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H.944

House proposal on MBUF

* * * Mileage-Based User Fee * * *

Sec. 7. 23 V.S.A. chapter 43 is added to read:

CHAPTER 43. MILEAGE-BASED USER FEE

§ 4301. PURPOSE

The purpose of this chapter is to impose a mileage-based user fee for battery electric vehicle pleasure cars to ensure that battery electric vehicles contribute to the Transportation Fund in an amount that reflects the annual miles traveled by each vehicle.

§ 4302. DEFINITIONS

As used in this chapter:

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

(2) “Annual vehicle miles traveled” means the total number of miles that a covered vehicle is driven during the mileage reporting period.

1 (3) “Covered vehicle” means a battery electric vehicle pleasure car.

2 (4) “Mileage-based user fee” means the fee charged for the annual
3 vehicle miles traveled by a covered vehicle pursuant to section 4303 of this
4 chapter.

5 (5) “Mileage-based user fee rate” means the per-mile usage fee charged
6 to the owner or lessee of a covered vehicle pursuant to section 4303 of this
7 chapter.

8 (6) “Mileage reporting period” means:

9 (A) the time period between required annual inspections;

10 (B) the time period between the initial registration of a vehicle and an
11 annual inspection; or

12 (C) the time period between the most recent annual inspection and a
13 terminating event.

14 (7) “Terminating event” means any of the following:

15 (A) the registering of a covered vehicle that had been registered in
16 Vermont in a different state;

17 (B) a change in ownership or lesseeship of a covered vehicle; or

18 (C) the termination of a covered vehicle’s registration.

19 § 4303. MILEAGE-BASED USER FEE; ASSESSMENT; CALCULATION;
20 PAYMENT; EXEMPTIONS

21 (a) Annual mileage-based user fee.

1 (1) The Commissioner shall, for each covered vehicle registered in
2 Vermont, calculate pursuant to subsection (b) of this section a mileage-based
3 user fee within 14 days after the conclusion of the covered vehicle’s mileage
4 reporting period and mail an assessment of the amount to the owner or lessee.

5 (2) The owner or lessee shall remit the amount due to the Commissioner
6 on or before the earlier of:

7 (A) the next required registration renewal for the covered vehicle;

8 (B) the termination of the covered vehicle’s Vermont registration; or

9 (C) the sale of the covered vehicle or termination of the lease of the
10 covered vehicle, as appropriate.

11 (3) Notwithstanding any provision of this subsection to the contrary, the
12 mileage-based user fee assessed for a mileage reporting period shall not exceed
13 \$178.00.

14 (4) Notwithstanding any provision of this subsection to the contrary, the
15 owner or lessee of a covered vehicle with a mileage reporting period that ends
16 60 or fewer days prior to the next required registration renewal for the vehicle
17 shall be permitted to remit the amount due to the Commissioner on or before
18 the earlier of:

19 (A) the next subsequent registration renewal of the vehicle;

20 (B) the termination of the vehicle’s registration; or

1 (C) the sale of the vehicle or the termination of the vehicle’s lease, as
2 applicable.

3 (b) Calculation of the mileage-based user fee. The Commissioner shall
4 calculate the mileage-based user fee of each covered vehicle by multiplying the
5 miles traveled by the covered vehicle during the applicable period by the rate
6 established pursuant to subsection (c) of this section. The number of miles
7 traveled for a mileage reporting period shall be equal to the difference between
8 the mileage shown on the covered vehicle’s odometer at the end of the mileage
9 reporting period and the mileage shown on the covered vehicle’s odometer at
10 the beginning of the mileage reporting period.

11 (c) Mileage-based user fee rate. The mileage-based user fee rate shall be
12 \$0.014 per mile traveled by a covered vehicle during its mileage reporting
13 period.

14 (d) Exemptions. The mileage-based user fee assessed pursuant to this
15 section shall not apply to:

- 16 (1) covered vehicles owned or operated by the government of the United
17 States;
18 (2) covered vehicles that are owned or operated by the State; and
19 (3) covered vehicles that are used in short-term rentals.

1 (e) Fee in addition to other fees and taxes. A mileage-based user fee
2 assessed pursuant to this section shall be in addition to any other fees and taxes
3 imposed by this title.

4 (f) Review of amount assessed. A person may, within 45 days after an
5 assessment is mailed pursuant to subsection (a) of this section, appeal the
6 amount of the assessment to the Commissioner. The Commissioner shall
7 establish procedures for filing and hearing appeals pursuant to this subsection
8 that are consistent with the provisions of sections 105–107 of this title. The
9 procedures shall include a process by which an appellant can resolve the
10 dispute prior to the issuance of a final administrative decision on the appeal.

