
Electric Vehicle Infrastructure Fees

HOUSE COMMITTEE ON WAYS AND MEANS, MAY 1, 2024

PATRICK Ó. MURPHY, SUSTAINABILITY + INNOVATIONS PROJECT MANAGER, AGENCY OF TRANSPORTATION

* * * Electric and Plug-In Hybrid Vehicles; EV Infrastructure Fee * * *

Sec. 27. 23 V.S.A. § 361 is amended to read:

§ 361. PLEASURE CARS

(a) The annual registration fee for a pleasure car, as defined in subdivision 4(28) of this title, ~~and~~ including a pleasure car that is a plug-in electric vehicle, as defined in subdivision 4(85) of this title, shall be \$89.00, and the biennial fee shall be \$163.00.

(b) In addition to the registration fee set forth in subsection (a) of this section, there shall be an annual electric vehicle (EV) infrastructure fee for a pleasure car that is a battery electric vehicle, as defined in subdivision 4(85)(A) of this title, equal to the amount of the annual fee collected in subsection (a) of this section, or a biennial EV infrastructure fee equal to two times the annual fee collected in subsection (a) of this section.

(c) In addition to the registration fee set forth in subsection (a) of this section, there shall be an annual EV infrastructure fee for a pleasure car that is a plug-in hybrid electric vehicle, as defined in subdivision 4(85)(B) of this title, equal to one-half the amount of the annual fee collected in subsection (a) of this section, or a biennial EV infrastructure fee equal to the annual fee collected in subsection (a) of this section.

(d) The annual and biennial EV infrastructure fees collected in subsections (b) and (c) of this section shall be allocated to the Transportation Fund for the purpose of increasing Vermonters' access to electric vehicle supply equipment (EVSE) charging ports through a program or programs selected by the Secretary, which may include programs administered by the Agency of Commerce and Community Development.

Sec. 28. EV INFRASTRUCTURE FEE; ELECTRIC VEHICLES

The Department of Motor Vehicles shall implement a public outreach campaign regarding EV infrastructure fees for battery electric vehicles and plug-in electric hybrid vehicles not later than October 1, 2024. The campaign shall disseminate information on the Department's web page and through other outreach methods.

Sec. 29. 23 V.S.A. § 361 is amended to read:

§ 361. PLEASURE CARS

* * *

~~(b) In addition to the registration fee set forth in subsection (a) of this section, there shall be an annual electric vehicle (EV) infrastructure fee for a pleasure car that is a battery electric vehicle, as defined in subdivision 4(85)(A) of this title, equal to the amount of the annual fee collected in subsection (a) of this section, or a biennial EV infrastructure fee equal to two times the annual fee collected in subsection (a) of this section. [Repealed.]~~

* * *

~~(d) The annual and biennial EV infrastructure fees collected in ~~subsections (b) and~~ subsection (c) of this section shall be allocated to the Transportation Fund ~~for the purpose of increasing Vermonters' access to electric vehicle supply equipment (EVSE) charging ports through a program or programs selected by the Secretary, which may include programs administered by the Agency of Commerce and Community Development.~~~~

Summary of Sections 27-29 ([H.868](#))

Section 27:

- Establishes a new annual EV infrastructure fee of \$89 for Battery-Electric Vehicles (BEVs) and \$44.50 for Plug-in Hybrid Electric Vehicles (PHEVs)
- Ties fee amounts to a factor in relation to registration fee, which is easier for DMV to implement and evolve with any changes to the registration fee
- Directs revenue from the EV infrastructure fee (through AOT's Secretary) to ACCD in support of community charging programs

Section 28:

- Directs DMV to implement a public outreach plan regarding the implementation of the fees

Section 29:

- Repeals EV infrastructure fee for BEVs and sunsets the link between revenue and EVSE in conjunction with Section 35 (EFFECTIVE DATES) upon implementation of a mileage-based user fee for such vehicles

Summary of Agency Concerns with Flat Fees

Agency has outlined reservations about a flat fee reflective of average vehicle impacts on the transportation system:

- Equity impacts on households with lower incomes—households accustomed to pay-as-you-go gas tax model could end up paying significantly more upfront
- Inherent unfairness to those who drive less than average in favor of those who drive more, which runs counter to the “user pays” principle of a mileage-based user fee
- Longer-term revenue implications—by setting a flat fee rate, the State would re-create and reinforce a structural gap in revenue collection (if pegged to the average gas tax paid for the average gas-powered vehicle) and/or increase that inherent unfairness

Summary of Feedback to Senate Transportation

Those concerns remain, although the Agency recognizes that a smaller surcharge to capture some revenue now could provide a bridge to a better system if certain conditions were met:

- Fees are set low enough so as to not require payment installations (which would increase implementation costs more than ten-fold and disadvantage households with lower incomes in the transition to EVs)
- Fees are scheduled to sunset after a couple of years with the implementation of a fairer mileage-based user fee system, as originally proposed by the Agency
- Fees are directed to EV charging infrastructure to address a significant barrier to EV adoption, serve both existing EV owners and encourage future EV drivers

Rate-setting considerations

2.2.3 Comparison of MBUF and gasoline tax

The table below summarizes amounts paid for various types of vehicles based on annual miles driven. Under an MBUF at 1.78 cents per mile, all electric vehicles would pay the same per mile:

- A vehicle driving 5,000 miles per year would pay \$89.
- A vehicle driving the Vermont average of 12,000 miles per year would pay \$214.
- A vehicle driving above average at 20,000 miles per year would pay \$356.

By contrast, under the gasoline tax, an EV would pay nothing in all three miles driven scenarios. A below average MPG vehicle such as a pickup truck would pay more: \$109, \$261, and \$435, respectively. An above average MPG hybrid would pay less: \$41, \$98, and \$163.

Vehicle type	Average on-road MPG	Gasoline tax paid			MBUF		
		Low (5,000 miles)	Medium (12,000 miles)	High (20,000 miles)	Low (5,000 miles)	Medium (12,000 miles)	High (20,000 miles)
Pickup	15	\$109	\$261	\$435			
Average VT car	20	\$82	\$196	\$326			
Sedan	30	\$54	\$130	\$217			
Hybrid	40	\$41	\$98	\$163			
PHEV	80	\$20	\$49	\$82			
EV	∞	\$0	\$0	\$0	\$89	\$214	\$356

2024 Legislative Report on Mileage-based User Fee

\$89 would reflect a low number of miles traveled for BEVs in Vermont

\$44.50 for PHEVs would mean that even a vehicle traveling as many as 20,000 miles annually will pay **\$127 total**, 35% less than the average VT vehicle



VERMONT LEGISLATIVE Joint Fiscal Office

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Fiscal Note

April 17, 2024

Logan Mooberry, Fiscal Analyst

H.868 – An act relating to fiscal year 2025 Transportation Program and miscellaneous changes to laws related to transportation

As Recommended by the Senate Committee on Appropriations¹

Bill Summary

The fiscal year 2025 Transportation Bill (H.868) adopts and amends Vermont’s annual Transportation Program. It contains numerous statutory amendments and funding authorizations related to transportation. The funding authorizations included in H.868 are subject to appropriations in the fiscal year 2025 appropriations bill. As recommended by the Senate Committee on Transportation, H.868 would also authorize the implementation of a new fee on battery electric and plug-in hybrid electric vehicles registered as pleasure cars. It would dedicate these revenues to increasing Vermonters’ access to electric vehicle supply equipment.

