

Section-by-Section Summary – Transportation Bill (H.479 (APBH))

Mileage-Based User Fee

Sec. 20 – Legislative Intent: Provides the legislative intent behind the mileage-based user fee (MБУF). Specifically to:

- (1) start collecting an MBUF from all battery electric vehicles (BEVs) starting on July 1, 2025, which is expected to be the first day of the first fiscal year where more than 15% of new pleasure car vehicles are plug-in electric vehicles (PEVs);
- (2) start subjecting pleasure car plug-in hybrid electric vehicles (PHEVs) to an annual/biennial registration fee that is 175% of the annual/biennial registration fee for pleasure cars (treated like a pleasure car that uses specialized fuel, *see* [23 V.S.A. § 362](#)) on July 1, 2025, but not the MBUF;
- (3) work towards collecting a fee on kWhs dispensed through certain electric vehicle supply equipment (EVSE), aka charging stations; and
- (4) not commence collecting an MBUF until authorizing language is codified and effective.

Sec. 21 – Authorization: Authorizes the Agency of Transportation to apply for a two-year grant (federal with non-federal match) for the design of the MBUF system. Specifically:

- (a) Adds the project to the White Book and authorizes the Agency to apply for a two-year grant (federal), made available under the Infrastructure Investment and Jobs Act (IIJA), in an amount not to exceed \$3.5M in federal monies, and authorizes the first year of non-federal match (not to exceed \$350k) in Transportation Fund monies in fiscal year 2024.
- (b) Authorizes the Agency, within federal regulations and grant terms, to design an MBUF system that is consistent with Secs. 20 and 22 of the Transportation Bill.
- (c) Permits the Agency to retain one or more contractors or consultants, or both (subject to State procurement requirements) to assist with the design of a process to commence collecting an MBUF on July 1, 2025.

Sec. 22 – Design: Includes the requirements of a skeletal structure for an MBUF system. Includes in the following subsections:

- (a) definitions used in the act;
- (b) commencement date (July 1, 2025);
- (c) covered vehicles (battery electric vehicles); and

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- (d) imposition of an MBUF, collected within 60 days of the closure of the mileage reporting period, which is usually the period between annual inspections, but could be a different period if there is a terminating event (transfer of vehicle and/or registering the vehicle in another state).

Sec. 23 – Reports: Sets up the General Assembly to have more information to drive codification of an MBUF system during the 2024 legislative session (with time to make modifications during the 2025 legislative session, prior to an anticipated commencement date of July 1, 2025).

KEY TAKEAWAY: There are so many unknowns, but that is what the next two years will be used for, getting answers/a design for implementation. Specifics of report to General Assembly:

- Due: January 31, 2024.
- Recipients: House and Senate Transportation; House Ways and Means; and Senate Finance.
- Contents:
 - (1) A comprehensive implementation plan.
 - (2) A recommendation on language for codification (including the MBUF rate, with substantial information on how that recommended rate was calculated, what it will yield in revenue, how it compares to gas tax revenue based on mileage driven (and the plug-in hybrid electric vehicle increased registration fee)).
 - (3) A recommendation on what to require in annual reporting after July 1, 2025. January 1, 2024, report must address whether certain items should be addressed in the annual report, mostly related to collected/anticipated revenue and the logistics of collecting an MBUF from covered Vermonters.
 - (4) An outline of what the Agency intends to adopt, if authorized, as rules to implement an MBUF system. January 31, 2024, report must address: process to collect and report annual miles traveled; payment periods and methods of payment (multiple options to limit the burden of a one-time payment); security procedures to protect personal information/data; penalty and appeal procedures (which shall, to the extent practicable, track existing DMV processes); and Agency oversight over any account managers (defined).
 - (5) An update on what is happening in other states and on a national level to supplant revenue that is not being collected from the users of plug-in electric vehicles in the form of gas tax revenue and the source of that information.

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Comparison of Current and Anticipated ([H.479 \(APBH\)](#)) Construct Annual Fee/Tax Revenue for Pleasure Cars

Vehicle Type	Pleasure Car¹ with ONLY an Internal Combustion Engine	Pleasure Car that is a Plug-In Hybrid Electric Vehicle (PHEV)²	Pleasure Car that is a Battery Electric Vehicle (BEV)³
Annual Fee/Tax – Current	<u>Registration:</u> \$74 (annual) or \$136 (biennial) ⁴ <u>Emission Fee:</u> \$2 (annual) ⁵ <u>Tax:</u> Gas/diesel tax ⁶	<u>Registration:</u> \$74 (annual) or \$136 (biennial) ⁷ <u>Emission Fee:</u> \$2 (annual) <u>Tax:</u> Gas tax (for miles driven using gas), nothing for miles driven using electricity	<u>Registration:</u> \$74 (annual) or \$136 (biennial) ⁸ <u>Emission Fee:</u> Nothing <u>Tax:</u> Nothing
Annual Fee/Tax – Anticipated 7/1/25⁹	<u>Registration:</u> \$89 (annual) or \$163 (biennial) <u>Emission Fee:</u> \$2 (annual) <u>Tax:</u> Gas/diesel tax (NO CHANGE)	<u>Registration:</u> \$155.75 (annual) or \$285.25 (biennial) <u>Emission Fee:</u> \$2 (annual) <u>Tax:</u> Gas tax (for miles driven using gas), nothing for miles driven using electricity ¹⁰	<u>Registration:</u> \$89 (annual) or \$163 (biennial) <u>Emission Fee:</u> Nothing <u>Tax:</u> Mileage Based User Fee ¹¹

¹ [23 V.S.A. § 4\(28\)](#).

² 23 V.S.A. § 4(85).

³ 23 V.S.A. § 4(85).

⁴ [23 V.S.A. § 361](#).

⁵ [3 V.S.A. § 2822\(m\)](#).

⁶ 23 V.S.A. chapters [27](#) and [28](#); see also [Primer on Vermont’s Transportation Taxes and Revenue Sources, slides 6–10](#).

⁷ This is current practice and [S.99 \(APBS\), Sec. 15](#) clarifies this approach.

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⁹ Assumes: [H.479 \(APBH\)](#) is enacted, the anticipated construct is enacted in a future legislative session, and there are no other changes made to applicable taxes and fees except for the increased pleasure care registration fee (increase to pleasure car registration fees in Sec. 43).

¹⁰ NOTE: Assumes that there is not yet a per kWh fee for charging at a public charging station.

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