

1 TO THE HONORABLE SENATE:

2 The Committee on Transportation to which was referred House Bill No.
3 488 entitled “An act relating to the fiscal year 2026 Transportation Program
4 and miscellaneous changes to laws related to transportation” respectfully
5 reports that it has considered the same and recommends that the Senate
6 propose to the House that the bill be amended by striking out all after the
7 enacting clause and inserting in lieu thereof the following:

8 * * * Transportation Program Adopted as Amended; Definitions * * *

9 Sec. 1. TRANSPORTATION PROGRAM ADOPTED; DEFINITIONS

10 (a) Adoption. The Agency of Transportation’s Proposed Fiscal Year 2026
11 Transportation Program appended to the Agency of Transportation’s proposed
12 fiscal year 2026 budget, as amended by this act, is adopted to the extent
13 federal, State, and local funds are available.

14 (b) Definitions. As used in this act, unless otherwise indicated:

15 (1) “Agency” means the Agency of Transportation.

16 (2) “Candidate project” means a project approved by the General
17 Assembly that is not anticipated to have significant expenditures for
18 preliminary engineering or right-of-way expenditures, or both, during the
19 budget year and funding for construction is not anticipated within a predictable
20 time frame.

1 (3) “Development and evaluation (D&E) project” means a project
2 approved by the General Assembly that is anticipated to have preliminary
3 engineering expenditures or right-of-way expenditures, or both, during the
4 budget year and that the Agency is committed to delivering to construction on
5 a timeline driven by priority and available funding.

6 (4) “Electric vehicle supply equipment (EVSE)” and “electric vehicle
7 supply equipment available to the public” have the same meanings as in
8 30 V.S.A. § 201.

9 (5) “Front-of-book project” means a project approved by the General
10 Assembly that is anticipated to have construction expenditures during the
11 budget year or the following three years, or both, with expected expenditures
12 shown over four years.

13 (6) “Mileage-based user fee” or “MBUF” means a fee for vehicle use of
14 the public road system with distance, stated in miles, as the measure of use.

15 (7) “Plug-in electric vehicle (PEV),” “plug-in hybrid electric vehicle
16 (PHEV),” and “battery electric vehicle (BEV)” have the same meanings as in
17 23 V.S.A. § 4(85).

18 (8) “Secretary” means the Secretary of Transportation.

19 (9) “TIB funds” means monies deposited in the Transportation
20 Infrastructure Bond Fund in accordance with 19 V.S.A. § 11f.

1 (10) The table heading “As Proposed” means the Proposed
2 Transportation Program referenced in subsection (a) of this section; the table
3 heading “As Amended” means the amendments as made by this act; the table
4 heading “Change” means the difference obtained by subtracting the “As
5 Proposed” figure from the “As Amended” figure; the terms “change” or
6 “changes” in the text refer to the project- and program-specific amendments,
7 the aggregate sum of which equals the net “Change” in the applicable table
8 heading; and “State” in any tables amending authorizations indicates that the
9 source of funds is State monies in the Transportation Fund, unless otherwise
10 specified.

11 * * * Rail Program; Technical Correction * * *

12 Sec. 2. RAIL PROGRAM

13 (a) Within the Agency of Transportation’s Proposed Fiscal Year 2026
14 Transportation Program for Rail the following project is deleted: Barre–
15 Berlin–Montpelier 04-9038–WACR Subsidy.

16 (b) Within the Agency of Transportation’s Proposed Fiscal Year 2026
17 Transportation Program for Rail, the following project is added: Hartford
18 HRRD(1) 25G002–White River Junction Depot Repairs.

19 (c) Within the Agency of Transportation’s Proposed Fiscal Year 2026
20 Transportation Program for Rail, spending authority for Hartford HRRD(1)
21 25G002–White River Junction Depot Repairs is authorized as follows:

1	<u>FY26</u>	<u>As Proposed</u>	<u>As Amended</u>	<u>Change</u>
2	Other	0	260,000	260,000
3	Total	0	260,000	260,000
4	<u>Sources of funds</u>			
5	State	0	260,000	260,000
6	Total	0	260,000	260,000

7 * * * Federal Funding Updates * * *

8 **Sec. 3. FEDERAL FUNDING UPDATES**

9 (a) On or before June 30, 2025, September 30, 2025, and December 15,
10 2025, the Secretary of Transportation shall submit a written report to the Joint
11 Transportation Oversight Committee regarding the status of federal funding for
12 the Fiscal Year 2026 Transportation Program, including any reductions in
13 available federal funding, any recissions of federal grants, and any delays of
14 anticipated federal funding. The report shall include:

