



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

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### **H.944 – An act relating to the fiscal year 2027 Transportation Program and miscellaneous changes to laws related to transportation**

**As recommended by the House Committee on Ways and Means, Draft 1.2<sup>1</sup>**

#### **Bill Summary**

**T**he fiscal year 2027 Transportation Bill (H.944) adopts and amends Vermont’s annual Transportation Program. It contains numerous statutory amendments and funding authorizations related to transportation. The funding authorizations included in H.944 are subject to appropriations in the fiscal year 2027 appropriations bill.

#### **Fiscal Impact**

This bill is estimated to decrease Transportation Fund revenues in fiscal year 2027 and 2028 and increase revenues in fiscal year 2029 and beyond.

#### **Background and Details**

The following sections have a fiscal impact.

##### **Section 11: Transportation Alternative Grant Program**

This section proposes to increase the maximum amount of money that can be awarded through the Transportation Alternative Grant Program from \$300,000 to \$600,000. This section would also remove the limitation stating that 50 percent of grant program funds must be given to environmental mitigation projects relating to stormwater and highways.

##### **Section 12: Fiscal Year 2027 Transportation Alternative Grant Program**

This section proposes that in fiscal year 2027, grants up to a maximum of \$1.2 million may be issued from the Transportation Alternatives Grant Program. This authority would only be granted in fiscal year 2027. In future years the maximum grant award amount would revert to \$600,000.

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<sup>1</sup> *The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.*

**Section 16: Drive Electric Vermont**

This section would appropriate \$192,000 in one-time funding from the Transportation Fund to the Agency of Transportation for the continuation of their partnership with Drive Electric Vermont and shall be used on activities that support increased ownership and use of electric vehicles.

**Section 19: Mileage-Based User Fee**

This section would establish a mileage-based user fee (MBUF) for battery electric vehicles (BEV’s) registered in the state. BEVs would be assessed a 1.4 cent per mile fee on the number of miles the vehicle has driven in one year. Vehicle odometer readings would be recorded during the vehicle’s annual inspection and reported to the Department of Motor Vehicles (DMV). Once the DMV has determined the number of miles a vehicle has driven, they will calculate the vehicle’s MBUF and send notice to the owner of the amount assessed. The owner of the vehicle can pay the assessment in its entirety or enter into an agreement with the Commissioner of DMV to pay the fee in quarterly or monthly installments.

A vehicle’s MBUF will be assessed based on the number of miles driven between the two most recent vehicle inspections occurring after January 1, 2027. For example, a BEV that receives an inspection in March of 2027 and March of 2028 will, in March of 2028, be assessed an MBUF based on the miles driven between those two inspections. It is estimated that the average BEV in Vermont drives approximately 11,000 miles per year. At an MBUF assessment rate of 1.4 cents per mile, this would equate to an average MBUF of \$154 per year.

Since the first MBUF will not be assessed until after January 1, 2028, no revenue is expected to be generated from this fee in fiscal year 2027. Some revenue generation is expected in fiscal year 2028, but MBUF collections won’t start until the second half of the fiscal year. Because this fee starts in the middle of a fiscal year and BEV owners have the option for to choose from multiple payment frequencies (up front, quarterly, monthly) the potential revenue generated in fiscal year 2028 is estimated to be between \$350,000 and \$1 million. In fiscal year 2029 this fee is estimated to generate \$2.6 million. All revenue generated for this fee would be deposited into the Transportation Fund.

Note that under current law, once an MBUF for BEVs has been enacted, the current \$89 annual EV infrastructure fee that is paid by BEV’s at the time of registration is repealed. The repeal of this fee will decrease revenues into the Transportation Fund. Estimated revenue loss is roughly \$500,000 in fiscal year 2027, \$1.2 Million in 2028, and \$1.4 million in 2029. Taking into consideration the revenue lost from the repeal, positive net revenue is generated in fiscal year 2029 and beyond.

<b>Estimated Fiscal Impacts (\$ Million)</b>			
	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
MBUF Revenue	\$0	\$0.35-1.00	\$2.60
EV Infrastructure Fee Revenue Loss	\$(0.5)	\$(1.2)	\$(1.4)
<b>Net Revenue</b>	<b>\$(0.5)</b>	<b>\$(0.2) -(0.85)</b>	<b>\$1.2</b>

In both scenarios, either where an MBUF is adopted or the EV infrastructure fee remains, revenue generated would grow in accordance with the adoption rate of BEVs in the state. MBUF revenues would also have the potential to fluctuate with changes in average vehicle miles driven. Net revenue generated from the MBUF is expected to increase in future years and will continue to grow as BEV ownership increases.

**Section 19, Subchapter 2: BEV Rental Vehicle Road Usage Charge**

Subchapter 2 of section 19 proposes to levy a road usage charge on BEVs that are used as rental cars. The tax imposed is equal to 1% of the total rental charge. In fiscal year 2027 this is estimated to generate around \$20,000. All revenues from this tax would be deposited into the Transportation Fund.

**Section 20: EV Infrastructure Fee**

This section proposes to change how the revenues from the annual and biennial EV infrastructure fee on plug-in hybrid electric vehicles would be allocated. Currently, at the time of registration, plug-in hybrid electric vehicles are required to pay a \$44.50 annual or \$89 biennial EV infrastructure fee. The revenues from this fee are deposited into the Transportation Fund and then sent to the Agency of Commerce and Community Development (ACCD) to be used to increase access to EV charging infrastructure. This section is proposing to adjust this process so that these revenues are no longer sent to ACCD but instead deposited into the Transportation Fund to be appropriated for general transportation use.

**Section 23: Transfer**

This section proposes to transfer \$2.2 million from the Transportation Infrastructure Bond Fund to the Transportation Fund. \$1.7 million would then be appropriated to the Agency of Transportation as one time funding to be used as general state aid for town highways. This money is specified as being in addition to the current fiscal year 2027 allocation for state aid to town highways.

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<sup>i</sup> *The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.*