



**Memo**

To: Chair Westman; Members of the Senate Committee on Transportation

Date: April 15, 2026

From: Patrick Murphy, State Policy Director

Re: Mileage-based User Fee for (All) Battery-Electric Vehicles

---

This memo is to summarize how the Agency arrived at the concept of a mandatory mileage-based user fee for battery-electric vehicles, following past legislative intent and lessons learned from voluntary pilot programs.

In 2023, the General Assembly authorized the Agency to apply for a competitive federal grant through the Strategic Innovation in Revenue Collection (SIRC) program, established by the Bipartisan Infrastructure Law. The authorizing language in [2023 Act 62](#) outlined the legislature’s vision for the program, including that this would apply to all battery-electric vehicles (BEVs) registered in Vermont.

In 2024, the Agency submitted its required [legislative report](#), which includes detailed recommendations and decision points for the program, including compliance mechanisms like a higher flat fee at the 98<sup>th</sup> percentile and a registration hold if any MBUF balance had not yet been settled. The report also assumed (see section on “Subject Vehicles”) that the MBUF program would apply to all BEVs, based on the language in 2023 Act 62.

Later in 2024, with a letter of support from the Chairs of House and Senate Transportation, the Agency applied for a [SIRC grant](#) and was awarded \$3 million in federal funds to implement a mandatory mileage-based user fee program for electric vehicles. Prior grant funds have gone to voluntary pilot and research programs, but the strength of Vermont’s program was in its simplicity, its leveraging of existing systems and processes, and ability to demonstrate a viable path forward not only for Vermont, but other states.

In 2025, the General Assembly further clarified the original authorizing language for MBUF program development in [2025 Act 43](#), reiterating that the fee would apply to all battery-electric vehicles starting on January 1, 2027 and restating the intent to obtain user compliance through a higher flat fee at registration renewal.

After executing our grant agreement with FHWA in Fall 2025, the Agency began working in earnest to negotiate an agreement with DMV’s IT contractors to guarantee implementation of MBUF program for all battery-electric vehicles by January 1, 2027, committing \$1.2 million in funds to the development of the IT infrastructure. It is the Agency’s position that a voluntary program, which would allow an EV driver to decide whether to participate in a mileage-based user fee or not, is unworkable in its design and does not align with what the State has committed to developing with the use of \$3 million in funds from the Federal Highway Administration.

The Statement of Work (SOW), which is incorporated by reference into the Agency’s grant agreement with FHWA is included in the attached. Because many competitive grants were held for a lengthy review by the new federal administration, FHWA did approve an updated timeline to reflect a later start date for the grant (September 2026) and implementation date for the program (January 1, 2027). No other modifications to the SOW were accepted by FHWA, and FHWA is increasingly anxious for awarded projects like Vermont’s to demonstrate and share results that will help inform possible fixes to the Federal Highway Trust Fund.

IMPLEMENTING A  
MILEAGE-BASED USAGE FEE *for*

# The State of Vermont

MAY 2024

*Submitted to:*

U.S. Department of Transportation,  
Federal Highway Administration  
Strategic Innovation for Revenue  
Collection (SIRC) Program Funding  
Opportunity #693JJ324NF00014



**VERMONT**

**AGENCY OF TRANSPORTATION**



1. Cover Page

<b>Project Name</b>	MBUF Implementation for Vermont
<b>Eligible Entity Applying to Receive Federal Funding</b>	Vermont Department of Motor Vehicles
<b>Total Project Cost (from all sources)</b>	\$3,750,000
<b>SIRC Funding Request (Federal share)</b>	\$3,000,000
<b>Non-Federal share for SIRC Funding Request</b>	\$750,000
<b>Are matching funds restricted to a specific project component? If so, which one?</b>	No
<b>[FY 2024 application requests only] Has the applicant received previous SIRC Program funding, if so, what fiscal year was funding received?</b>	N/A
<b>State(s) in which the project is located:</b>	Vermont
<b>Is the project currently programmed in the:</b> <ul style="list-style-type: none"> <li>• <b>Transportation Improvement Program (TIP)</b></li> <li>• <b>State Transportation Improvement Program (STIP)</b></li> <li>• <b>MPO Long Range Transportation Plan</b></li> <li>• <b>State Long Range Transportation Plan</b></li> </ul>	No
<b>Rural Considerations:</b> <b>a) Is the project serving a rural area(s)?</b> <b>A rural area is an area not in a Census-designated urbanized area (a Census-designated urban area with 50,000 residents or more).</b>	Yes
<b>b) If yes, how much SIRC funding is being requested to be put toward serving the rural area(s)?</b>	Rural areas account for about 60% of the population of Vermont; we therefore estimate 60% x \$3.75 million = \$2.1 million will be put toward serving rural areas