15 (1) a summary of federal funding that has been received to date, federal
16 funding that is anticipated later in the fiscal year, federal funding that is
17 delayed, and federal funding that has been reduced or subject to rescission;

18 (2) a summary of any delays in the projects authorized in the Fiscal Year
19 2026 Transportation Program that are caused by delays or reductions in federal
20 funding;

1 (3) proposed changes to any projects authorized in the Fiscal Year 2026
2 Transportation Program, including whether the Secretary anticipates or intends
3 to utilize any authority under 19 V.S.A. § 10g to reallocate funding or advance
4 certain projects and whether any portion of the fiscal year 2026 Transportation
5 Program will be subject to an expenditure reduction plan pursuant to 32 V.S.A.
6 § 704;

7 (4) in the event that any portion of the fiscal year 2026 Transportation
8 Program will be subject to an expenditure reduction plan pursuant to 32 V.S.A.
9 § 704, the Secretary shall provide a detailed summary of the plan; and

10 (5) a description of any legislative action that may be necessary to
11 address reductions in State revenues or federal funding.

12 (b) Notwithstanding any other provision of law to the contrary, any plan to
13 address a reduction of one percent or more in the federal funding for any
14 section of the fiscal year 2026 Transportation Program shall be approved by
15 the Joint Transportation Oversight Committee prior to implementation.

16 (c) At any time that the federal funding for any section of the fiscal year
17 2026 Transportation Program is reduced by one percent or more, the Secretary
18 of Transportation may request that the Joint Transportation Oversight
19 Committee meet within 14 days to review the Agency's plan to address the
20 reduction in funding.

21 * * * Relinquishment of Vermont Route 36 in the Town of St. Albans * * *

1 Sec. 4. RELINQUISHMENT OF VERMONT ROUTE 36 IN THE TOWN
2 OF ST. ALBANS

3 Pursuant to 19 V.S.A. § 15(a)(2), the General Assembly authorizes the
4 Secretary of Transportation to enter into an agreement with the Town of St.
5 Albans to relinquish a segment of the State highway in the Town of St. Albans
6 known as Vermont Route 36. The segment authorized to be relinquished
7 begins at mile marker 0.00, just east of the “Black Bridge” (B2), and continues
8 14,963 feet (approximately 2.834 miles) easterly to mile marker 2.834, where
9 Vermont Route 36 meets the boundary of the City of St. Albans, and includes
10 the 0.106-mile westbound section of Vermont Route 36 and approaches at the
11 entrance to the St. Albans Bay Town Park.

12 * * * State-Owned Railroads; Rail Trails * * *

13 Sec. 5. 5 V.S.A. chapter 58 is redesignated to read:

14 CHAPTER 58. ~~STATE ACQUISITION OF~~ STATE-OWNED RAILROADS
15 AND RAIL TRAILS

16 Sec. 6. 5 V.S.A. § 3408 is amended to read:

17 § 3408. RAILBANKING; NOTIFICATION

18 (a) If the Secretary finds that the continued operation of any State-owned
19 railroad property is not economically feasible under present conditions, ~~he or~~
20 ~~she~~ the Secretary may place the line in railbanked status after giving advance
21 notice of ~~such~~ the planned railbanking to the House and Senate Committees on

1 Transportation when the General Assembly is in session, and when the General
2 Assembly is not in session, to the Joint Transportation Oversight Committee.
3 The Agency, on behalf of the State, shall continue to hold the right-of-way of a
4 railbanked line for reactivation of railroad service or for other public purposes
5 not inconsistent with future reactivation of railroad service. ~~Such~~ The
6 railbanking shall not be treated, for purposes of any law or rule of law, as an
7 abandonment of the use of the rights-of-way for railroad purposes.

8 * * *

9 (c)(1) The Secretary may, after consulting with municipalities, adopt rules
10 consistent with the provisions of section 3408a of this chapter governing the
11 interim trail use of State-owned railroad rights-of-way that have been placed in
12 railbanked status.

13 (2) Signs indicating the rules shall be conspicuously posted in or near all
14 areas affected.

15 (3) Any person who violates ~~these~~ rules adopted pursuant to this
16 subsection shall be subject to a penalty of not more than \$300.00.

17 Sec. 7. 5 V.S.A. § 3408a is added to read:

18 § 3408a. USE OF RAIL TRAILS

19 (a) Definitions. As used in this section:

1 (1) “Rail trail” means the right-of-way of a State-owned railroad line
2 that has been authorized for railbanking and interim trail use pursuant to
3 16 U.S.C. § 1247(d) or section 3408 of this chapter.

4 (2) “Trail sponsor” means the Agency of Transportation in the case of a
5 rail trail maintained by the Agency or the municipality in the case of a rail trail
6 maintained by a municipality.

