

A Guide to JTOC

1. History of JTOC

The current JTOC law is Sec. 38 of Act 68, 2003 Session codified in 19 V.S.A. §11a.¹ Bold faced terms in this memo are descriptive and are not statutory terms. JTOC is based on the principle that DMV fees and taxes on gasoline, diesel fuel and motor vehicle sales are user fees which citizens pay in return for the right to use the transportation system and that these fees and taxes should be exclusively used to build, maintain and regulate the use of the transportation system.

The JTOC process developed from the recognition that the annual costs of the transportation system do not exclusively flow through the Agency of Transportation and that if the user fee model is applied, it should be applied consistently so that all transportation system costs are paid by transportation user fees and taxes. For example, enforcement of the motor vehicle safety laws by the state police are clearly an important component of maintaining a safe highway system. These costs, however, do not flow through the Agency of Transportation. This and other examples prompted the legislature in 1991 and again in 1996 to address the issue.

The Joint Transportation Oversight Committee (“JTOC”) was formed and the committee held hearings in an attempt to identify, agency by agency, all the government functions and their costs which could reasonably be described as being a cost of building, maintaining or regulating the use of the transportation system. After identifying the transportation system costs, if any, of a particular agency, the committee divided such costs by the agency’s total budget to produce a percentage figure which represented the proportion of the agency’s budget which was linked to supporting the transportation system. These percentage figures collectively came to be referred to as the “**JTOC formulas**” and were intended to provide a systematic method of allocating transportation fund revenues among the different cost components of the transportation system.

The **JTOC formulas** were not enacted into law but over the years have served as a guide to the legislature in appropriating transportation fund revenues among the different government agencies. In 1997, first effective in 1999, the **JTOC Cap** was instituted. The JTOC Cap fixes a maximum dollar amount which may be appropriated from the transportation fund to agencies or for purposes not specifically enumerated in the JTOC law. The legislature has continued to use the JTOC formulas as a guide in determining agency by agency appropriations from the transportation fund but now the JTOC Cap provides that appropriations to JTOC Programs (as defined below) in aggregate may not exceed the prescribed dollar limit.

2. Appropriations Subject to the JTOC Cap

For purposes of JTOC, all government functions can be divided into two categories: **Base Transportation Programs** and **JTOC Programs**. Appropriations from the transportation fund to Base Transportation Programs are exempt from and do not count against the JTOC Cap. **Base Transportation Programs** are specifically enumerated in the JTOC Law as follows:

¹ 2003 Session, Act 68, Sec 38 reads “The maximum amount of transportation funds that may be appropriated for the support of government, other than for the agency of transportation, transportation pay act funds, the cost of maintaining and staffing rest areas, construction of transportation capital facilities used by the agency of transportation, and transportation debt service, shall not exceed 19 percent of the total of the prior fiscal year transportation fund appropriations.”

- 1) the Agency of Transportation,
- 2) transportation pay act funds,
- 3) the cost of maintaining and staffing rest areas,
- 4) construction of transportation capital facilities used by the agency of transportation, and
- 5) transportation debt service

All other government functions are **JTOC Programs**. Appropriations from the transportation fund to JTOC Programs count against the JTOC Cap.

3. How the JTOC Cap is determined

As stated, the JTOC Cap is a set dollar limit on all appropriations from the transportation fund to JTOC Programs in any given fiscal year. The JTOC Cap is determined by the following formula with FY-05 used as an example:

$$\text{FY-05 JTOC Cap} = \text{FY-05 JTOC Percentage} \times \text{FY-04 JTOC Appropriations Base}$$

The FY-05 JTOC Percentage is 19.0%, versus 20.5% in FY-04, 21% in FY-03 and 23% in FY-02. There are three points to note about the **JTOC Appropriations Base**. First, the base is defined in terms of appropriations, specifically appropriations from the transportation fund, and **not** by revenues. Second, the appropriations that count are the appropriations made in the **prior fiscal year**. Subject to changes in the budget adjustment act, FY-04 appropriations from the transportation fund have already been reduced to a fixed dollar amount and since the JTOC Cap is simply the base multiplied by the percentage, the FY-05 JTOC Cap, again subject to budget adjustment, has already been reduced to a fixed dollar amount.

Third, there is a difference between appropriations from the transportation fund and total spending from the transportation fund. **“Transfers”** from the transportation fund to other legislatively created funds are not an appropriation and are not included in the JTOC Appropriations Base. In FY-04 the following transfers were made from the transportation fund: \$800,000 to the Downtown fund, \$2.1 million to the Central Garage fund, and \$370,000 to the Vermont Recreational Trail fund.

FY 2004 JTOC Appropriations

The current "JTOC" law passed in the 2003 Session, Act 68, Sec 38 reads "The maximum amount of transportation funds that may be appropriated for the support of government, other than for the agency of transportation, transportation pay act funds, the cost of maintaining and staffing rest areas, construction of transportation capital facilities used by the agency of transportation, and transportation debt service, shall not exceed 19 percent of the total of the prior fiscal year transportation fund appropriations." Applicable for FY-04 the percentage limit was 20.5%. These FY-04 "JTOC" appropriations are listed below. See the "JTOC Guide" for further information

Sorted by Government function		Total	43,214,107
Function	Agency	Subdivision	FY-04 JTOC
General Govt	Administration	Sec Admin	61,875
General Govt	Administration	Finance	137,467
General Govt	Administration	Personnel - operations	449,103
General Govt	Administration	Personnel - services	227,013
General Govt	Administration	Tax	263,785
General Govt	Administration	BGS - engineering	273,669
General Govt	Administration	BGS - purchasing	266,936
General Govt	Administration	BGS - records	90,003
General Govt	Administration	BGS - postal	26,946
General Govt	Auditor		73,252
General Govt	State Treasurer		128,477
General Govt	Labor Relations Board		5,676
General Govt	Governor's office		194,481
General Govt	Municipal current use		2,435,390
General Govt	Lt. Governor's office		23,813
General Govt	Legislature		867,677
General Govt	Legislative Council		288,708
General Govt	Sergeant at Arms		50,305
General Govt	Joint Fiscal Committee		167,300
Protection	Attorney General		85,971
Protection	Court diversion		177,804
Protection	State's Attorneys		456,076
Protection	Sheriffs		65,507
Protection	Sheriffs	Transport	638,705
Protection	Defender General	Public Defense	646,496
Protection	Defender General	Assigned counsel	260,529
Protection	Criminal Justice Training Council		348,154
Protection	Public Safety	State Police	18,622,780
Protection	Public Safety	Criminal justice services	3,580,878
Protection	Public Safety	Emergency management	63,969
Protection	Public Safety	Gov's Highway Safety	172,828
Protection	Agriculture	Food safety	47,993
Protection	Judiciary		3,740,140
Protection	Fire Service Training		99,985
Human Services	Social & Rehabilitation Services	Child care services	75,000
Human Services	Aging & Disabilities	Independent living	522,000
Human Services	Corrections		1,424,702
Education	Dept of Education	Education quality	648,155
Education	Property tax assistance		4,385,016
Natural Resources	State land local property tax		262,815
Natural Resources	Forests, Parks & Recreation	Forestry	21,500
Natural Resources	Forests, Parks & Recreation	Forest highways	606,539
Natural Resources	Environmental Conservation	Air & waste management	39,278
Natural Resources	Environmental Conservation	Water programs	189,411