Fiscal Impact

The Joint Fiscal Office (JFO) estimates this bill would increase State revenues to the Transportation Fund by \$912,000 in fiscal year 2025 and \$1.7 million in fiscal year 2026.

Estimated Revenue

SFY2025:	\$912,000
SFY2026:	\$1.7 million

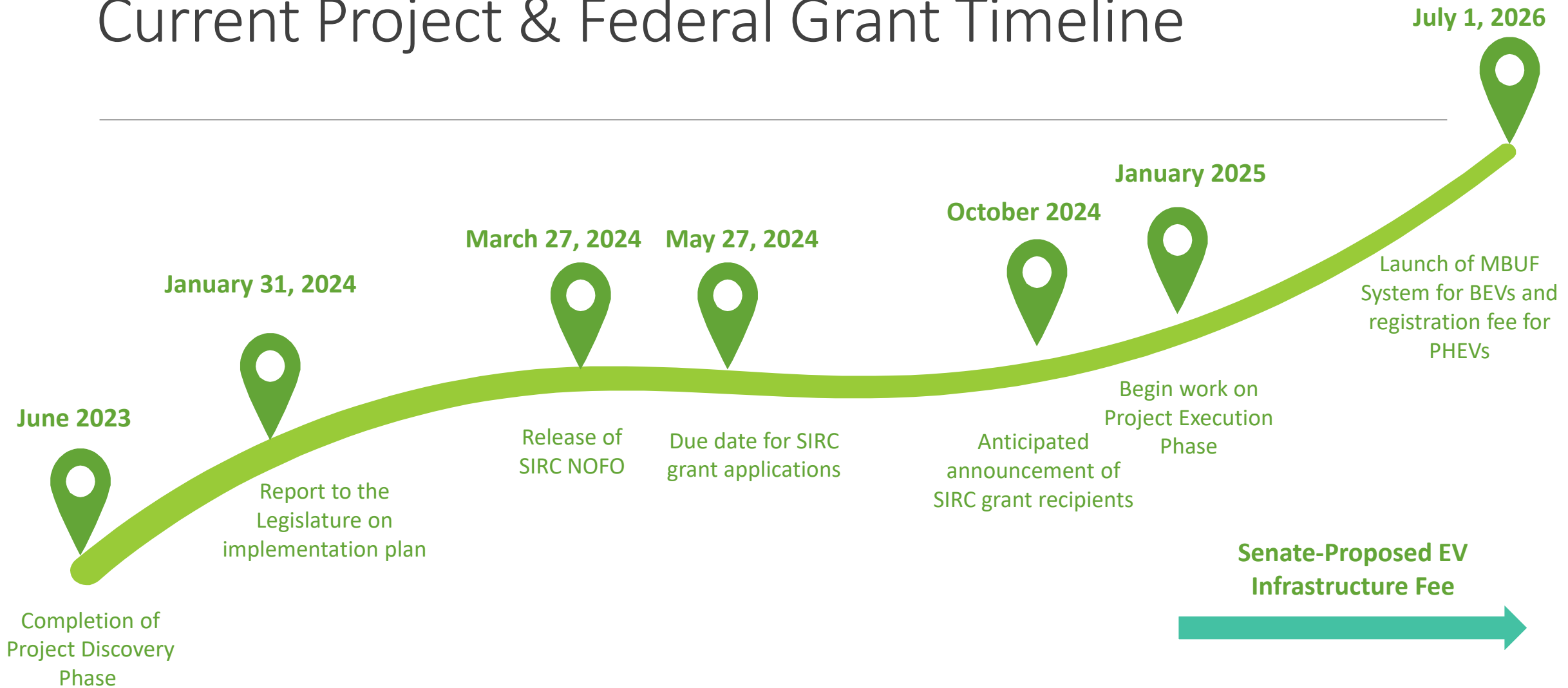
[GENERAL-376139-v2-H868 FN Senate.pdf \(vermont.gov\)](#)

Original Project & Federal Grant Timeline

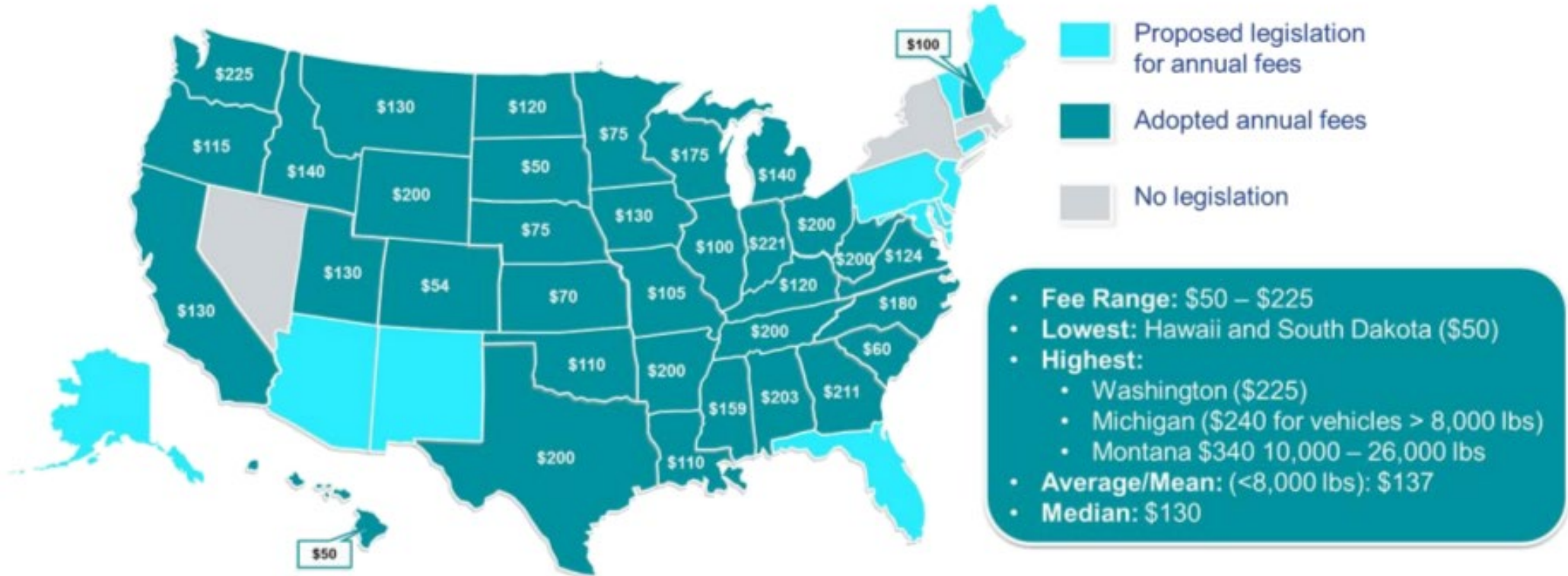


*USDOT announcement of Federal SIRC grantees varies from cycle to cycle. January 2024 may be an optimistic date

