



January 31, 2024

Dear Senators,

Capstone Community Action, the operator of the MileageSmart high-efficiency used vehicle incentive program, fully supports the Vermont Agency of Transportation's original recommendation to reallocate \$1 million from Replace Your Ride to MileageSmart through the Budget Adjustment Act. The House reduced the amount to \$500,000 before we were able to share why that amount may fall short of what is needed.

Since its inception in 2020, the MileageSmart program has seen steady growth. The House Transportation Committee's assessment of FY24 need to July 1st would be accurate assuming linear growth – taking the average of the past 6 months and allocating that amount to the next 6 months. But there are four factors that are accelerating the MileageSmart growth curve in the immediate term:

- It's working. MileageSmart set out to transform the used car market to increase the availability and uptake of high-efficiency used cars. We have recently seen Vermont car dealers importing large numbers of MileageSmart eligible vehicles, including refurbished two- and three-year old Chevy Bolts with new batteries that were coming off fleets and leases.
- On January 1st, a two-tier incentive was instituted that improves accessibility of the MileageSmart program for the lowest income households that receive 3Squares/SNAP or LIHEAP benefits. The change has already had an impact with increased applications.
- Despite consistent growth, program delivery has been maintained by 1 FTE with administrative support. This workload is unsustainable, especially after adding more complex documentation requirements for the two-tier incentive. We have to add additional program support staff.
- The added complexity and volume has pushed the technology back-end that was developed for the pilot phase to the brink. In order to maintain our very low administrative costs, we need to invest in technology upgrades.

The increase in activity makes a linear projection of growth a risky assumption. As with any market transformation effort, consistency is critical. Between the accelerating activity and the need for sufficient buffer to handle the inherent contractual processing delays around the start of the new fiscal year, Capstone agrees with VTrans estimates and recommendation for \$1 million reallocation in the Budget Adjustment Act.

Please don't hesitate to contact us if you have any questions or desire additional information.

Best wishes,
Sue Minter
Executive Director

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