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H.944

Senate proposal on MBUF

\* \* \* Mileage-Based User Fee \* \* \*

Sec. 7. FINDINGS AND INTENT

(a) Findings. The General Assembly finds that:

(1) Vermont adopted its first tax on gasoline in 1923.

(2) In 1923, the most common motor vehicle in the Unites States was the Ford Model T, whose annual production peaked at more than 2,000,000 new vehicles that year.

(3) Because of the limited variety of mass-produced vehicles available when it was adopted, the gasoline tax, and the later-adopted diesel fuel tax, served as use fees that required drivers of light-duty motor vehicles to contribute to the State’s Transportation Fund in an amount that reflected the number of miles that each vehicle was driven on Vermont’s surface transportation system.

(4) Since 1923, the variety of mass-produced light-duty motor vehicles available to consumers has expanded greatly, resulting in a wide variety of internal combustion engine and vehicle types and designs with significant differences in vehicle fuel efficiency.

1           (5) Improvements in fuel efficiency among light-duty motor vehicles  
2           and the increasing adoption of hybrid, plug-in hybrid, and battery electric  
3           vehicles (BEVs) is leading to reduced fuel consumption among newer vehicles.

4           (6) BEVs do not require gasoline and diesel fuel, and the \$89.00 annual  
5           infrastructure fee paid by owners and lessees of BEVs registered in Vermont is  
6           less than the average amount of fuel taxes collected in relation to a light-duty  
7           motor vehicle with an internal combustion engine.

8           (7) As a result of differences in fuel consumption between different  
9           types and ages of light-duty motor vehicles, the current system for funding  
10           Vermont’s surface transportation system through fuel taxes has become  
11           inequitable when the impacts of each vehicle on the transportation system are  
12           considered.

13           (8) In contrast to the current system, a mileage-based user fee imposes a  
14           per-mile fee for usage of the State’s highways and ensures that owners and  
15           lessees of motor vehicles contribute to the Transportation Fund in an equitable  
16           manner.

17           (9) Vermont’s taxes on gasoline and on diesel fuel were last increased in  
18           2014, and the federal taxes on gasoline and on diesel fuel were last increased in  
19           1993.

1           (10) Reduced fuel consumption and unchanged gasoline and diesel tax  
2           rates have resulted in stagnant fuel tax revenues that have not kept pace with  
3           inflation or the needs of Vermont’s transportation system.

4           (11) In addition to Vermont’s stagnant fuel tax revenues, Vermont’s  
5           demographic constraints and changes in vehicle ownership and usage have  
6           limited the growth of fee revenues to the Transportation Fund.

7           (12) The July 2025 consensus revenue forecast estimates a 1.33 percent  
8           compound annual growth rate in Transportation Fund revenues between 2026  
9           and 2030.

10           (13) In comparison, highway construction costs, as measured by the  
11           National Highway Construction Cost Index, have increased by 62 percent,  
12           nationally, since 2020.

13           (b) Intent. It is the intent of the General Assembly to implement a mileage-  
14           based user fee for BEVs, which will replace the existing infrastructure fee  
15           beginning on January 1, 2027, to ensure that owners and lessees of BEVs  
16           contribute to the Transportation Fund in an amount that reflects the annual  
17           miles traveled by each vehicle.

1 Sec. 8. 23 V.S.A. chapter 43 is added to read:

2 CHAPTER 43. MILEAGE-BASED USER FEE

3 § 4301. DEFINITIONS

4 As used in this chapter:

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

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

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

11 (4) “Mileage-based user fee” or “MБУF” means the fee charged for the  
12 annual vehicle miles traveled by a covered vehicle pursuant to section 4302 of  
13 this chapter.

14 (5) “Mileage-based user fee rate” means the per-mile usage fee charged  
15 to the owner or lessee of a covered vehicle pursuant to section 4302 of this  
16 chapter.

