

Transportation Funding Study: MPG-based Registration Fee

HOUSE TRANSPORTATION COMMITTEE, FEBRUARY 12, 2026

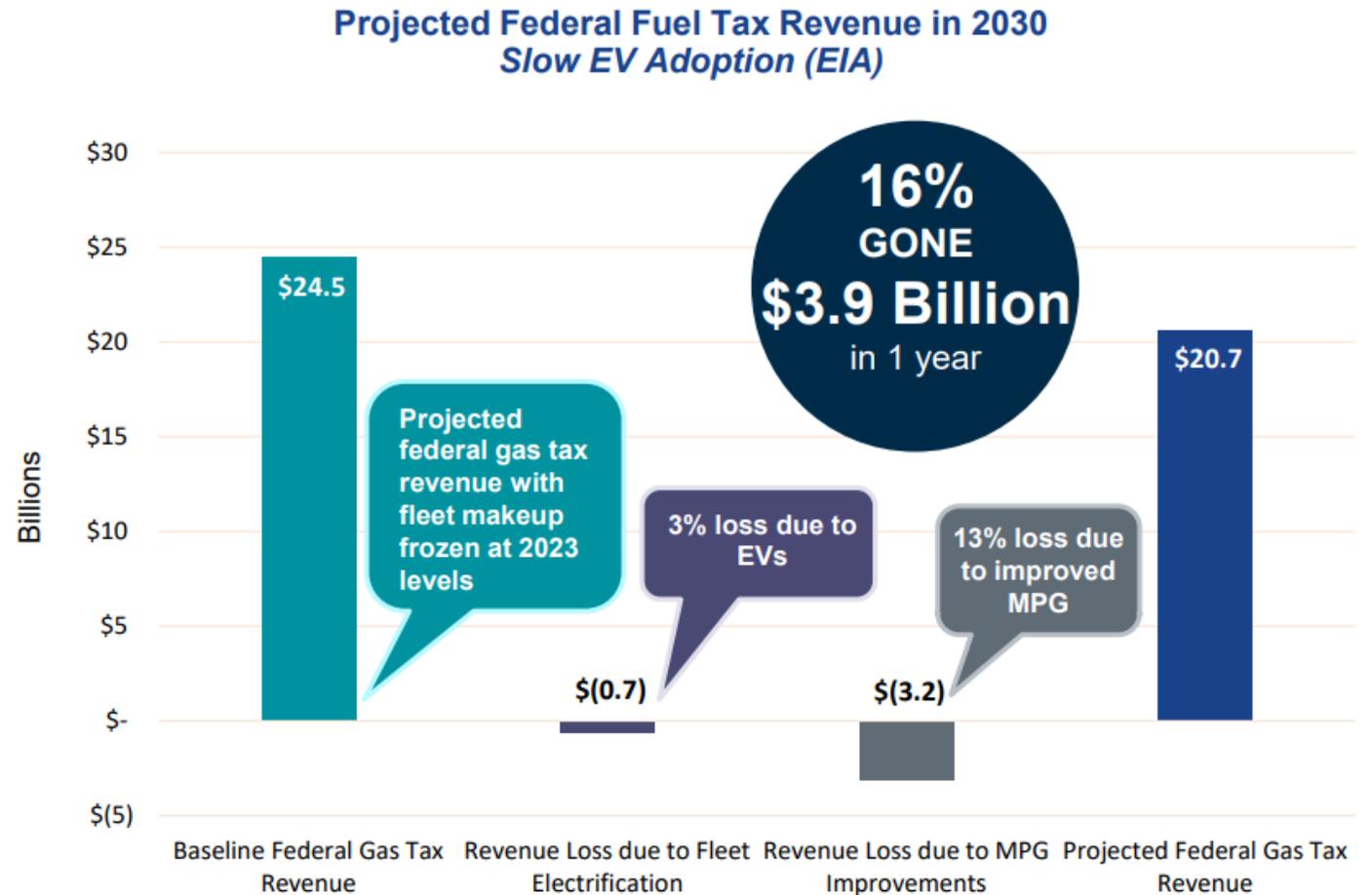
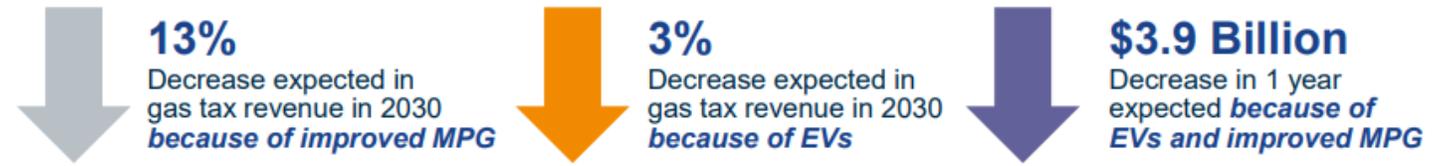
PATRICK Ó. MURPHY, STATE POLICY DIRECTOR, AGENCY OF TRANSPORTATION