7 (b) Use of rail trails. The following acts are prohibited within a rail trail
8 right-of-way:

9 (1) Throwing, dropping, or discarding bottles, cans, paper, garbage,
10 rubbish, sewage, or other material of any kind.

11 (2) Cutting, mutilating, or removing any tree, shrub, flower, plant, top
12 soil, or sod or attempting to do so.

13 (3) Injury, defacement, removal, or destruction of the surface of the rail
14 trail or a rail trail’s structures, appurtenances, recreation facilities, or property.

15 (4) Except as authorized by the trail sponsor, erecting, placing, or
16 displaying any advertising materials, posters, or placards of any kind. This
17 prohibition shall not apply to official signs erected by the trail sponsor.

18 (5) Except as authorized by the trail sponsor, entering or remaining on
19 the rail trail for the purpose of:

20 (A) selling, hiring, or leasing any goods or services; or

1 (B) distributing samples, pamphlets, or advertising materials, except
2 for official information authorized by the trail sponsor.

3 (6) Parades, demonstrations, picnics, games, entertainment, or
4 organizations, except at times and locations approved by the trail sponsor.

5 (7) Harassing or molesting wildlife, except for fishing.

6 (8) Using or discharging any firearms or other weapons or fireworks,
7 except by a person authorized by the trail sponsor or as otherwise permitted by
8 law.

9 (9) Igniting fires for any purpose, except in fireplaces or firepits at
10 locations designated by the trail sponsor or for trail maintenance purposes.

11 (10) Soliciting alms or contributions.

12 (11) Use of motorized vehicles, except for:

13 (A) maintenance purposes;

14 (B) snowmobiles, subject to applicable State rules, when the
15 Vermont Association of Snow Travelers, Inc. has declared the Statewide
16 Snowmobile Trail System officially open;

17 (C) Other Power-Driven Mobility Devices (OPDMD) utilized by an
18 individual with a disability as permitted by the Agency's Rail Trail
19 Accessibility Policy;

20 (D) electric bicycles as permitted pursuant to applicable State rules;
21 and

1 (E) other circumstances that the trail sponsor determines are
2 appropriate.

3 (12) Overnight camping, except at areas designated for that purpose by
4 the trail sponsor.

5 (c) Penalty. Any person who violates the provisions of subsection (b) of
6 this section shall be subject to a civil penalty pursuant to subdivision
7 3408(c)(3) of this chapter.

8 * * * Transportation Board * * *

9 Sec. 8. 19 V.S.A. § 3 is amended to read:

10 § 3. TRANSPORTATION BOARD; CREATION; MEMBERS

11 ~~A transportation board~~ The Transportation Board is formed to be attached to
12 the Agency of Transportation. There shall be seven members of the Board,
13 appointed by the Governor with the advice and consent of the Senate. The
14 Governor shall so far as is possible appoint Board members whose interests
15 and expertise lie in various areas of the transportation field. The Governor
16 shall appoint the ~~chair~~ Chair, and the Board may vote to appoint other officers.
17 The members of the Board shall be appointed for terms of three years. Board
18 members may be appointed for two additional three-year terms but shall not be
19 eligible for further reappointment. ~~No~~ Not more than four members of the
20 Board shall belong to the same political party. No member of the Board shall:

21 * * *

1 Sec. 9. 19 V.S.A. § 5 is amended to read:

2 § 5. TRANSPORTATION BOARD; POWERS AND DUTIES

3 * * *

4 (d) Specific duties and responsibilities. The Board shall:

5 * * *

6 (4) provide appellate review, when requested in writing, regarding legal
7 disputes in the execution of contracts awarded by the Agency or by
8 municipalities cooperating with the Agency to advance projects in the State's
9 Transportation Program, except that the Agency shall provide appellate review
10 relating to bids and the competitive negotiation process under 19 V.S.A. § 10a;

11 (5) provide appellate review, when requested in writing, of decisions of
12 the Secretary in administering the provisions of Title 24, relating to ~~junkyards~~
13 salvage yards;

14 * * *

15 * * * Green Mountain Transit Authority * * *

16 Sec. 10. 24 App. V.S.A. chapter 801 is amended to read:

17 CHAPTER 801. GREEN MOUNTAIN TRANSIT AUTHORITY

18 * * *

19 § 2. AREA OF OPERATION

20 (a) The area of operation shall be Chittenden, ~~Franklin, Grand Isle, and~~
21 ~~Washington Counties and the Towns of Orange, Washington, and~~

~~Williamstown. The area of operation shall include Addison and Caledonia~~
~~Counties and the Towns of Orange County other than Orange, Washington,~~
~~and Williamstown, but only for the provision of commuter services. The area~~
~~of operation shall include Lamoille County, but only for the provision of~~
~~published scheduled services~~ County for fixed route bus service. The Green
Mountain Transit Authority may operate service outside Chittenden County, or
demand response transit within Chittenden County, as determined by the
Agency of Transportation.