17 (6) “Mileage reporting period” means:

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

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

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

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

4           (A) the registration of a covered vehicle that had been registered in  
5 Vermont in a different state;

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

7           (C) the termination of a covered vehicle’s registration in Vermont.

8           § 4302. MILEAGE-BASED USER FEE; ASSESSMENT; CALCULATION;  
9 PAYMENT; EXEMPTIONS

10           (a) Assessment and payment of mileage-based user fee (MБУF).

11           (1) Options for payment of MБУF. The owner or lessee of a covered  
12 vehicle may elect to pay the MБУF according to one of the following options:

13           (A) annual payment of the MБУF as a lump sum following the  
14 conclusion of each mileage reporting period as set forth in subdivision (2) of  
15 this subsection (a);

16           (B) pay-as-you-go installment payments of the MБУF during a  
17 mileage reporting period as set forth in subdivision (3) of this subsection (a),  
18 provided that the Commissioner, in the Commissioner’s sole discretion, elects  
19 to make a pay-as-you-go option available; and

20           (C) a flat rate of \$178.00 as set forth in subdivision (5) of this  
21 subsection (a).

1           (2) Annual mileage-based user fee payment option.

2           (A) For an owner or lessee who opts to pay the MBUF as a lump sum  
3 at the end of each mileage reporting period, the Commissioner shall, within 14  
4 days after the conclusion of the covered vehicle’s mileage reporting period,  
5 calculate the amount of the MBUF pursuant to subsection (d) of this section  
6 and mail an assessment of the amount to the owner or lessee.

7           (B) The owner or lessee shall remit the amount due to the  
8 Commissioner on or before the sooner of:

9           (i) the next required registration renewal for the covered vehicle;  
10           (ii) the termination of the covered vehicle’s Vermont registration;  
11           or

12           (iii) the sale of the covered vehicle or termination of the lease of  
13 the covered vehicle, as appropriate.

14           (3) Pay-as-you-go option.

15           (A) Owners and lessees who opt into the pay-as-you-go mileage-  
16 based user fee option shall report the mileage shown on the odometer of the  
17 owner’s or lessee’s covered vehicle at times and in a manner required by the  
18 Commissioner.

19           (B) As soon as practicable after receiving each report, the  
20 Commissioner shall calculate pursuant to subsection (d) of this section the

1 applicable MBUF due for the covered vehicle and mail to the owner or lessee a  
2 statement of the amount of the mileage-based user fee assessed.

3 (C) The owner or lessee of the covered vehicle shall remit the full  
4 amount due to the Commissioner within not more than 30 days after the  
5 assessment is mailed.

6 (D) At the end of each mileage reporting period, the amount paid by  
7 the owner or lessee shall be reconciled against the actual mileage driven as set  
8 forth in subdivision (4) of this subsection.

9 (4) Reconciliation of mileage for pay-as-you-go option.

10 (A) At the conclusion of each mileage reporting period for a covered  
11 vehicle whose owner or lessee has elected the pay-as-you-go payment option,  
12 the Commissioner shall determine if the amount of the MBUF for the actual  
13 miles traveled by the covered vehicle during the mileage reporting period is  
14 greater than or less than the amount of the payments made by the owner or  
15 lessee during that period.

16 (B) If the actual MBUF is less than the amount paid, the owner or  
17 lessee of the covered vehicle shall receive a credit equal to the difference  
18 between the amount paid and the actual amount, which shall be applied to  
19 reduce the amount of future fees due from the owner or lessee for the covered  
20 vehicle pursuant to this subsection (a).

1           (C) If the actual MBUF is more than the amount paid, the owner or  
2           lessee of the covered vehicle shall be assessed an amount equal to the  
3           difference between the actual MBUF and the amount paid, which shall be  
4           added to the next amount due from the owner or lessee pursuant to this  
5           subsection (a).

6           (5) Flat-rate option.