11 (g) Refunds. Upon occurrence of a terminating event, the Commissioner
12 shall issue a refund to the owner or lessee of a covered vehicle for any amounts
13 paid by the owner or lessee that are in excess of the amount due pursuant to
14 this chapter.

15 § 4304. REPORTS

16 (a) Upon completion of an inspection of a covered vehicle pursuant to
17 section 1222 of this title, an inspection mechanic shall report the mileage
18 shown on the covered vehicle's odometer to the Department in the manner
19 required by the Commissioner.

20 (b) Upon the occurrence of a terminating event, the owner or lessee of a
21 covered vehicle shall report the mileage shown on the covered vehicle's

1 odometer at the time of the terminating event to the Department in the time and
2 manner required by the Commissioner.

3 § 4305. FAILURE TO FILE REPORT; PENALTY RATE

4 (a) The Commissioner shall charge the owner or lessee of a covered vehicle
5 a default rate of \$178.00 if the Commissioner is unable to determine the annual
6 vehicle miles traveled for the owner’s or lessee’s covered vehicle because the
7 owner or lessee:

8 (1) failed to file a report required by section 4304 of this chapter within
9 a reasonable period of time after the report is due;

10 (2) failed to have the covered vehicle inspected as required pursuant to
11 section 1222 of this title within a reasonable period of time after the inspection
12 is due at either the commencement or conclusion of a mileage reporting period;
13 or

14 (3) failed to have the covered vehicle inspected at any time during or
15 within a reasonable time after the conclusion of a mileage reporting period.

16 (b)(1) The default amount required pursuant to subsection (a) of this
17 section shall be assessed when the owner or lessee of the covered vehicle next
18 renews the vehicle’s registration following the mileage reporting period.

19 (2) After being assessed the default amount pursuant to this subsection,
20 the owner or lessee of the covered vehicle may obtain an inspection within 45
21 days after the date on which the vehicle’s registration is renewed. If the

1 covered vehicle's mileage is such that the mileage-based user fee would have
2 been less than the default amount, the owner or lessee shall receive a credit for
3 the difference that is applied to reduce the amount of the next mileage-based
4 user fee due for the covered vehicle, provided that the Commissioner has
5 sufficient odometer data to determine the mileage traveled since the beginning
6 of the mileage reporting period.

7 § 4306. REGISTRATION; SUSPENSION OR REFUSAL

8 (a) Suspension of registration. The Commissioner may suspend or refuse
9 to renew the registration of a covered vehicle if the Commissioner determines,
10 following notice and an opportunity for a hearing as provided pursuant to
11 subsection (b) of this section, that the owner or lessee of the covered vehicle:

12 (1) failed to file a report required pursuant to section 4304 of this
13 chapter;

14 (2) filed a report containing an intentional misrepresentation,
15 misstatement, or omission of material information required by this chapter; or

16 (3) is delinquent at the time of renewal in the payment amount due
17 pursuant to the provisions of this chapter.

18 (b) Notice and opportunity for hearing. The Commissioner shall provide
19 the owner or lessee of a covered vehicle with not less than 15 days' notice of
20 the intent to suspend or not to renew the registration of the covered vehicle
21 pursuant to the provisions of this section. The owner or lessee shall be

1 provided with the opportunity for a hearing and shall be permitted to be
2 represented by counsel at the hearing.

3 § 4307. POWERS OF THE COMMISSIONER

4 (a) General authority. The Commissioner shall have the authority to
5 administer and enforce the provisions of this chapter.

6 (b) Additional powers. In addition to any powers or authority specifically
7 granted to the Commissioner pursuant to the provisions of this chapter, the
8 Commissioner may do the following:

9 (1) Adopt rules pursuant to 3 V.S.A. chapter 25 as the Commissioner
10 determines necessary to administer and enforce the provisions of this chapter.

11 (2) Prescribe forms appropriate to the purposes of this chapter.

12 (3) Contract with an account manager to administer and manage the
13 mileage-based user fee.

14 § 4308. APPEALS; JUDICIAL REVIEW

15 (a) Administrative appeal. An aggrieved person may appeal any final
16 decision, order, or finding of the Commissioner under this chapter within not
17 more than 45 days after the decision is issued or the order or finding is made.