Current Project & Federal Grant Timeline



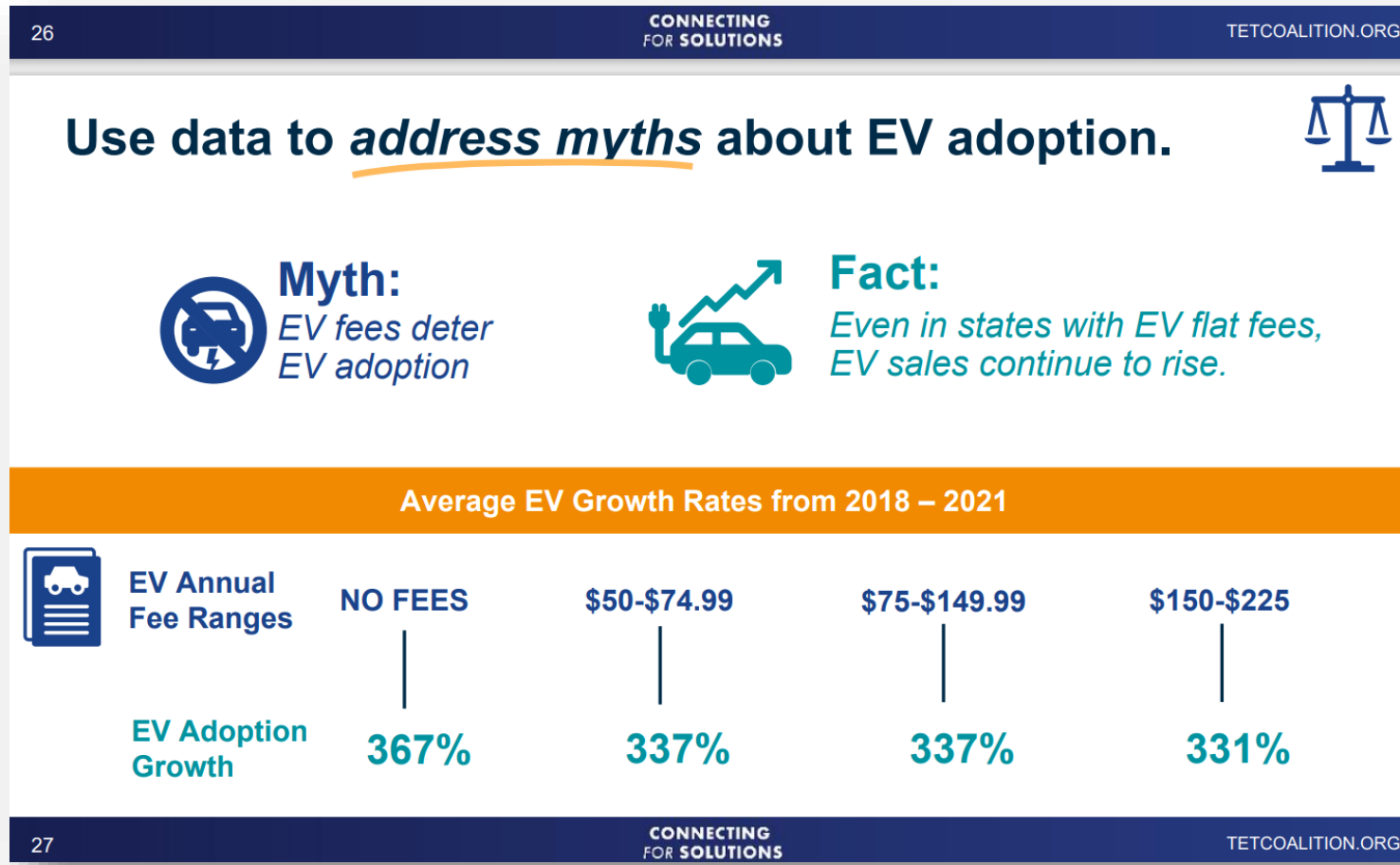
Where are annual flat fees happening in US?



Source: [Special Fees on Plug-In Hybrid and Electric Vehicles \(ncscc.org\)](https://www.ncscc.org) cross referenced with State DMV websites

Figure ES-4: Light EV Fees in January 2024 (rounded to nearest dollar)

Impacts of annual flat fees on purchasing decisions



February 29, 2024 Presentation to HTC
[The Eastern Transportation Coalition](#)

EV Infrastructure Fee vs. Cost of EV Ownership

Estimated annual savings

The annual cost comparison shown below is based on the above cost and efficiency information combined with estimated annual vehicle use of 12,000 miles per year.

Gasoline Vehicle: \$1,795 a year



Electric Vehicle: \$830 a year



\$965

Switch to electric and save big on fuel. Estimated annual savings.

