

No. 43. An act relating to the fiscal year 2026 Transportation Program and miscellaneous changes to laws related to transportation.

(H.488)

It is hereby enacted by the General Assembly of the State of Vermont:

* * * Transportation Program Adopted as Amended; Definitions * * *

Sec. 1. TRANSPORTATION PROGRAM ADOPTED; DEFINITIONS

(a) Adoption. The Agency of Transportation’s Proposed Fiscal Year 2026 Transportation Program appended to the Agency of Transportation’s proposed fiscal year 2026 budget, as amended by this act, is adopted to the extent federal, State, and local funds are available.

(b) Definitions. As used in this act, unless otherwise indicated:

(1) “Agency” means the Agency of Transportation.

(2) “Candidate project” means a project approved by the General Assembly that is not anticipated to have significant expenditures for preliminary engineering or right-of-way expenditures, or both, during the budget year and funding for construction is not anticipated within a predictable time frame.

(3) “Development and evaluation (D&E) project” means a project approved by the General Assembly that is anticipated to have preliminary engineering expenditures or right-of-way expenditures, or both, during the budget year and that the Agency is committed to delivering to construction on a timeline driven by priority and available funding.

(4) “Electric vehicle supply equipment (EVSE)” and “electric vehicle supply equipment available to the public” have the same meanings as in 30 V.S.A. § 201.

(5) “Front-of-book project” means a project approved by the General Assembly that is anticipated to have construction expenditures during the budget year or the following three years, or both, with expected expenditures shown over four years.

(6) “Mileage-based user fee” or “MBUF” means a fee for vehicle use of the public road system with distance, stated in miles, as the measure of use.

(7) “Plug-in electric vehicle (PEV),” “plug-in hybrid electric vehicle (PHEV),” and “battery electric vehicle (BEV)” have the same meanings as in 23 V.S.A. § 4(85).

(8) “Secretary” means the Secretary of Transportation.

(9) “TIB funds” means monies deposited in the Transportation Infrastructure Bond Fund in accordance with 19 V.S.A. § 11f.

(10) The table heading “As Proposed” means the Proposed Transportation Program referenced in subsection (a) of this section; the table heading “As Amended” means the amendments as made by this act; the table heading “Change” means the difference obtained by subtracting the “As Proposed” figure from the “As Amended” figure; the terms “change” or “changes” in the text refer to the project- and program-specific amendments, the aggregate sum of which equals the net “Change” in the applicable table

heading; and “State” in any tables amending authorizations indicates that the source of funds is State monies in the Transportation Fund, unless otherwise specified.

* * * Summary of Transportation Investments * * *

Sec. 2. FISCAL YEAR 2026 TRANSPORTATION INVESTMENTS

INTENDED TO REDUCE TRANSPORTATION-RELATED
GREENHOUSE GAS EMISSIONS, REDUCE FOSSIL FUEL
USE, AND SAVE VERMONT HOUSEHOLDS MONEY

This act includes the State’s fiscal year 2026 transportation investments intended to reduce transportation-related greenhouse gas emissions, reduce fossil fuel use, and save Vermont households money in furtherance of the policies articulated in 19 V.S.A. § 10b and the goals of the Comprehensive Energy Plan and the Vermont Climate Action Plan and to satisfy the Executive and Legislative Branches’ commitments to the Paris Agreement climate goals.

In fiscal year 2026, these efforts will include the following:

(1) Park and Ride Program. This act provides for a fiscal year expenditure of \$2,435,740.00, which will fund two construction projects to create new park-and-ride facilities, the construction of improvements to two existing park-and-ride facilities, funding for a municipal park-and-ride grant program, and paving projects for existing park-and-ride facilities. This year’s Park and Ride Program will create 60 new State-owned spaces. Specific additions and improvements include:

(A) Manchester—construction of 50 new spaces; and

(B) Sharon—design and construction of 10 new spaces.

(2) Bike and Pedestrian Facilities Program. This act provides for a fiscal year expenditure, including local match, of \$21,879,965.00, which will fund 33 bike and pedestrian construction projects; 17 bike and pedestrian design, right-of-way, or design and right-of way projects for construction in future fiscal years; and 10 scoping studies. The construction projects include the creation, improvement, or rehabilitation of walkways, sidewalks, shared-use paths, bike paths, and cycling lanes. Projects are funded in Arlington, Bakersfield, Bennington, Bethel, Brattleboro, Bristol, Burke, Burlington, Castleton, Chester, Danville, Enosburg Falls, Fairfax, Greensboro, Hardwick, Hartford, Highgate, Hinesburg, Huntington, Hyde Park, Irasburg, Jericho, Lyndonville, Middlebury, Montpelier, Moretown, Newfane, Newport City, Northfield, Pawlet, Randolph, Royalton, Rutland City, Rutland Town, Sheffield, Shelburne, Sheldon, South Burlington, Springfield, St. Albans City, St. Albans Town, Swanton, Wallingford, Waterbury, West Rutland, Williston, Wilmington, and Windsor. This act also provides funding for:

(A) some of Local Motion’s operation costs to run the bike ferry on the Colchester Causeway, which is part of the Island Line Trail;

(B) a small-scale municipal bicycle and pedestrian grant program for projects to be selected during the fiscal year;

(C) projects funded through the Safe Routes to School Program; and

(D) community grants along the Lamoille Valley Rail Trail (LVRT).

(3) Transportation Alternatives Program. This act provides for a fiscal year expenditure of \$6,471,054.00, including local funds, which will fund 17 transportation alternatives construction projects; 26 transportation alternatives design, right-of-way, or design and right-of-way projects; and eight scoping studies. Of these 51 projects, 20 involve environmental mitigation related to clean water or stormwater concerns, or both clean water and stormwater concerns, and 32 involve bicycle and pedestrian facilities. Projects are funded in Athens, Barre City, Bennington, Brandon, Brattleboro, Bridgewater, Bristol, Burke, Burlington, Castleton, Derby, Enosburg Falls, Fairfax, Fairlee, Ferrisburgh, Grafton, Guilford, Hartford, Hinesburg, Hyde Park, Jericho, Londonderry, Lyndon, Montgomery, Newark, Proctor, Rockingham, Rutland City, Shoreham, South Burlington, Springfield, St. Albans Town, Swanton, Tinmouth, Warren, Williston, and Wilmington.

