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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:

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

18 (2) ensure that owners and lessees of all light-duty motor vehicles
19 contribute to the Transportation Fund in an amount that reflects the annual
20 miles traveled by each vehicle by expanding the mileage-based user fee to
21 fuel-efficient light-duty motor vehicles, such as plug-in hybrids, hybrids, and

1 vehicles with efficient internal combustion engines on or before January 1,
2 2029, and to all light-duty motor vehicles on or before January 1, 2031; and

3 (3) develop and implement the mileage-based user fee in a manner that
4 does not discourage ownership and use of BEVs and fuel-efficient vehicles,
5 consistent with the intent of the Global Warming Solutions Act and the State’s
6 Climate Action Plan.

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

8 CHAPTER 43. MILEAGE-BASED USER FEE

9 § 4301. DEFINITIONS

10 As used in this chapter:

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

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

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

17 (4) “Mileage-based user fee” or “MBUF” means the fee charged for the
18 annual vehicle miles traveled by a covered vehicle pursuant to section 4302 of
19 this chapter.

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

4 (6) “Mileage reporting period” means:

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

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

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

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

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

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

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

15 § 4302. MILEAGE-BASED USER FEE; ASSESSMENT; CALCULATION;

16 PAYMENT; EXEMPTIONS

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

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

1 (A) annual payment of the MBUF as a lump sum following the
2 conclusion of each mileage reporting period as set forth in subdivision (2) of
3 this subsection (a);

4 (B) pay-as-you-go installment payments of the MBUF during a
5 mileage reporting period as set forth in subdivision (3) of this subsection (a),
6 provided that the Commissioner, in the Commissioner’s sole discretion, elects
7 to make a pay-as-you-go option available;

8 (C) estimated payments of the MBUF in annual, quarterly, or
9 monthly installments as set forth in subdivision (4) of this subsection (a); or

10 (D) a flat rate of \$178.00.

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

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

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

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

20 (ii) the termination of the covered vehicle’s Vermont registration;

21 or

1 (iii) the sale of the covered vehicle or termination of the lease of
2 the covered vehicle, as appropriate.

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

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

8 (B) As soon as practicable after receiving each report, the
9 Commissioner shall calculate pursuant to subsection (d) of this section the
10 applicable MBUF due for the covered vehicle and mail to the owner or lessee a
11 statement of the amount of the mileage-based user fee assessed.

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

15 (D) At the end of each mileage reporting period, the amount paid by
16 the owner or lessee shall be reconciled against the actual mileage driven as set
17 forth in subdivision (5) of this subsection.

18 (4) Estimated payment option.

19 (A) An owner or lessee who elects to make estimated payments shall
20 be assessed upon registration of the covered vehicle, or registration renewal, an
21 estimated mileage-based user fee equal to the rate established pursuant to

1 subsection (e) of this section multiplied by the average annual vehicle miles
2 traveled by pleasure cars registered in Vermont.

3 (B) The owner or lessee shall either:

4 (i) pay the estimated MBUF as a lump sum not more than 45 days
5 after the date of registration or registration renewal; or

6 (ii) enter into an agreement with the Commissioner to pay the
7 estimated amount in monthly or quarterly installments.

8 (C) At the end of each mileage reporting period, the amount paid by
9 the owner or lessee shall be reconciled against the actual mileage driven as set
10 forth in subdivision (5) of this subsection.

11 (5) Reconciliation of mileage for pay-as-you-go and estimated payment
12 options.

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

19 (B) If the actual MBUF is less than the amount paid, the owner or
20 lessee of the covered vehicle shall receive a credit equal to the difference
21 between the amount paid and the actual amount, which shall be applied to

1 reduce the amount of future fees due from the owner or lessee for the covered
2 vehicle pursuant to this subsection (a).

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

8 (6) Flat-rate option.

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

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

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

15 or

16 (iii) the sale of the covered vehicle or termination of the lease of
17 the covered vehicle, as appropriate.

18 (B) An owner or lessee enrolled in the flat-rate option shall not be
19 required to report vehicle mileage to the Commissioner pursuant to the
20 provisions of this chapter. Nothing in this subdivision (6)(B) shall be
21 construed to exempt an owner or lessee enrolled in the flat-rate option from

1 any other requirements in State law related to vehicle inspections or odometer
2 disclosures.

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

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

10 (B) the termination of the vehicle's registration; or

11 (C) the sale of the vehicle or the termination of the vehicle's lease, as
12 applicable.