## 2. Project Narrative

### 2.1 Project Summary

In 2023, Governor Scott proposed and the Vermont General Assembly approved legislation expressing the intent to implement a cost-effective mileage-based user fee for Battery Electric Vehicles (BEVs) using odometer readings captured during annual vehicle inspections. The program will draw and build upon prior research conducted by the Agency of Transportation and critical investments in DMV's core IT modernization, quickly moving towards the first mandatory MBUF program launched in the nation.

### 2.2 Introduction

After much research and preparation, the State of Vermont proposes to advance implementation of the first mandated mileage-based user fee for electric vehicles in the nation. While prior efforts elsewhere have helped to understand the potential structures of such programs, those pilot projects have been voluntary and none has yet matured to a mandatory program. Vermont's proposal holds great promise on a number of fronts:

- Having heavily invested in DMV's core IT systems, Vermont provides an important example of how to integrate an MBUF program for roughly half of the states contemplating or requiring an upgrade to their aging mainframe systems
- Having engaged with stakeholders, the legislature and media for the past two years, Vermont has built tri-partisan political and financial support for the project, preparing it to move forward on a timeline that allows Vermont and others to begin learning from it reasonably soon
- By starting small and building upon existing systems, Vermont may demonstrate a smooth, cost-effective path toward implementation which nevertheless allows for flexibility, growth in complexity and coverage over time
- By using odometer readings through the existing vehicle safety inspection process, Vermont may not only encourage greater compliance with vehicle safety standards and repairs, but also avoid many of the privacy concerns which have hampered past efforts, while all still allowing for future opt-in possibilities for more technology-heavy solutions when the program has reached sufficient scale
- A robust public outreach and engagement plan can provide valuable lessons learned for acceptance and impacts on a mostly rural state, but also demonstrate innovative ways to make mutually reinforcing progress toward important financial and environmental goals
- Successful implementation of an MBUF in Vermont can prompt more action towards a viable model for peer New England and similarly-situated states to follow, even as the State strategically plans for the program to evolve and adapt to the need for interstate and/or cross-border collaboration

As such, Vermont seeks federal implementation assistance from the U.S. Department of Transportation (USDOT) through the Strategic Innovation for Revenue Collection (SIRC) grant program. The Vermont MBUF Feasibility Study demonstrated that Vermont can feasibly implement an efficient and effective MBUF program by using odometer readings currently captured at annual vehicle inspections. While the vision for Vermont’s MBUF program is clear, the implementation of this program does require additional research and work with vendors, development and testing, in order to further increase organizational, technical, operational readiness and to align with the policy direction set by the legislature.

The purpose of this project is to finalize the implementation plan, design and launch an MBUF program for BEVs. The program will be administered by the Department of Motor Vehicles (DMV) and includes the following key steps:

- Enactment of legislation authorizing the Vermont Agency of Transportation (VTrans)/ Department of Motor Vehicles (DMV) to implement and administer a MBUF program (see Task 2).
- Finalize the Implementation Plan
- Development of rules, system implementation, and communication:
  - System implementation including design, development, testing, and launch (see Task 2)
  - Outreach to inform customers and stakeholder about the program (see Task 3)
  - Guidelines for the administration of the program (see Task 4)
- Program evaluation by the Agency.
- Implementation of MBUF program

While the implementation target is July 2026, this proposed project is organized over a period of three years and comprises four key activities, which are the tasks for this proposed MBUF implementation project) – project management (Task 1), system implementation (Task 2), public outreach and education (Task 3), policy analysis and transition strategy (Task 4) – that are further described in Section 2.4 – Detailed Statement of Work.

