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Mileage-Based User Fee: Senate Working Draft for Discussion

* * * Mileage-Based User Fee * * *

Sec. __. 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 amount 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:

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

18 (2) ensure that owners and lessees of all light-duty motor vehicles
19 contribute to the Transportation Fund in an amount that reflects the annual
20 miles traveled by each vehicle by expanding the mileage-based user fee to
21 fuel-efficient light-duty motor vehicles, such as plug-in hybrids, hybrids, and

1 vehicles with efficient internal combustion engines on or before January 1,
2 2029, and to all light-duty motor vehicles on or before January 1, 2031; and

3 (3) develop and implement the mileage-based user fee in a manner that
4 does not discourage ownership and use of BEVs and fuel-efficient vehicles,
5 consistent with the intent of the Global Warming Solutions Act and the State’s
6 Climate Action Plan.

7 Sec. __. 23 V.S.A. chapter 43 is added to read:

8 CHAPTER 43. MILEAGE-BASED USER FEE

9 § 4301. PURPOSE

10 The purpose of this chapter is to impose a mileage-based user fee for battery
11 electric vehicle pleasure cars to ensure that battery electric vehicles contribute
12 to the Transportation Fund in an amount that reflects the annual miles traveled
13 by each vehicle.

14 § 4302. DEFINITIONS

15 As used in this chapter:

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

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

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

2 (4) “Mileage-based user fee” or “MBUF” means the fee charged for the
3 annual vehicle miles traveled by a covered vehicle pursuant to section 4303 of
4 this chapter.

5 (5) “Mileage-based user fee rate” means the per-mile usage fee charged
6 to the owner or lessee of a covered vehicle pursuant to section 4303 of this
7 chapter.

8 (6) “Mileage reporting period” means:

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

10 (B) the time period between an initial odometer reading related to the
11 purchase of a covered vehicle or beginning of a lease of a covered vehicle and
12 an annual inspection; or

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

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

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

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

19 (C) the termination of a covered vehicle’s registration.

1 § 4303. MILEAGE-BASED USER FEE; ASSESSMENT; CALCULATION;
2 PAYMENT; EXEMPTIONS

3 (a) Assessment and payment of mileage-based user fee (MBUF).

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

6 (A) annual payment of the MBUF as a lump sum following the
7 conclusion of each mileage reporting period as set forth in subdivision (2) of
8 this subsection;

9 (B) pay-as-you-go installment payments of the MBUF during a
10 mileage reporting period as set forth in subdivision (3) of this subsection,
11 provided that the Commissioner, in the Commissioner’s sole discretion, elects
12 to make a pay-as-you-go option available;

13 (C) estimated payments of the MBUF in annual, quarterly, or
14 monthly installments as set forth in subdivision (4) of this subsection; or

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

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

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

1 (B) Not more than 45 days after a mileage-based user fee assessment
2 is mailed pursuant to subdivision (A) of this subdivision (a)(2), the owner or
3 lessee of the covered vehicle shall remit the full amount of the mileage-based
4 user fee to the Commissioner.

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

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

10 (B) As soon as practicable after receiving each report, the
11 Commissioner shall calculate pursuant to subsection (d) of this section the
12 applicable MBUF due for the covered vehicle and mail to the owner or lessee a
13 statement of the amount of the mileage-based user fee assessed.

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

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

1 (4) Estimated payment option.

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

7 (B) The owner or lessee shall either:

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

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

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

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

17 (A) At the conclusion of each mileage reporting period for a covered
18 vehicle whose owner or lessee has elected either the pay-as-you-go or the
19 estimated payment option, the Commissioner shall determine if the amount of
20 the MBUF for the actual miles traveled by the covered vehicle during the

1 mileage reporting period is greater than or less than the amount of the
2 payments made by the owner or lessee during that period.

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

8 (C) If the actual MBUF is more than the amount paid, the owner or
9 lessee of the covered vehicle shall be assessed an amount equal to the
10 difference between the actual MBUF and the amount paid, which shall be
11 added to the next amount due from the owner or lessee pursuant to this
12 subsection (a).

13 **(6) Flat-rate option.**

14 **(A) An owner or lessee who elects the flat-rate option shall pay the**
15 **fee set pursuant to subdivision (1)(D) of this subsection not more than 45 days**
16 **after the commencement of each mileage reporting period.**

17 **(B) An owner or lessee enrolled in the flat-rate option shall not be**
18 **required to report vehicle mileage to the Commissioner pursuant to the**
19 **provisions of this chapter. Nothing in this subdivision (6)(B) shall be**
20 **construed to exempt an owner or lessee enrolled in the flat-rate option from**

1 any other requirements in State law related to vehicle inspections or odometer
2 disclosures.

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

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

8 (2) the estimated payment option set forth in subdivision (a)(4) of this
9 section.