2024 Transportation Bill (Act 148, Section 35)

In 2024, the Vermont Legislature directed AOT to study future funding options:

- **Evaluate current funding levels**, sustainability of revenue sources and distribution method
- **Analyze future trends** such as inflation, safety needs, racial equity, electric vehicles, and climate change.
- **Explore new funding approaches** and alternative solutions used by other states.
- **Evaluate how a mileage-based user fee (MBUF)**, along with other funding mechanisms, could provide sustainable funding.
- **Develop revenue generation projections** for various funding mechanisms

National Revenue Trends: Federal Fuel Tax



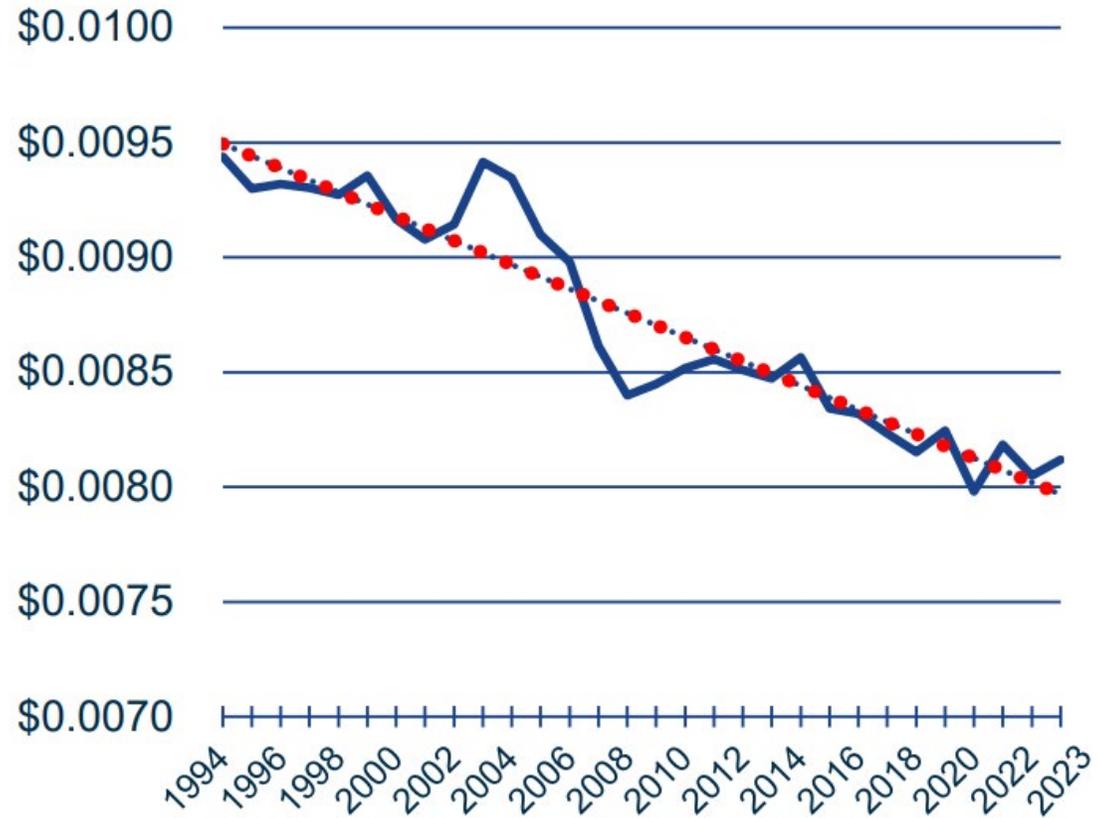
Note: Nominal dollars. Totals may not add up exactly because of rounding.