7           (A) The Commissioner shall send an owner or lessee who elects the  
8           flat-rate option an assessment for the flat fee due at the beginning of each  
9           mileage reporting period. The owner or lessee shall remit the amount due to  
10           the Commissioner on or before the sooner of:

11                   (i) the next required registration renewal for the covered vehicle;

12                   (ii) the termination of the covered vehicle's Vermont registration;

13           or

14                   (iii) the sale of the covered vehicle or termination of the lease of  
15           the covered vehicle, as appropriate.

16           (B) An owner or lessee enrolled in the flat-rate option shall not be  
17           required to report vehicle mileage to the Commissioner pursuant to the  
18           provisions of this chapter. Nothing in this subdivision (5)(B) shall be  
19           construed to exempt an owner or lessee enrolled in the flat-rate option from  
20           any other requirements in State law related to vehicle inspections or odometer  
21           disclosures.

1           (6) Payment dates for mileage reporting periods ending within 60 days  
2           of registration renewal. Notwithstanding any provision of this subsection to  
3           the contrary, the owner or lessee of a covered vehicle with a mileage reporting  
4           period that ends 60 or fewer days prior to the next required registration renewal  
5           for the vehicle shall be permitted to remit the amount due to the Commissioner  
6           on or before the sooner of:

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

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

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

11           (b) Newly registered vehicles. The owner or lessee of a newly registered  
12           covered vehicle shall pay the MBUF during the initial year of registration  
13           pursuant to:

14                   (1) the pay-as-you-go option set forth in subdivision (a)(3) of this  
15           section; or

16                   (2) the flat-rate option set forth in subdivision (a)(5) of this section.

17           (c) Election of different payment option. An owner or lessee of a covered  
18           vehicle may select a different option for payment of the MBUF pursuant to  
19           subsection (a) of this section by providing notice to the Commissioner in the  
20           time and manner prescribed by the Commissioner.

1           (d) Calculation of the mileage-based user fee.

2           (1) The Commissioner shall calculate the mileage-based user fee of each  
3           covered vehicle by multiplying the miles traveled by the covered vehicle  
4           during the applicable period by the rate established pursuant to subsection (e)  
5           of this section. The number of miles traveled shall be equal to:

6                   (A) for a mileage reporting period, the difference between the  
7                   mileage shown on the covered vehicle’s odometer at the end of the mileage  
8                   reporting period and the mileage shown on the covered vehicle’s odometer at  
9                   the beginning of the mileage reporting period; and

10                   (B) for a report filed by an owner or lessee as part of the pay-as-you-  
11                   go mileage-based user fee program pursuant to subdivision (a)(3) of this  
12                   section, the difference between the mileage reported by the owner or lessee and  
13                   the most recent prior mileage reported for the covered vehicle.

14           (2) Notwithstanding any provision of subdivision (1) of this subsection  
15           to the contrary, the mileage-based user fee assessed for a mileage reporting  
16           period shall not exceed \$178.00.

17           (e) Mileage-based user fee rate. The mileage-based user fee rate shall be  
18           \$0.014 per mile traveled by a covered vehicle during its mileage reporting  
19           period.

20           (f) Exemptions. The mileage-based user fee assessed pursuant to this  
21           section shall not apply to:

1           (1) covered vehicles owned or operated by the government of the United  
2           States;

3           (2) covered vehicles owned or operated by the State of Vermont; or

4           (3) covered vehicles that are used for short-term rentals.

5           (g) Fee in addition to other fees and taxes. A mileage-based user fee  
6           assessed pursuant to this section shall be in addition to any other fees and taxes  
7           imposed by this title.

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

15           (i) Refunds. Notwithstanding subdivision (a)(5)(B) of this section, upon  
16           occurrence of a terminating event, the Commissioner shall issue a refund to the  
17           owner or lessee of a covered vehicle for any amounts paid by the owner or  
18           lessee that are in excess of the amount due pursuant to this chapter.

19           § 4303. REPORTS

20           (a) Upon completion of an inspection of a covered vehicle pursuant to  
21           section 1222 of this title, an inspection mechanic shall report the mileage

1 shown on the covered vehicle’s odometer to the Department in the manner  
2 required by the Commissioner.