(4) Public Transit Program. This act provides for a fiscal year expenditure of \$52,695,234.00 for public transit uses throughout the State.

Included in the authorization are:

(A) Go! Vermont, with an authorization of \$380,000.00. This authorization supports transportation demand management (TDM) strategies, including the State's Trip Planner and commuter services, to promote the use of carpools and vanpools.

(B) Mobility and Transportation Innovations (MTI) Grant Program, with an authorization of \$340,000.00, which includes \$315,000.00 in federal funds. This authorization continues to support projects that improve both mobility and access to services for transit-dependent Vermonters, reduce the use of single-occupancy vehicles, and reduce greenhouse gas emissions.

(5) Rail Program. This act provides for a fiscal year expenditure of \$61,887,348.00, including local funds and \$31,894,436.00 in federal funds, for intercity passenger rail service, including funding for the Ethan Allen Express and Vermonter Amtrak services, and rail infrastructure that supports freight rail as well. Moving freight by rail instead of trucks lowers greenhouse gas emissions by up to 75 percent, on average.

* * * Rail Program; Technical Correction * * *

Sec. 3. RAIL PROGRAM

(a) Within the Agency of Transportation's Proposed Fiscal Year 2026 Transportation Program for Rail the following project is deleted: Barre–Berlin–Montpelier 04-9038–WACR Subsidy.

(b) Within the Agency of Transportation's Proposed Fiscal Year 2026 Transportation Program for Rail, the following project is added: Hartford HRRD(1) 25G002–White River Junction Depot Repairs.

(c) Within the Agency of Transportation's Proposed Fiscal Year 2026 Transportation Program for Rail, spending authority for Hartford HRRD(1) 25G002–White River Junction Depot Repairs is authorized as follows:

<u>FY26</u>	<u>As Proposed</u>	<u>As Amended</u>	<u>Change</u>
Other	0	260,000	260,000
Total	0	260,000	260,000
<u>Sources of funds</u>			
State	0	260,000	260,000
Total	0	260,000	260,000

* * * Town Highway Non-Federal Disasters * * *

Sec. 4. TOWN HIGHWAY NON-FEDERAL DISASTERS

(a) Within the Agency of Transportation's Proposed Fiscal Year 2026

Transportation Program for Town Highway Non-Federal Disasters, spending is authorized as follows:

<u>FY26</u>	<u>As Proposed</u>	<u>As Amended</u>	<u>Change</u>
Grants	1,150,000	1,150,000	0
Total	1,150,000	1,150,000	0
<u>Sources of funds</u>			
State	1,150,000	0	-1,150,000
Other	0	1,150,000	1,150,000
Total	1,150,000	1,150,000	0

(b) Within the Agency of Transportation's Proposed Fiscal Year 2026

Transportation Program for Town Highway Non-Federal Disasters, the following footnote is added: "Other funds of \$1,150,000 are amounts

appropriated from the PILOT Special Fund established pursuant to 32 V.S.A.
§ 3709.”

* * * State and Federal Funding Updates * * *

Sec. 5. STATE AND FEDERAL FUNDING; MILEAGE BASED USER

FEE; UPDATES

(a) On or before September 30, 2025 and December 15, 2025, the Secretary of Transportation shall provide the Joint Transportation Oversight Committee with a briefing on the status of State Transportation Fund revenues and federal funding for the fiscal year 2026 Transportation Program, funding-related impacts on the fiscal year 2026 Transportation Program, and the Agency’s progress in designing the mileage-based user fee. The briefing shall include:

(1) a summary of federal funding that has been received to date, federal funding that is anticipated later in the State fiscal year, federal funding that is delayed, and federal funding that has been reduced or subject to rescission;

(2) a summary of the Transportation Fund revenues to date in State fiscal year 2026;

(3) a summary of the impacts on the fiscal year 2026 Transportation Program that are caused by changes in State Transportation Fund revenues from the consensus forecast or delays or reductions in federal funding;

(4) a summary of any legislative action that may be necessary to address reductions in State revenues or federal funding;

(5) a summary of the status of State and federal funding for the design of the mileage-based user fee pursuant to the provisions of 2023 Acts and Resolves No. 62, Secs. 27–29, as amended by Sec. 17 of this act; and

(6) the Agency’s progress in designing the mileage-based user fee.

(b) Upon becoming aware of a significant change in State revenues or a reduction in federal funding, rescission of federal grants, or delay of anticipated federal funding that will impact the Agency’s ability to carry out significant portions of the fiscal year 2026 Transportation Program, the Secretary of Transportation may request that the Joint Transportation Oversight Committee meet within 14 days to review the Agency’s plan to address the reduction in funding.

(c) In the event of a decrease in overall State or federal funding for the fiscal year 2026 Transportation Program that is in excess of four percent, the Secretary shall submit to the Joint Transportation Oversight Committee a written report detailing the impact of the decrease on projects that are in the 2026 Transportation Program.

* * * Relinquishment of Vermont Route 36 in the Town of St. Albans * * *

Sec. 6. RELINQUISHMENT OF VERMONT ROUTE 36 IN THE TOWN
OF ST. ALBANS

Pursuant to 19 V.S.A. § 15(a)(2), the General Assembly authorizes the Secretary of Transportation to enter into an agreement with the Town of St. Albans to relinquish a segment of the State highway in the Town of St. Albans

known as Vermont Route 36. The segment authorized to be relinquished begins at mile marker 0.00, just east of the “Black Bridge” (B2), and continues 14,963 feet (approximately 2.834 miles) easterly to mile marker 2.834, where Vermont Route 36 meets the boundary of the City of St. Albans, and includes the 0.106-mile westbound section of Vermont Route 36 and approaches at the entrance to the St. Albans Bay Town Park.