Decline in Fuel Taxes as a per mile fee due to increased fuel-efficiency

In Vermont, average state fuel tax revenue per mile in 2013 was between \$0.017 - **\$0.018 / mile**;

In 2023, average state fuel tax revenue had dropped to **\$0.014 / mile**

Federal Fuel Tax Revenues per Mile Driven



Source: USDOT, Bureau of Transportation Statistics



Ford F-150: 2013 - present

2013 Ford F150 Pickup 4WD X	2025 Ford F150 Pickup 4WD X	2025 Ford F150 Pickup 4WD HEV X	2025 Ford F-150 Lightning 4WD ER1 X
<p> Gasoline Vehicle</p> <p><small>© Ford Motor Company</small></p>  <p>6.2 L, 8 cyl, Automatic (S6)</p> <p>MSRP: \$28,710 - \$53,300</p>	<p> Gasoline Vehicle</p>  <p>5.0 L, 8 cyl, Automatic (S10)</p> <p>MSRP: \$42,465 - \$75,210</p>	<p> Hybrid Vehicle Gasoline</p>  <p>3.5 L, 6 cyl, Automatic (S10), Turbo</p>	<p> Electric Vehicle</p>  <p>Automatic (A1)</p>
<p>Regular Gasoline</p> <div data-bbox="1014 649 1345 792"> <p> 13 MPG</p> <p>combined city highway</p> <p>7.7 gal/100mi</p> </div> <div data-bbox="1014 825 1345 921"> <p>Gasoline </p> <p>338 - 468 miles Total Range</p> </div>	<p>Regular Gasoline</p> <div data-bbox="1370 649 1702 792"> <p> 19 MPG</p> <p>combined city highway</p> <p>5.3 gal/100mi</p> </div> <div data-bbox="1370 825 1702 921"> <p>Gasoline </p> <p>437 - 684 miles Total Range</p> </div>	<p>Regular Gasoline</p> <div data-bbox="1727 649 2058 792"> <p> 23 MPG</p> <p>combined city highway</p> <p>4.3 gal/100mi</p> </div> <div data-bbox="1727 825 2058 921"> <p>Gasoline </p> <p>529 - 828 miles Total Range</p> </div>	<p>Electricity</p> <div data-bbox="2084 649 2415 792"> <p> 70 MPGe</p> <p>combined city highway</p> <p>48 kWh/100 mi</p> </div> <div data-bbox="2084 825 2415 921"> <p>Electricity </p> <p>320 miles Total Range</p> </div>
<p>\$271 annually On 11,000 miles</p> <p>\$0.025 / mile</p>	<p>\$185 annually On 11,000 miles</p> <p>\$0.017 / mile</p>	<p>\$153 annually On 11,000 miles</p> <p>\$0.014 / mile</p>	<p>\$89 annually On 11,000 miles</p> <p>\$0.008 / mile</p>

Credit: EPA Fuel Economy

Subaru AWD Crossover : 2013 - present

2013 Subaru XV Crosstrek AWD X	2026 Subaru Crosstrek Hybrid AWD X	2026 Subaru Solterra AWD X
<p> Gasoline Vehicle</p>  <p>2.0 L, 4 cyl, Automatic (variable gear ratios)</p> <p>MSRP: \$21,995 - \$24,495</p>	<p> Hybrid Vehicle Gasoline</p>  <p>2.5 L, 4 cyl, Automatic (AV-S6)</p>	<p> Electric Vehicle</p>  <p>Automatic (A1)</p>
<p>Regular Gasoline</p>  28 MPG 25 32 combined city highway city/highway 3.6 gal/100mi <p>Gasoline  445 miles Total Range</p>	<p>Regular Gasoline</p>  36 MPG 36 36 combined city highway city/highway 2.8 gal/100mi <p>Gasoline  598 miles Total Range</p>	<p>Electricity</p>  120 MPGe 131 109 combined city highway city/highway 28 kWh/100 mi <p>Electricity  288 miles Total Range</p>
<p>\$126 annually On 11,000 miles</p> <p>\$0.011 / mile</p>	<p>\$98 annually On 11,000 miles</p> <p>\$0.009 / mile</p>	<p>\$89 annually On 11,000 miles</p> <p>\$0.008 / mile</p>

Credit: EPA Fuel Economy

Oregon Model

Oregon's registration surcharge is enabled by [statute](#), charging the following on an annual basis:

- For vehicles that have a rating of 0-19 MPG, \$20.
- For vehicles that have a rating of 20-39 MPG, \$25.
- For vehicles that have a rating of 40 MPG or greater, \$35.
- For electric vehicles, \$115.

