



State of Vermont  
Division of Policy, Planning and  
Intermodal Development  
Barre City Place, Suite  
219 North Main Street  
Barre, VT 05641  
[vtrans.vermont.gov](http://vtrans.vermont.gov)

Agency of Transportation

[phone] 802-505-3480  
[ttd] 800-253-0191

## Memo

To: House Committee on Transportation  
Date: January 11, 2024  
From: Michele Boomhower, Bureau Director *MB*  
Re: MileageSmart Transfer (2024 Budget Adjustment Act)

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As requested following Agency testimony on the EV Incentive Programs on January 10<sup>th</sup>, the purpose of this memo is to inform consideration of a proposal to transfer up to \$1,000,000.00 of an existing appropriation from the Replace Your Ride Program to the MileageSmart Program to avoid an expected shortfall and pause to the program in May or June 2024.

In October 2020, as the Incentive Program for New PEVs was first established, funding had quickly run out, leading to the need to pause the program until additional funds could replenish the incentive pool. This created uncertainty for all parties involved—potential applicants, dealerships, and program administrators—stalling important momentum toward the State’s goals for EV adoption and greenhouse gas emissions reductions in the transportation sector.

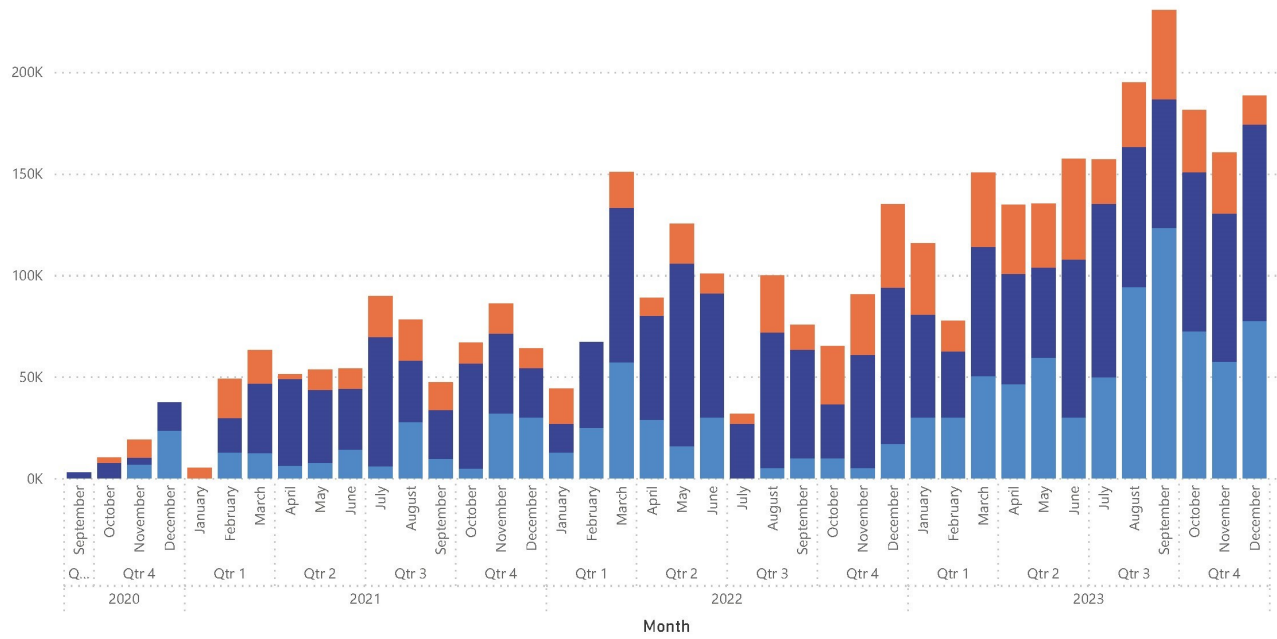
As the legislature has recognized by codifying it in statute through the 2023 Transportation Bill (Act 62), the MileageSmart Program has matured into a well-run, impactful program, providing a growing number of incentives on a monthly basis and an increasingly higher number of all-electric vehicles within those to households with lower incomes, making progress on both social and climate goals. Indeed, it is because of this success, that MileageSmart is likely to exhaust its current funding authorization before the end of this fiscal year. The chart below shows the spending trend per month since the inception of the program.

Although there are plans to supplement the State appropriations with federal grant funds through the Climate Pollution Reduction Grants administered by the US Environmental Protection Agency (if awarded), the timing of potential access to this alternative funding source (applications submitted by April 1, 2024; awards by October 2024) would result in a lapse of the program absent any additional state authorization.

The Agency also plans to seek authority through the 2024 Transportation Bill to move some percentage of appropriations between incentive programs in the event that federal funding were not to become available. While the Replace Your Ride program is likewise starting to demonstrate some success, the Agency believes there would be sufficient funding to continue its progress through the end of the SFY2025 under the current funding levels. The table attached below shows how a funding transfer now might impact both programs.

### MileageSmart Monthly Incentive Amount Issued

Vehicle Type ● AEV ● Hybrid ● PHEV



At an average of about \$200,000 of expenditures per month, funding is likely to be exhausted in the second quarter of calendar year 2024.