* * * State-Owned Railroads; Rail Trails * * *

Sec. 7. 5 V.S.A. chapter 58 is redesignated to read:

CHAPTER 58. ~~STATE ACQUISITION OF~~ STATE-OWNED RAILROADS
AND RAIL TRAILS

Sec. 8. 5 V.S.A. § 3408 is amended to read:

§ 3408. RAILBANKING; NOTIFICATION

(a) If the Secretary finds that the continued operation of any State-owned railroad property is not economically feasible under present conditions, ~~he or she~~ the Secretary may place the line in railbanked status after giving advance notice of ~~such~~ the planned railbanking to the House and Senate Committees on Transportation when the General Assembly is in session, and when the General Assembly is not in session, to the Joint Transportation Oversight Committee. The Agency, on behalf of the State, shall continue to hold the right-of-way of a railbanked line for reactivation of railroad service or for other public purposes not inconsistent with future reactivation of railroad service. ~~Such~~ The

railbanking shall not be treated, for purposes of any law or rule of law, as an abandonment of the use of the rights-of-way for railroad purposes.

* * *

(c)(1) The Secretary may, after consulting with municipalities, adopt rules consistent with the provisions of section 3408a of this chapter governing the interim trail use of State-owned railroad rights-of-way that have been placed in railbanked status.

(2) Signs indicating the rules shall be conspicuously posted in or near all areas affected.

(3) Any person who violates ~~these~~ rules adopted pursuant to this subsection shall be subject to a penalty of not more than \$300.00.

Sec. 9. 5 V.S.A. § 3408a is added to read:

§ 3408a. USE OF RAIL TRAILS

(a) Definitions. As used in this section:

(1) “Rail trail” means the right-of-way of a State-owned railroad line that has been authorized for railbanking and interim trail use pursuant to 16 U.S.C. § 1247(d) or section 3408 of this chapter.

(2) “Trail sponsor” means the Agency of Transportation in the case of a rail trail maintained by the Agency or the municipality in the case of a rail trail maintained by a municipality.

(b) Use of rail trails. The following acts are prohibited within a rail trail right-of-way:

(1) Throwing, dropping, or discarding bottles, cans, paper, garbage, rubbish, sewage, or other material of any kind.

(2) Cutting, mutilating, or removing any tree, shrub, flower, plant, top soil, or sod or attempting to do so.

(3) Injury, defacement, removal, or destruction of the surface of the rail trail or a rail trail's structures, appurtenances, recreation facilities, or property.

(4) Except as authorized by the trail sponsor, erecting, placing, or displaying any advertising materials, posters, or placards of any kind. This prohibition shall not apply to official signs erected by the trail sponsor.

(5) Except as authorized by the trail sponsor, entering or remaining on the rail trail for the purpose of:

(A) selling, hiring, or leasing any goods or services; or

(B) distributing samples, pamphlets, or advertising materials, except for official information authorized by the trail sponsor.

(6) Parades, demonstrations, picnics, games, entertainment, or organizations, except at times and locations approved by the trail sponsor.

(7) Harassing or molesting wildlife, except for fishing.

(8) Using or discharging any firearms or other weapons or fireworks, except by a person authorized by the trail sponsor or as otherwise permitted by law.

(9) Igniting fires for any purpose, except in fireplaces or firepits at locations designated by the trail sponsor or for trail maintenance purposes.

(10) Soliciting alms or contributions.

(11) Use of motorized vehicles, except for:

(A) maintenance purposes;

(B) snowmobiles, subject to applicable State rules, when the Vermont Association of Snow Travelers, Inc. has declared the Statewide Snowmobile Trail System officially open;

(C) Other Power-Driven Mobility Devices (OPDMD) utilized by an individual with a disability as permitted by the Agency's Rail Trail Accessibility Policy;

(D) electric bicycles as permitted pursuant to applicable State rules;
and

(E) other circumstances that the trail sponsor determines are appropriate.

(12) Overnight camping, except at areas designated for that purpose by the trail sponsor.

(c) Penalty. Any person who violates the provisions of subsection (b) of this section shall be subject to a civil penalty pursuant to subdivision 3408(c)(3) of this chapter.

* * * Transportation Board * * *

Sec. 10. 19 V.S.A. § 3 is amended to read:

§ 3. TRANSPORTATION BOARD; CREATION; MEMBERS

~~A transportation board~~ The Transportation Board is formed to be attached to the Agency of Transportation. There shall be seven members of the Board, appointed by the Governor with the advice and consent of the Senate. The Governor shall so far as is possible appoint Board members whose interests and expertise lie in various areas of the transportation field. The Governor shall appoint the ~~chair~~ Chair, and the Board may vote to appoint other officers. The members of the Board shall be appointed for terms of three years. Board members may be appointed for two additional three-year terms but shall not be eligible for further reappointment. ~~No~~ Not more than four members of the Board shall belong to the same political party. No member of the Board shall:

* * *

Sec. 11. 19 V.S.A. § 5 is amended to read:

§ 5. TRANSPORTATION BOARD; POWERS AND DUTIES

* * *

(d) Specific duties and responsibilities. The Board shall:

* * *

(4) provide appellate review, when requested in writing, regarding legal disputes in the execution of contracts awarded by the Agency or by municipalities cooperating with the Agency to advance projects in the State's

Transportation Program, except that the Agency shall provide appellate review relating to bids and the competitive negotiation process under 19 V.S.A. § 10a;

(5) provide appellate review, when requested in writing, of decisions of the Secretary in administering the provisions of Title 24, relating to ~~junkyards~~ salvage yards;

* * *

* * * Green Mountain Transit Authority * * *

Sec. 12. 24 App. V.S.A. chapter 801 is amended to read:

CHAPTER 801. GREEN MOUNTAIN TRANSIT AUTHORITY

* * *

§ 2. AREA OF OPERATION

(a) The area of operation shall be the urbanized area of Chittenden,
~~Franklin, Grand Isle, and Washington Counties and the Towns of Orange,~~
~~Washington, and Williamstown. The area of operation shall include Addison~~
~~and Caledonia Counties and the Towns of Orange County other than Orange,~~
~~Washington, and Williamstown, but only for the provision of commuter~~
~~services. The area of operation shall include Lamoille County, but only for the~~
~~provision of published scheduled services~~ County as established by the U.S.
Census Bureau. The Green Mountain Transit Authority may operate service
outside the urbanized area of Chittenden County with approval from the
Agency of Transportation. Nothing in this section shall be construed to
prevent other transit providers from offering transit connecting to the

urbanized area of Chittenden County, or providing on demand services in that area, with the approval of the Agency of Transportation.