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

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

18 (2) the estimated payment option set forth in subdivision (a)(4) of this
19 section; or

20 (3) the flat-rate option set forth in subdivision (a)(6) of this section.

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

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

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

10 (A) for a mileage reporting period, the difference between the
11 mileage shown on the covered vehicle’s odometer at the end of the mileage
12 reporting period and the mileage shown on the covered vehicle’s odometer at
13 the beginning of the mileage reporting period; and

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

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

1 (e) Mileage-based user fee rate. The mileage-based user fee rate shall be
2 \$0.014 per mile traveled by a covered vehicle during its mileage reporting
3 period.

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

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

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

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

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

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

20 (i) Refunds. Notwithstanding subdivision (a)(5)(B) of this section, upon
21 occurrence of a terminating event, the Commissioner shall issue a refund to the

1 owner or lessee of a covered vehicle for any amounts paid by the owner or
2 lessee that are in excess of the amount due pursuant to this chapter.

3 § 4303. REPORTS

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

8 (b) Upon the occurrence of a terminating event, the owner or lessee of a
9 covered vehicle shall report the mileage shown on the covered vehicle's
10 odometer at the time of the terminating event to the Department in the time and
11 manner required by the Commissioner.

12 § 4304. FAILURE TO FILE REPORT OR OBTAIN INSPECTION;

13 DEFAULT RATE

14 (a) The Commissioner shall charge the owner or lessee of a covered vehicle
15 a default rate of \$178.00 if the Commissioner is unable to determine the annual
16 vehicle miles traveled for the owner's or lessee's covered vehicle because the
17 owner or lessee:

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

20 (2) failed to have the covered vehicle inspected as required pursuant to
21 section 1222 of this title within a reasonable period of time after the inspection

1 is due at either the commencement or conclusion of a mileage reporting period;

2 or

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

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

8 (2) After being assessed the default amount pursuant to this subsection,
9 the owner or lessee of the covered vehicle may obtain an inspection within 90
10 days after the date on which the vehicle’s registration is renewed. If the
11 covered vehicle’s mileage is such that the mileage-based user fee would have
12 been less than the default amount, the owner or lessee shall receive a credit for
13 the difference that is applied to reduce the amount of the next mileage-based
14 user fee due for the covered vehicle, provided that the Commissioner has
15 sufficient odometer data to determine the mileage traveled since the beginning
16 of the mileage reporting period.

17 § 4305. REGISTRATION; SUSPENSION OR REFUSAL

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

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

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

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

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

13 § 4306. POWERS OF THE COMMISSIONER

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

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

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

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

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

3 § 4307. APPEALS; JUDICIAL REVIEW

4 (a) Administrative appeal. An aggrieved person may appeal any final
5 decision, order, or finding of the Commissioner under this chapter within not
6 more than 45 days after the decision is issued or the order or finding is made.
7 The Commissioner shall establish procedures for filing and hearing appeals
8 pursuant to this subsection that are consistent with the provisions of sections
9 105–107 of this title.

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

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

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

21 § 361. PLEASURE CARS

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

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

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

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

(b)(1)(A) For a covered vehicle that has a valid Vermont registration on 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 an alternative to paying the mileage-based user fee as set forth in
12 subsection (b) of this section, the owner or lessee of a covered vehicle may
13 elect to pay a flat fee of \$178.00 for the initial mileage reporting period. The
14 provisions of 23 V.S.A. § 4302(a)(6) shall apply to an owner or lessee who
15 elects to pay a flat fee pursuant to this subsection.

16 (d) As used in this section, “covered vehicle” has the same meaning as in
17 23 V.S.A. § 4301.

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

19 (a) The Agency of Transportation and the Department of Motor Vehicles
20 shall develop and implement a public outreach, education, and
21 communications strategy regarding the mileage-based user fee program

1 established pursuant to 23 V.S.A. chapter 43 to build public awareness and
2 understanding of the program and to solicit public feedback regarding the
3 program. The strategy shall include the following:

4 (1) printed materials, web-based materials, mailings, and local media
5 outreach that describes the purpose of the mileage-based user fee, the
6 transportation funding challenges that the mileage-based user fee is intended to
7 help address, and how the mileage-based user fee will be implemented with
8 respect to battery electric vehicles and, later, other light-duty vehicles;

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

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

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

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

18 (D) provide information on how to obtain additional information
19 regarding the mileage-based user fee, including how to obtain informational
20 resources provided by the Agency, the availability of user support resources,

