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H.944

Senate proposal on MBUF

* * * Mileage-Based User Fee * * *

Sec. 7. FINDINGS AND INTENT

(a) Findings. The General Assembly finds that:

(1) Vermont adopted its first tax on gasoline in 1923.

(2) In 1923, the most common motor vehicle in the Unites States was the Ford Model T, whose annual production peaked at more than 2,000,000 new vehicles that year.

(3) Because of the limited variety of mass-produced vehicles available when it was adopted, the gasoline tax, and the later-adopted diesel fuel tax, served as use fees that required drivers of light-duty motor vehicles to contribute to the State’s Transportation Fund in an amount that reflected the number of miles that each vehicle was driven on Vermont’s surface transportation system.

(4) Since 1923, the variety of mass-produced light-duty motor vehicles available to consumers has expanded greatly, resulting in a wide variety of internal combustion engine and vehicle types and designs with significant differences in vehicle fuel efficiency.

1 (5) Improvements in fuel efficiency among light-duty motor vehicles
2 and the increasing adoption of hybrid, plug-in hybrid, and battery electric
3 vehicles (BEVs) is leading to reduced fuel consumption among newer vehicles.

4 (6) BEVs do not require gasoline and diesel fuel, and the \$89.00 annual
5 infrastructure fee paid by owners and lessees of BEVs registered in Vermont is
6 less than the average amount of fuel taxes collected in relation to a light-duty
7 motor vehicle with an internal combustion engine.

8 (7) As a result of differences in fuel consumption between different
9 types and ages of light-duty motor vehicles, the current system for funding
10 Vermont’s surface transportation system through fuel taxes has become
11 inequitable when the impacts of each vehicle on the transportation system are
12 considered.

13 (8) In contrast to the current system, a mileage-based user fee imposes a
14 per-mile fee for usage of the State’s highways and ensures that owners and
15 lessees of motor vehicles contribute to the Transportation Fund in an equitable
16 manner.

17 (9) Vermont’s taxes on gasoline and on diesel fuel were last increased in
18 2014, and the federal taxes on gasoline and on diesel fuel were last increased in
19 1993.

1 (10) Reduced fuel consumption and unchanged gasoline and diesel tax
2 rates have resulted in stagnant fuel tax revenues that have not kept pace with
3 inflation or the needs of Vermont’s transportation system.

4 (11) In addition to Vermont’s stagnant fuel tax revenues, Vermont’s
5 demographic constraints and changes in vehicle ownership and usage have
6 limited the growth of fee revenues to the Transportation Fund.

7 (12) The July 2025 consensus revenue forecast estimates a 1.33 percent
8 compound annual growth rate in Transportation Fund revenues between 2026
9 and 2030.

10 (13) In comparison, highway construction costs, as measured by the
11 National Highway Construction Cost Index, have increased by 62 percent,
12 nationally, since 2020.

13 (b) Intent. It is the intent of the General Assembly to implement a mileage-
14 based user fee for BEVs, which will replace the existing infrastructure fee
15 beginning on January 1, 2027, to ensure that owners and lessees of BEVs
16 contribute to the Transportation Fund in an amount that reflects the annual
17 miles traveled by each vehicle.

1 Sec. 8. 23 V.S.A. chapter 43 is added to read:

2 CHAPTER 43. MILEAGE-BASED USER FEE

3 § 4301. DEFINITIONS

4 As used in this chapter:

5 (1) “Account manager” means a person that the Agency of
6 Transportation or Department of Motor Vehicles contracts with to administer
7 and manage the mileage-based user fee.

8 (2) “Annual vehicle miles traveled” means the total number of miles that
9 a covered vehicle is driven during a mileage reporting period.

10 (3) “Covered vehicle” means a battery electric vehicle pleasure car.

11 (4) “Mileage-based user fee” or “MБУF” means the fee charged for the
12 annual vehicle miles traveled by a covered vehicle pursuant to section 4302 of
13 this chapter.

14 (5) “Mileage-based user fee rate” means the per-mile usage fee charged
15 to the owner or lessee of a covered vehicle pursuant to section 4302 of this
16 chapter.

17 (6) “Mileage reporting period” means:

18 (A) the time period between required annual inspections;

19 (B) the time period between the initial registration of a vehicle and an
20 annual inspection; or

1 (C) the time period between the most recent annual inspection and a
2 terminating event.