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

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

15 (1) The Commissioner shall calculate the mileage-based user fee of each
16 covered vehicle by multiplying the miles traveled by the covered vehicle
17 during the applicable period by the rate established pursuant to subsection (e)
18 of this section. The number of miles traveled shall be equal to:

19 (A) for a mileage reporting period, the difference between the
20 mileage shown on the covered vehicle's odometer at the end of the mileage

1 reporting period and the mileage shown on the covered vehicle’s odometer at
2 the beginning of the mileage reporting period; and

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

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

10 (e) Mileage-based user fee rate. The mileage-based user fee rate shall be
11 \$0.014 per mile traveled by a covered vehicle during its mileage reporting
12 period.

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

15 (1) covered vehicles owned or operated by the government of the United
16 States;

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

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

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

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

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

12 § 4304. REPORTS

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

17 (b) Upon the occurrence of a terminating event, the owner or lessee of a
18 covered vehicle shall report the mileage shown on the covered vehicle’s
19 odometer at the time of the terminating event to the Department in the time and
20 manner required by the Commissioner.

1 § 4305. FAILURE TO PAY FEE WHEN DUE; INTEREST

2 (a) Any person who fails to pay the full amount of the mileage-based user
3 fee when due shall owe, in addition to the unpaid amount of the mileage-based
4 user fee, interest calculated at one and one-half percent per month on the
5 amount of the mileage-based user fee that remains unpaid. The maximum
6 amount of interest that may accrue pursuant to this subsection shall not exceed
7 18 percent of the amount of the unpaid fee.

8 (b)(1) An individual may request at any time that the Commissioner waive
9 some or all of the amount of the overdue fee or interest due, or both, pursuant
10 to subsection (a) of this section.

11 (2) The Commissioner may, upon receiving a request pursuant to
12 subdivision (1) of this subsection or on the Commissioner's own motion,
13 wave some or all of the amount of the overdue fee and interest required
14 pursuant to subsection (a) of this section if the Commissioner determines that
15 good cause existed for the delay in payment or that requiring payment would
16 constitute an economic hardship.

17 § 4306. FAILURE TO FILE REPORT OR OBTAIN INSPECTION;

18 DEFAULT RATE

19 The Commissioner shall charge the owner or lessee of a covered vehicle a
20 default rate of \$178.00 if the Commissioner is unable to determine the annual

1 vehicle miles traveled for the owner’s or lessee’s covered vehicle because the
2 owner or lessee:

3 (1) failed to file a report required by section 4304 of this chapter within
4 a reasonable period of time after the report is due;

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

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

11 (b) The default amount required pursuant to subsection (a) of this section
12 shall be assessed when the owner or lessee of the covered vehicle next renews
13 the vehicle’s registration following the mileage reporting period.

14 § 4307. REGISTRATION; SUSPENSION OR REFUSAL

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

19 (1) failed to file a report required pursuant to section 4304 of this
20 chapter;

1 (2) filed a report containing an intentional misrepresentation,
2 misstatement, or omission of material information required by this chapter; or
3 (3) is delinquent at the time of renewal in the payment of any amount
4 due pursuant to the provisions of this chapter.

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

11 § 4308. POWERS OF THE COMMISSIONER

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

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

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

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

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

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

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

13 Sec. __. MILEAGE-BASED USER FEE; INITIAL TRANSITION

14 (a) Notwithstanding any provision of 23 V.S.A. § 4303 to the contrary,
15 during calendar years 2027 and 2028, the owner or lessee of a covered vehicle
16 shall pay the mileage-based user fee for the covered vehicle's first mileage
17 reporting period as provided pursuant to the provisions of either subsection (b)
18 or (c) of this section.

19 (b)(1)(A) For a covered vehicle that has a valid Vermont registration on
20 December 31, 2026, the vehicle's initial mileage reporting period shall

1 commence with its first annual inspection occurring on or after January 1,
2 2027.

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

6 (2) For an initial registration or a registration renewal of a covered
7 vehicle that occurs on or after January 1, 2027, and prior to the completion of
8 the initial mileage reporting period, the owner or lessee of the covered vehicle
9 shall pay a one-time road usage charge of \$89.00 for a one-year registration or
10 \$178.00 for a two-year registration.

11 (3) At the conclusion of a covered vehicle’s initial mileage reporting
12 period, the mileage-based user fee for the vehicle shall be calculated as
13 provided pursuant to the annual mileage-based user fee payment option set
14 forth in 23 V.S.A. § 4303(a)(2).

15 (4) The amount of the covered vehicle’s mileage-based user fee
16 calculated pursuant to subdivision (3) of this subsection shall be reduced by:

17 (A) the amount of any road usage charge paid pursuant to subdivision
18 (2) of this subsection; or

19 (B) \$89.00 for a covered vehicle whose owner or lessee did not pay
20 the road usage charge pursuant to subdivision (2) of this subsection but paid
21 the EV infrastructure fee required pursuant to 23 V.S.A. § 361 at the most

1 recent registration or registration renewal of the vehicle prior to January 1,
2 2027.

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

7 (c) As an alternative to paying the mileage-based user fee as set forth in
8 subsection (b) of this section, the owner or lessee of a covered vehicle may
9 elect to pay a flat fee of \$178.00 for the initial mileage reporting period. The
10 provisions of 23 V.S.A. § 4303(a)(6) shall apply to an owner or lessee who
11 elects to pay a flat fee pursuant to this subsection.

