



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

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H.479 – An act relating to the Transportation Program and miscellaneous changes to laws related to transportation

As Introduced by the House Committee on Transportation¹

Bill Summary

The FY 2024 Transportation Bill (H.479) adopts and amends the State of Vermont’s annual Transportation Program and contains numerous statutory amendments and funding authorizations related to transportation. The funding authorizations included in H.479 are subject to appropriations in the Big Bill. H.479 does not authorize more net expenditures of State funds than what was included in the Governor’s Recommended FY 2024 transportation budget.²

As introduced, H.479 contains several provisions relevant to appropriations and revenue. However, none of these provisions have an impact to net appropriations or revenues in FY 2024.

- **Maintenance Carryforward Provisions:** H.479 would reduce the FY 2024 Maintenance authorization by \$1,000,000 of Transportation Funds to fund a one-time authorization to Green Mountain Transit. H.479 contains language explicitly authorizing the Agency of Transportation to subsequently use unexpended Transportation Fund appropriations that carry forward at the end of FY 2023 to restore the Maintenance budget by up to \$1,000,000.
- **Electric Vehicle Incentive Program Changes:** H.479 would reallocate \$550,000 of FY 2023 one-time General Fund appropriations from Replace Your Ride to the e-Bike Incentive Program (\$50,000) and a newly created Electrify Your Fleet (\$500,000) program. Since this modifies the allowable uses of unexpended funds that were previously appropriated in FY 2023, there is no additional fiscal impact.
- **Mileage-Based User Fee:** H.479 would authorize the design of a mileage-based user fee for battery electric vehicles to begin in 2026 but does not explicitly establish or define that fee. Therefore, this provision does not have any direct revenue impact.
- **Positions:** H.479 would convert 10 existing Aviation positions from limited service to permanent classified and create two new Maintenance positions. The funds to support these positions are included in the proposed 2024 transportation budget.

¹ <https://legislature.vermont.gov/Documents/2024/Docs/BILLS/H-0479/H-0479%20As%20Introduced.pdf>

² A summary table of the expenditure levels authorized by H.479 for FY 2024 is available here:

https://ljo.vermont.gov/assets/Subjects/Transportation-Budget/b8d34751e7/FY24-Transportation-on-a-Page_House.pdf

A year-over-year comparison is available here: https://ljo.vermont.gov/assets/Subjects/Transportation-Budget/b05ea2f33c/FY24-HTC-FY24-vs-FY23-Comparison_032023.pdf

Overview of Fiscal Provisions

The following sections of the bill are pertinent to appropriations and revenues:

1. Maintenance Carryforward Provisions

Section 2 of the bill would reduce the proposed FY 2024 Transportation Fund authorization to the Agency of Transportation’s (AOT) Maintenance program by \$1,000,000. **Section 8** would then subsequently authorize AOT to expend \$1,000,000 of Transportation Funds on a one-time basis for Green Mountain Transit.

Section 2 also authorizes AOT to restore the Maintenance authorization and appropriation during 2024 by up to \$1,000,000 using unspent Transportation Fund appropriations from FY 2023 from other programmatic areas within the Agency, upon notification to the Joint Transportation Oversight Committee.

This language provides the Agency with latitude to manage its carryforward funds without an additional cost to the Transportation Fund beyond the totals proposed in the Governor’s recommended budget.

2. Adjustments to Electric Vehicle Incentive Program Funding

Several provisions of H.479 would adjust the authorized uses for unspent FY 2023 one-time appropriations for electric vehicle incentive programs without an added fiscal impact. See *Table 1*.

Section 14 would create a new **Electrify Your Fleet** program to be administered by AOT and authorizes AOT to spend up to \$500,000 of one-time General Funds on this program.

Section 15 would authorize \$50,000 of General Funds for the existing **e-Bike Incentive Program**.

Sections 17 through 19 would fund these two authorizations by reducing the FY 2023 General Fund authorizations and appropriations for the existing **Replace Your Ride** vehicle incentive program. In FY 2023, \$3,000,000 of General Funds were authorized and appropriated for Replace Your Ride. The FY 2023 Budget Adjustment Act reallocated \$100,000 of unexpended appropriations from Replace Your Ride to replenish the e-Bike Incentive Program. H.479 would reallocate an additional \$550,000 of unexpended FY 2023 General Fund appropriations from Replace Your Ride to the new Electrify Your Fleet Program and increase funding for the existing e-Bike Incentive Program.