[*Oregon* 2017 c.750 §32; 2017 c.750 §33]

If a driver voluntarily participates in Oregon's Road Usage Charge program *OreGo*, some or all of this fee can be credited back to the driver depending on actual miles recorded for the past year.

VT Transportation Funding Study Model

For illustrative purposes, the study analyzed a sort of hybrid model of the above jurisdictions:

For vehicles that have a rating of 25-30 MPG, \$25.

For vehicles that have a rating of 31-50 MPG, \$55.

For vehicles that have a rating of 51-79 MPG, \$77.

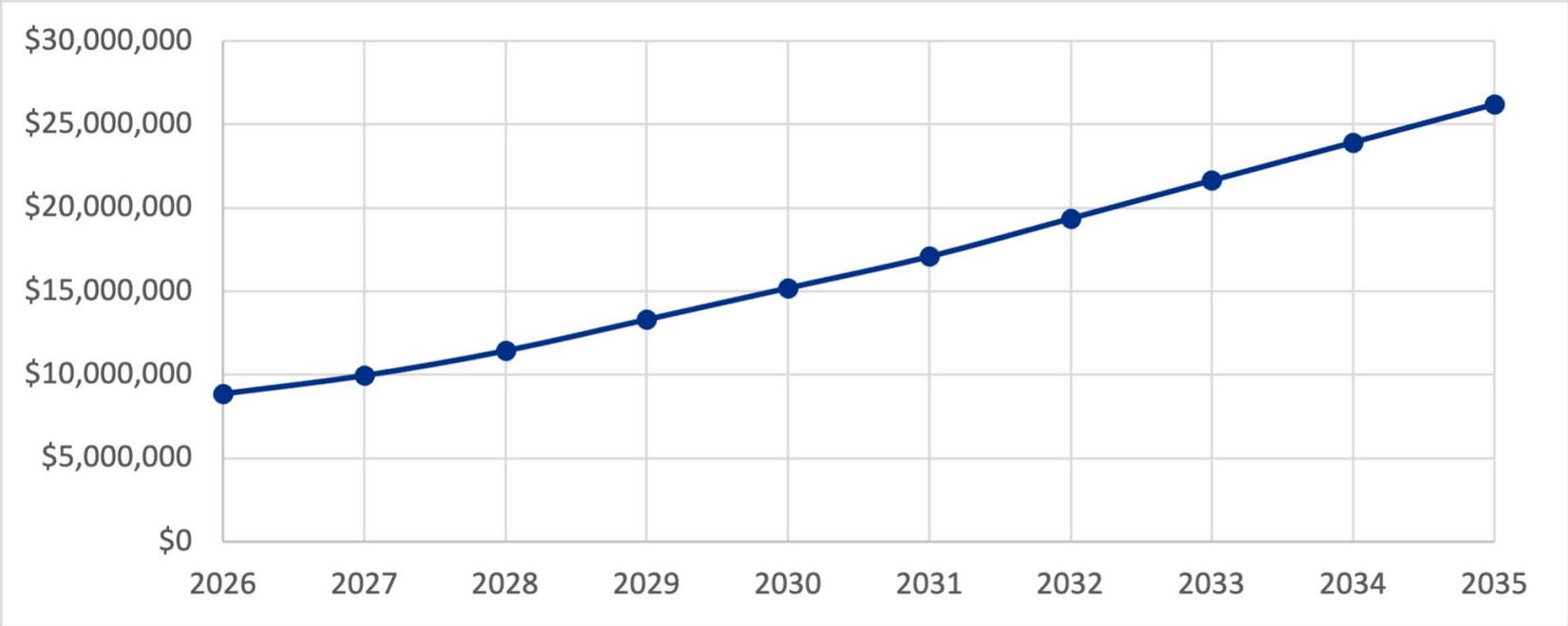
For electric vehicles, \$89.

