

January 30, 2019

To Vermont City Councils, Select Boards, Boards of Trustees:

Over 70% of the roads in Vermont, about 11,382 miles, are maintained by Vermont cities, towns and villages. Our municipalities are facing a crisis in the upkeep of highway infrastructure as needs far outweigh the financial resources available to address the problem.

Over the past 10 years, the general state aid to highways transferred from the state to Vermont municipalities has remained static, forcing towns to increase already high property tax burdens to address highway infrastructure needs. The stress on the property tax has been exacerbated as municipal budgets are forced to address more and more issues, such as the clean-up of Lake Champlain and storm water runoff, in general.

As a means to offer a solution to this problem that is almost universally understood, a proposal is being contemplated which would increase the taxes on gasoline and diesel fuel by 4 cents per gallon. Some have suggested the tax should be tied to the retail price of the fuels, dropping off if the price per gallon exceeds, for example, \$3.00 per gallon. Others have suggested the tax should be implemented and then stay in place for 5 years when it would automatically “sunset”, unless an analysis of its economic impacts and its efficacy in improving highway infrastructure indicated it should stay in place.

At this time we are not certain how much revenue might be generated if this tax was implemented, but it appears it may be more than \$10 million annually. The best means to distribute this money to municipal governments appears to be through the formula which distributes general state aid to highways. As such, this revenue would not fund a grant program, but it would make more “unrestricted” dollars available to municipal highway budgets.

In order to ensure that the additional revenue was actually spent to improve municipal highway infrastructure, it might be necessary for municipalities to file a report with VTrans each year showing how the additional funds were spent and what infrastructure improvements were made with the money. It is very important that these additional revenues are not used to simply “buy down” the property tax rates in our municipalities, so a reporting requirement may be a small price to pay if municipal officials can secure this new tax in the legislature.

If you, the elected officials in your municipality, believe more funding is needed to address failing highway infrastructure and you would like to see the revenues generated by broad based fuel taxes rather than through the property tax, please help to support this proposal. At the very least, send an e-mail to the select board members listed below indicating that your legislative body approves this concept. If possible, send a letter to your state representatives, state senators and to the chairpersons of the House and Senate Transportation Committees to show support. **Best yet, bring your letters in person to the state house when you come to VLCT’s Local Government Day on February 14th.**

If we can pack the committee room with like-minded local officials who are passionate about fixing the failing infrastructure that we constantly hear about, perhaps we can get the legislature to do something to help our cause. The particular details about the size of tax, how long it should be in place and how the additional revenues can be distributed can be worked out later. **We need to show the legislature and the governor now that we need their help to get this job done.**

Sincerely,

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