Table 1: Modifications to the FY 2023 One-Time General Fund Appropriation for Replace Your Ride

| Incentive Program | FY 2023 As Passed | As Amended FY 2023 BAA | As Amended in H.479 Eff. FY 2024 |
|----------------------|-------------------|------------------------|----------------------------------|
| Replace Your Ride | \$3,000,000 | \$2,900,000 | \$2,350,000 |
| <i>Change</i> | | -\$100,000 | -\$550,000 |
| e-Bike Incentives | ** | \$100,000 | \$150,000 |
| <i>Change</i> | | +\$100,000 | +\$50,000 |
| Electrify Your Fleet | - | - | \$500,000 |
| <i>Change</i> | | | +\$500,000 |

(*) Table reflects changes to the FY 2023 General Fund appropriation to Replace Your Ride to fund other incentive programs. Table is not a complete list of all prior appropriations to these programs.
 (**) FY 2023 As Passed made a \$50,000 appropriation of Transportation Funds to E-Bike Incentives, which is not reflected in this chart.

Since these sections reallocate existing one-time appropriations, there is no additional fiscal impact.

3. Mileage-Based User Fee (MBUF)

A Mileage-Based User Fee (MBUF) is intended to capture revenue from Vermont-registered battery electric vehicles in an amount roughly equivalent to what the average internal combustion vehicle would pay in annual Vermont State gasoline taxes and assessments.³ H.479 does not create a new MBUF. Rather, it authorizes

³ No explicit MBUF rate has been proposed. However, prior analysis estimated that a rate of 1.3 cents per mile, or \$150 per year, would be roughly equivalent to what the average comparable Vermont vehicle would have otherwise paid in gasoline taxes. See testimony from Patrick Murphy, VTrans, to House Committee on Ways and Means, February 24, 2023. <https://legislature.vermont.gov/Documents/2024/WorkGroups/House%20Ways%20and%20Means/Transportation/W~Patrick%20Murphy~Mileage%20Based%20User%20Fee%20for%20Electric%20Vehicles~2-24-2023.pdf>
 See VTrans “Vermont Road Usage Charge Study,” February 25, 2022. <https://legislature.vermont.gov/Documents/2024/WorkGroups/House%20Ways%20and%20Means/Transportation/W~Patrick%20Murphy~Road%20Usage%20Study%20-%20Final%20Report~2-24-2023.pdf>

AOT to apply for and accept a grant to design a MBUF that could be collected starting on July 1, 2025, subject to future legislative approval.

Section 20 establishes legislative intent to:

- Start collecting a MBUF from all battery-electric vehicles registered in Vermont starting on July 1, 2025.
- Starting on July 1, 2025, subject plug-in hybrid electric vehicles that are a pleasure car to a registration fee that is 1.75 times the amount of the registration fee for a pleasure car. However, plug-in hybrids would not be subject to the MBUF.⁴
- Work toward collecting a fee on electricity dispensed through public electric vehicle supply equipment to supplant lost gas tax revenue from electric vehicles that drive in Vermont but are not registered in Vermont.
- Not commence collecting a MBUF until the necessary authorizing language is codified in statute and becomes effective.

Section 21 would authorize AOT to apply for and accept a federal Strategic Innovation for Revenue Collection grant to design a MBUF for battery electric vehicles. AOT would be authorized to apply for and accept up to \$3,500,000 of federal funds, with up to \$350,000 of Transportation Funds authorized for the non-federal match in FY 2024. It is expected that an additional \$350,000 non-federal match would be required in FY 2025. The necessary non-federal funding for FY 2024 is included in the proposed FY 2024 transportation budget.

Section 23 would require the Agency to file a written report with relevant legislative committees by January 31, 2024, with a comprehensive implementation plan and recommended per-mile MBUF rate. The report must also include recommended statutory language to commence collecting a MBUF on July 1, 2025, along with extensive fiscal analysis.

4. Agency of Transportation Positions

Section 28 would authorize the following positions, which are requested by AOT:

Aviation – 10 *existing* positions converted from limited service to permanent classified:

- 9 State Airport Maintenance Workers – total salary costs (including benefits) range from approximately \$74,000 to \$113,000 per position.
- 1 State Airport Operations Specialist – total salary cost of approximately \$91,000.

These *existing* positions are currently filled in a limited-service capacity and paid for with Transportation Funds. Personnel work at the State-owned airports to provide daily maintenance activities, security, safety, and other operational needs. This language would convert these existing positions from limited service to permanent classified and has no additional fiscal impact.

District Maintenance – 2 *new* permanent classified positions:

- 1 Transportation Operations Technician III – total salary cost of approximately \$100,000.
- 1 Transportation Technician IV – total salary cost of approximately \$100,000.

Two *new* positions are proposed in the District Maintenance and Fleet division. The two positions, which were requested by the Agency of Transportation, would be assigned to operate and maintain the new Grand Isle drawbridge and support winter maintenance needs in the Northwest region when the bridge is not regularly opening. The two new positions are expected to cost an average of \$100,000 each (including benefits) to the Transportation Fund and are funded in the proposed FY fiscal year 2024 transportation budget.

⁴ The intent behind assessing a higher registration fee on plug-in hybrids is to supplant lost gas tax revenue from road usage when these vehicles are in battery-electric mode without using gas.