* * *

§ 10. IMPLEMENTATION

* * *

~~(c) Immediately upon joining the Authority, the municipality shall appoint two commissioners as provided herein. The initial terms of the commissioners of the initial members shall be arranged by the Chittenden County Regional Planning Commission so that the terms of approximately one third of the commissioners shall expire in each year. The initial terms of commissioners from municipalities joining after March 7, 1973, shall be set by the Board of Commissioners.~~

* * *

* * * Town Highways * * *

Sec. 13. 19 V.S.A. § 306 is amended to read:

§ 306. APPROPRIATION; STATE AID FOR TOWN HIGHWAYS

(a) General State aid to town highways.

(1) An annual appropriation to class 1, 2, and 3 town highways shall be made. This appropriation shall increase over the previous fiscal year's appropriation by the same percentage change as the following, whichever is less, or shall remain at the previous fiscal year's appropriation if either of the following are negative or zero:

(A) the percentage change of the Agency's total appropriations funded by Transportation Fund revenues, excluding appropriations ~~for town highways~~ under this subsection (a) and subsections (e) and (h) of this section, for the most recently closed fiscal year as compared to the fiscal year immediately preceding the most recently closed fiscal year; or

* * *

(e) State aid for town highway structures.

(1) There shall be an annual appropriation for grants to municipalities for maintenance (including actions to extend life expectancy) and for construction of bridges and culverts; for maintenance and construction of other structures, including causeways and retaining walls, intended to preserve the integrity of the traveled portion of class 1, 2, and 3 town highways; and for alternatives that eliminate the need for a bridge, culvert, or other structure, such as the construction or reconstruction of a highway, the purchase of parcels of land that would be landlocked by closure of a bridge, the payment of damages for loss of highway access, and the substitution of other means of access. This appropriation shall increase over the previous fiscal year's appropriation by the same percentage change as the following, whichever is less, or shall remain at the previous fiscal year's appropriation if either of the following are negative or zero:

(A) the percentage change in the Agency's total appropriations funded by Transportation Fund revenues, excluding appropriations under this

subsection (e) and subsections (a) and (h) of this section, for the most recently closed fiscal year as compared to the fiscal year immediately preceding the most recently closed fiscal year; or

(B) the percentage change in the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U).

(2) For purposes of subdivision (1)(B) of this subsection, the percentage change in the CPI-U is calculated by determining the increase or decrease, to the nearest one-tenth of a percent, in the CPI-U for the month ending on June 30 in the calendar year one year prior to the first day of the fiscal year for which the appropriation will be made compared to the CPI-U for the month ending on June 30 in the calendar year two years prior to the first day of the fiscal year for which the appropriation will be made.

(3) Each fiscal year, the Agency shall approve qualifying projects with a total estimated State share cost of \$7,200,000.00 at a minimum as new grants. The Agency's proposed appropriation for the Program shall take into account the estimated amount of qualifying invoices submitted to the Agency with respect to project grants approved in prior years but not yet completed as well as with respect to new project grants to be approved in the fiscal year Beginning with State fiscal year 2027, the minimum total estimated State share cost for the approved grants shall increase over the prior fiscal year's minimum total estimated State share cost by the same percentage as the appropriation for

State aid for town highway structures is increased pursuant to subdivision (1) of this subsection.

(4) In a given fiscal year, should expenditures in the Town Highway Structures Program exceed the amount appropriated, the Agency shall advise the Governor of the need to request a supplemental appropriation from the General Assembly to fund the additional project cost, provided that the Agency has previously committed to completing those projects.

~~(3)~~(5) Funds received as grants for State aid for town highway structures may be used by a municipality to satisfy a portion of the matching requirements for federal earmarks, subject to subsection 309b(c) of this title.

* * *

(h) Class 2 Town Highway Roadway Program.

(1) There shall be an annual appropriation for grants to municipalities for resurfacing, rehabilitation, or reconstruction of paved or unpaved class 2 town highways. ~~However, municipalities~~ Municipalities that have no State highways or class 1 town highways within their borders may use the grants for such activities with respect to both class 2 and class 3 town highways. ~~Each~~ ~~fiscal year, the Agency shall approve qualifying projects with a total estimated State share cost of \$8,600,000.00 at a minimum as new grants. The Agency's proposed appropriation for the Program shall take into account the estimated amount of qualifying invoices submitted to the Agency with respect to project grants approved in prior years but not yet completed as well as with respect to~~

~~new project grants to be approved in the fiscal year.~~ This appropriation shall increase over the previous fiscal year's appropriation by the same percentage change as the following, whichever is less, or shall remain at the previous fiscal year's appropriation if either of the following are negative or zero:

(A) the percentage change in the Agency's total appropriations funded by Transportation Fund revenues, excluding appropriations under this subsection (h) and subsections (a) and (e) of this section, for the most recently closed fiscal year as compared to the fiscal year immediately preceding the most recently closed fiscal year; or

(B) the percentage change in the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U).

(2) For purposes of subdivision (1)(B) of this subsection, the percentage change in the CPI-U is calculated by determining the increase or decrease, to the nearest one-tenth of a percent, in the CPI-U for the month ending on June 30 in the calendar year one year prior to the first day of the fiscal year for which the appropriation will be made compared to the CPI-U for the month ending on June 30 in the calendar year two years prior to the first day of the fiscal year for which the appropriation will be made.