18 The Commissioner shall establish procedures for filing and hearing appeals
19 pursuant to this subsection that are consistent with the provisions of sections
20 105–107 of this title.

1 ~~programs administered by the Agency of Commerce and Community~~
2 ~~Development to increase Vermonters' access to level 1 and 2 electric vehicle~~
3 ~~supply equipment (EVSE) charging ports at workplaces or multiunit dwellings,~~
4 ~~or both.~~

5 Sec. 9. MILEAGE-BASED USER FEE; INITIAL TRANSITION

6 (a) Notwithstanding any provision of 23 V.S.A. § 4302 to the contrary,
7 during calendar years 2027 and 2028, the owner or lessee of a covered vehicle
8 shall pay the mileage-based user fee for the covered vehicle's first mileage
9 reporting period as provided pursuant to the provisions of either subsection (b)
10 or (c) of this section.

11 (b)(1)(A) For a covered vehicle that has a valid Vermont registration on
12 December 31, 2026, the vehicle's initial mileage reporting period shall
13 commence with its first annual inspection occurring on or after January 1,
14 2027.

15 (B) For a covered vehicle that is newly registered in Vermont on or
16 after January 1, 2027, the vehicle's initial mileage reporting period shall
17 commence on the date of registration.

18 (2) For an initial registration or a registration renewal of a covered
19 vehicle that occurs on or after January 1, 2027, and prior to the completion of
20 the initial mileage reporting period, the owner or lessee of the covered vehicle

1 shall pay a one-time road usage charge of \$89.00 for a one-year registration or
2 \$178.00 for a two-year registration.

3 (3) At the conclusion of a covered vehicle’s initial mileage reporting
4 period, the mileage-based user fee for the vehicle shall be calculated as
5 provided pursuant to the annual mileage-based user fee payment option set
6 forth in 23 V.S.A. § 4302(a)(2).

7 (4)(A) Provided that all required annual safety inspections under 23
8 V.S.A. § 1222 have been obtained, the amount of the covered vehicle’s
9 mileage-based user fee calculated pursuant to subdivision (3) of this subsection
10 shall be reduced by:

11 (i) the amount of any road usage charge paid pursuant to
12 subdivision (2) of this subsection (b); or

13 (ii) for a covered vehicle whose owner or lessee did not pay the
14 road usage charge pursuant to subdivision (2) of this subsection (b) but paid
15 the EV infrastructure fee required pursuant to 23 V.S.A. § 361 at the most
16 recent registration or registration renewal of the vehicle prior to January 1,
17 2027, an amount equal to the amount of the EV infrastructure fee paid at the
18 most recent registration.

19 (B) Any amounts remaining after the initial mileage-based user fee
20 has been paid shall be carried forward and applied as a credit to reduce the

1 amount of future mileage-based user fees due in relation to the covered
2 vehicle.

3 (c) As used in this section, “covered vehicle” has the same meaning as in
4 23 V.S.A. § 4302.

5 Sec. 10. OUTREACH AND EDUCATION; USER EXPERIENCE; REPORT

6 (a) The Agency of Transportation and the Department of Motor Vehicles
7 shall develop and implement a public outreach, education, and
8 communications strategy regarding the mileage-based user fee program
9 established pursuant to 23 V.S.A. chapter 43 to build public awareness and
10 understanding of the program and to solicit public feedback regarding the
11 program. The strategy shall include the following:

12 (1) printed materials, web-based materials, mailings, and local media
13 outreach that describes the purpose of the mileage-based user fee, the
14 transportation funding challenges that the mileage-based user fee is intended to
15 help address, and how the mileage-based user fee will be implemented with
16 respect to battery electric vehicles;

17 (2) prior to implementation, direct mailing of informational materials to
18 owners and lessees of battery electric vehicles that are currently registered in
19 Vermont that:

20 (A) outline the goals and design of the mileage-based user fee;

1 (B) set forth the timeline for implementation of the mileage-based
2 user fee;

3 (C) provide information regarding compliance with the mileage-
4 based user fee; and

5 (D) provide information on how to obtain additional information
6 regarding the mileage-based user fee, including how to obtain informational
7 resources provided by the Agency, the availability of user support resources,
8 and how to determine how the mileage-based user fee may apply to a user’s
9 specific circumstances;

10 (3) prior to initial implementation of the mileage-based user fee in
11 January 2027, Agency engagement with owners and lessees of battery electric
12 vehicles registered in Vermont to obtain feedback on the design of the user
13 experience for the mileage-based user fee, with particular attention to universal
14 accessibility and specific needs for translated materials and services;

15 (4) survey and focus group work prior to and following implementation
16 of the mileage-based user fee with owners and lessees whose vehicles are
17 subject to the mileage-based user fee to aid in evaluating the implementation of
18 the initial phase of the mileage-based user fee and in developing recommended
19 programmatic and statutory changes; and

20 (5) ongoing engagement and collaboration with relevant stakeholders,
21 including the Vermont Vehicle and Automotive Distributors Association and

1 Drive Electric Vermont, to obtain feedback on the mileage-based user fee
2 program and to educate members of the public about the mileage-based user
3 fee and program design.