3 (7) “Terminating event” means any of the following:

4 (A) the registration of a covered vehicle that had been registered in
5 Vermont in a different state;

6 (B) a change in ownership or lesseeship of a covered vehicle; or

7 (C) the termination of a covered vehicle’s registration in Vermont.

8 § 4302. MILEAGE-BASED USER FEE; ASSESSMENT; CALCULATION;
9 PAYMENT; EXEMPTIONS

10 (a) Assessment and payment of mileage-based user fee (MБУF).

11 (1) Options for payment of MБУF. The owner or lessee of a covered
12 vehicle may elect to pay the MБУF according to one of the following options:

13 (A) annual payment of the MБУF as a lump sum following the
14 conclusion of each mileage reporting period as set forth in subdivision (2) of
15 this subsection (a);

16 (B) pay-as-you-go installment payments of the MБУF during a
17 mileage reporting period as set forth in subdivision (3) of this subsection (a),
18 provided that the Commissioner, in the Commissioner’s sole discretion, elects
19 to make a pay-as-you-go option available;

20 (C) estimated payments of the MБУF in annual, quarterly, or
21 monthly installments as set forth in subdivision (4) of this subsection (a); or

1 (D) a flat rate of \$178.00.

2 (2) Annual mileage-based user fee payment option.

3 (A) For an owner or lessee who opts to pay the MBUF as a lump sum
4 at the end of each mileage reporting period, the Commissioner shall, within 14
5 days after the conclusion of the covered vehicle’s mileage reporting period,
6 calculate the amount of the MBUF pursuant to subsection (d) of this section
7 and mail an assessment of the amount to the owner or lessee.

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

10 (i) the next required registration renewal for the covered vehicle;
11 (ii) the termination of the covered vehicle’s Vermont registration;

12 or

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

15 (3) Pay-as-you-go option.

16 (A) Owners and lessees who opt into the pay-as-you-go mileage-
17 based user fee option shall report the mileage shown on the odometer of the
18 owner’s or lessee’s covered vehicle at times and in a manner required by the
19 Commissioner.

20 (B) As soon as practicable after receiving each report, the
21 Commissioner shall calculate pursuant to subsection (d) of this section the

1 applicable MBUF due for the covered vehicle and mail to the owner or lessee a
2 statement of the amount of the mileage-based user fee assessed.

3 (C) The owner or lessee of the covered vehicle shall remit the full
4 amount due to the Commissioner within not more than 30 days after the
5 assessment is mailed.

6 (D) At the end of each mileage reporting period, the amount paid by
7 the owner or lessee shall be reconciled against the actual mileage driven as set
8 forth in subdivision (5) of this subsection.

9 (4) Estimated payment option.

10 (A) An owner or lessee who elects to make estimated payments shall
11 be assessed upon registration of the covered vehicle, or registration renewal, an
12 estimated mileage-based user fee equal to the rate established pursuant to
13 subsection (e) of this section multiplied by the average annual vehicle miles
14 traveled by pleasure cars registered in Vermont.

15 (B) The owner or lessee shall either:

16 (i) pay the estimated MBUF as a lump sum not more than 45 days
17 after the date of registration or registration renewal; or

18 (ii) enter into an agreement with the Commissioner to pay the
19 estimated amount in monthly or quarterly installments.

1 (C) At the end of each mileage reporting period, the amount paid by
2 the owner or lessee shall be reconciled against the actual mileage driven as set
3 forth in subdivision (5) of this subsection.

4 (5) Reconciliation of mileage for pay-as-you-go and estimated payment
5 options.

6 (A) At the conclusion of each mileage reporting period for a covered
7 vehicle whose owner or lessee has elected either the pay-as-you-go or the
8 estimated payment option, the Commissioner shall determine if the amount of
9 the MBUF for the actual miles traveled by the covered vehicle during the
10 mileage reporting period is greater than or less than the amount of the
11 payments made by the owner or lessee during that period.

12 (B) If the actual MBUF is less than the amount paid, the owner or
13 lessee of the covered vehicle shall receive a credit equal to the difference
14 between the amount paid and the actual amount, which shall be applied to
15 reduce the amount of future fees due from the owner or lessee for the covered
16 vehicle pursuant to this subsection (a).