(3) Each fiscal year, the Agency shall approve qualifying projects with a total estimated State share cost of \$8,600,000.00 at a minimum as new grants. Beginning with State fiscal year 2027, the minimum total estimated State share cost for the approved grants shall increase over the prior fiscal year's minimum

total estimated State share cost by the same percentage as the appropriation for the Class 2 Town Highway Roadway Program is increased pursuant to subdivision (1) of this subsection.

(4) In a given fiscal year, should expenditures in the Class 2 Town Highway Roadway Program exceed the amount appropriated, the Agency shall advise the Governor of the need to request a supplemental appropriation from the General Assembly to fund the additional project cost, provided that the Agency has previously committed to completing those projects. Funds received as grants for State aid under the Class 2 Town Highway Roadway Program may be used by a municipality to satisfy a portion of the matching requirements for federal earmarks, subject to subsection 309b(c) of this title.

* * *

Sec. 14. CANCELLATION OF LOCALLY MANAGED PROJECTS;

PROCESS; IMPROVEMENTS; REPORT

The Agency of Transportation, in consultation with the Transportation Board, the Vermont League of Cities and Towns, and the Vermont Association of Planning and Development Agencies, shall engage a consultant to examine the requirements of 19 V.S.A. § 309c, cancellation of locally managed projects, to evaluate the obligations, risks, and benefits imposed by the provisions of that section on the State and the local sponsor of a locally managed project and to identify potential changes to the provisions of that section to ensure that State and federal transportation funding resources are

appropriately administered. The Agency shall, on or before January 15, 2026, submit a written report to the House and Senate Committees on Transportation regarding the consultant's findings and any recommendations for legislative action.

Sec. 15. MUNICIPAL TRANSPORTATION ASSETS; ASSESSMENT;
FUNDING NEEDS; REPORT

(a) The Agency of Transportation, in consultation with the Vermont League of Cities and Towns and the Vermont Association of Planning and Development Agencies, shall engage a consultant to:

(1) review current municipal practices relating to planning for ongoing maintenance, upgrades, and replacement of municipal transportation assets, including roads, pavement, bridges, culverts, signals, signage, highway equipment, and highway facilities;

(2) develop a framework for a system to assess the current condition of municipal highway networks and the potential impacts of improvements to or degradation of those networks on the State's transportation system;

(3) develop a prioritization process to direct State funding to the repair, upgrade, or replacement of specific municipal transportation assets based on the need for such work in the context of the asset's role in the State and regional highway networks; and

(4) identify and recommend potential statutory changes to implement the assessment framework developed pursuant to subdivision (2) of this

subsection and the prioritization process developed pursuant to subdivision (3) of this subsection.

(b) The Agency of Transportation shall, not later than January 15, 2027, submit a written report to the House and Senate Committees on Transportation regarding the consultant's findings and recommendations for legislative action.

Sec. 16. STATE TOWN HIGHWAY AID; MUNICIPAL GRANT

PROGRAMS; EFFICIENCIES; IMPROVEMENTS; REPORT

(a) The Agency of Transportation, in consultation with the Vermont League of Cities and Towns and the Vermont Association of Planning and Development Agencies, shall engage a consultant to evaluate the State's Town Highway Aid and municipal grant programs administered by the Agency to identify potential efficiencies and improvements related to the administration of Town Highway Aid and municipal grant programs. The consultant shall evaluate the various funding streams authorized pursuant to 19 V.S.A. § 306 as well as programs administered through the Agency's Municipal Assistance Bureau, including the Bicycle and Pedestrian Grant Program, Transportation Alternatives Program, Municipal Mitigation Program, Municipal Park and Ride Program, Better Roads Program, Municipal Highway and Stormwater Mitigation Program, and Grants in Aid.

(b) On or before January 15, 2026, the Agency shall submit a written report to the House and Senate Committees on Transportation regarding the consultant's findings and any recommendations for legislative or

administrative actions to improve or increase the efficiency of the Town

Highway Aid and municipal grant programs.

* * * Mileage-Based User Fee * * *

Sec. 17. 2023 Acts and Resolves No. 62, Secs. 27–29 are amended to read:

Sec. 27. MILEAGE-BASED USER FEE LEGISLATIVE INTENT

It is the intent of the General Assembly for the State:

(1) to start collecting a mileage-based user fee from all battery-electric vehicles registered in Vermont starting on ~~July 1, 2025, which is expected to be the first day of the first fiscal year when more than 15 percent of new~~ pleasure car registrations in the State are plug-in electric vehicles (PEVs) or before January 1, 2027 subject to sufficient funding being available for implementation;

(2) to ~~start subjecting~~ subject plug-in hybrid electric vehicles (PHEVs) that are a pleasure car to an ~~increased~~ annual or a biennial ~~registration~~ electric vehicle infrastructure fee starting on ~~July~~ January 1, 2025, and that PHEVs shall not be subject to a mileage-based user fee;

(3) to ~~work towards~~ examine collecting a fee on ~~kWhs~~ electricity that ~~are~~ is dispensed through certain electric vehicle supply equipment available to the public so as to supplant lost ~~gas~~ fuel tax revenue from out-of-state PEVs traveling in Vermont; and

(4) to not commence collecting a mileage-based user fee until ~~such~~ the General Assembly has enacted legislation that establishes the amount of the fee

and codifies any necessary authorizing language is codified in statute and that legislation becomes effective.

Sec. 28. MILEAGE-BASED USER FEE AUTHORIZATION

(a) Within the Agency of Transportation's Proposed Fiscal Year 2024 Transportation Program for Environmental Policy and Sustainability, the Agency of Transportation, including the Department of Motor Vehicles, is authorized to apply for and accept a competitive federal Strategic Innovation for Revenue Collection grant established pursuant to the Infrastructure Investment and Jobs Act, Pub. L. No. 117-58 (IIJA), Sec. 13001, with up to \$350,000.00 in Transportation Fund monies authorized for the nonfederal match in fiscal year 2024 and ~~a to-be-determined amount for the nonfederal match in subsequent fiscal years~~ up to \$350,000.00 in Transportation Fund monies authorized for the nonfederal match in fiscal year 2025.