### **2.3 Geographic Area**

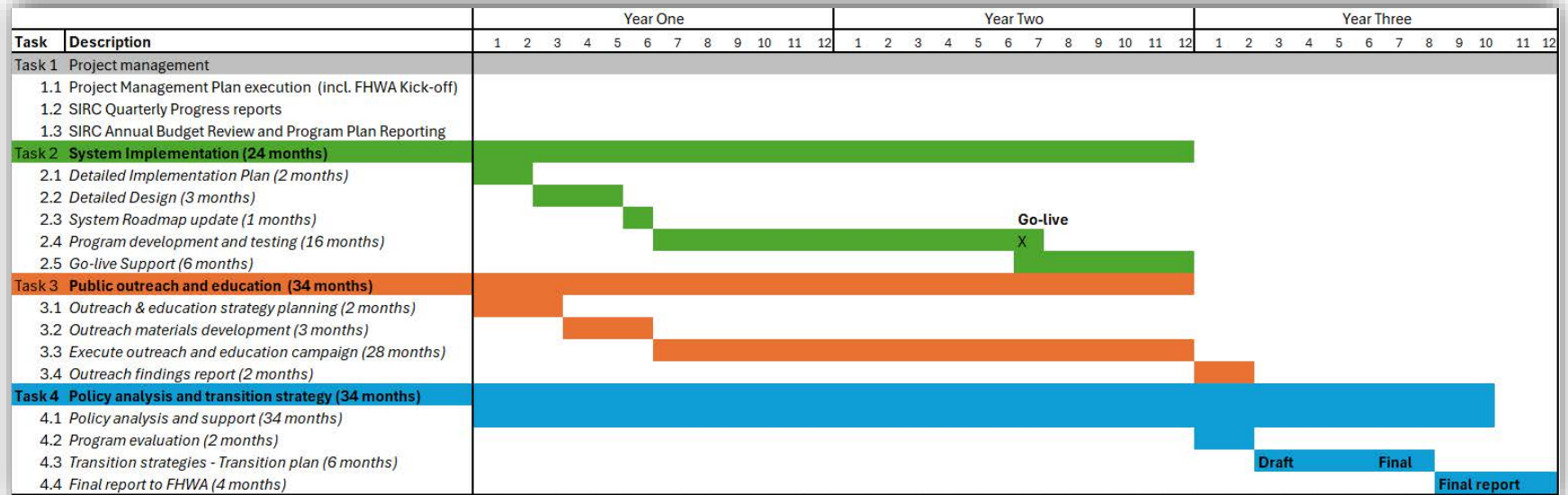
The geographic area for MBUF implementation is statewide, initially expected to include every Battery Electric Vehicle (BEV) in Vermont. Approximately sixty percent of the state is rural. The existing vehicle inspection sites that will be utilized in the collection of odometer readings for MBUF are owned by private businesses, managed by a third-party vendor, and distributed throughout the state. The project will consider how Vermont’s plan can advance a model for New England and the nation.

### **2.4 Detailed Statement of Work**

Vermont's MBUF Design and Implementation project will be conducted over a period of three years as illustrated by the project schedule (Figure 1) and includes four main tasks that are detailed below:

- Task 1 – Project management, which spans the entire project and will address typical project management activities such as scope, budget, schedule and risk management as well as reporting progress to FHWA through quarterly and annual reports.
- Task 2 – System Implementation, which lasts 24 months, is the core activity of the MBUF implementation and will address design, development, testing and implementation of a minimum viable product (MVP) that will allow to launch a small-scale MBUF program for BEVs in Vermont based on the existing annual vehicle inspection program.
- Task 3 – Public outreach and education, which lasts 24 months, will focus on communicating proactively about the MBUF program launch to prepare and educate vehicle owners who will be impacted.
- Task 4 – Policy analysis and development; Future Considerations and Final Report, which lasts 34 months, will focus on providing research and recommendations for policy questions that policymakers and key stakeholders have, and the Final report that will leverage findings across Tasks 2, 3, and 4 to inform the next steps to evolve the MBUF program.

**Figure 1 – Schedule**



## **Task 1: Project Management, Reporting, and Deliverables to FHWA (36 months)**

The *Project Management, Reporting, and Deliverables to FHWA* Task encompasses various aspects of managing a project. This involves coordinating with internal DMV and ADS staff and partners, as well as handling external stakeholder communication and reporting. Additionally, it includes managing the SIRC grant agreement, SIRC reporting quarterly and annually, and overseeing the project's scope, schedule, budget, and resource allocation.

### *Task 1.1 Project Management*

The DMV will hold a kick-off meeting with the Federal Highway Administration (FHWA) to officially launch the project. During this meeting, they will discuss the project's overall concept, as well as its short- and long-term objectives related to MBUF in Vermont. Additionally, they will review the grant agreement deliverables, which include the Project Management Plan, Statement of Work, Project Schedule, Project Milestones, Staffing, and Project Budget. The kick-off meeting format (virtual or in-person) will be determined through mutual agreement between the DMV and FHWA.