17 (C) If the actual MBUF is more than the amount paid, the owner or
18 lessee of the covered vehicle shall be assessed an amount equal to the
19 difference between the actual MBUF and the amount paid, which shall be
20 added to the next amount due from the owner or lessee pursuant to this
21 subsection (a).

1 (6) Flat-rate option.

2 (A) The Commissioner shall send an owner or lessee who elects the
3 flat-rate option an assessment for the flat fee due at the conclusion of each
4 mileage reporting period. The owner or lessee shall remit the amount due to
5 the Commissioner on or before the sooner of:

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

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

8 or

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

11 (B) An owner or lessee enrolled in the flat-rate option shall not be
12 required to report vehicle mileage to the Commissioner pursuant to the
13 provisions of this chapter. Nothing in this subdivision (6)(B) shall be
14 construed to exempt an owner or lessee enrolled in the flat-rate option from
15 any other requirements in State law related to vehicle inspections or odometer
16 disclosures.

17 (7) Payment dates for mileage reporting periods ending within 60 days
18 of registration renewal. Notwithstanding any provision of this subsection to
19 the contrary, the owner or lessee of a covered vehicle with a mileage reporting
20 period that ends 60 or fewer days prior to the next required registration renewal

1 for the vehicle shall be permitted to remit the amount due to the Commissioner
2 on or before the sooner of:

3 (A) the next subsequent registration renewal of the vehicle;

4 (B) the termination of the vehicle's registration; or

5 (C) the sale of the vehicle or the termination of the vehicle's lease, as
6 applicable.

7 (b) Newly registered vehicles. The owner or lessee of a newly registered
8 covered vehicle shall pay the MBUF during the initial year of registration
9 pursuant to:

10 (1) the pay-as-you-go option set forth in subdivision (a)(3) of this
11 section;

12 (2) the estimated payment option set forth in subdivision (a)(4) of this
13 section; or

14 (3) the flat-rate option set forth in subdivision (a)(6) of this section.

15 (c) Election of different payment option. An owner or lessee of a covered
16 vehicle may select a different option for payment of the MBUF pursuant to
17 subsection (a) of this section by providing notice to the Commissioner in the
18 time and manner prescribed by the Commissioner.

19 (d) Calculation of the mileage-based user fee.

20 (1) The Commissioner shall calculate the mileage-based user fee of each
21 covered vehicle by multiplying the miles traveled by the covered vehicle

1 during the applicable period by the rate established pursuant to subsection (e)
2 of this section. The number of miles traveled shall be equal to:

3 (A) for a mileage reporting period, the difference between the
4 mileage shown on the covered vehicle’s odometer at the end of the mileage
5 reporting period and the mileage shown on the covered vehicle’s odometer at
6 the beginning of the mileage reporting period; and

7 (B) for a report filed by an owner or lessee as part of the pay-as-you-
8 go mileage-based user fee program pursuant to subdivision (a)(3) of this
9 section, the difference between the mileage reported by the owner or lessee and
10 the most recent prior mileage reported for the covered vehicle.

11 (2) Notwithstanding any provision of subdivision (1) of this subsection
12 to the contrary, the mileage-based user fee assessed for a mileage reporting
13 period shall not exceed \$178.00.

14 (e) Mileage-based user fee rate. The mileage-based user fee rate shall be
15 \$0.014 per mile traveled by a covered vehicle during its mileage reporting
16 period.

17 (f) Exemptions. The mileage-based user fee assessed pursuant to this
18 section shall not apply to:

19 (1) covered vehicles owned or operated by the government of the United
20 States;

21 (2) covered vehicles owned or operated by the State of Vermont; or

1 (3) covered vehicles that are used for short-term rentals.

2 (g) Fee in addition to other fees and taxes. A mileage-based user fee
3 assessed pursuant to this section shall be in addition to any other fees and taxes
4 imposed by this title.

5 (h) Review of amount assessed. A person may, within 45 days after an
6 assessment is mailed pursuant to subsection (a) of this section, appeal the
7 amount of the assessment to the Commissioner. The Commissioner shall
8 establish procedures for filing and hearing appeals pursuant to this subsection
9 that are consistent with the provisions of sections 105–107 of this title. The
10 procedures shall include a process by which an appellant can resolve the
11 dispute prior to the issuance of a final administrative decision on the appeal.