(b) ~~As permitted under federal regulations and grant terms, the~~ The Agency shall utilize grant monies to design State or federal funding, or both, authorized to be used for the purpose of designing a mileage-based user fee that is consistent with Secs. 27 and 29 of this act.

(c) Subject to State procurement requirements and the availability of sufficient funding, the Agency may retain one or more contractors or consultants, or both, to assist with the design of a process to commence collecting a mileage-based user fee on ~~July 1, 2025~~ January 1, 2027.

Sec. 29. MILEAGE-BASED USER FEE DESIGN

(a) Definitions. As used in Secs. 27–30 of this act:

(1) “Account manager” means a person under contract with the Agency of Transportation or Department of Motor Vehicles to administer and manage the mileage-based user fee.

(2) “Annual vehicle miles traveled” means the total number of miles that a BEV is driven between annual inspections as reported ~~by an inspection mechanic~~ to the Department of Motor Vehicles.

(3) “Mileage-based user fee” means the total amount that an owner or lessee of a BEV registered in Vermont owes the State and is calculated by:

(A) multiplying the mileage-based user fee rate by the annual vehicle miles traveled ~~or~~;

(B) in the case of a terminating event, by multiplying the mileage-based user fee rate by the vehicle miles traveled between the last Vermont annual inspection and the terminating event; or

(C) in the absence of a recorded odometer reading during the mileage reporting period, by multiplying the mileage-based user fee by the 98th percentile of estimated annual vehicle miles traveled for a pleasure car in Vermont.

(4) “Mileage-based user fee rate” means the per-mile usage fee charged to the owner or lessee of a BEV registered in Vermont.

(5) “Mileage reporting period” means the time between annual inspections or the time between ~~an~~ the most recent annual inspection and a terminating event.

(6) “Pleasure car” has the same meaning as in 23 V.S.A. § 4(28).

(7) “Plug-in electric vehicle (PEV)” has the same meaning as in 23 V.S.A. § 4(85) and includes battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs), which have the same meaning as in 23 V.S.A. § 4(85)(A) and (B).

(8) “Terminating event” means either the registering of a BEV that had been registered in Vermont in a different state or a change in ownership or lesseeship of the BEV, or both.

(b) Commencement date. The Agency shall design a process to collect a mileage-based user fee for miles driven by a BEV registered in Vermont to commence collecting revenue on ~~July 1, 2025~~ January 1, 2027.

(c) Covered vehicles. The Agency shall design a process to collect a mileage-based user fee based on the annual vehicle miles traveled by BEVs registered in the State.

(d) Imposition of a mileage-based user fee. The Agency shall design a process to collect a mileage-based user fee from the owner or lessee of a BEV registered in Vermont for each mileage reporting period ~~within 60 days after the Vermont annual inspection~~ on an annual, quarterly, or monthly basis selected by the owner or lessee and reconciled upon renewal of the vehicle

registration or within 60 days after a terminating event that closes the mileage reporting period.

Sec. 18. INTENT

It is the intent of the General Assembly that:

(1) the mileage-based user fee for a BEV pleasure car be approximately equivalent to the average amount collected by the State in fuel tax revenue from the use of a non-PEV pleasure car registered in Vermont and the average amount collected by the State in fuel tax revenue and Electric Vehicle Infrastructure fee from the use of a PHEV pleasure car; and

(2) that the mileage-based user fee for BEV pleasure cars will be an interim step towards gradually expanding the mileage-based user fee to all motor vehicles upon elimination of the State fuel taxes for motor vehicles.

* * * Authority to Transfer Monies in State Fiscal Year 2026 * * *

Sec. 19. AUTHORIZATION TO USE MONIES TO CONTINUE

PARTNERSHIP WITH DRIVE ELECTRIC VERMONT IN STATE
FISCAL YEAR 2026

In State fiscal year 2026, the Secretary of Transportation is authorized to spend up to \$325,000.00 in remaining monies appropriated to the Electrify Your Fleet Program in State Fiscal Year 2024 to continue the Agency of Transportation's partnership with Drive Electric Vermont. The monies shall be used for programs and activities that support increased ownership and use of PEVs in the State through:

(1) stakeholder coordination;

(2) consumer education and outreach;

(3) infrastructure development; and

(4) the provision of technical assistance and support to Vermont municipalities and Vermont businesses desiring to electrify their vehicle fleets.

* * * Consideration of Vehicle Miles Traveled in Project Planning * * *

Sec. 20. 19 V.S.A. § 1 is amended to read:

§ 1. DEFINITIONS

As used in this title:

* * *

(26) “Vehicle miles traveled” means the estimated sum of the miles traveled by all motor vehicle trips within a specific area during a calendar year.

Sec. 21. 19 V.S.A. § 10b is amended to read:

§ 10b. STATEMENT OF POLICY; GENERAL

(a) The Agency shall be the responsible agency of the State for the development of transportation policy. It shall develop a mission statement to reflect:

(1) that State transportation policy shall be to encompass, coordinate, and integrate all modes of transportation and to consider complete streets, as defined in section 2401 of this title, principles; and

(2) the need for transportation projects that will improve the State’s economic infrastructure; ~~as well as the use of~~ resources in efficient,

coordinated, integrated, cost-effective, and environmentally sound ways;
reduce vehicle miles traveled within the State when feasible; and that will be
consistent with the recommendations of the Comprehensive Energy Plan
(CEP) issued under 30 V.S.A. § 202b.

* * *

Sec. 22. 19 V.S.A. § 10c is amended to read:

§ 10c. STATEMENT OF POLICY; HIGHWAYS AND BRIDGES

* * *

(c) In choosing between the improvement of an existing highway and
complete reconstruction, the Agency shall weigh the following factors:

* * *

(9) the impact on the historic, scenic, and aesthetic values of the
municipality, as interpreted by the municipality, in which the highway is
located; ~~and~~

(10) if it is a forest highway under federal jurisdiction; and

(11) opportunities to reduce vehicle miles traveled or otherwise reduce
greenhouse gas emissions related to the highway.

