

# Transportation Funding Scenario

Senate Committee on Transportation

Logan Mooberry

February 10<sup>th</sup>, 2026



JFO

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://jfo.vermont.gov>

The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this presentation is meant to provide information for legislative consideration, not to provide policy recommendations

# 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)										10 Year CAGR
FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	
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.

<b>Purchase and use tax revenue and allocation break down under Gov Rec Proposal</b> <i>\$ millions (Jan 2026 Consensus Forecast)</i>									
<b>Revenue Source</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>	
	<i>Actual</i>		<i>Forecast --&gt;</i>						
<b>Total Purchase &amp; Use Tax</b>	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.

Revenue Source	Vermont Transportation Revenue Forecast (January 2026) + Gov Rec P&U Proposal							Hypothetical Revenue	
	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	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%
<b>Total Transportation Fund Revenue - July 2025</b>	<b>317.0</b>	<b>331.9</b>	<b>348.2</b>	<b>364.3</b>	<b>379.9</b>	<b>397.3</b>	<b>4.62%</b>	<b>403.9</b>	<b>1.67%</b>



## Assumption 3 + 4

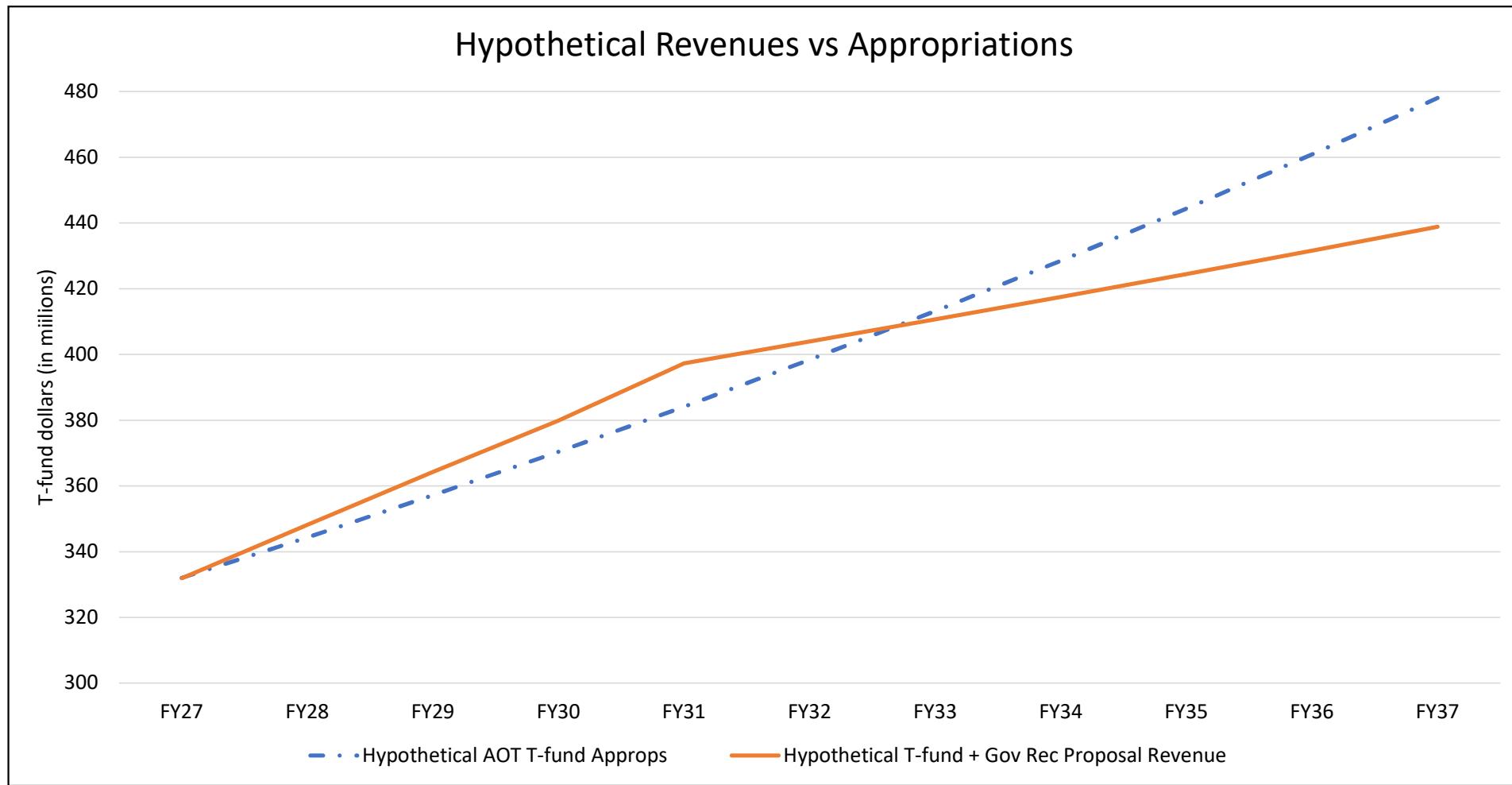
- Adding forecasted T-fund revenue and the additional revenue from the Gov rec proposal in FY27-31 and then assuming 1.67% annual growth in FY32-37

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

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



# 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