12 (i) Refunds. Notwithstanding subdivision (a)(5)(B) of this section, upon
13 occurrence of a terminating event, the Commissioner shall issue a refund to the
14 owner or lessee of a covered vehicle for any amounts paid by the owner or
15 lessee that are in excess of the amount due pursuant to this chapter.

16 § 4303. REPORTS

17 (a) Upon completion of an inspection of a covered vehicle pursuant to
18 section 1222 of this title, an inspection mechanic shall report the mileage
19 shown on the covered vehicle’s odometer to the Department in the manner
20 required by the Commissioner.

1 (b) Upon the occurrence of a terminating event, the owner or lessee of a
2 covered vehicle shall report the mileage shown on the covered vehicle's
3 odometer at the time of the terminating event to the Department in the time and
4 manner required by the Commissioner.

5 § 4304. FAILURE TO FILE REPORT OR OBTAIN INSPECTION;

6 DEFAULT RATE

7 (a) The Commissioner shall charge the owner or lessee of a covered vehicle
8 a default rate of \$178.00 if the Commissioner is unable to determine the annual
9 vehicle miles traveled for the owner's or lessee's covered vehicle because the
10 owner or lessee:

11 (1) failed to file a report required by section 4303 of this chapter within
12 a reasonable period of time after the report is due;

13 (2) failed to have the covered vehicle inspected as required pursuant to
14 section 1222 of this title within a reasonable period of time after the inspection
15 is due at either the commencement or conclusion of a mileage reporting period;

16 or

17 (3) failed to have the covered vehicle inspected at any time during or
18 within a reasonable time after the conclusion of a mileage reporting period.

19 (b)(1) The default amount required pursuant to subsection (a) of this
20 section shall be assessed when the owner or lessee of the covered vehicle next
21 renews the vehicle's registration following the mileage reporting period.

1 (2) After being assessed the default amount pursuant to this subsection,
2 the owner or lessee of the covered vehicle may obtain an inspection within 90
3 days after the date on which the vehicle’s registration is renewed. If the
4 covered vehicle’s mileage is such that the mileage-based user fee would have
5 been less than the default amount, the owner or lessee shall receive a credit for
6 the difference that is applied to reduce the amount of the next mileage-based
7 user fee due for the covered vehicle, provided that the Commissioner has
8 sufficient odometer data to determine the mileage traveled since the beginning
9 of the mileage reporting period.

10 § 4305. REGISTRATION; SUSPENSION OR REFUSAL

11 (a) Suspension of registration. The Commissioner may suspend or refuse
12 to renew the registration of a covered vehicle if the Commissioner determines,
13 following notice and an opportunity for a hearing as provided pursuant to
14 subsection (b) of this section, that the owner or lessee of the covered vehicle:

15 (1) failed to file a report required pursuant to section 4303 of this
16 chapter;

17 (2) filed a report containing an intentional misrepresentation,
18 misstatement, or omission of material information required by this chapter; or

19 (3) is delinquent at the time of renewal in the payment of any amount
20 due pursuant to the provisions of this chapter.

1 (b) Notice and opportunity for hearing. The Commissioner shall provide
2 the owner or lessee of a covered vehicle with not less than 15 days' notice of
3 the intent to suspend or not to renew the registration of the covered vehicle
4 pursuant to the provisions of this section. The owner or lessee shall be
5 provided with the opportunity for a hearing and shall be permitted to be
6 represented by counsel at the hearing.

7 § 4306. POWERS OF THE COMMISSIONER

8 (a) General authority. The Commissioner shall have the authority to
9 administer and enforce the provisions of this chapter.

10 (b) Additional powers. In addition to any powers or authority specifically
11 granted to the Commissioner pursuant to the provisions of this chapter, the
12 Commissioner may do the following:

13 (1) adopt rules pursuant to 3 V.S.A. chapter 25 as the Commissioner
14 determines necessary to administer and enforce the provisions of this chapter;

15 (2) prescribe forms appropriate to the purposes of this chapter; and

16 (3) contract with an account manager to administer and manage the
17 mileage-based user fee.