* * *

§ 10. IMPLEMENTATION

* * *

~~(e) Immediately upon joining the Authority, the municipality shall appoint~~
~~two commissioners as provided herein. The initial terms of the commissioners~~
~~of the initial members shall be arranged by the Chittenden County Regional~~
~~Planning Commission so that the terms of approximately one-third of the~~
~~commissioners shall expire in each year. The initial terms of commissioners~~
~~from municipalities joining after March 7, 1973, shall be set by the Board of~~
~~Commissioners.~~

* * *

* * * Town Highways * * *

Sec. 11. 19 V.S.A. § 306 is amended to read:

§ 306. APPROPRIATION; STATE AID FOR TOWN HIGHWAYS

(a) General State aid to town highways.

(1) An annual appropriation to class 1, 2, and 3 town highways shall be made. This appropriation shall increase over the previous fiscal year's appropriation by the same percentage change as the following, whichever is less, or shall remain at the previous fiscal year's appropriation if either of the following are negative or zero:

(A) the percentage change of the Agency's total appropriations funded by Transportation Fund revenues, excluding appropriations ~~for town highways~~ under this subsection (a) and subsections (e) and (h) of this section, for the most recently closed fiscal year as compared to the fiscal year immediately preceding the most recently closed fiscal year; or

* * *

(e) State aid for town highway structures.

(1) There shall be an annual appropriation for grants to municipalities for maintenance (including actions to extend life expectancy) and for construction of bridges and culverts; for maintenance and construction of other structures, including causeways and retaining walls, intended to preserve the integrity of the traveled portion of class 1, 2, and 3 town highways; and for alternatives that eliminate the need for a bridge, culvert, or other structure, such as the construction or reconstruction of a highway, the purchase of parcels

1 of land that would be landlocked by closure of a bridge, the payment of
2 damages for loss of highway access, and the substitution of other means of
3 access. This appropriation shall increase over the previous fiscal year's
4 appropriation by the same percentage change as the following, whichever is
5 less, or shall remain at the previous fiscal year's appropriation if either of the
6 following are negative or zero:

7 (A) the percentage change in the Agency's total appropriations
8 funded by Transportation Fund revenues, excluding appropriations under this
9 subsection (e) and subsections (a) and (h) of this section, for the most recently
10 closed fiscal year as compared to the fiscal year immediately preceding the
11 most recently closed fiscal year; or

12 (B) the percentage change in the Bureau of Labor Statistics
13 Consumer Price Index for All Urban Consumers (CPI-U).

14 (2) For purposes of subdivision (1)(B) of this subsection, the percentage
15 change in the CPI-U is calculated by determining the increase or decrease, to
16 the nearest one-tenth of a percent, in the CPI-U for the month ending on June
17 30 in the calendar year one year prior to the first day of the fiscal year for
18 which the appropriation will be made compared to the CPI-U for the month
19 ending on June 30 in the calendar year two years prior to the first day of the
20 fiscal year for which the appropriation will be made.

(4) In a given fiscal year, should expenditures in the Town Highway Structures Program exceed the amount appropriated, the Agency shall advise the Governor of the need to request a supplemental appropriation from the General Assembly to fund the additional project cost, provided that the Agency has previously committed to completing those projects.

* * *

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1 (1) There shall be an annual appropriation for grants to municipalities
2 for resurfacing, rehabilitation, or reconstruction of paved or unpaved class 2
3 town highways. ~~However, municipalities~~ Municipalities that have no State
4 highways or class 1 town highways within their borders may use the grants for
5 such activities with respect to both class 2 and class 3 town highways. ~~Each~~
6 fiscal year, the Agency shall approve qualifying projects with a total estimated
7 State share cost of \$8,600,000.00 at a minimum as new grants. ~~The Agency's~~
8 proposed appropriation for the Program shall take into account the estimated
9 amount of qualifying invoices submitted to the Agency with respect to project
10 grants approved in prior years but not yet completed as well as with respect to
11 new project grants to be approved in the fiscal year. This appropriation shall
12 increase over the previous fiscal year's appropriation by the same percentage
13 change as the following, whichever is less, or shall remain at the previous
14 fiscal year's appropriation if either of the following are negative or zero:

15 (A) the percentage change in the Agency's total appropriations
16 funded by Transportation Fund revenues, excluding appropriations under this
17 subsection (h) and subsections (a) and (e) of this section, for the most recently
18 closed fiscal year as compared to the fiscal year immediately preceding the
19 most recently closed fiscal year; or

20 (B) the percentage change in the Bureau of Labor Statistics
21 Consumer Price Index for All Urban Consumers (CPI-U).