1 and how to determine how the mileage-based user fee may apply to a user's
2 specific circumstances;

3 (3) prior to initial implementation of the mileage-based user fee in
4 January 2027, Agency engagement with owners and lessees of various types of
5 light-duty motor vehicles registered in Vermont to obtain feedback on the
6 design of the user experience for the mileage-based user fee, with particular
7 attention to universal accessibility and specific needs for translated materials
8 and services;

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

14 (5) ongoing engagement and collaboration with relevant stakeholders,
15 including the Vermont Vehicle and Automotive Distributors Association and
16 Drive Electric Vermont, to obtain feedback on the mileage-based user fee
17 program and to educate members of the public about the mileage-based user
18 fee and program design.

19 (b) The Agency and Department shall, on or before September 15, 2026,
20 submit to the Joint Transportation Oversight Committee a report summarizing

1 the public outreach, education, and communications strategy required pursuant
2 to subsection (a) of this section.

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

4 REPORT

5 (a)(1) The Agency of Transportation and the Department of Motor
6 Vehicles, in consultation with the Agency of Digital Services, shall develop a
7 plan to expand the mileage-based user fee (MBUF) program to all light-duty
8 motor vehicles to ensure that each vehicle contributes an amount that bears a
9 direct relation to the estimated demands and impacts that the vehicle places
10 upon public infrastructure, as determined on the basis of vehicle miles traveled.

11 (2) The plan shall provide that:

12 (A) plug-in hybrid electric, hybrid electric, and fuel-efficient light-
13 duty motor vehicles shall begin participating in the MBUF program on or
14 before January 1, 2029; and

15 (B) all light-duty motor vehicles shall begin participating in the
16 MBUF program on or before January 1, 2031.

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

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

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

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

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

14 (2) develop a proposed schedule for the inclusion of plug-in hybrid
15 electric, hybrid electric, and fuel-efficient light-duty vehicles in the MBUF
16 program on or before January 1, 2029;

17 (3) identify any other light-duty vehicles that currently contribute less to
18 the Transportation Fund than they would under the mileage-based user fee for
19 inclusion in the MBUF program on or before January 1, 2029;

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, hybrid electric, and fuel-
4 efficient light-duty vehicles into the MBUF 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, hybrid,
19 and internal combustion engine vehicles, including whether to provide
20 different flat fees based on vehicle type or to provide credits against the
21 amount of the flat fee based on vehicle 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 (6) “Mileage reporting period” means:

2 * * *

3 (7) “PEV” means a plug-in electric vehicle pleasure car.

4 (8) “Terminating event” means any of the following:

5 * * *

6 Sec. 15. 23 V.S.A. § 4302 is amended to read:

7 § 4302. MILEAGE-BASED USER FEE; ASSESSMENT; CALCULATION;
8 PAYMENT; EXEMPTIONS

9 (a) Assessment and payment of mileage-based user fee (MBUF).

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

12 * * *

13 (D) a flat rate of ~~\$178.00~~ \$375.00.

14 * * *

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

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

20 (A)(1) for a mileage reporting period, the difference between the
21 mileage shown on the covered vehicle’s odometer at the end of the mileage

1 reporting period and the mileage shown on the covered vehicle’s odometer at
2 the beginning of the mileage reporting period; and

3 ~~(B)(2)~~ for a report filed by an owner or lessee as part of the pay-as-
4 you-go mileage-based user fee program pursuant to subdivision (a)(3) of this
5 section, the difference between the mileage reported by the owner or lessee and
6 the most recent prior mileage reported for the covered vehicle.

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

10 * * *

11 Sec. 16. 23 V.S.A. § 4304 is amended to read:

12 § 4304. FAILURE TO FILE REPORT OR OBTAIN INSPECTION;

13 DEFAULT RATE

14 (a) The Commissioner shall charge the owner or lessee of a covered vehicle
15 a default rate of ~~\$178.00~~ \$375.00 if the Commissioner is unable to determine
16 the annual vehicle miles traveled for the owner’s or lessee’s covered vehicle
17 because the owner or lessee:

18 * * *

19 Sec. 17. 23 V.S.A. § 361 is amended to read:

20 § 361. PLEASURE CARS

21 * * *

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

7 (d) The annual and biennial infrastructure fees collected in subsection (c) of
8 this section shall be deposited in the Transportation Fund. [Repealed.]