Annual EV Infrastructure Fee

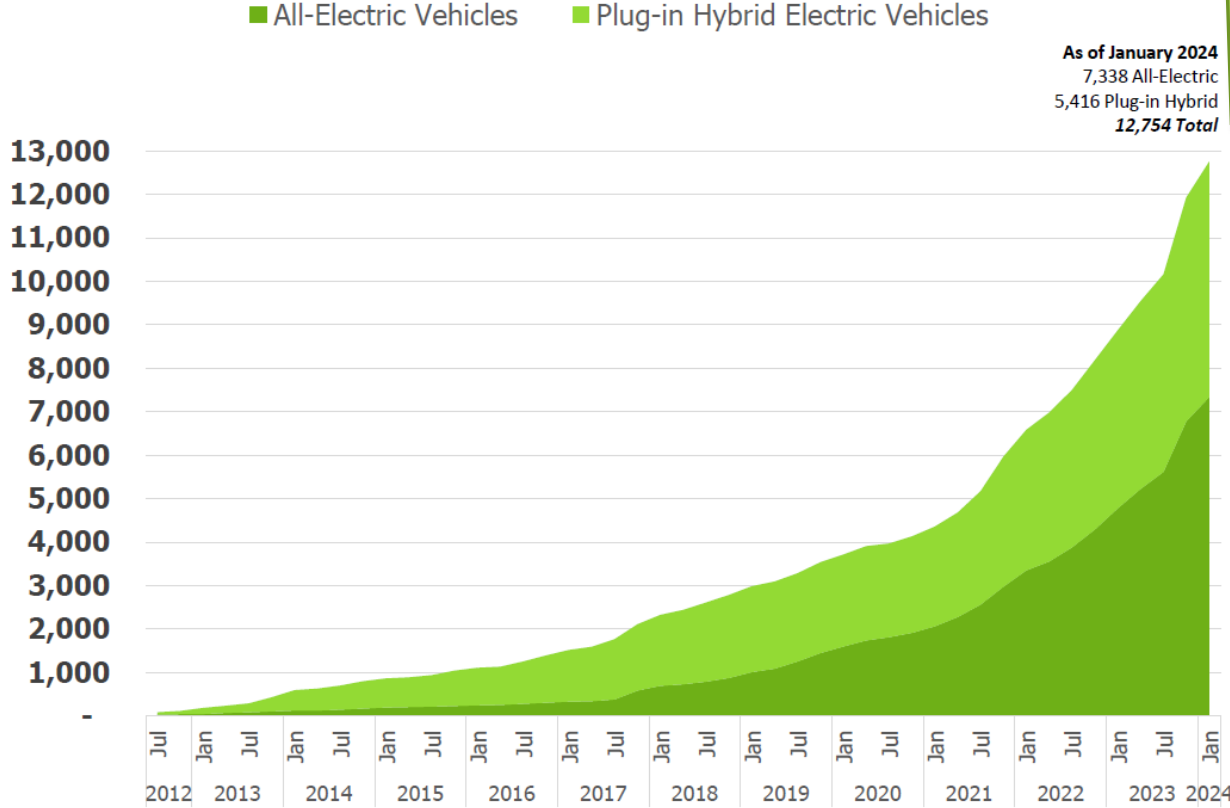
\$89

(\$97)