1 (2) For purposes of subdivision (1)(B) of this subsection, the percentage
2 change in the CPI-U is calculated by determining the increase or decrease, to
3 the nearest one-tenth of a percent, in the CPI-U for the month ending on June
4 30 in the calendar year one year prior to the first day of the fiscal year for
5 which the appropriation will be made compared to the CPI-U for the month
6 ending on June 30 in the calendar year two years prior to the first day of the
7 fiscal year for which the appropriation will be made.

8 (3) Each fiscal year, the Agency shall approve qualifying projects with a
9 total estimated State share cost of \$8,600,000.00 at a minimum as new grants.
10 Beginning with State fiscal year 2027, the minimum total estimated State share
11 cost for the approved grants shall increase over the prior fiscal year's minimum
12 total estimated State share cost by the same percentage as the appropriation for
13 the Class 2 Town Highway Roadway Program is increased pursuant to
14 subdivision (1) of this subsection.

15 (4) In a given fiscal year, should expenditures in the Class 2 Town
16 Highway Roadway Program exceed the amount appropriated, the Agency shall
17 advise the Governor of the need to request a supplemental appropriation from
18 the General Assembly to fund the additional project cost, provided that the
19 Agency has previously committed to completing those projects. Funds
20 received as grants for State aid under the Class 2 Town Highway Roadway

1 Program may be used by a municipality to satisfy a portion of the matching
2 requirements for federal earmarks, subject to subsection 309b(c) of this title.

3 * * *

4 **Sec. 12. CANCELLATION OF LOCALLY MANAGED PROJECTS;**

5 **PROCESS; IMPROVEMENTS; REPORT**

6 The Agency of Transportation, in consultation with the Transportation
7 Board, the Vermont League of Cities and Towns, and the Vermont Association
8 of Planning and Development Agencies, shall engage a consultant to examine
9 the requirements of 19 V.S.A. § 309c, cancellation of locally managed
10 projects, to evaluate the obligations, risks, and benefits imposed by the
11 provisions of that section on the State and the local sponsor of a locally
12 managed project and to identify potential changes to the provisions of that
13 section to ensure that State and federal transportation funding resources are
14 appropriately administered. The Agency shall, on or before January 15, 2026,
15 submit a written report to the House and Senate Committees on Transportation
16 regarding the consultant's findings and any recommendations for legislative
17 action.

18 **Sec. 13. MUNICIPAL TRANSPORTATION ASSETS; ASSESSMENT;**

19 **FUNDING NEEDS; REPORT**

1 (a) The Agency of Transportation, in consultation with the Vermont
2 League of Cities and Towns and the Vermont Association of Planning and
3 Development Agencies, shall engage a consultant to:

4 (1) review current municipal practices relating to planning for ongoing
5 maintenance, upgrades, and replacement of municipal transportation assets,
6 including roads, pavement, bridges, culverts, signals, signage, highway
7 equipment, and highway facilities;

8 (2) develop a framework for a system to assess the current condition of
9 municipal highway networks and the potential impacts of improvements to or
10 degradation of those networks on the State's transportation system;

11 (3) develop a prioritization process to direct State funding to the repair,
12 upgrade, or replacement of specific municipal transportation assets based on
13 the need for such work in the context of the asset's role in the State and
14 regional highway networks; and

15 (4) identify and recommend potential statutory changes to implement
16 the assessment framework developed pursuant to subdivision (2) of this
17 subsection and the prioritization process developed pursuant to subdivision (3)
18 of this subsection.

19 (b) The Agency of Transportation shall, not later than January 15, 2027,
20 submit a written report to the House and Senate Committees on Transportation
21 regarding the consultant's findings and recommendations for legislative action.

1 Sec. 14. STATE TOWN HIGHWAY AID; MUNICIPAL GRANT

2 PROGRAMS; EFFICIENCIES; IMPROVEMENTS; REPORT

3 (a) The Agency of Transportation, in consultation with the Vermont
4 League of Cities and Towns and the Vermont Association of Planning and
5 Development Agencies, shall engage a consultant to evaluate the State's Town
6 Highway Aid and municipal grant programs administered by the Agency to
7 identify potential efficiencies and improvements related to the administration
8 of Town Highway Aid and municipal grant programs. The consultant shall
9 evaluate the various funding streams authorized pursuant to 19 V.S.A. § 306 as
10 well as programs administered through the Agency's Municipal Assistance
11 Bureau, including the Bicycle and Pedestrian Grant Program, Transportation
12 Alternatives Program, Municipal Mitigation Program, Municipal Park and
13 Ride Program, Better Roads Program, Municipal Highway and Stormwater
14 Mitigation Program, and Grants in Aid.