* * *

Sec. 23. 19 V.S.A. § 10i is amended to read:

§ 10i. TRANSPORTATION PLANNING PROCESS

* * *

(c) Transportation Program. The Transportation Program shall be developed in a fiscally responsible manner to accomplish the following objectives:

* * *

(3) strengthening the economy, protecting the quality of the natural environment, and improving Vermonters' quality of life; ~~and~~

(4) achieving the recommendations of the CEP; and

(5) striving to reduce vehicle miles traveled and greenhouse gas emissions.

* * *

* * * Medical Transports * * *

Sec. 24. PUBLIC TRANSIT DEMAND RESPONSE VOLUNTEER

COORDINATORS; GRANTS; APPROPRIATION

(a) The Agency of Transportation is authorized to utilize up to \$600,000.00 in one-time funds appropriated from the Transportation Fund to the Agency of Transportation in fiscal year 2026 for the purpose of providing grants to public transit agencies to hire volunteer coordinators. Volunteer coordinators hired with grants provided pursuant to this section shall be responsible for the identification, recruitment, and retention of volunteers to provide transportation services to individuals enrolled in the State's demand response transportation programs.

(b) The Agency shall, to the extent possible, seek to provide grants to public transit providers in a manner that is geographically balanced and ensures the distribution of volunteer coordinators throughout the State.

(c) Not later than December 15, 2026, the Agency, in consultation with public transit agencies that receive grants pursuant to this section, shall submit a written report the House and Senate Committees on Transportation regarding the extent to which grants issued pursuant to this section resulted in an increase in volunteer capacity in the State.

Sec. 25. MEDICAID NON-EMERGENCY TRANSPORTATION

(a) In fiscal year 2026, prior to executing a contract to provide Medicaid Non-Emergency Transportation services, the Department of Vermont Health Access shall provide to the Joint Fiscal Committee a detailed analysis outlining:

(1) any potential degradation or expansion of service to eligible individuals under a new contract to provide Medicaid Non-Emergency Transportation services;

(2) any federal requirements contained in the request for proposals for the new contract; and

(3) the outcome of the consultation between the Department and the Agency of Transportation pursuant to subsection (b) of this section.

(b) The Department shall consult with the Agency of Transportation prior to developing the request for proposals for a new contract to provide Medicaid Non-Emergency Transportation services.

Sec. 26. VOLUNTEERS PROVIDING TRANSPORTATION SERVICES;
BACKGROUND CHECKS; EXPANSION OF VOLUNTEER
POOL; REPORT

(a) On or before July 15, 2025, the Department of Vermont Health Access shall commence meeting with the Vermont Public Transit Association, the Agency of Transportation, and, in the discretion of the Commissioner of Vermont Health Access, other stakeholders to identify potential, federally permissible opportunities to expand the Medicaid Non-Emergency Transportation program's pool of volunteer drivers. As part of this work, the Department and Association shall collaborate to determine if there are specific classes of offenses that currently prevent volunteer drivers from providing transportation services through the Medicaid Non-Emergency Transportation program.

(1) The Vermont Public Transit Association shall, to the extent possible, gather and provide to the Department anonymized information from its members regarding:

(A) the number of potential volunteers who were barred from providing transportation services through the Medicaid Non-Emergency Transportation program due to a background check during the past year;

(B) which of the background checks currently required by the Medicaid Non-Emergency Transportation program resulted in potential volunteers being barred from providing transportation services, broken out by percentage; and

(C) a summary of the offenses that resulted in potential volunteers being barred from providing transportation services through the Medicaid Non-Emergency Transportation program, broken out by:

(i) the type of offense;

(ii) whether the offense was a felony or misdemeanor;

(iii) whether the offense was under State or federal law;

(iv) the percentage of potential volunteers who were barred from providing transportation services through the Medicaid Non-Emergency Transportation program for each type of offense; and

(v) to the extent that it is possible to determine, the number of rides that could have been provided by the individuals barred under each type of offense.

(2) The Department shall utilize the information provided by the Association pursuant to subdivision (1) of this subsection to determine, to the extent possible, whether the identified offenses are:

(A) fraud-based or otherwise implicate potential Medicaid fraud, waste, and abuse;

(B) an offense that otherwise bars an individual from providing transportation services through the Medicaid Non-Emergency Transportation program; or

(C) an offense that caused harm to an individual other than the offender, or otherwise negatively impacted the safety of the general public.

(b) The Department of Vermont Health Access and the Vermont Public Transit Association shall, on or before January 30, 2026, make themselves available to provide an update to the House Committees on Transportation and on Health Care and to the Senate Committees on Transportation and on Health and Welfare regarding the work performed pursuant to this section and opportunities that were identified to expand the Medicaid Non-Emergency Transportation program's pool of volunteer drivers.

Sec. 27. VOLUNTEER DRIVERS; PUBLICITY; OUTREACH

(a) The Commissioner of Motor Vehicles, in consultation with the Vermont Public Transit Association, shall identify and pursue opportunities to communicate with the Vermont driving public regarding volunteer and community driver participation in the State's demand response transportation programs, including the Older Adults and Persons with Disabilities program and the Medicaid Non-Emergency Transportation program. Outreach conducted pursuant to this section may include:

(1) invitations for individuals to voluntarily indicate their interest through the operator licensing and vehicle registration processes, subject to any data privacy requirements under State or federal law;

(2) notices or other public outreach placed on the Department's website or other internet-based platforms; and

(3) messaging by the Agency of Transportation on social media platforms, including providing links to informational resources provided by the Vermont Public Transit Association.

(b) The Department of Vermont Health Access shall develop informational materials related to eligibility for the Medicaid Non-Emergency Transportation program. The Department shall, in consultation with the Agency of Transportation and other relevant stakeholders, make the materials available to the public on the Department's website and other internet-based platforms.