12 (d) As used in this section, “covered vehicle” has the same meaning as in
13 23 V.S.A. § 4302.

14 Sec. __. OUTREACH AND EDUCATION; USER EXPERIENCE

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

1 (1) printed materials, web-based materials, mailings, and local media
2 outreach that describes the purpose of the mileage-based user fee, the
3 transportation funding challenges that the mileage-based user fee is intended to
4 help address, and how the mileage-based user fee will be implemented with
5 respect to battery electric vehicles and, later, other light-duty vehicles;

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

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

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

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

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

20 (3) prior to initial implementation of the mileage-based user fee in
21 January 2027, Agency engagement with owners and lessees of various types of

1 light-duty motor vehicles registered in Vermont to obtain feedback on the
2 design of the user experience for the mileage-based user fee, with particular
3 attention to universal accessibility and specific needs for translated materials
4 and services;

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

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

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

1 Sec. __. MILEAGE-BASED USER FEE TRANSITION PLAN;
2 REPORT

3 (a)(1) The Agency of Transportation and the Department of Motor
4 Vehicles, in consultation with the Agency of Digital Services, shall develop a
5 plan to expand the mileage-based user fee (MBUF) program to all light-duty
6 motor vehicles to ensure that each vehicle contributes an amount that bears a
7 direct relation to the estimated demands and impacts that the vehicle places
8 upon public infrastructure, as determined on the basis of vehicle miles traveled.

9 (2) The plan shall provide that:

10 (A) plug-in hybrid electric, hybrid electric, and fuel-efficient light-
11 duty motor vehicles shall begin participating in the MBUF on or before
12 January 1, 2029; and

13 (B) all light-duty motor vehicles shall begin participating in the
14 MBUF on or before January 1, 2031.

15 (3) The plan shall provide methods for ensuring that contributions to the
16 Transportation Fund are proportionate to the amount of miles traveled in
17 Vermont by each vehicle, including:

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

1 (B) a system of fuel tax credits for vehicles that use gasoline or diesel
2 fuel based on the vehicle’s fuel economy as estimated by the U.S.
3 Environmental Protection Agency to ensure that all covered vehicles contribute
4 to Vermont’s transportation system in an equitable manner.

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

6 (1) analyze the amounts paid by vehicles of different engine-fuel types
7 and classifications with respect to the diesel fuel tax pursuant to 23 V.S.A.
8 chapter 27, the gasoline tax pursuant to 23 V.S.A. chapter 28, and the
9 infrastructure fee imposed pursuant to 23 V.S.A. § 361(c), as applicable;

10 (2) develop a proposed schedule for the inclusion of plug-in hybrid
11 electric, hybrid electric, and fuel-efficient light-duty vehicles in the MBUF
12 program on or before January 1, 2029;

13 (3) identify any other light-duty vehicles that currently contribute less to
14 the Transportation Fund than they would under the mileage-based user fee for
15 inclusion in the MBUF program on or before January 1, 2029;

16 (4) consider possible methods to account for and differentiate between
17 in-state and out-of-state vehicle miles traveled by vehicles registered in
18 Vermont and vehicles registered in another state;

19 (5) examine the potential for integrating alternative mileage reporting
20 methods into the mileage-based user fee program and related costs;

1 (6) evaluate the potential to include medium- and heavy-duty electric
2 vehicles in the mileage-based user fee program and potential rate designs based
3 on vehicle weights; and

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

7 (c) The Agency and Department shall also track the implementation costs,
8 operating expenses, and revenues generated by the mileage-based user fee for
9 State fiscal years 2027 through 2031. The Agency and Department shall
10 submit an annual report of these amounts to the House Committees on
11 Transportation and on Ways and Means and the Senate Committees on
12 Transportation and on Finance on or before each December 31 beginning on
13 December 31, 2027, and continuing until December 31, 2031.

14 (d)(1) On or before January 31, 2027, the Agency of Transportation and the
15 Department of Motor Vehicles shall submit to the House Committees on
16 Transportation and on Ways and Means and the Senate Committees on
17 Transportation and on Finance an initial plan and recommendation for
18 legislative action to:

19 (A) incorporate plug-in hybrid electric, hybrid electric, and fuel-
20 efficient light-duty vehicles into the MBUF;

1 (B) provide at least two additional options for determining the
2 amount of the MBUF, including the option of utilizing vehicle systems or an
3 aftermarket device to track vehicle miles traveled;

4 (C) a recommendation regarding whether to retain a flat-rate option
5 for the MBUF and, if so, a recommendation as to the appropriate amount of the
6 flat fee; and

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 (2) On or before January 1, 2028, the Agency shall submit a draft copy
11 of the plan required pursuant to the terms of the Agency’s federal Strategic
12 Innovation for Revenue Collection grant.

13 (3) On or before September 15, 2028, the Agency of Transportation and
14 the Department of Motor Vehicles shall submit to the House Committees on
15 Transportation and on Ways and Means and the Senate Committees on
16 Transportation and on Finance:

17 (A) a final plan and proposal for legislative action necessary to
18 expand the MBUF program to all light-duty motor vehicles on or before
19 January 1, 2031;

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

