



VERMONT LEGISLATIVE Joint Fiscal Office

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Fiscal Note

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H.488 – An act relating to the fiscal year 2026 Transportation Program and miscellaneous changes to laws related to transportation

As recommended by the Senate Committee on Transportation¹

Bill Summary

The Fiscal Year 2026 Transportation Bill (H.488) 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.488 are subject to appropriations in the fiscal year 2026 appropriations bill.

Fiscal Impact

This bill is estimated to have a de minimis impact on state revenues.

Sections of Fiscal Importance

Section 10: Use of Rail Trails

This section establishes a list of acts that are prohibited within a state-owned rail trail right-of-way. Any person who violates the provisions of use laid out in this section would be subject to a civil penalty pursuant to 5 V.S.A. § 3408(c)(3). This penalty is currently set to be not more than \$300. This section is estimated to have a de minimis impact on state revenues.

Section 14: Appropriations for State Aid for Town Highways

This section proposes to change statute related to the methodology for determining the amount of money that is appropriated to General State aid to town highways (TH Aid), State aid for town highway structures (TH structures), and the Class 2 Town Highway Roadway Program (TH class 2). Currently, TH structures and TH class 2 are funded at a minimum amount set by statute. The current funding minimum for TH structures is \$7,200,000 and the minimum for TH class 2 is \$8,600,000. TH Aid funding is determined by using a formula that looks at the percentage change in the Agency of Transportation appropriations that are funded by Transportation Funds and the percentage change is the consumer price index. Annual funding is increased over the last year's appropriation by the lessor of these two changes, unless the lessor amount is 0 or negative at which point the appropriation will stay the same as it was in the previous fiscal year.

¹ The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

This section proposes to use the formula for determining TH aid funding to determine funding for TH structures and TH class 2. This proposed change will have no effect on the FY26 Transportation program but will take effect in the FY27 program and beyond.

Section 18: Mileage-Based User Fee

This section proposes to update the language that was originally passed in 2023 Acts and Resolves No. 62 regarding the legislative intent of a mileage-based user fee (MBUF), the authorization of funds to the Agency of Transportation for the designing of an MBUF, and the design of a future MBUF. Due to federal funding delays, the original deadlines established in Act 62 could not be met. As such this section changes dates to now reflect January 1, 2027, as the starting date. Additionally, there are changes made to funding authorizations that at the time of passage were unknown. Lastly, a change is made to the design criteria that reflect developments that have been made since passage. There is no fiscal impact associated with this section.

Section 19: Additional Mileage-based User Fee Intent

This section states that it is the intent of the General Assembly that the mileage-based user fee for a battery electric vehicle be approximately equivalent to the average amount collected by the State in fuel tax revenue from a non-electric vehicle. Additionally, the mileage-based user fee for battery electric vehicles will be an interim step towards gradually expanding the mileage-based user fee to all motor vehicles. There is no fiscal impact associated with this section.

Section 21: Drive Electric Vermont

This section proposes to authorize the Secretary of Transportation to spend up to \$325,000 in monies appropriated to the Electrify Your Fleet Program in FY 2024 for the continuation of the Agency of Transportation's partnership with Drive Electric Vermont. Any money spent must be on programs and activities that support increased ownership and use of Plug-in Electric Vehicles in the state. There is no fiscal impact associated with this section.