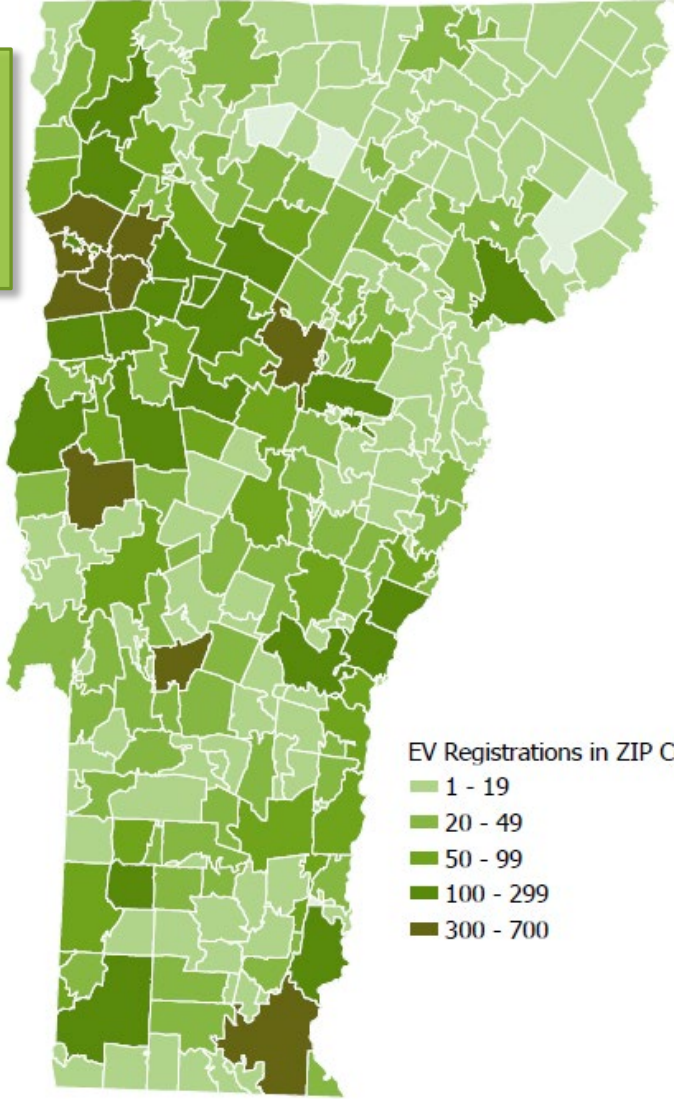
federal taxes avoided

EV Adoption in Vermont

Vermont Electric Vehicle Registrations

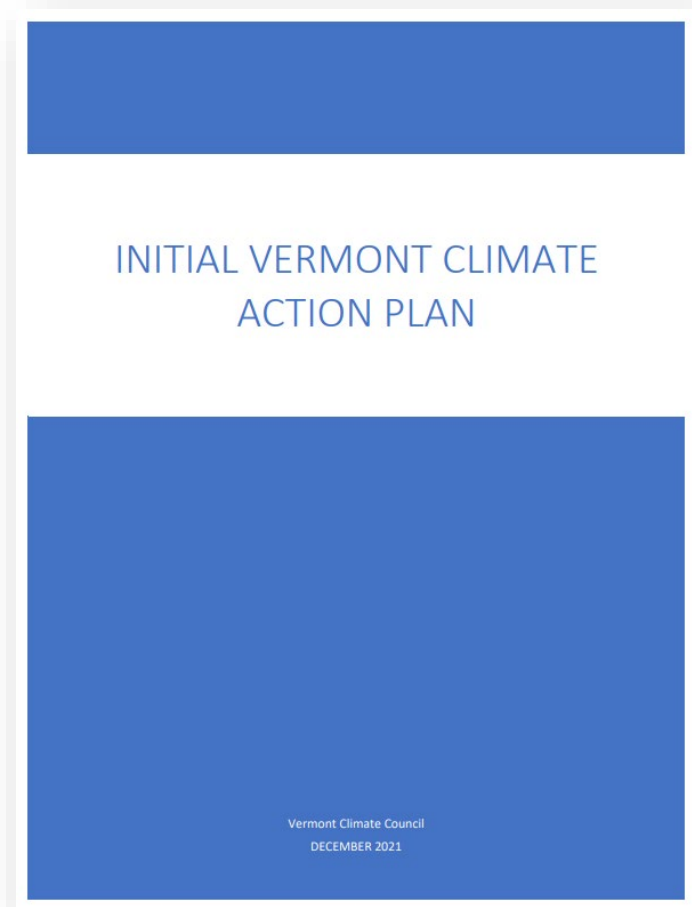
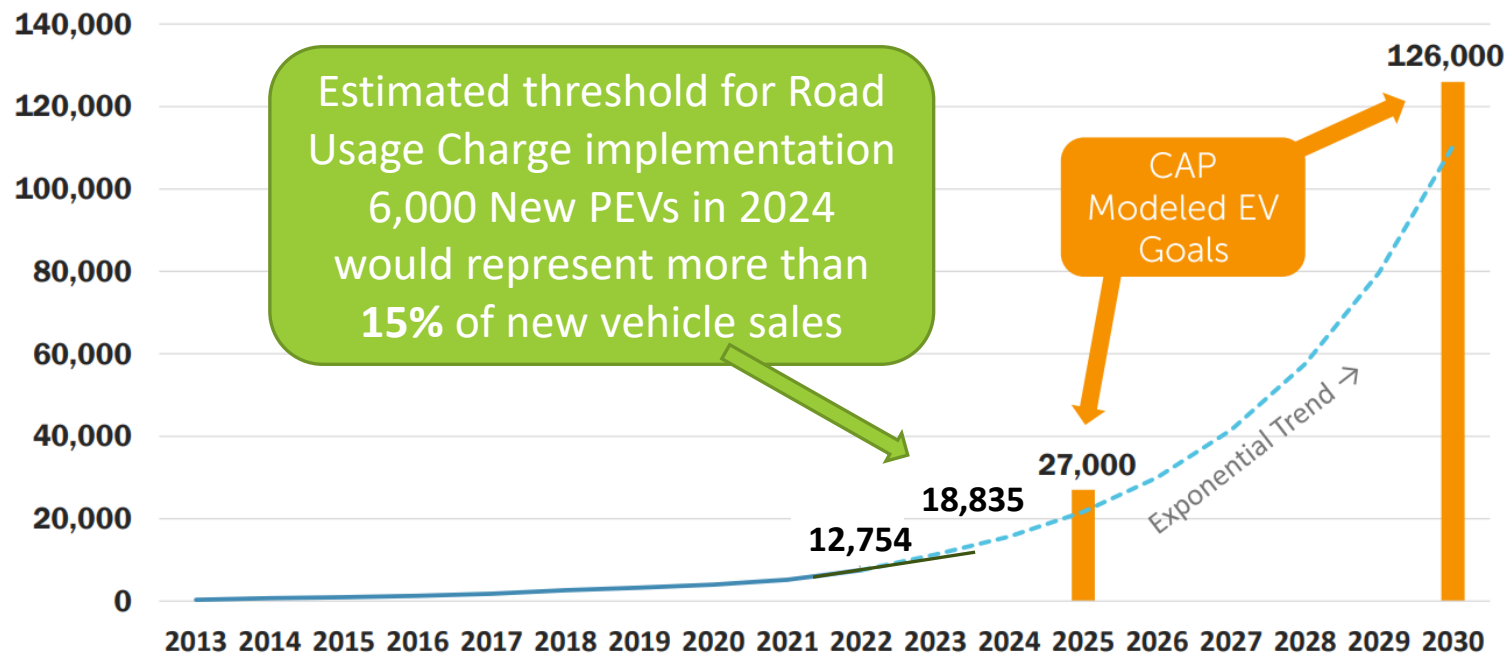


12,754 ZEVs:
 5,416 PHEVs
 7,338 AEVs



EV Adoption in Vermont

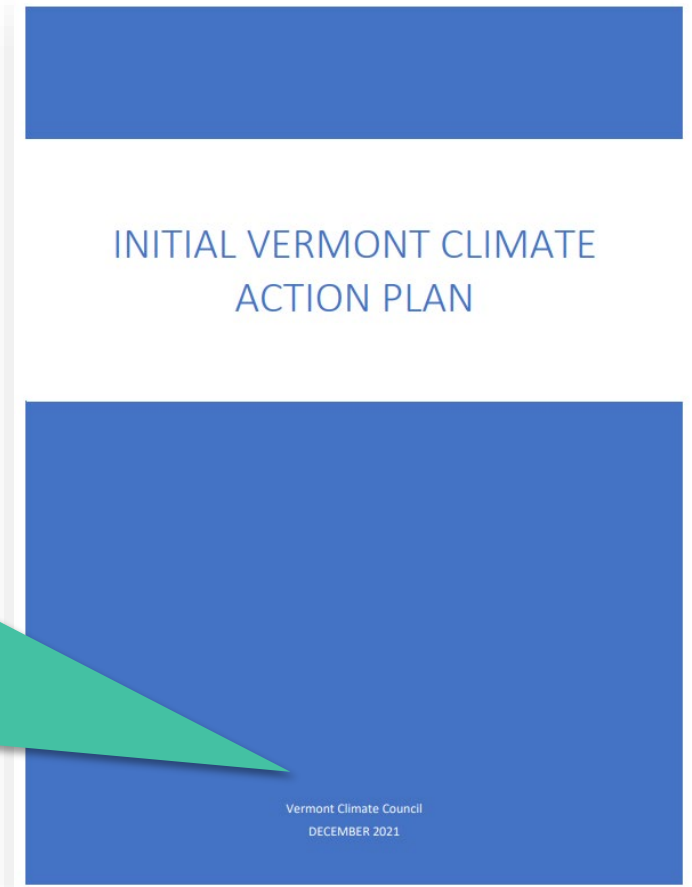
How many vehicles does Vermont need to electrify?



EV Adoption in Vermont

“Legislative action to incentivize EV purchases should not be limited by other policies that disincentivize EV adoption. For example, road user fees for EV drivers should not be imposed until new annual registrations of EVs exceeds 15%, pursuant to the recommendation of the PUC in the 2019 Report on Promoting the Ownership and Use of Electric Vehicles in Vermont.”