18 § 4307. APPEALS; JUDICIAL REVIEW

19 (a) Administrative appeal. An aggrieved person may appeal any final
20 decision, order, or finding of the Commissioner under this chapter within not
21 more than 45 days after the decision is issued or the order or finding is made.

1 The Commissioner shall establish procedures for filing and hearing appeals
2 pursuant to this subsection that are consistent with the provisions of sections
3 105–107 of this title.

4 (b) Appeal to Superior Court. Following a final decision on an appeal
5 pursuant to subsection (a) of this section or subsection 4302(h) of this chapter,
6 the appellant may appeal the decision pursuant to Rule 74 of the Vermont
7 Rules of Civil Procedure. The appeal shall be to the Washington Superior
8 Court or, in the discretion of the appellant, to the Superior Court in the county
9 where the appellant resides or has a principal place of business.

10 (c) Exclusivity of remedies. The appeals provided by this section and
11 subsection 4302(h) of this chapter shall be the exclusive remedies available to
12 any person for review of an assessment, decision, or order or finding of the
13 Commissioner under this chapter.

14 Sec. 9. 23 V.S.A. § 361 is amended to read:

15 § 361. PLEASURE CARS

16 * * *

17 (c) In addition to the registration fee set forth in subsection (a) of this
18 section, there shall be an annual ~~EV~~ infrastructure fee for a pleasure car that is
19 a plug-in hybrid electric vehicle, as defined in subdivision ~~4(85)(B)~~ (4)(85)(B)
20 of this title, equal to one-half the amount of the annual fee collected in

1 subsection (a) of this section, or a biennial ~~EV~~ infrastructure fee equal to the
2 annual fee collected in subsection (a) of this section.

3 (d) The annual and biennial ~~EV~~ infrastructure fees collected in subsection
4 (c) of this section shall be ~~allocated to~~ deposited in the Transportation Fund ~~for~~
5 ~~programs administered by the Agency of Commerce and Community~~
6 ~~Development to increase Vermonters' access to level 1 and 2 electric vehicle~~
7 ~~supply equipment (EVSE) charging ports at workplaces or multiunit dwellings,~~
8 ~~or both.~~

9 Sec. 10. MILEAGE-BASED USER FEE; INITIAL TRANSITION

10 (a) Notwithstanding any provision of 23 V.S.A. § 4302 to the contrary,
11 during calendar years 2027 and 2028, the owner or lessee of a covered vehicle
12 shall pay the mileage-based user fee for the covered vehicle's first mileage
13 reporting period as provided pursuant to the provisions of either subsection (b)
14 or (c) of this section.

15 (b)(1)(A) For a covered vehicle that has a valid Vermont registration on
16 December 31, 2026, the vehicle's initial mileage reporting period shall
17 commence with its first annual inspection occurring on or after January 1,
18 2027.

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

1 (2) For an initial registration or a registration renewal of a covered
2 vehicle that occurs on or after January 1, 2027, and prior to the completion of
3 the initial mileage reporting period, the owner or lessee of the covered vehicle
4 shall pay a one-time road usage charge of \$89.00 for a one-year registration or
5 \$178.00 for a two-year registration.

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

10 (4)(A) Provided that all required annual safety inspections under
11 23 V.S.A. § 1222 have been obtained, the amount of the covered vehicle’s
12 mileage-based user fee calculated pursuant to subdivision (3) of this subsection
13 shall be reduced by:

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

16 (ii) for a covered vehicle whose owner or lessee did not pay the
17 road usage charge pursuant to subdivision (2) of this subsection (b) but paid
18 the EV infrastructure fee required pursuant to 23 V.S.A. § 361 at the most
19 recent registration or registration renewal of the vehicle prior to January 1,
20 2027, an amount equal to the amount of the EV infrastructure fee paid at the
21 most recent registration.

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

5 (c) As an alternative to paying the mileage-based user fee as set forth in
6 subsection (b) of this section, the owner or lessee of a covered vehicle may
7 elect to pay a flat fee of \$178.00 for the initial mileage reporting period. The
8 provisions of 23 V.S.A. § 4302(a)(6) shall apply to an owner or lessee who
9 elects to pay a flat fee pursuant to this subsection.

