	165.6	170.3	174.9
<i>T-fund Allocation</i>	96.6	96.7	100.0	113.7	128.7	143.7	158.4	174.9
<i>Ed Fund Allocation</i>	48.3	48.3	50.0	41.9	31.9	21.9	11.9	0.0



Assumption 4

1. T-fund revenues grow at a rate of 1.67% annually between FY32-37

- After the proposed P&U reallocation transition is complete (FY31) the T-fund growth rate is estimate to be 1.67% annually.

Vermont Transportation Revenue Forecast (January 2026) + Gov Rec P&U Proposal								Hypothetical Revenue	
Revenue Source	FY 2026 <i>Forecast</i>	FY 2027 <i>Forecast</i>	FY 2028 <i>Forecast</i>	FY 2029 <i>Forecast</i>	FY 2030 <i>Forecast</i>	FY 2031 <i>Forecast</i>	Forecast CAGR FY2026-2031	FY32 Hypothetical	Hypothetical Growth Rate
Gasoline Tax and Assessment (MFTA) Jan-26	71.2	70.8	70.4	69.9	69.4	68.7	-0.71%	68.2	-0.71%
Diesel Tax Jan-26	18.1	18.0	17.9	17.8	17.6	17.5	-0.67%	17.4	-0.67%
Purchase & Use Tax Jan-26	100.0	113.7	128.7	143.7	158.4	174.9	11.83%	180.4	3.12%
DMV Fees Jan-26	101.2	102.1	103.1	104.0	104.9	105.9	0.91%	106.9	0.91%
Miscellaneous Revenue Jan-26	26.5	27.3	28.1	28.9	29.6	30.3	2.72%	31.1	2.72%
Total Transportation Fund Revenue - July 2025	317.0	331.9	348.2	364.3	379.9	397.3	4.62%	403.9	1.67%



Assumption 3 + 4

- Adding forecasted T-fund revenue and the additional revenue from the Gov rec proposal in FY27-31 and then assuming 1.67% annual growth in FY32-37

Hypothetical T-fund + Gov Proposal Revenue										
FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37
\$ 332	\$ 348	\$ 364	\$ 380	\$ 397	\$ 404	\$ 411	\$ 418	\$ 425	\$ 432	\$ 439



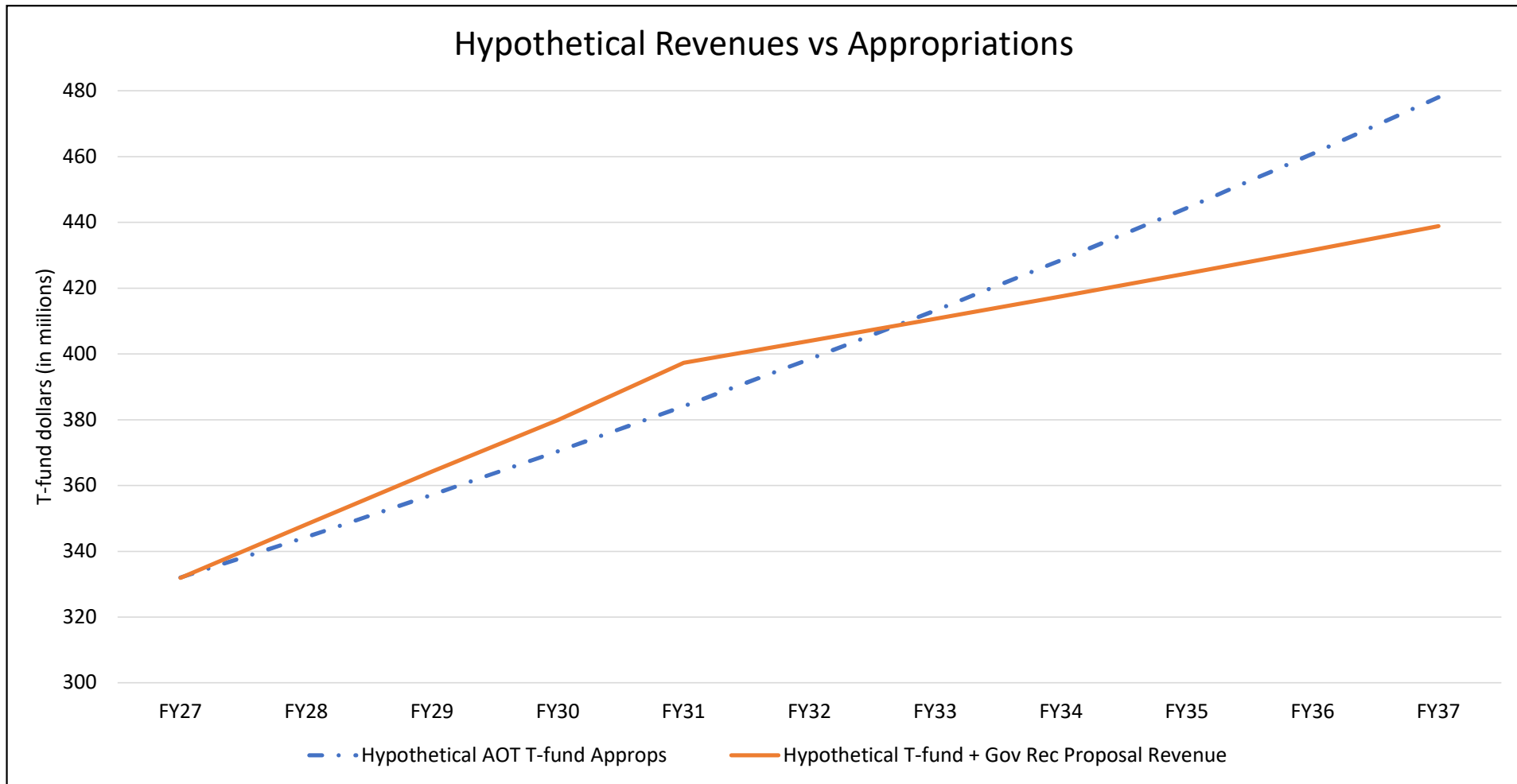
Hypothetical Scenario

- Due to the additional T-fund revenue coming from the proposed P&U reallocation revenues keep pace with needed appropriations until FY33 at which point needed appropriations exceed revenue

Hypothetical T-fund Appropriations and Revenues											
	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37
Hypothetical T-fund + Gov Rec Proposal Revenue	332	348	364	380	397	404	411	418	425	432	439
Hypothetical AOT T-fund Approps	332	344	357	370	384	398	413	428	444	461	478
Revenue - Appropriation	0	4	7	10	13	6	-2	-11	-20	-29	-39



Hypothetical Revenues vs Appropriations



Some Considerations

- The Hypothetical AOT T-fund appropriations does not include the T-fund appropriations that go to other agencies, such as the annual appropriation to BGS
- Additionally, transfers into and out of the T-fund have been excluded from the scenario
- In FY27 there are roughly \$9 million in non-AOT appropriations and transfers. These represent T-fund cost pressures not represented in the hypothetical scenario.
- This Hypothetical uses the proposed FY27 transportation budget as a starting base. This does not necessarily mean that the funding level represented in the proposed budget is adequate or ideal

