

Vermont Mileage-based User Fee

SENATE TRANSPORTATION COMMITTEE, APRIL 10, 2026

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Road Usage Charge Study – Guiding Principles

Do No Harm

- Revenue neutrality
- Sustained EV uptake

Equitable & Fair

- User pay system
- Users have choices
- Privacy and security data protected
- Equitable cost distribution (rural/urban, income)

Feasible & Efficient

- Ease of administration/minimal government burden
- Enforceable
- Simplicity of compliance and ease of use
- Accurate and system performance

Transparent and Accountable

- Open system
- Accountable oversight

Adaptive for the future

- Integration with other state policies
- Interoperability with other state systems
- Flexible, secure, and scalable

Framework Outlining Key Policy Decisions



1 Authorized Agencies
Identify organization that should be authorized to develop, implement, and administer an MBUF program, including contracting with third party entities and overseeing program performance.

2 Subject Vehicles
Choose which classes of vehicles whose owners will be initially subject to report and pay an MBUF

3 Rate Setting
Select rate setting approach for subject vehicles to align with policy objectives

4 User choices
Specify methods for reporting and payment options in an MBUF program

5 Privacy protection & Data security.
Identify privacy protection provisions for an MBUF program based on mileage reporting choices and payment choices offered, parties involved and privacy protection laws in Vermont. Identify data security measures and performance metrics for which MBUF program operators manipulating data should be accountable.

6 Compliance and Enforcement
Define approach to achieve compliance and enforcement while balancing accountability, equity and public acceptance.

7 Evaluation Criteria (Reporting)
Specify what should be required for annual reporting on MBUF for the prior fiscal year

Compliance & Enforcement

Questions

Policy choices and options considered

- Which measures to encourage short and long-term compliance and discourage noncompliance with reporting and payment requirements? **preventive, reactive measures, soft or punitive approach**
- What preventive measures can be designed into the experience? **Proactive, educational approach, inform about audits and penalties**
- What enforcement measures to apply to different levels of non-compliance? **Soft consequences, severe consequences, graduated or immediate enforcement**
- What equity considerations when enforcing requirements? **Designing for ease of compliance, avoid harsh penalties, progressive enforcement**

Approach

Recommendations

- Tie enforcement for non-payment of MBUF to the vehicle and not to the driver (e.g., apply vehicle-registration hold instead of driver license suspension)

Decisions

- Include a process for the collection of an unpaid MBUF
- Include penalty procedures for the owner or lessee of a BEV registered in Vermont to pay the MBUF, which shall include mailing correspondence prior to the imposition of monetary penalties or the refusal to register a BEV for which the MBUF has not been timely paid;
- The Commissioner may, at the Commissioner's discretion, refuse to register a BEV for which a MBUF is owed.
- Whenever any person fails to pay the MBUF or associated penalty, the Attorney General shall, upon the request of the Commissioner, enforce the payment on behalf of the State in any court of the State or of any other state of the United States or of any province of Canada.

Program Evaluation (Reporting)

Questions

Policy choices and options considered/ Recommendations

Approach

A program can evaluate any range of performance categories. For MBUF, relevant categories include revenue, user compliance, agency compliance, cost of administration, customer service, distributional impacts, and scalability.

- **Revenue.** Perhaps most important, this category assesses the effectiveness of the MBUF program in generating revenue for transportation investment as a replacement for the existing fuel tax. *Example metrics: Gross revenue generated; revenue generated per vehicle.*
- **User compliance.** Compliance supports the central revenue objective: higher compliance rates lead to higher revenue yield. User trust in the road charge system creates a virtuous cycle of compliance that sustains revenue over the long term. Measuring compliance and trust involves both analysis of revenue trends and direct interaction with customers. *Example metrics: tax gap (revenue expected minus revenue collected), customer understanding of reporting and payment requirements (e.g., measured through surveys), customer adherence to reporting and payment requirements.*
- **Agency compliance.** Enabling legislation will specify certain processes and limitations for the implementing agency. The agency must comply, most importantly as relates to protecting privacy and securing data collected from motorists. *Example metrics: compliance with privacy and data security requirements, accuracy of road charge customer invoicing and fee collections.*

Program Evaluation (Reporting)

Questions

Policy choices and options considered/
Recommendations

Approach

A program can evaluate any range of performance categories. For MBUF, relevant categories include revenue, user compliance, agency compliance, cost of administration, customer service, distributional impacts, and scalability.

- **Cost of administration.** Efficient administration further supports the objective to maximize net revenue. Evaluating cost of administration for the agency can assess overall performance and pinpoint issues by examining cost categories.
- **Customer satisfaction.** Customer satisfaction correlates with user compliance and, therefore, with revenue. Providing a positive customer experience can improve the rates of voluntary compliance while reducing administrative costs by eliminating the need for some customer interactions. Evaluation involves review of customer interaction data, customer interviews, and review of customer processes.
- **Distributional impacts.** An MBUF program can have important impacts on road users, particularly low-income drivers, including the potential for unintended consequences. Evaluation in a live program can measure impacts, isolate possible areas for concern, and identify mitigation approaches.
- **Scalability.** In the early years of a small-scale road charge program, policymakers and program managers must consider opportunities to scale the program, that is to grow it to cover more vehicles, at low cost while preserving high quality customer service and agency compliance to maximize revenue. Evaluation can improve agency readiness for scaling.