3 (b) Upon the occurrence of a terminating event, the owner or lessee of a  
4 covered vehicle shall report the mileage shown on the covered vehicle’s  
5 odometer at the time of the terminating event to the Department in the time and  
6 manner required by the Commissioner.

7 § 4304. FAILURE TO FILE REPORT OR OBTAIN INSPECTION;

8 DEFAULT RATE

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

13 (1) failed to file a report required by section 4303 of this chapter within  
14 a reasonable period of time after the report is due;

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

18 or

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

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

4            (2) After being assessed the default amount pursuant to this subsection,  
5        the owner or lessee of the covered vehicle may obtain an inspection within 60  
6        days after the date on which the vehicle’s registration is renewed. If the  
7        covered vehicle’s mileage is such that the mileage-based user fee would have  
8        been less than the default amount, the owner or lessee shall receive a credit for  
9        the difference that is applied to reduce the amount of the next mileage-based  
10       user fee due for the covered vehicle, provided that the Commissioner has  
11       sufficient odometer data to determine the mileage traveled since the beginning  
12       of the mileage reporting period.

13       § 4305. REGISTRATION; SUSPENSION OR REFUSAL

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

18            (1) failed to file a report required pursuant to section 4303 of this  
19        chapter;

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

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

3           (b) Notice and opportunity for hearing. The Commissioner shall provide  
4           the owner or lessee of a covered vehicle with not less than 15 days' notice of  
5           the intent to suspend or not to renew the registration of the covered vehicle  
6           pursuant to the provisions of this section. The owner or lessee shall be  
7           provided with the opportunity for a hearing and shall be permitted to be  
8           represented by counsel at the hearing.

9           § 4306. POWERS OF THE COMMISSIONER

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

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

15                   (1) adopt rules pursuant to 3 V.S.A. chapter 25 as the Commissioner  
16                   determines necessary to administer and enforce the provisions of this chapter;

17                   (2) prescribe forms appropriate to the purposes of this chapter; and

18                   (3) contract with an account manager to administer and manage the  
19                   mileage-based user fee.

1     § 4307. APPEALS; JUDICIAL REVIEW

2           (a) Administrative appeal. An aggrieved person may appeal any final  
3     decision, order, or finding of the Commissioner under this chapter within not  
4     more than 45 days after the decision is issued or the order or finding is made.  
5     The Commissioner shall establish procedures for filing and hearing appeals  
6     pursuant to this subsection that are consistent with the provisions of sections  
7     105–107 of this title.

8           (b) Appeal to Superior Court. Following a final decision on an appeal  
9     pursuant to subsection (a) of this section or subsection 4302(h) of this chapter,  
10    the appellant may appeal the decision pursuant to Rule 74 of the Vermont  
11    Rules of Civil Procedure. The appeal shall be to the Washington Superior  
12    Court or, in the discretion of the appellant, to the Superior Court in the county  
13    where the appellant resides or has a principal place of business.

14          (c) Exclusivity of remedies. The appeals provided by this section and  
15    subsection 4302(h) of this chapter shall be the exclusive remedies available to  
16    any person for review of an assessment, decision, or order or finding of the  
17    Commissioner under this chapter.

18    Sec. 9. 23 V.S.A. § 361 is amended to read:

19    § 361. PLEASURE CARS

20                           \* \* \*

1 (c) In addition to the registration fee set forth in subsection (a) of this  
2 section, there shall be an annual ~~EV~~ infrastructure fee for a pleasure car that is  
3 a plug-in hybrid electric vehicle, as defined in subdivision ~~4(85)(B)~~ 4(85)(B)  
4 of this title, equal to one-half the amount of the annual fee collected in  
5 subsection (a) of this section, or a biennial ~~EV~~ infrastructure fee equal to the  
6 annual fee collected in subsection (a) of this section.