15 (b) On or before January 15, 2026, the Agency shall submit a written report
16 to the House and Senate Committees on Transportation regarding the
17 consultant's findings and any recommendations for legislative or
18 administrative actions to improve or increase the efficiency of the Town
19 Highway Aid and municipal grant programs.

20 * * * Mileage-Based User Fee * * *

21 Sec. 15. 2023 Acts and Resolves No. 62, Secs. 27–29 are amended to read:

1 Sec. 27. MILEAGE-BASED USER FEE LEGISLATIVE INTENT

2 It is the intent of the General Assembly for the State:

3 (1) to start collecting a mileage-based user fee from all battery-electric
4 vehicles registered in Vermont starting on ~~July 1, 2025, which is expected to~~
5 ~~be the first day of the first fiscal year when more than 15 percent of new~~
6 ~~pleasure car registrations in the State are plug-in electric vehicles (PEVs) or~~
7 before January 1, 2027 subject to sufficient funding being available for
8 implementation;

9 (2) to ~~start subjecting~~ subject plug-in hybrid electric vehicles (PHEVs)
10 that are a pleasure car to an ~~increased~~ annual or a biennial ~~registration~~ electric
11 vehicle infrastructure fee starting on ~~July~~ January 1, 2025, and that PHEVs
12 shall not be subject to a mileage-based user fee;

13 (3) to work towards collecting a fee on kWhs that are dispensed through
14 certain electric vehicle supply equipment available to the public so as to
15 supplant lost ~~gas~~ fuel tax revenue from out-of-state PEVs traveling in
16 Vermont; and

17 (4) to not commence collecting a mileage-based user fee until ~~such~~ the
18 General Assembly has enacted legislation that establishes the amount of the fee
19 and codifies any necessary authorizing language is codified in statute and that
20 legislation becomes effective.

1 Sec. 28. MILEAGE-BASED USER FEE AUTHORIZATION

2 (a) Within the Agency of Transportation’s Proposed Fiscal Year 2024
3 Transportation Program for Environmental Policy and Sustainability, the
4 Agency of Transportation, including the Department of Motor Vehicles, is
5 authorized to apply for and accept a competitive federal Strategic Innovation
6 for Revenue Collection grant established pursuant to the Infrastructure
7 Investment and Jobs Act, Pub. L. No. 117-58 (IIJA), Sec. 13001, with up to
8 \$350,000.00 in Transportation Fund monies authorized for the nonfederal
9 match in fiscal year 2024 and ~~a to be determined amount for the nonfederal~~
10 ~~match in subsequent fiscal years~~ up to \$350,000.00 in Transportation Fund
11 monies authorized for the nonfederal match in fiscal year 2025.

12 (b) ~~As permitted under federal regulations and grant terms, the~~ The Agency
13 shall utilize grant monies to design State or federal funding, or both, authorized
14 to be used for the purpose of designing a mileage-based user fee that is
15 consistent with Secs. 27 and 29 of this act.

16 (c) Subject to State procurement requirements and the availability of
17 sufficient funding, the Agency may retain one or more contractors or
18 consultants, or both, to assist with the design of a process to commence
19 collecting a mileage-based user fee on ~~July 1, 2025~~ January 1, 2027.

20 Sec. 29. MILEAGE-BASED USER FEE DESIGN

21 (a) Definitions. As used in Secs. 27–30 of this act:

1 (1) “Account manager” means a person under contract with the Agency
2 of Transportation or Department of Motor Vehicles to administer and manage
3 the mileage-based user fee.

4 (2) “Annual vehicle miles traveled” means the total number of miles that
5 a BEV is driven between annual inspections as reported ~~by an inspection~~
6 ~~mechanic~~ to the Department of Motor Vehicles.

7 (3) “Mileage-based user fee” means the total amount that an owner or
8 lessee of a BEV registered in Vermont owes the State and is calculated by:

9 (A) multiplying the mileage-based user fee rate by the annual vehicle
10 miles traveled ~~or~~;

11 (B) in the case of a terminating event, by multiplying the mileage-
12 based user fee rate by the vehicle miles traveled between the last Vermont
13 annual inspection and the terminating event; or

14 (C) in the absence of a recorded odometer reading during the mileage
15 reporting period, by multiplying the mileage-based user fee by the 98th
16 percentile of estimated annual vehicle miles traveled for a pleasure car in
17 Vermont.

