

## Alternative Fuel Vehicle User Fee Options February 2015

### Legislative Reports to Date:

1. Act 153: Section 39 Report: [Alternative Fuel Vehicle User Fee Options, VT Agency of Transportation](#), 11/5/2012
2. Act 12: Section 28 Report: [A Study on Replacing Motor Fuel Tax Revenues Not Collected from Plug-In Electric Vehicles](#), VT Department of Public Service, 12/15/2013

### Summary of the Reports' Findings:

- ✓ The reports explore transportation infrastructure user fee options for alternative fuel vehicles in Vermont, focusing primarily on electric vehicles, but with some discussion of compressed natural gas (CNG) vehicles in the 2012 report
- ✓ Both reports describe challenging and potentially conflicting public policy goals – first, encouraging more electric vehicles (EVs) through incentive mechanisms due to their demonstrated public benefits - air quality (health), reduced greenhouse gas emissions and energy efficiency and second, finding ways to fund the transportation system on which EVs travel (a user fee) since EVs are not subject to the gasoline tax.
- ✓ The 2012 report estimates that there was \$20,000 in lost tax revenues from the 120 EVs on the road in 2012. Today there are over 800 EVs registered in VT or a loss of approximately \$133,000.
- ✓ Options considered:
  1. **Flat annual registration fee on electric vehicles:** This option offers the greatest administrative ease. The 2012 report recommends a \$146 annual fee based on average and not actual use. The 2013 report further refines this number and recommends \$120 for all electric EVs and \$71 for partial EVs since the latter uses gasoline some of the time. Both reports emphasize the need to do no damage to the state's efforts to increase the number of EVs registered in Vermont and thus gain their public benefits by pairing a user fee with a purchase incentive – preferably from a source other than the Transportation Fund.
  2. **Volumetric Taxes on Electricity (pay at the plug):** Two options were addressed in the 2012 report – one that is revenue neutral (replaces estimated revenue derived from a conventional vehicle) or one based on energy content (gallon gasoline equivalent, gge). Revenue neutrality would require a \$0.036 per kWh rate for electricity. A big challenge described in both reports is how the tax would be assessed and collected since most charging occurs at home, thus requiring additional meters or advanced smart grid technology and the involvement of the utilities.
  3. **Vehicle Miles Traveled (VMT) Fee for all Users of the System:** A long term and much larger solution