7 (d) The annual and biennial ~~EV~~ infrastructure fees collected in subsection  
8 (c) of this section shall be ~~allocated to~~ deposited in the Transportation Fund ~~for~~  
9 ~~programs administered by the Agency of Commerce and Community~~  
10 ~~Development to increase Vermonters' access to level 1 and 2 electric vehicle~~  
11 ~~supply equipment (EVSE) charging ports at workplaces or multiunit dwellings,~~  
12 ~~or both.~~

13 Sec. 10. MILEAGE-BASED USER FEE; INITIAL TRANSITION

14 (a) Notwithstanding any provision of 23 V.S.A. § 4302 to the contrary,  
15 during calendar years 2027 and 2028, the owner or lessee of a covered vehicle  
16 shall pay the mileage-based user fee for the covered vehicle's first mileage  
17 reporting period as provided pursuant to the provisions **of subsection (b) of this**  
18 **section.**

19 (b)(1)(A) For a covered vehicle that has a valid Vermont registration on  
20 December 31, 2026, the vehicle's initial mileage reporting period shall

1 commence with its first annual inspection occurring on or after January 1,  
2 2027.

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

6 (2) For an initial registration or a registration renewal of a covered  
7 vehicle that occurs on or after January 1, 2027, and prior to the completion of  
8 the initial mileage reporting period, the owner or lessee of the covered vehicle  
9 shall pay a one-time road usage charge of \$89.00 for a one-year registration or  
10 \$178.00 for a two-year registration.

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

15 (4)(A) Provided that all required annual safety inspections under  
16 23 V.S.A. § 1222 have been obtained, the amount of the covered vehicle’s  
17 mileage-based user fee calculated pursuant to subdivision (3) of this subsection  
18 shall be reduced by:

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

1           (ii) for a covered vehicle whose owner or lessee did not pay the  
2 road usage charge pursuant to subdivision (2) of this subsection (b) but paid  
3 the EV infrastructure fee required pursuant to 23 V.S.A. § 361 at the most  
4 recent registration or registration renewal of the vehicle prior to January 1,  
5 2027, an amount equal to the amount of the EV infrastructure fee paid at the  
6 most recent registration.

7           (B) Any amounts remaining after the initial mileage-based user fee  
8 has been paid shall be carried forward and applied as a credit to reduce the  
9 amount of future mileage-based user fees due in relation to the covered  
10 vehicle.

11       (c) As used in this section, “covered vehicle” has the same meaning as in  
12 23 V.S.A. § 4301.

13       Sec. 11. OUTREACH AND EDUCATION; USER EXPERIENCE; REPORT

14       (a) The Agency of Transportation and the Department of Motor Vehicles  
15 shall develop and implement a public outreach, education, and  
16 communications strategy regarding the mileage-based user fee program  
17 established pursuant to 23 V.S.A. chapter 43 to build public awareness and  
18 understanding of the program and to solicit public feedback regarding the  
19 program. The strategy shall include the following:

20           (1) printed materials, web-based materials, mailings, and local media  
21 outreach that describes the purpose of the mileage-based user fee, the

1 transportation funding challenges that the mileage-based user fee is intended to  
2 help address, and how the mileage-based user fee will be implemented with  
3 respect to battery electric vehicles and, later, other light-duty vehicles;

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

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

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

10 (C) provide information regarding compliance with the mileage-  
11 based user fee, including the options that will be available to each owner and  
12 lessee; and

13 (D) provide information on how to obtain additional information  
14 regarding the mileage-based user fee, including how to obtain informational  
15 resources provided by the Agency, the availability of user support resources,  
16 and how to determine how the mileage-based user fee may apply to a user's  
17 specific circumstances;

18 (3) prior to initial implementation of the mileage-based user fee in  
19 January 2027, Agency engagement with owners and lessees of various types of  
20 light-duty motor vehicles registered in Vermont to obtain feedback on the  
21 design of the user experience for the mileage-based user fee, with particular

1 attention to universal accessibility and specific needs for translated materials  
2 and services;

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

8 (5) ongoing engagement and collaboration with relevant stakeholders,  
9 including the Vermont Vehicle and Automotive Distributors Association and  
10 Drive Electric Vermont, to obtain feedback on the mileage-based user fee  
11 program and to educate members of the public about the mileage-based user  
12 fee and program design.