-- “Road user charge” discussion, p. 73



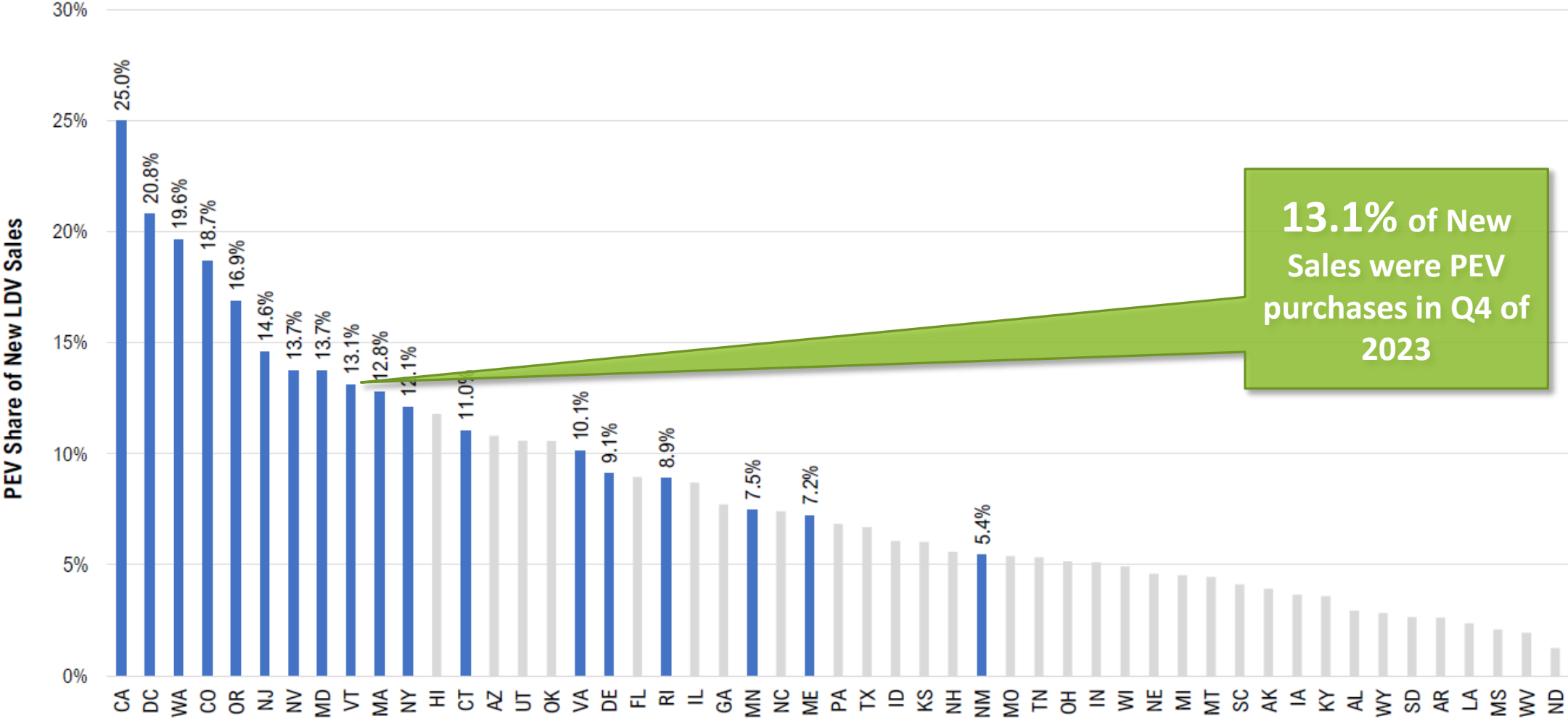
CAP – Pathway 1 – Light Duty Electrification

- 1) Technology Forcing ZEV Regulation (100% by 2035)**
- 2) EV Purchase Incentives**
 - a) New & used EVs and electric bicycles, designed for equity
 - b) Expand to fleets
 - c) Continue MileageSmart and Replace Your Ride
 - d) Vehicle Efficiency Purchase and Use Tax Adjustment
- 3) EV Charging Investment**
 - a) Continue support for DCFC and Level 2
 - b) Public, workplace and multifamily priorities
 - c) Direct the PUC to consider EV charging rates
- 4) Transportation Climate Initiative (TCI)**
- 5) EV and VMT reduction Outreach and Education**

Electrify 27,000
vehicles by 2025

126,000 by 2030

U.S. Light-Duty PEV Sales in 2023 Q4: California and the §177 ZEV States Continue to Outpace Non-ZEV States

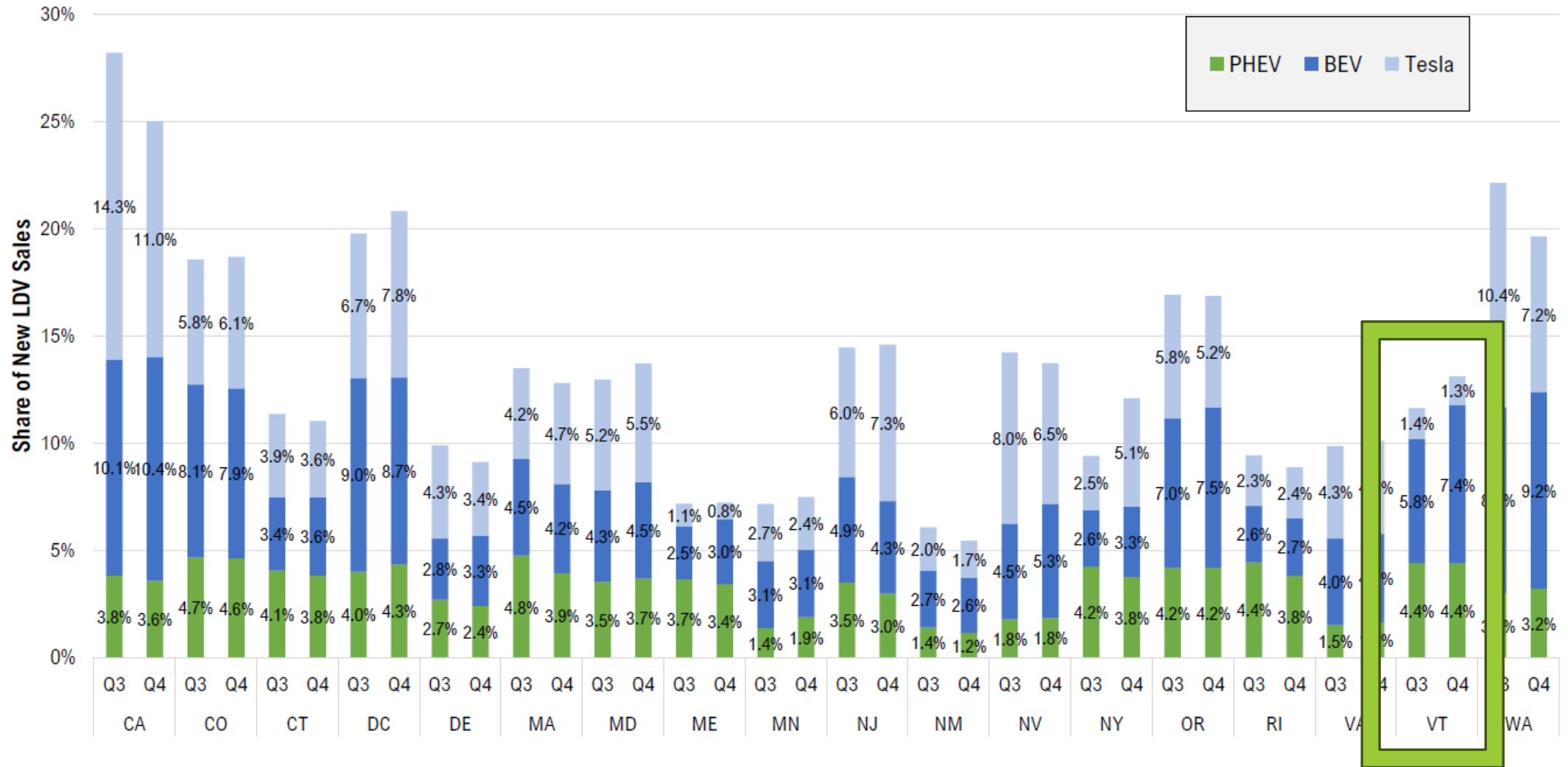


13.1% of New Sales were PEV purchases in Q4 of 2023

Section 177 ZEV States include: CO, CT, DC, DE, MA, MD, ME, MN, NJ, NM, NV, NY, OR, RI, VA, VT, WA
 Source: IHS Markit / Polk via Atlas Public Policy's EV Hub



