

Memo

To: Committee of Conference on H.944: Representatives Walker, Corcoran, and Pouech; Senators Westman, Perchlik, and Harrison

Date: May 20, 2026

From: Patrick Ó. Murphy, State Policy Director

Re: Mileage Fee Provisions in 2026 Transportation Bill

As H.944 has wound its way to this Committee of Conference and as the Agency has delved into the detailed implementation questions for this program, a few issues have arisen which the Agency hopes can be addressed in the final version of the bill. There are technical changes the Agency is proposing to make for a smoother launch to the program, with specific suggestions for language included. There are also policy questions which the Agency has flagged that are tied to specific policy decisions. These are summarized below.

Technical changes:

1. Timing of due date for amounts finalized after registration renewal notices are mailed. It will be helpful to allow for a “freeze” period of 60 days before renewal to account for the time period between the issuing of invoices with registration renewal notices and registration renewal itself, as well as a user’s right to appeal. The logic of the automated banking system underlying the VTTrips solution requires that payments match specific invoiced amounts and this will give the Agency (and users) some flexibility around cases where a reporting period ends very near the point of registration renewal, limiting multiple mailings and user confusion.
2. Clarification of when credits will be applied for either road usage charges of default flat fees. Language proposed intends to encourage users to obtain mileage data, which is key to the smooth implementation of the program. Two sections clarify that credits will not or cannot be applied in the case of failure to obtain a required inspection.

Policy questions:

1. Infrastructure fee repeal. If the committee proceeds with an expansion to all hybrids or plug-in hybrids in 2029, the General Assembly will likely want to repeal all of the infrastructure fee language currently in statute or at least state that the intent is not to double charge plug-in hybrids.
2. Flat fee repeal or increase. References to \$178 flat fee option would likely need to be cleaned up, particularly with the introduction of hybrids in 2029, in order to align with the language repealing a cap in 2029 and increasing the default flat fee.

Proposed Technical Changes

1. 60-day “Freeze” Period

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

* * *

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

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

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

or

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

(C) Notwithstanding subsection (B) the owner or lessee of a covered vehicle with a mileage reporting period ending within 60 days prior to its next required registration renewal, may be permitted without penalty to remit the amount due to the Commissioner on or before the sooner of:

(i) the subsequent registration renewal for the covered vehicle;

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

or

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

Proposed Technical Changes

2. Eligibility for Credits

§ 4304. FAILURE TO FILE REPORT OR OBTAIN INSPECTION; DEFAULT RATE

* * *

(2) After being assessed the default amount pursuant to this subsection, the owner or lessee of the covered vehicle may obtain an inspection within 90 days after the date on which the vehicle's registration is renewed. If the covered vehicle's mileage is such that the mileage-based user fee would have been less than the default amount, the owner or lessee shall receive a credit for the difference that is applied to reduce the amount of the next mileage-based user fee due for the covered vehicle, provided that sufficient odometer reading data exists for the Commissioner to determine the difference.

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Sec. 18. 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 commence with its first annual inspection occurring on or after January 1, 2027.

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

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

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

(4)(A) Provided that all required annual safety inspections have been obtained in the manner prescribed by the Commissioner, the amount of the covered vehicle's mileage-based user fee calculated pursuant to subdivision (3) of this subsection shall be reduced by:

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

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

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