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

17 Sec. 12. MILEAGE-BASED USER FEE TRANSITION PLAN;

18 REPORT

19 (a)(1) The Agency of Transportation and the Department of Motor  
20 Vehicles, in consultation with the Agency of Digital Services, shall design and  
21 submit for approval by the General Assembly a plan and proposed legislation

1 to expand the mileage-based user fee (MBUF) program to plug-in hybrid  
2 electric pleasure cars to ensure that all plug-in electric vehicles contribute an  
3 amount that bears a direct relation to the estimated demands and impacts that  
4 the vehicle places upon public infrastructure, as determined on the basis of  
5 vehicle miles traveled.

6 (2) The plan shall provide that plug-in hybrid electric pleasure cars shall  
7 begin participating in the MBUF program on or before January 1, 2029.

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

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

14 (B) a system to provide fuel tax credits for vehicles that use gasoline  
15 or diesel fuel based on the vehicle's fuel economy as estimated by the U.S.  
16 Environmental Protection Agency that are automatically applied to reduce the  
17 MBUF for the vehicle to ensure that all covered vehicles contribute to  
18 Vermont's transportation system in an equitable manner.

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

20 (1) analyze the amounts paid by vehicles of different engine-fuel types  
21 and classifications with respect to the diesel fuel tax pursuant to 23 V.S.A.

1 chapter 27, the gasoline tax pursuant to 23 V.S.A. chapter 28, and the  
2 infrastructure fee imposed pursuant to 23 V.S.A. § 361(c), as applicable;

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

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

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

10 (5) evaluate the potential to include medium- and heavy-duty electric  
11 vehicles in the mileage-based user fee program and potential rate designs based  
12 on vehicle weights; and

13 (6) examine the relationship between expansion of the mileage-based  
14 user fee program and fuel tax rates, Transportation Fund revenue  
15 sustainability, and Vermont’s carbon reduction targets.

16 (c) The Agency and Department shall also track the implementation costs  
17 and operating expenses of and revenues generated by the mileage-based user  
18 fee for State fiscal years 2027–2031. The Agency and Department shall  
19 submit an annual report of these amounts to the House Committees on  
20 Transportation and on Ways and Means and the Senate Committees on

1 Transportation and on Finance on or before each December 31 beginning on  
2 December 31, 2027, and continuing until December 31, 2031.

3 (d)(1) On or before January 31, 2027, the Agency of Transportation and the  
4 Department of Motor Vehicles shall submit to the House Committees on  
5 Transportation and on Ways and Means and the Senate Committees on  
6 Transportation and on Finance an initial plan and recommendation for  
7 legislative action to:

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

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

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

14 (II) an option that would enable vehicle owners and lessees to  
15 track and differentiate between miles traveled in Vermont and miles traveled  
16 outside Vermont, with the MBUF only applying to miles traveled in Vermont;  
17 and

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

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

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

7           (D) provide at least one option to enable vehicle owners and lessees  
8           to track and differentiate between miles traveled in Vermont and miles traveled  
9           outside Vermont, with the MBUF only applying to miles traveled in Vermont;  
10          and

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

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

19          (3) On or before September 15, 2028, the Agency of Transportation and  
20          the Department of Motor Vehicles shall submit to the House Committees on

1 Transportation and on Ways and Means and the Senate Committees on

2 Transportation and on Finance:

3 (A) a final plan and proposal for legislative action necessary to  
4 expand the MBUF program to all plug-in electric vehicles on or before January  
5 1, 2029;

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

8 (C) any additional recommendations for legislative action.

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