4 (b) The Agency and Department shall, on or before September 15, 2026,
5 submit to the Joint Transportation Oversight Committee a report summarizing
6 the public outreach, education, and communications strategy required pursuant
7 to subsection (a) of this section.

8 Sec. 11. MILEAGE-BASED USER FEE TRANSITION PLAN;

9 REPORT

10 (a)(1) The Agency of Transportation and the Department of Motor
11 Vehicles, in consultation with the Agency of Digital Services, shall develop a
12 plan to expand the mileage-based user fee (MBUF) program to all plug-in
13 electric vehicle pleasure cars to ensure that each vehicle contributes an amount
14 that bears a direct relation to the estimated demands and impacts that the
15 vehicle places upon public infrastructure, as determined on the basis of vehicle
16 miles traveled.

17 (2) The plan shall provide that:

18 (A) plug-in hybrid electric pleasure cars shall begin participating in
19 the MBUF program on or before January 1, 2029; and

20 (B) all light-duty motor vehicles shall begin participating in the
21 MBUF program at a later date to be determined by the General Assembly.

1 (3) The plan shall provide methods for ensuring that contributions to the
2 Transportation Fund are proportionate to the number of miles traveled in
3 Vermont by each vehicle, including:

4 (A) additional payment and mileage tracking options for vehicle
5 owners or lessees to select from, including methods for differentiating between
6 miles traveled in Vermont and miles traveled outside Vermont; and

7 (B) a system to provide fuel tax credits for vehicles that use gasoline
8 or diesel fuel based on the vehicle’s fuel economy as estimated by the U.S.
9 Environmental Protection Agency that are automatically applied to reduce the
10 MBUF for the vehicle to ensure that all covered vehicles contribute to
11 Vermont’s transportation system in an equitable manner.

12 (b) In developing the plan, the Agency and the Department shall:

13 (1) analyze the amounts paid by vehicles of different engine-fuel types
14 and classifications with respect to the diesel fuel tax pursuant to 23 V.S.A.
15 chapter 27, the gasoline tax pursuant to 23 V.S.A. chapter 28, and the
16 infrastructure fee imposed pursuant to 23 V.S.A. § 361(c), as applicable;

17 (2) develop a proposed schedule for the inclusion of plug-in hybrid
18 electric pleasure cars in the MBUF program on or before January 1, 2029;

19 (3) identify any other light-duty vehicles that currently contribute less to
20 the Transportation Fund than they would under the mileage-based user fee;

1 (4) consider possible methods to account for and differentiate between
2 in-state and out-of-state vehicle miles traveled by vehicles registered in
3 Vermont and vehicles registered in another state;

4 (5) examine the potential for integrating alternative mileage reporting
5 methods into the mileage-based user fee program and related costs;

6 (6) evaluate the potential to include medium- and heavy-duty electric
7 vehicles in the mileage-based user fee program and potential rate designs based
8 on vehicle weights; and

9 (7) examine the relationship between expansion of the mileage-based
10 user fee program and fuel tax rates, Transportation Fund revenue
11 sustainability, and Vermont’s carbon reduction targets.

12 (c) The Agency and Department shall also track the implementation costs
13 and operating expenses of and revenues generated by the mileage-based user
14 fee for State fiscal years 2027–2031. The Agency and Department shall
15 submit an annual report of these amounts to the House Committees on
16 Transportation and on Ways and Means and the Senate Committees on
17 Transportation and on Finance on or before each December 31 beginning on
18 December 31, 2027, and continuing until December 31, 2031.