Sec. 28. COORDINATION OF HEALTH CARE AND TRANSPORTATION
SERVICES; WORKING GROUP; REPORT

(a) The Secretary of Transportation, in consultation with the Commissioner of Vermont Health Access, shall convene a working group to improve the coordination of health care and transportation services in relation to individuals enrolled in the State's demand response transportation programs. The working group shall be composed of stakeholders identified by the Secretary in consultation with the Commissioner of Vermont Health Access, including representatives of the Vermont Association of Hospitals and Health Systems,

independent dialysis and methadone facilities, and the Vermont Public Transportation Association.

(b) The working group shall examine various options for improving the coordination of health care and transportation services, including:

(1) opportunities to coordinate the scheduling of health care appointments and treatments to maximize the use of shared rides; and

(2) opportunities to improve communication between the public transit agencies and health care providers to facilitate coordination of health care and transportation services for individuals enrolled in the State's demand response transportation programs.

(c) On or before January 15, 2026, the Secretary and Commissioner shall submit a written report to the House Committees on Transportation and on Health Care and the Senate Committees on Transportation and on Health and Welfare with the working group's findings and any recommendations for legislative action.

* * * Vehicle Identification Numbers for Certain Vehicles * * *

Sec. 29. ULTRA-LOW VOLUME VEHICLE MANUFACTURING; KIT-CARS; HOMEBUILT MOTOR VEHICLES; VEHICLE IDENTIFICATION NUMBER; REPORT

(a)(1) The Commissioner of Motor Vehicles, in consultation with the Secretary of Natural Resources and representatives of the ultra-low volume vehicle manufacturing industry in Vermont, shall examine processes for

issuing vehicle identification numbers to ultra-low volume motor vehicles, kit-cars, and homebuilt motor vehicles and opportunities to facilitate the registration of such vehicles.

(2) As used in this section:

(A) “Homebuilt motor vehicle” means a motor vehicle that is constructed or assembled by an individual from new or used parts, or both, and is not a kit-car.

(B) “Kit-car” means a motor vehicle that is constructed by an individual from a manufactured kit that includes some or all parts and components necessary to construct the motor vehicle.

(C) “Ultra-low volume motor vehicle” means a vehicle that is manufactured for sale by a manufacturer whose annual worldwide production is not more than 325 motor vehicles.

(b) In preparing the report, the Commissioner shall:

(1) examine how other states address motor vehicle emissions requirements for ultra-low volume motor vehicles, kit-cars, and homebuilt motor vehicles;

(2) identify a cost-effective process for certifying the safety of ultra-low volume motor vehicles, kit-cars, and homebuilt motor vehicles; and

(3) develop a streamlined process to provide State Vehicle Identification Numbers to ultra-low volume motor vehicles, kit-cars, and homebuilt motor vehicles.

(c) On or before January 15, 2026, the Commissioner shall submit a written report to the House and Senate Committees on Transportation regarding the Commissioner's findings and identifying any legislative action necessary to enable the issuance of vehicle identification numbers to and registration of ultra-low volume motor vehicles, kit-cars, and homebuilt motor vehicles.

* * * Railroad Rights-of-Way * * *

Sec. 30. 5 V.S.A. § 3410 is added to read:

§ 3410. RAILROAD RIGHTS-OF-WAY; COMMUNICATIONS LEASES;

ANNUAL REPORT

Annually, on or before December 15, the Secretary shall report to the House and Senate Committees on Transportation regarding the most recent fiscal year's lease revenues for State-owned railroad rights-of-way related to:

(1) wired or wireless telephone infrastructure located in the rights-of-way;

(2) broadband infrastructure located in the rights-of-way; and

(3) leases of the rights-of-way for purposes other than the operation of the railroads within the rights-of-way.

Sec. 31. AVAILABILITY OF STATE-OWNED RAILROAD RIGHT-OF-WAY FOR COMMUNICATIONS LEASES

In order to expand the use of State-owned railroad rights-of-way, the Secretary of Transportation, in consultation with the Commissioner of Public

Service, shall provide information to communications companies regarding the availability for lease of property located in State-owned railroad rights-of-way.

* * * Dig Safe * * *

Sec. 32. 30 V.S.A. § 7006 is amended to read:

§ 7006. MARKING OF UNDERGROUND UTILITY FACILITIES

A company notified in accordance with section 7005 of this title shall, within ~~48~~ 72 hours, exclusive of Saturdays, Sundays, and legal holidays, ~~of~~ after the receipt of the notice, mark the approximate location of its underground utility facilities in the area of the proposed excavation activities; provided, however, if the company advises the person that the proposed excavation area is of such length or size that the company cannot reasonably mark all of the underground utility facilities within ~~48~~ 72 hours, the person shall notify the company of the specific locations in which the excavation activities will first occur and the company shall mark facilities in those locations within ~~48~~ 72 hours and the remaining facilities within a reasonable time thereafter. A company and an excavator may by agreement fix a later time for the company's marking of the facilities, provided the marking is made prior to excavation activities. For the purposes of this chapter, the approximate location of underground facilities shall be marked with stakes, paint, or other physical means as designated by the Commission.

Sec. 33. 30 V.S.A. § 7006a is amended to read:

§ 7006a. MAINTENANCE OF UNDERGROUND UTILITY FACILITY
MARKINGS

After a company has marked its underground facilities in accordance with section 7006 of this title, the excavator shall be responsible for maintenance of the designated markings. In the event said markings are obliterated, destroyed, or removed, the person engaged in excavation activities shall notify the System referred to in section 7002 of this title that remarking is needed. The System shall then notify all member companies whose facilities may be affected. ~~The~~ Each applicable company shall within ~~48~~ 72 hours, exclusive of Saturdays, Sundays, and legal holidays, following receipt of the notice, remark the location of its underground utility facilities.

* * * Effective Dates * * *

Sec. 34. EFFECTIVE DATES

(a) This section and Secs. 32 and 33 (dig safe) shall take effect on passage.

(b) The remaining sections shall take effect on July 1, 2025.

Date Governor signed bill: June 2, 2025