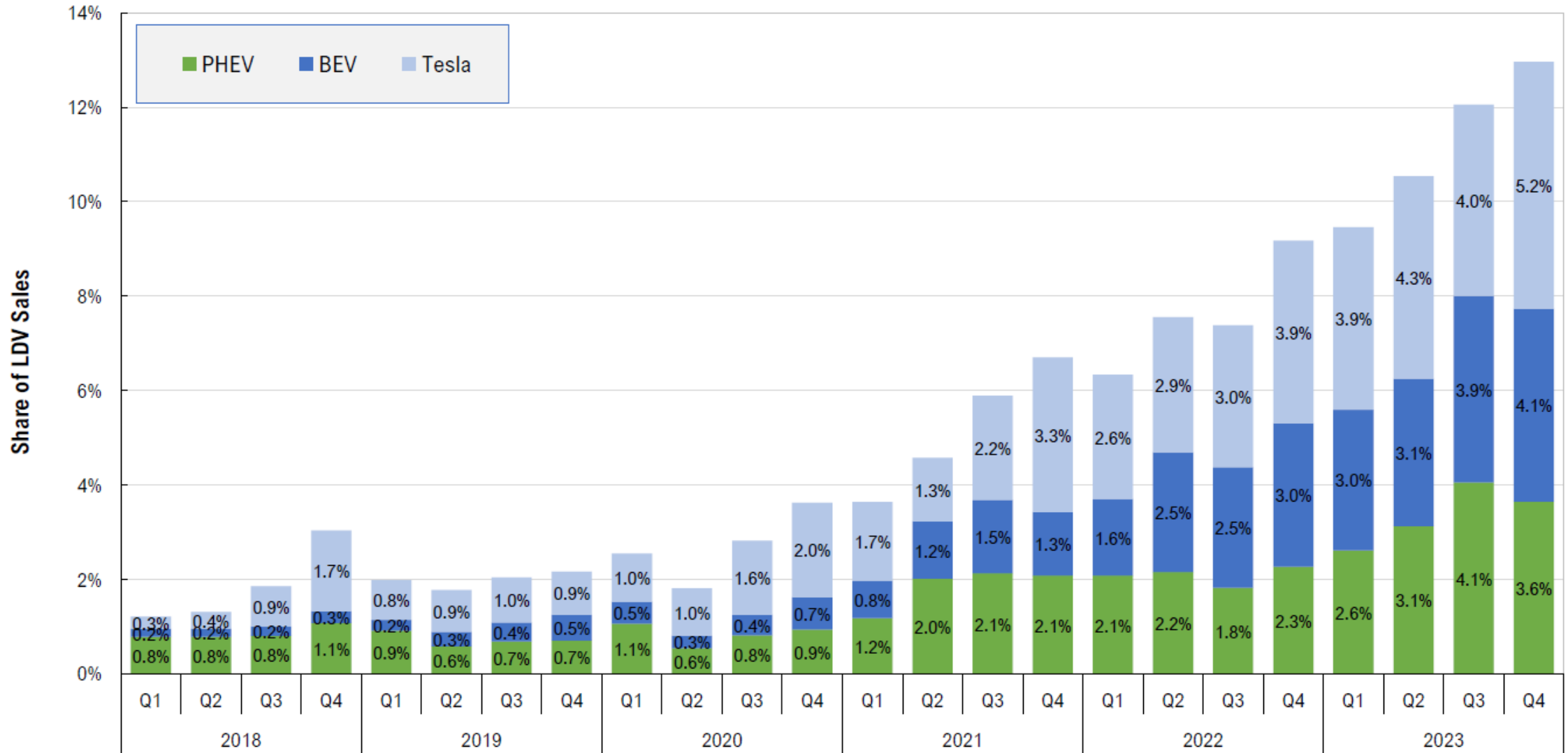
Light-Duty PEV Sales in California and the \$177 ZEV States – 2023 Q3 & Q4



Source: IHS Markit / Polk via Atlas Public Policy's EV Hub



Light-Duty PEV Sales in Selected §177 ZEV States



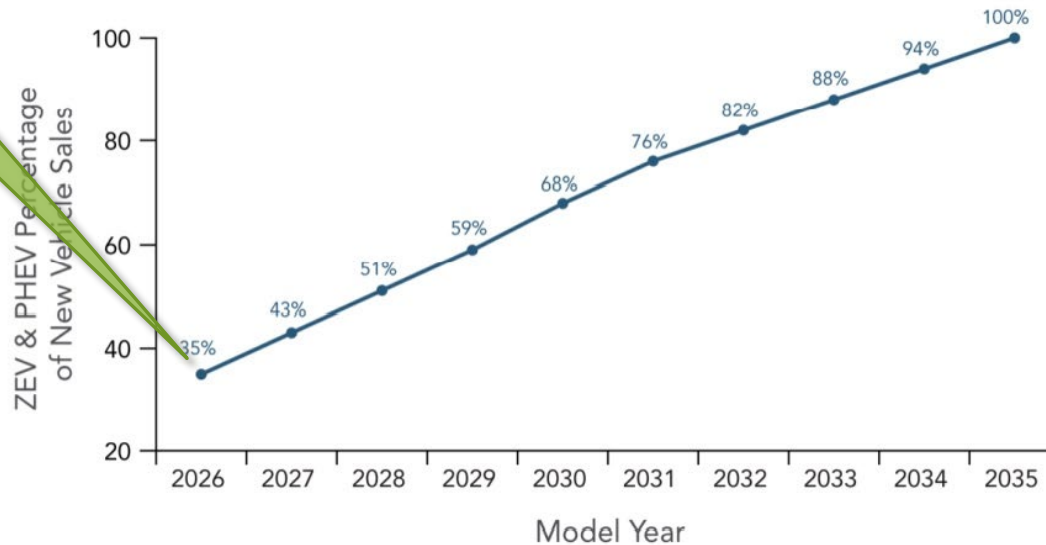
Selected Section 177 ZEV States include: CT, MA, MD, ME, NJ, NY, OR, RI, VT
 Source: IHS Markit / Polk via Atlas Public Policy's EV Hub