Existing DMV Penalties

- Failure to obtain a valid registration: \$162
- Failure to obtain an annual vehicle safety inspection: \$105
- Failure to obtain minimum insurance coverages: up to \$500

Consequences for failure to pay road usage charge

- Failure to pay gas tax: User cannot operate vehicle
- Failure to pay EV infrastructure Fee: User cannot proceed with registration
- Failure to obtain inspection for MBUF: User may proceed with registration by paying default flat fee; if no fee is paid, user cannot proceed with registration and interest penalties may apply; If user obtains inspection within 60 days, mileage difference can be carried as credit forward

Default Flat Fee and Cap

- Agency proposes to automatically assess the default flat fee in the absence of sufficient odometer reading data on which to base a fee—allowing a user to proceed with registration
- In the event that a user obtains a required annual vehicle safety inspection within 60 days of having paid the default flat fee, the Agency proposes to apply the difference between the actual calculated mileage fee and the default fee as a credit towards the next mileage reporting period, thus rendering the fee a temporary mechanism for user convenience and compliance
- Agency proposes that the default flat fee and cap increase to no less than \$280 (90th percentile) by 2029 in order to avoid scenarios in which the State would actually owe refunds for gas taxes paid during the year
- Agency similarly proposes to eliminate the cap altogether and increase the default flat fee to the 98th percentile (currently \$376 or so) as originally proposed in 2031, provided that a viable reporting option has been established to distinguish between in-state and out-of-state miles

MBUF Program Comparisons

Program Attributes	Utah	Oregon (Current)	Oregon (Proposed)	Hawaii	Virginia	Vermont (Proposed)
Administrative Model	DOT via single CAM	DOT via multiple CAMs/OAM	DOT via multiple CAMs	DOT via DMVs (No CAM)	DMV via single CAM	DMV - no Commercial Account Manager (CAM)
Reporting Options	Telematics/Odo Photo	OBD-II/Telematics/Odo Photo	TBD	Odometer @ annual safety inspection	OBD-II/Telematics	Odometer @ annual safety inspection
Annual Registration Surcharge	EV = \$143.25	EV = \$115; 40+ MPG = \$35	EV = \$340; 40+ MPG = \$35	EV = \$50	EV = \$131.88; gas cars vary by MPG	EV = \$89; PHEVs = \$44.50
Eligible Vehicle	EVs	EVs and 20+ MPG	EVs and 20+	EVs	EVs and 25+ MPG	EVs
RUC Rate	\$0.0125/mi in 2026 \$0.015/mi in 2027	\$0.02/mi (5% of 20 mpg fuel tax)	\$0.023/mi (5% of 20 mpg fuel tax)	\$8 per 1,000 miles (\$0.008/mi)	\$0.011 for EVs	\$0.014/mi
RUC Cap / Flat Fee	\$180 in 2026 \$280 in 2027	N/A	\$340 in 2027	\$50 until 2028, higher flat fee to be proposed	EVs = \$131.88; varies for 25+ MPG cars	\$178 ?
Mandatory/ Voluntary RUC	Voluntary	Voluntary	until 7/1/27, then mandatory. 20+ MPG Voluntary	Voluntary now but mandatory 7/1/28	Voluntary	Mandatory
RUC Payment Frequency / Method	Quarterly e-wallet	Monthly e-wallet	Monthly e-wallet	Annual with registration	Monthly e-wallet	Monthly, quarterly annually, possibly pay-go

Moving into and out of Vermont

Moving in:

Vehicles must be registered within 60 days; Inspected within 15 days of registration

Moving out:

Vehicle owner cancels registration and returns plates; odometer report to be added to cancellation of registration form, with opportunity to validate through National Motor Vehicle Title Information System

	2024	2025
All Vehicles		
New 1-year	80%	
New 2-year	20%	
Renew 1-year	68%	
Renew 2-year	32%	
Battery-electric vehicles only		
New 1-year	76%	78%
New 2-year	24%	22%
Renew 1-year	44%	62%
Renew 2-year	56%	38%

Battery-electric vehicles by registration type

Strategic Innovation for Revenue Collection (SIRC)

<u>Task 1</u> : Project Management	\$375,000
<u>Task 2</u> : System Implementation	\$2,250,000
<u>Task 3</u> : Public Outreach and Education	\$862,500
<u>Task 4</u> : Policy Analysis and Transition Strategy	\$262,500

Total **\$3,750,000** (80% federally-funded)

Major Grant Deliverables:

- Implementation of MBUF for electric vehicles – January 2027
- Final Report with transition strategy by Fall 2028

Contact

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