10 (d) As used in this section, “covered vehicle” has the same meaning as in
11 23 V.S.A. § 4301.

12 Sec. 11. OUTREACH AND EDUCATION; USER EXPERIENCE; REPORT

13 (a) The Agency of Transportation and the Department of Motor Vehicles
14 shall develop and implement a public outreach, education, and
15 communications strategy regarding the mileage-based user fee program
16 established pursuant to 23 V.S.A. chapter 43 to build public awareness and
17 understanding of the program and to solicit public feedback regarding the
18 program. The strategy shall include the following:

19 (1) printed materials, web-based materials, mailings, and local media
20 outreach that describes the purpose of the mileage-based user fee, the
21 transportation funding challenges that the mileage-based user fee is intended to

1 help address, and how the mileage-based user fee will be implemented with
2 respect to battery electric vehicles and, later, other light-duty vehicles;

3 (2) prior to implementation, direct mailing of informational materials to
4 owners and lessees of battery electric vehicles that are currently registered in
5 Vermont that:

6 (A) outline the goals and design of the mileage-based user fee;

7 (B) set forth the timeline for implementation of the mileage-based
8 user fee;

9 (C) provide information regarding compliance with the mileage-
10 based user fee, including the options that will be available to each owner and
11 lessee; and

12 (D) provide information on how to obtain additional information
13 regarding the mileage-based user fee, including how to obtain informational
14 resources provided by the Agency, the availability of user support resources,
15 and how to determine how the mileage-based user fee may apply to a user's
16 specific circumstances;

17 (3) prior to initial implementation of the mileage-based user fee in
18 January 2027, Agency engagement with owners and lessees of various types of
19 light-duty motor vehicles registered in Vermont to obtain feedback on the
20 design of the user experience for the mileage-based user fee, with particular

1 attention to universal accessibility and specific needs for translated materials
2 and services;

3 (4) survey and focus group work prior to and following implementation
4 of the mileage-based user fee with owners and lessees whose vehicles are
5 subject to the mileage-based user fee to aid in evaluating the implementation of
6 the initial phase of the mileage-based user fee and in developing recommended
7 programmatic and statutory changes; and

8 (5) ongoing engagement and collaboration with relevant stakeholders,
9 including the Vermont Vehicle and Automotive Distributors Association and
10 Drive Electric Vermont, to obtain feedback on the mileage-based user fee
11 program and to educate members of the public about the mileage-based user
12 fee and program design.

13 (b) The Agency and Department shall, on or before September 15, 2026,
14 submit to the Joint Transportation Oversight Committee a report summarizing
15 the public outreach, education, and communications strategy required pursuant
16 to subsection (a) of this section.

17 Sec. 12. MILEAGE-BASED USER FEE TRANSITION PLAN;

18 REPORT

19 (a)(1) The Agency of Transportation and the Department of Motor
20 Vehicles, in consultation with the Agency of Digital Services, shall design and
21 submit for approval by the General Assembly a plan and proposed legislation

1 to expand the mileage-based user fee (MBUF) program to plug-in hybrid
2 electric pleasure cars to ensure that all plug-in electric vehicles contribute an
3 amount that bears a direct relation to the estimated demands and impacts that
4 the vehicle places upon public infrastructure, as determined on the basis of
5 vehicle miles traveled.

6 (2) The plan shall provide that plug-in hybrid electric pleasure cars shall
7 begin participating in the MBUF program on or before January 1, 2029.

8 (3) The plan shall provide methods for ensuring that contributions to the
9 Transportation Fund are proportionate to the number of miles traveled in
10 Vermont by each vehicle, including:

11 (A) additional payment and mileage tracking options for vehicle
12 owners or lessees to select from, including methods for differentiating between
13 miles traveled in Vermont and miles traveled outside Vermont; and

14 (B) a system to provide fuel tax credits for vehicles that use gasoline
15 or diesel fuel based on the vehicle's fuel economy as estimated by the U.S.
16 Environmental Protection Agency that are automatically applied to reduce the
17 MBUF for the vehicle to ensure that all covered vehicles contribute to
18 Vermont's transportation system in an equitable manner.

19 (b) In developing the plan, the Agency and the Department shall:

20 (1) analyze the amounts paid by vehicles of different engine-fuel types
21 and classifications with respect to the diesel fuel tax pursuant to 23 V.S.A.