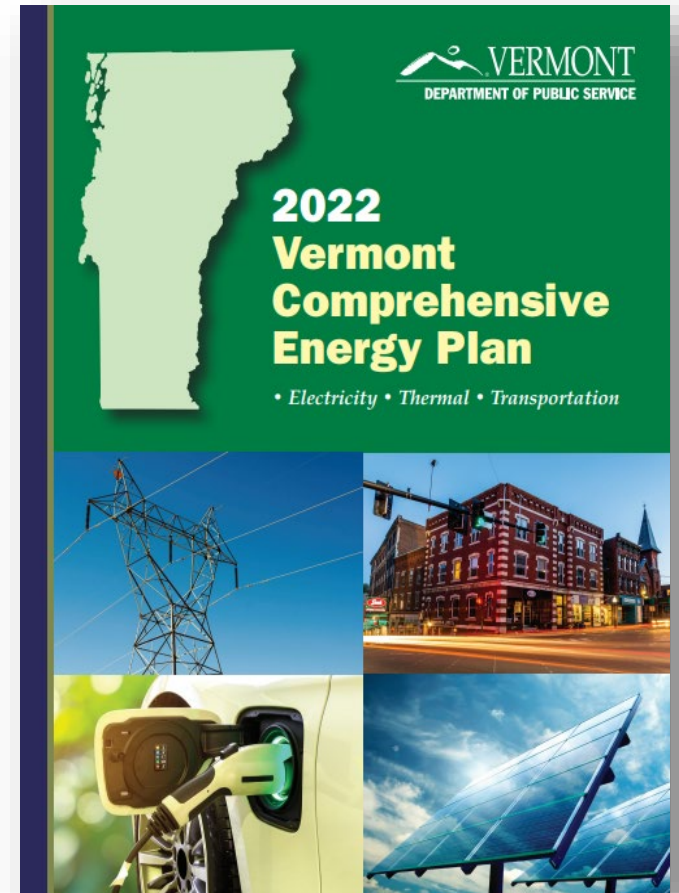
EV Adoption in Vermont

Vermont's Low and Zero Vehicle Regulation

The new regulation accelerates requirements that automakers deliver an increasing number of zero-emission light-duty vehicles each year beginning in model year 2026. Sales of new ZEVs and PHEVs will start with 35% that year, build to 68% in 2030, and reach 100% in 2035.



35% of new vehicle sales by 2026



Ranking the States: Climate and Equity Action

TABLE 2: STATE SCORES AND RANKINGS

		State Planning (17 points possible)			Vehicle Electrification (31 points possible)						Reducing VMT Through Expanded Transportation Choices (34 points possible)					System Maintenance (7 points possible)	Procurement (11 points possible)					
RANK	STATE	Transportation GHG reduction targets	Equity criteria in transportation project scoring	Compensation for community participation in transportation planning process	Charging Ports		Rebates for low-income buyers	Rebates for used EVs	Advanced Clean Cars Rules	Advanced Clean Trucks Rule	State funding for transit	Federal funds used for transit and bicycle/pedestrian projects	Vehicle-miles traveled reduction goal	Smart growth policy	Incentive to locate affordable housing near transit	Bicycle/pedestrian safety	Funding for road repair and maintenance	Buy Clean: Environmental product declarations	Buy Clean: carbon intensity ceiling for construction materials	Achievement of Disadvantaged Business Enterprise (DBE) goal	Maintaining women-owned business targets for state-funded projects	Total Score
1	California	6	6	5	5.0	3.6	5	4	6	6	1.0	10.0	5	4	4	1.8	6.5	3	3	0	2	86.9
2	Massachusetts	6	6	5	1.9	3.2	0	0	6	6	3.4	3.7	5	4	4	2.8	6.9	0	0	3	2	68.9
3	Vermont	6	0	0	4.2	5.0	5	4	6	6	0.3	8.2	5	4	4	3.4	6.9	0	0	0	0	68.0
4	Oregon	6	3	0	2.7	1.9	2.5	2	6	6	0.2	5.1	5	4	4	3.2	5.9	3	0	3	0	61.1
5	Washington	6	3	5	2.7	2.0	0	4	6	6	0.7	4.4	5	4	4	2.6	5.1	0	0	0	2	62.5
6	New York	6	0	0	1.3	1.8	0	0	6	6	5.0	5.9	5	4	4	1.5	6.8	3	3	0	2	61.1
7	Colorado	6	3	5	3.3	2.7	0	0	3	0	0.0	1.2	5	4	4	2.1	6.6	3	3	3	2	56.9
8	New Jersey	6	0	0	1.7	0.9	0	0	3	6	2.4	2.1	5	4	4	3.0	6.1	3	3	3	0	53.2
9	Connecticut	6	0	5	2.3	1.4	5	4	3	0	1.3	1.2	5	4	4	2.2	6.7	0	0	0	2	53.1
10	Minnesota	6	6	5	1.0	0.9	0	0	3	0	1.4	4.6	5	4	4	3.8	5.9	0	0	0	2	52.6
11	Rhode Island	6	0	5	1.7	2.5	2.5	2	3	0	0.2	4.6	5	4	4	2.7	7.0	0	0	0	2	52.2
12	Maine	6	3	0	3.1	2.0	5	4	3	0	0.1	0.7	5	4	4	3.3	7.0	0	0	0	0	50.2
13	Maryland	6	6	0	2.9	2.2	0	0	3	0	2.9	4.2	5	4	4	1.9	5.4	0	0	0	2	49.5
14	Hawaii*	6	6	0	1.5	2.4	0	0	x	x	4.2	3.4	0	4	4	2.1	4.7	0	0	0	0	43.6*
15	New Mexico	6	3	5	1.7	0.7	0	0	3	0	0.0	4.1	5	0	4	2.1	5.8	0	0	3	0	43.4

National Resources Defense Council (NRDC) ranked Vermont 3rd overall
 VT scored highest in nation for Vehicle Electrification

(NRDC: Getting Transportation Right - Ranking the States in Light of New Federal Funding (PDF))

Summary

- Scale and context are important: \$89 and \$44.50 are reasonable fee amounts that are not expected to discourage EV adoption when considered in relation to what other users pay for the transportation system; to fuel cost savings; to the significant incentives offered by the IRS, the State, and local utilities
- Deploying EV charging infrastructure to increase confidence in electric vehicles is a higher priority for climate action than further discounting road and infrastructure usage for EV owners—the EV infrastructure fee can create a positive feedback loop for EV adoption
- A sustainable transportation system requires a sustainable funding source: the EV infrastructure fee can be a bridge to a Mileage-Based User Fee by July 2026, something simple and able to quickly and cost-effectively raise revenue, but sunsetted when the Agency can implement the more complex MBUF
- Vermont is making rapid progress with vehicle electrification due to supportive policies—the State is likely to reach or come very close to reaching 15% of new vehicle sales becoming electric before implementation of the proposed fee anyhow.

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