

Funding is a hot topic in Transportation!

Two events this fall have spotlighted the problems for funding Vermont's transportation system. In October, Senator Dick Mazza, Chairman of the Senate Transportation Committee, came to the Champlain Valley League meeting for an informal roundtable discussion of transportation issues. In November, the Transportation Board, the advisory board for the Agency of Transportation, (VTrans) held a series of public meetings around the state on what it considered to be "Hot Topics" for transportation. Number 1 was Transportation Revenues. A look into the future shows why.

VTrans anticipates an annual shortfall of \$200 to \$250 million based on a budget like the current budget. Senator Mazza stated that last year the paving budget was \$113 million, with much of the money from FEMA and stimulus funds. These sources will not continue in the future. The FEMA money also went for repair and replacement of bridges, many of which were in need of repair before the Irene damage. These sources of funds will dry up in the near future. However, the need to maintain, repair, and replace transportation infrastructure will continue.

What to do about it?

Senator Mazza would look first to federal policy. Over 60% of the FY2013 budget came from federal sources. He believes that a 5-cent increase in the gas tax would solve the problem, but Congress has been unwilling to raise the tax. He would also favor block grants to the states instead of the current system of multiple funding programs. He believes that this program approach is inefficient and often increases costs. For example, one paving program requires replacement of the guardrail, whether or not the existing guardrail needs to be replaced. When asked if the Vermont legislature would raise the gasoline tax, he responded, "I don't think it will happen this year."

Vermont Fuel Taxes

Gasoline:

\$0.20/gal + 2% avg quarterly retail price (MFTIA), includes \$0.01 petroleum clean-up fee

Diesel:

\$0.29/gal (includes MFTIA \$0.03)

MFTIA-Motor Fuel Transportation Infrastructure Assessment

The Transportation Board put forward many possible ways to raise revenue for discussion:

- Raise taxes
- Index the gas tax to inflation
- Increase registration fees
- Vary registration fees by size, weight, or gas mileage of the vehicle
- Lease space in state rest areas
- Sell naming rights, i.e. bridges, highways, rest areas
- Bike registration fees
- Sell advertisements on state vehicles
- Highway tolls

Highway tolls were discounted as a revenue source by the Board because of the administrative costs and the cost to provide the toll booths. Vermont could not put tolls on the interstate highways because they were federally funded, and these would be the most lucrative highways. Naming rights and advertising on state vehicles did not generate much interest at the meeting held at the Chittenden County Regional Planning Commission. The idea of registering bicycles also did not get much support, although the audience had a large contingent of bicycle advocates. Senator Mazza also mentioned bike registration, but he did not think the idea was very good. The administrative costs would likely be high for the amount of money generated. The audience at that meeting also seemed cool to the idea of leasing space at rest areas.

The most serious discussion was around fuel taxes and fees. Vermont's gas tax has not been raised since 1990 and it is not indexed to inflation. There seemed to be support for raising the tax and indexing it to inflation; however, one attendee reminded the group that in Vermont people often need to travel many miles to get to work and the only viable alternative for them is to drive. There was general recognition that gasoline tax revenue, if rates were left unchanged, would continue to decrease as consumption decreased. Natural gas fueled commercial vehicles are already in use, and more plug-in vehicles are also being used. VTrans is planning "plug-in stations". The group also seemed to think that varied vehicle fees based on weight had merit, since heavier vehicles create more wear and tear on highways.