



# VERMONT LEGISLATIVE Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://lfo.vermont.gov>

## Fiscal Note

March 19, 2026

Logan Mooberry, Senior Fiscal Analyst

### **DRAFT 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 Transportation, Draft 4.1<sup>1i</sup>

#### Bill Summary

The 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

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#### 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 allowing, in FY27, the issuance of Transportation Alternative Grant Program awards up to \$1,200,000. This authority would only be for FY27 and would revert to a maximum of \$600,000 per reward in FY28 and beyond.

##### Section 14: PILOT Special Fund

This section proposes to make changes to the PILOT Special Fund Statute. This section proposes that after fulfilling all payments currently required of the Fund, 50% of any remaining revenue from that year’s local option tax revenue would be transferred to the Transportation Fund to be appropriated for general State

<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.

aid for town highways in the next fiscal year.

**Section 15: State Aid for Town Highways**

This section specifies that any money transferred to the Transportation fund from the PILOT Special Fund to be used for State Aid for Town Highways would be in addition to any of the existing statutory funding requirements for State Aid for Town Highways. Additionally, this section states that money transferred to the Transportation Fund from the PILOT Special fund would not be subject to the annual inflationary adjustment that currently exists for State Aid for Town Highway appropriations.

**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.

**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 within 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 at the time of notice or enter into an agreement with the Commissioner of DMV to pay the fee in quarterly or monthly installments. In addition to this the commissioner may establish a pay-as-you-go MBUF program. This option allows BEV owners to pay for the miles driven as they are being accrued by submitting, to the DMV, periodic odometer reports which the DMV will use to assess a MBUF based on the miles driven between reports.

It is estimated that, in Vermont, the average BEV 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. Due to the necessity of a transition period, the fact that this fee starts in the middle of a fiscal year, and the option for individuals to choose from multiple payment frequencies (Up front, Quarterly, Monthly, pay-as-you-go) the estimated revenue generated per fiscal year from this fee is currently unknown.

While the revenue per fiscal year is unknown JFO can provide a rough estimate of potential revenue generated per calendar year starting in 2028. Using the current BEV fleet size and estimates for EV adoption in future years we can assume that in 2028 there will be roughly 15,500 BEV registered in Vermont. At this fleet size and an average MBUF rate of \$154 this fee could be expected to generate \$2.4 Million in 2028. These revenues will be deposited in the Transportation Fund.

Note that under currently 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 by approximately \$1.3 Million in 2027 and \$1.4 Million in 2028. When we consider the revenue lost from the repeal the net revenue gained from the enactment of the MBUF is approximately \$1 Million in FY28.

<b>Estimated Fiscal Impacts (\$ Million)</b>			
	<b>CY 2027</b>	<b>CY 2028</b>	<b>CY 2029</b>
MBUF Revenue	Unknown	\$2.40	\$2.60
EV Infrastructure Fee Revenue Loss	\$(1.3)	\$(1.4)	\$(1.5)
<b>Net</b>	<b>Unknown</b>	<b>\$1.0</b>	<b>\$1.1</b>

Both the revenue generated from the EV infrastructure fee and the MBUF will grow in accordance with the adoption rate of BEVs in the state. MBUF revenues also have the potential to change due to changes in vehicle miles traveled. Net revenue generated from the MBUF is expected to grow in future years and will continue to grow as the number of BEVs in the state increases.

**Section 20: EV Infrastructure Fee**

This section proposes to change how the revenues from the annual and biennial EV infrastructure fee 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 sent to the Agency of Commerce and Community Development to be used to increase access to EV charging infrastructure. This Section would change this so that these revenues are no longer sent to ACCD but instead are deposited into the Transportation Fund for general use.

**Section 22: Mileage-Based User Fee Allocation**

This section proposes to allocate the net revenue generated by the mileage-based user fee in FY27 to the appropriation for general state aid to town highways. This section also states that any money allocated in this manner is in addition to the current FY27 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.*