19 (d)(1) On or before January 31, 2027, the Agency of Transportation and the
20 Department of Motor Vehicles shall submit to the House Committees on
21 Transportation and on Ways and Means and the Senate Committees on

1 Transportation and on Finance an initial plan and recommendation for
2 legislative action to:

3 (A) incorporate plug-in hybrid electric pleasure cars into the MBUF
4 program;

5 (B)(i) provide at least two additional options for determining the
6 number of vehicle miles traveled by a covered vehicle, including:

7 (I) an option that would utilize vehicle systems or an
8 aftermarket device to track vehicle miles traveled; and

9 (II) an option that would enable vehicle owners and lessees to
10 track and differentiate between miles traveled in Vermont and miles traveled
11 outside Vermont, with the MBUF only applying to miles traveled in Vermont;
12 and

13 (ii) identify data privacy protections and best practices that should
14 be implemented to protect data obtained from owners and lessees who elect to
15 utilize the options identified pursuant to this subdivision (B);

16 (C)(i) recommend whether to retain a flat-rate option for the MBUF
17 and, if so, recommend the appropriate amount of the flat fee; and

18 (ii) recommend how to apply the flat fee to plug-in hybrid electric
19 pleasure cars, including whether to provide different flat fees based on vehicle
20 type or to provide credits against the amount of the flat fee based on vehicle
21 fuel efficiency;

1 (D) provide at least one option to enable vehicle owners and lessees
2 to track and differentiate between miles traveled in Vermont and miles traveled
3 outside Vermont, with the MBUF only applying to miles traveled in Vermont;
4 and

5 (E) recommend a maximum amount by which the mileage-based user
6 fee rate can increase from year to year after all light-duty vehicles are subject
7 to the mileage-based user fee.

8 (2) On or before July 30, 2028, the Agency shall submit to the Joint
9 Transportation Oversight Committee and the House and Senate Committees on
10 Transportation a draft copy of the final report required to be submitted to the
11 Federal Highway Administration pursuant to the terms of the Agency’s federal
12 Strategic Innovation for Revenue Collection grant.

13 (3) On or before September 15, 2028, the Agency of Transportation and
14 the Department of Motor Vehicles shall submit to the House Committees on
15 Transportation and on Ways and Means and the Senate Committees on
16 Transportation and on Finance:

17 (A) a final plan and proposal for legislative action necessary to
18 expand the MBUF program to all light-duty motor vehicles on or before
19 January 1, 2031;

20 (B) a report of all findings made pursuant to subsection (b) of this
21 section; and

1 (C) any additional recommendations for legislative action.

2 (e) As used in this section, “light-duty motor vehicle” means any motor
3 vehicle with a gross vehicle weight rating of not more than 10,000 pounds.

4 **Sec. 12.** EVALUATION OF FEE ON PUBLIC ELECTRIC VEHICLE
5 CHARGING; REPORT

6 (a) The Commissioner of Taxes, in consultation with the Secretary of
7 Transportation, the Commissioner of Public Service, and the Public Utility
8 Commission, shall examine the potential of generating revenue for the
9 Transportation Fund through a charge on the retail sale of electricity sold
10 through electric vehicle supply equipment (EVSE) available to the public. In
11 particular, the Commissioner shall:

12 (1) examine potential options for generating revenue from the retail sale
13 of electricity through EVSE available to the public, including:

14 (A) a per kilowatt hour fee on the retail sale of electricity in lieu of
15 the sales tax charged pursuant to 32 V.S.A. chapter 233;

16 (B) a tax on the retail sale of electricity in lieu of the sales tax
17 charged pursuant to 32 V.S.A. chapter 233; and

18 (C) other options, in the discretion of the Commissioner in
19 consultation with the Secretary of Transportation;

20 (2) with respect to all of the options examined pursuant to
21 subdivision (1) of this subsection:

- 1 (A) investigate the potential ease of implementation, including
2 anticipated administrative costs and any potential challenges;
- 3 (B) examine and compare the benefits and drawbacks; and
- 4 (C) develop a projection for potential revenue that could be generated
5 at different rates; and
- 6 (3) identify examples of other states that have implemented the options
7 examined pursuant to subdivision (1) of this subsection.
- 8 (b) On or before January 15, 2027, the Commissioner shall submit a written
9 report to the House Committees on Transportation and on Ways and Means
10 and the Senate Committees on Finance and on Transportation, regarding any
11 findings pursuant to subsection (a) of this section and a recommendation for
12 legislative action to generate revenue for the Transportation Fund from the
13 retail sale of electricity through EVSE available to the public.
- 14 (c) As used in this section:
- 15 (1) “Electric vehicle supply equipment (EVSE)” and “electric vehicle
16 supply equipment available to the public” have the same meanings as in 30
17 V.S.A. § 201.
- 18 (2) “Retail sale” has the same meaning as in 32 V.S.A. § 9701.