18 (4) “Mileage-based user fee rate” means the per-mile usage fee charged
19 to the owner or lessee of a BEV registered in Vermont.

1 (5) “Mileage reporting period” means the time between annual
2 inspections or the time between ~~an~~ the most recent annual inspection and a
3 terminating event.

4 (6) “Pleasure car” has the same meaning as in 23 V.S.A. § 4(28).

5 (7) “Plug-in electric vehicle (PEV)” has the same meaning as in
6 23 V.S.A. § 4(85) and includes battery electric vehicles (BEVs) and plug-in
7 hybrid electric vehicles (PHEVs), which have the same meaning as in
8 23 V.S.A. § 4(85)(A) and (B).

9 (8) “Terminating event” means either the registering of a BEV that had
10 been registered in Vermont in a different state or a change in ownership or
11 lesseeship of the BEV, or both.

12 (b) Commencement date. The Agency shall design a process to collect a
13 mileage-based user fee for miles driven by a BEV registered in Vermont to
14 commence collecting revenue on ~~July 1, 2025~~ January 1, 2027.

15 (c) Covered vehicles. The Agency shall design a process to collect a
16 mileage-based user fee based on the annual vehicle miles traveled by BEVs
17 registered in the State.

18 (d) Imposition of a mileage-based user fee. The Agency shall design a
19 process to collect a mileage-based user fee from the owner or lessee of a BEV
20 registered in Vermont for each mileage reporting period ~~within 60 days after~~
21 ~~the Vermont annual inspection~~ on an annual, quarterly, or monthly basis

1 selected by the owner or lessee and reconciled upon renewal of the vehicle
2 registration or within 60 days after a terminating event that closes the mileage
3 reporting period.

4 **Sec. 16. INTENT**

5 It is the intent of the General Assembly that:

6 (1) the mileage-based user fee for a BEV pleasure car be approximately
7 equivalent to the average amount collected by the State in fuel tax revenue
8 from the use of a non-PEV pleasure car registered in Vermont and the average
9 amount collected by the State in fuel tax revenue and Electric Vehicle
10 Infrastructure fee from the use of a PHEV pleasure car; and

11 (2) that the mileage-based user fee for BEV pleasure cars that is
12 implemented beginning on January 1, 2027 will be an interim step towards
13 gradually expanding the mileage-based user fee to all motor vehicles.

14 **Sec. 17. MILEAGE-BASED USER FEE; FUNDING; DESIGN; UPDATES**

15 The Agency of Transportation shall report to the Joint Transportation
16 Oversight Committee on or before September 30, 2025 and December 15,
17 2025 regarding the status of federal grants and other funding for the design of
18 the mileage-based user fee pursuant to the provisions of 2023 Acts and
19 Resolves No. 62, Secs. 27–29, as amended by Sec. 12 of this act, and the
20 Agency's progress in designing the mileage-based user fee.

* * * Authority to Transfer Monies in State Fiscal Year 2026 * * *

Sec. 18. AUTHORIZATION TO USE MONIES TO CONTINUE

PARTNERSHIP WITH DRIVE ELECTRIC VERMONT IN STATE
FISCAL YEAR 2026

In State fiscal year 2026, the Secretary of Transportation is authorized to spend up to \$325,000.00 in remaining monies appropriated to the Electrify Your Fleet Program in State Fiscal Year 2024 to continue the Agency of Transportation's partnership with Drive Electric Vermont. The monies shall be used for programs and activities that support increased ownership and use of PEVs in the State through:

(1) stakeholder coordination;

(2) consumer education and outreach;

(3) infrastructure development; and

(4) the provision of technical assistance and support to Vermont municipalities and Vermont businesses desiring to electrify their vehicle fleets.

* * * Consideration of Vehicle Miles Traveled in Project Planning * * *

Sec. 19. 19 V.S.A. § 1 is amended to read:

§ 1. DEFINITIONS

As used in this title:

* * *

(26) “Vehicle miles traveled” means the estimated sum of the miles traveled by all motor vehicle trips within a specific area during a calendar year.

Sec. 20. 19 V.S.A. § 10b is amended to read:

§ 10b. STATEMENT OF POLICY; GENERAL

(a) The Agency shall be the responsible agency of the State for the development of transportation policy. It shall develop a mission statement to reflect:

(1) that State transportation policy shall be to encompass, coordinate, and integrate all modes of transportation and to consider complete streets, as defined in section 2401 of this title, principles; and

(2) the need for transportation projects that will improve the State's economic infrastructure; as well as the use of resources in efficient, coordinated, integrated, cost-effective, and environmentally sound ways; reduce vehicle miles traveled within the State when feasible; and that will be consistent with the recommendations of the Comprehensive Energy Plan (CEP) issued under 30 V.S.A. § 202b.