1 chapter 27, the gasoline tax pursuant to 23 V.S.A. chapter 28, and the
2 infrastructure fee imposed pursuant to 23 V.S.A. § 361(c), as applicable;

3 (2) develop a proposed schedule for the inclusion of plug-in hybrid
4 electric **pleasure cars** in the MBUF program on or before January 1, 2029;

5 (3) consider possible methods to account for and differentiate between
6 in-state and out-of-state vehicle miles traveled by vehicles registered in
7 Vermont and vehicles registered in another state;

8 (4) examine the potential for integrating alternative mileage reporting
9 methods into the mileage-based user fee program and related costs;

10 (5) evaluate the potential to include medium- and heavy-duty electric
11 vehicles in the mileage-based user fee program and potential rate designs based
12 on vehicle weights; and

13 (6) examine the relationship between expansion of the mileage-based
14 user fee program and fuel tax rates, Transportation Fund revenue
15 sustainability, and Vermont’s carbon reduction targets.

16 (c) The Agency and Department shall also track the implementation costs
17 and operating expenses of and revenues generated by the mileage-based user
18 fee for State fiscal years 2027–2031. The Agency and Department shall
19 submit an annual report of these amounts to the House Committees on
20 Transportation and on Ways and Means and the Senate Committees on

1 Transportation and on Finance on or before each December 31 beginning on
2 December 31, 2027, and continuing until December 31, 2031.

3 (d)(1) On or before January 31, 2027, the Agency of Transportation and the
4 Department of Motor Vehicles shall submit to the House Committees on
5 Transportation and on Ways and Means and the Senate Committees on
6 Transportation and on Finance an initial plan and recommendation for
7 legislative action to:

8 (A) incorporate plug-in hybrid electric pleasure cars into the MBUF
9 program;

10 (B)(i) provide at least two additional options for determining the
11 number of vehicle miles traveled by a covered vehicle, including:

12 (I) an option that would utilize vehicle systems or an
13 aftermarket device to track vehicle miles traveled; and

14 (II) an option that would enable vehicle owners and lessees to
15 track and differentiate between miles traveled in Vermont and miles traveled
16 outside Vermont, with the MBUF only applying to miles traveled in Vermont;
17 and

18 (ii) identify data privacy protections and best practices that should
19 be implemented to protect data obtained from owners and lessees who elect to
20 utilize the options identified pursuant to this subdivision (B);

1 (C)(i) recommend whether to retain a flat-rate option for the MBUF
2 and, if so, recommend the appropriate amount of the flat fee; and

3 (ii) recommend how to apply the flat fee to plug-in hybrid electric
4 pleasure cars, including whether to provide different flat fees based on vehicle
5 type or to provide credits against the amount of the flat fee based on vehicle
6 fuel efficiency;

7 (D) provide at least one option to enable vehicle owners and lessees
8 to track and differentiate between miles traveled in Vermont and miles traveled
9 outside Vermont, with the MBUF only applying to miles traveled in Vermont;
10 and

11 (E) recommend a maximum amount by which the mileage-based user
12 fee rate can increase from year to year after all light-duty vehicles are subject
13 to the mileage-based user fee.

14 (2) On or before July 30, 2028, the Agency shall submit to the Joint
15 Transportation Oversight Committee and the House and Senate Committees on
16 Transportation a draft copy of the final report required to be submitted to the
17 Federal Highway Administration pursuant to the terms of the Agency’s federal
18 Strategic Innovation for Revenue Collection grant.

19 (3) On or before September 15, 2028, the Agency of Transportation and
20 the Department of Motor Vehicles shall submit to the House Committees on

1 Transportation and on Ways and Means and the Senate Committees on

2 Transportation and on Finance:

3 (A) a final plan and proposal for legislative action necessary to
4 expand the MBUF program to all plug-in electric vehicles on or before January
5 1, 2029;

6 (B) a report of all findings made pursuant to subsection (b) of this
7 section; and

8 (C) any additional recommendations for legislative action.

9 (e) As used in this section, “light-duty motor vehicle” means any motor
10 vehicle with a gross vehicle weight rating of not more than 10,000 pounds.