*Importantly, the figures are inclusive of the EV infrastructure fees already being collected and based on EV adoption projections prior to the federal withdrawal from supportive EV policies. Excluding the fees for battery-electric vehicles, it was estimated that an MPG-based registration surcharge could raise about \$4.8 million in the first year, with modest growth in revenue over the next decade.

MPG-based Registration Fees

Potential Revenues

- Gas Tax Indexing
- Diesel Tax Indexing
- MBUF for Light-Duty
- MBUF for Medium- and Heavy-Duty
- Retail Delivery Fees
- Transportation Network Company Fees
- MPG-based Registration Fees**
- Tire Fees



*Above chart includes projected revenue collected from plug-in hybrid electric and battery-electric vehicles based on EV adoption rates prior to the federal withdrawal from supportive EV policies. Excluding the fees for battery-electric vehicles, it was estimated that an MPG-based registration surcharge could raise about **\$4.8 million** in the first year, with modest growth in revenue over the next decade. Using more granular registration and odometer data, a more graduated fee schedule could raise above **\$6 million** in the first year.

Analysis of MPG-based Registration Surcharge

Strengths:

- Returns to greater user fee cost parity regardless of vehicle type
- Revenue-generating potential to recover lost fuel tax revenue anticipated and support needed infrastructure investments
- Revenue grows with, rather than eroded by, advancements in vehicle fuel-efficiency
- Relatively simple, cost-effective to administer
- Effective transitional step towards expansion of MBUF

Weaknesses:

- Flat fee only reflects average, not actual, road usage and creates additional tax burden on Vermont households
- Fee based on fuel efficiency could be seen as unfairly taxing what should otherwise be promoted by the State for climate, health and economic reasons

Virginia's Model: HUF and MileageChoice

Virginia administers what it calls a Highway Use Fee or “HUF” which applies more of a graduated surcharge to based on the specific MPG rating as determined by the EPA and identified through a VIN decoder at registration. Only vehicles with a rating of 25 MPG or higher are subject to the HUF. The [fee schedule](#) is calculated at 85% of the estimated lost revenue based on the average fuel economy of the fleet and average annual miles traveled at the current fuel rate:

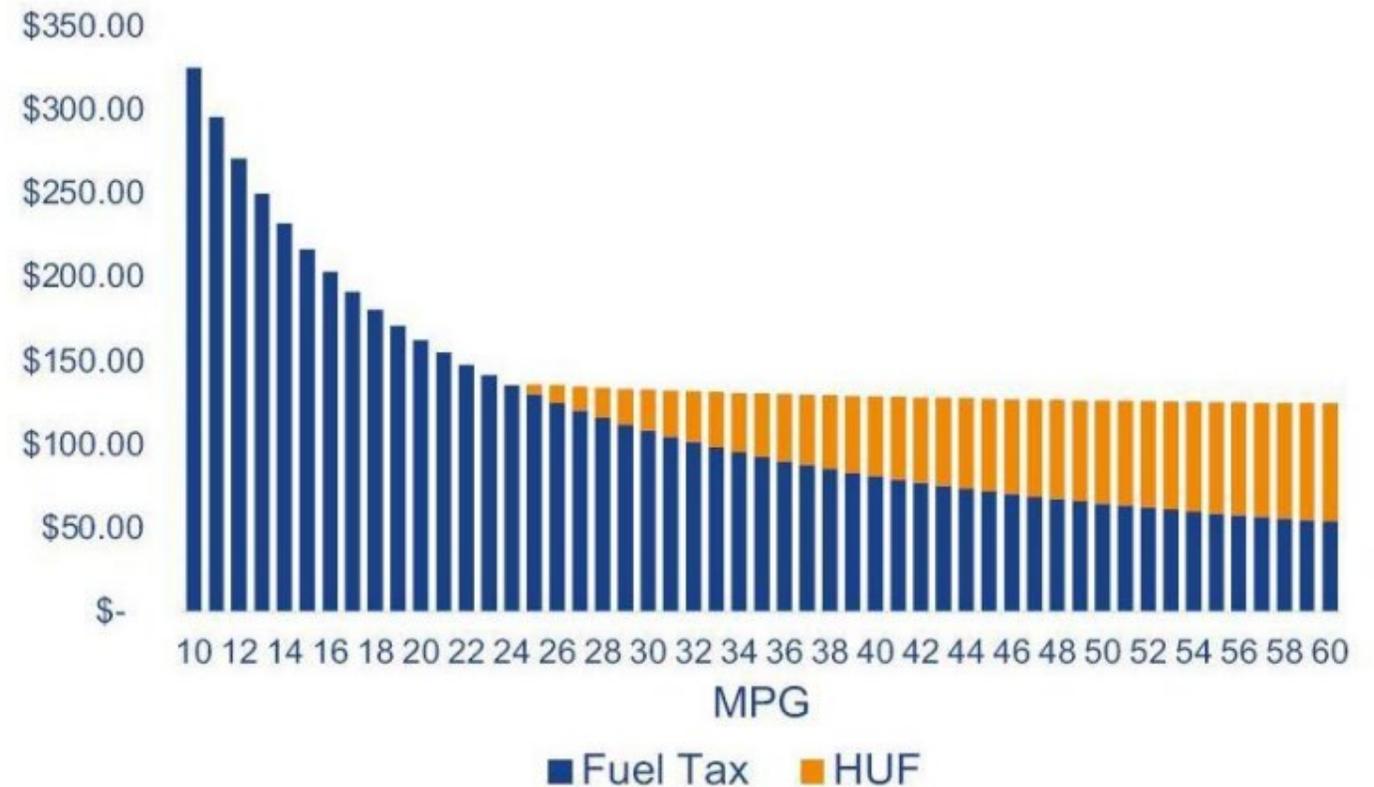
$$\text{Highway Use Fee (HUF)} = [((11,600 \text{ Average Annual Miles Traveled} * \text{fuel tax rate}) / 23.7 \text{ average mpg}) - ((11,600 \text{ average miles traveled} * \text{fuel tax rate}) / \text{vehicle's EPA mpg rating})] * .85$$

These fees, which range from as low as \$6 up to \$132 for electric vehicles are likewise applied as a registration surcharge, with the caveat that Virginia drivers are given the option to enroll in the “Mileage Choice” program in lieu of the flat fee, which allows vehicle owners to use a modified pay-as-you-go system for the miles they actually drive.

Virginia's Highway Use Fee

Applies a surcharge at registration to fill 85% of the estimated gap in road usage fees

Figure 2-5 compares funding contributions for car mileages (10-60) MPG: Fuel Tax vs HUF.



Subaru AWD Crossover : 2013 - present

Average Annual Fuel Costs = \$1,434

Average Federal Fuel Tax = \$88

2026 Subaru Hybrid Savings = \$516 in
annual fuel costs +
\$32 in federal fuel taxes

2026 Subaru EV Savings =
\$600 in annual fuel costs +
\$88 in federal fuel tax

Credit: EPA Fuel Economy

2013 Subaru XV Crosstrek AWD X	2026 Subaru Crosstrek Hybrid AWD X	2026 Subaru Solterra AWD X
 Gasoline Vehicle 	 Hybrid Vehicle Gasoline 	 Electric Vehicle 
<p>2.0 L, 4 cyl, Automatic (variable gear ratios) MSRP: \$21,995 - \$24,495</p>	<p>2.5 L, 4 cyl, Automatic (AV-S6)</p>	<p>Automatic (A1)</p>
<p>Regular Gasoline</p>  28 MPG combined city highway 3.6 gal/100mi	<p>Regular Gasoline</p>  36 MPG combined city highway 2.8 gal/100mi	<p>Electricity</p>  120 MPGe combined city highway 28 kWh/100 mi
<p>Gasoline  445 miles Total Range</p>	<p>Gasoline  598 miles Total Range</p>	<p>Electricity  288 miles Total Range</p>
<p>\$126 annually On 11,000 miles</p>	<p>\$98 gas tax + \$47 HUF = \$145</p>	<p>\$154 in MBUF On 11,000 miles</p>
<p>\$0.011 / mile</p>	<p>\$0.013 / mile</p>	<p>\$0.014 / mile</p>

Contact

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