*** * ***

Sec. 21. 19 V.S.A. § 10c is amended to read:

§ 10c. STATEMENT OF POLICY; HIGHWAYS AND BRIDGES

* * *

1 (c) In choosing between the improvement of an existing highway and
2 complete reconstruction, the Agency shall weigh the following factors:

3 * * *

4 (9) the impact on the historic, scenic, and aesthetic values of the
5 municipality, as interpreted by the municipality, in which the highway is
6 located; ~~and~~

7 (10) if it is a forest highway under federal jurisdiction; and

8 (11) opportunities to reduce vehicle miles traveled or otherwise reduce
9 greenhouse gas emissions related to the highway.

10 * * *

11 Sec. 22. 19 V.S.A. § 10i is amended to read:

12 § 10i. TRANSPORTATION PLANNING PROCESS

13 * * *

14 (c) Transportation Program. The Transportation Program shall be
15 developed in a fiscally responsible manner to accomplish the following
16 objectives:

17 * * *

18 (3) strengthening the economy, protecting the quality of the natural
19 environment, and improving Vermonters' quality of life; ~~and~~

20 (4) achieving the recommendations of the CEP; and

* * *

Sec. 23. PLACEHOLDER

Sec. 24. ULTRA-LOW VOLUME VEHICLE MANUFACTURING; KIT-CARS; HOMEBUILT MOTOR VEHICLES; VEHICLE IDENTIFICATION NUMBER; REPORT

(2) As used in this section:

(A) “Homebuilt motor vehicle” means a motor vehicle that is constructed or assembled by an individual from new or used parts, or both, and is not a kit-car.

1 (B) “Kit-car” means a motor vehicle that is constructed by an
2 individual from a manufactured kit that includes some or all parts and
3 components necessary to construct the motor vehicle.

4 (C) “Ultra-low volume motor vehicle” means a vehicle that is
5 manufactured for sale by a manufacturer whose annual worldwide production
6 is not more than 325 motor vehicles.

7 (b) In preparing the report, the Commissioner shall:

8 (1) examine the potential to waive some or all Vermont motor vehicle
9 emissions requirements for ultra-low volume motor vehicles, kit-cars, and
10 homebuilt motor vehicles;

11 (2) identify changes to the inspection manual necessary to create a cost-
12 effective process for certifying the safety of ultra-low volume motor vehicles,
13 kit-cars, and homebuilt motor vehicles; and

14 (3) develop a streamlined process to provide State Vehicle Identification
15 Numbers to ultra-low volume motor vehicles, kit-cars, and homebuilt motor
16 vehicles.

17 (c) On or before January 15, 2026, the Commissioner shall submit a written
18 report to the House and Senate Committees on Transportation regarding the
19 Commissioner’s findings and identifying any legislative action necessary to
20 enable the issuance of vehicle identification numbers to and registration of
21 ultra-low volume motor vehicles, kit-cars, and homebuilt motor vehicles.

* * * Railroad Lease Extensions * * *

Sec. 25. 5 V.S.A. § 3405 is amended to read:

§ 3405. LEASE FOR CONTINUED OPERATION

(a) The Secretary, as agent for the State, with the approval of the General Assembly, or if the General Assembly is not in session, approval of the Joint Transportation Oversight Committee, is authorized to lease or otherwise arrange for the continued operation of all or any State-owned railroad property to any responsible person, provided that approval for the operation, if necessary, is granted by the federal Surface Transportation Board under 49 C.F.R. Part 1150 (certificate to construct, acquire, or operate railroad lines). The transaction shall be subject to any further terms and conditions as in the opinion of the Secretary are necessary and appropriate to accomplish the purpose of this chapter.

(b) To preserve continuity of service on State-owned railroads, the Secretary may enter into a short-term lease or operating agreement, for a term not to exceed six months, with a responsible railroad operator. The Secretary shall notify the House and Senate Committees on Transportation within 10 calendar days after entering into any lease or agreement pursuant to this subsection.

(c) The Secretary shall notify the House and Senate Committees on Transportation or, if the General Assembly is not in session, the Joint

1 Transportation Oversight Committee when there are 12 months remaining on
2 the operating lease for any State-owned railroad, and when there are 12 months
3 remaining on a lease extension for the operating lease for any State-owned
4 railroad.

5 * * * Effective Dates * * *

6 Sec. 26. EFFECTIVE DATES

7 (a) This section and Sec. 25 of this act shall take effect on passage.

8 (b) The remaining sections of this act shall take effect on July 1, 2025.

9
10
11
12
13
14 (Committee vote: _____)

15 _____

16 Senator _____

17 FOR THE COMMITTEE