The DMV will also perform the following activities:

1. Internal Project Status Meetings and Reports:
  - Conduct regular internal project status meetings to ensure alignment and track progress.
  - Generate quarterly project status reports for stakeholders, providing transparent updates on project developments.
2. Coordination with Partners and Stakeholders:
  - Effectively coordinate with partners and stakeholders to foster collaboration and maintain project momentum.
3. Project Plan, Schedule, Budget, and Resource Management:
  - Manage and maintain the project plan, schedule, budget, and resources to adhere to established timelines and budget constraints.
4. Proactive Risk Management:
  - Identify and manage risks proactively.
  - Implement mitigation measures to address potential challenges throughout the project lifecycle.
5. Project Management Plan Development:
  - Develop the Project Management Plan, including the statement of work, tasks, subtasks, project schedule, milestones, staffing information, and project budget.
6. Submission Timeline:
  - Submit the Project Management Plan to FHWA within ninety (90) days following grant agreement execution

### *Task 1.2 SIRC Quarterly Progress Reporting*

The DMV will prepare and submit progress reports on a quarterly basis to FHWA that documents activities performed in the reporting period, anticipated activities, and deliverables in the upcoming reporting period. They will also report any changes to schedule, budget, or anticipated risks and issues. Quarterly Progress Reports will include a quarterly Federal Financial Report (SF-425) to document the financial status and progress of the project.

### *Task 1.3 SIRC Annual Budget Review and Program Plan Reporting*

The Annual Program Plan Reports will contain the following information for the upcoming year:

- 1. Overview and Schedule:**
  - Delineation of tasks, activities, milestones, and deliverables.
- 2. Project Deliverables and Status:**
  - A table detailing the status of project deliverables.
- 3. Updated Project Schedule:**
  - An updated timeline for project activities.
- 4. Budget Overview and Forecast:**
  - An overview and forecast of the budget for the upcoming year.
- 5. Proposed Updates:**
  - Any proposed updates to the approved Technical and Budget Applications attached to the grant

## **Task 2: System Evaluation, Design, Development, Testing, and Implementation (18 months)**

Pursuant to the 2023 Act 62, the Vermont Legislature has signaled its intent to enact an odometer-based MBUF as soon as feasible. The scope of this task involves implementing an operational program based on selection of one of a few possible implementation scenarios further discussed below. It starts with planning and specification activities which include the development of a detailed system implementation plan (Task 2.1) that will be further developed into detailed design specifications (Task 2.2) and a system update roadmap that identifies required upgrades to existing systems to implement a MBUF program (Task 2.3). Following the planning activities, the program will be developed and tested (Task 2.4) prior to going live with registered BEVs (Task 2.5).

### *Task 2.1 Detailed System Implementation Plan (2 months)*

The initial planning for the MBUF program will examine multiple (a minimum of three) implementation scenarios which could utilize existing system vendors. These could range from a mostly independent AVIP or vehicle services vendor-led solution to a fully integrated system with both vendors contributing to aspects of the data collection, validation, billing and other functions necessary for MBUF payments to be generated and managed by customers in myDMV.

State of Vermont statute requires the Agency to secure an "independent review" as described in 3 VSA § 3303(d). This is a requirement for the Agency of Digital Services to obtain independent expert review of any new information technology projects with a total cost of \$1,000,000.00 or greater or when required by the Chief Information Officer. This will be managed through the Agency of Digital Services IT Activity Business Case and Cost Analysis (or "ABC") process and conducted by a vendor selected by ADS. The independent review requires consideration of costs incurred by the DMV and other affected agencies for the initial development, start-up, operations, and potential future expansion. It must perform the following:

- a. an acquisition cost assessment;
- b. a technology architecture and standards review;
- c. an implementation plan assessment;
- d. a cost analysis and a model for benefit analysis;
- e. an analysis of alternatives;
- f. an impact analysis on net operating costs for the agency carrying out the activity;  
and
- g. a security assessment.

After this initial examination, one implementation scenario will be selected. The remaining task activities will apply only to the selected scenario.

The detailed system implementation plan tasks will include:

- Selection of vendors after identifying the particular aspects of the program that will be vendor-driven.
- Discussions with partner agencies, stakeholders, and vendors to determine the steps necessary to prepare the vehicle registration, data collection, and fee collection systems organizationally and technologically for readiness to launch and operate.
- Recommendations for the key system design choices essential to system launch while keeping options open for program expansion.
- Review and assess quality of data (registered vehicle owner, vehicle identification data, odometer readings) of the vehicle registration and vehicle inspection systems needed to calculate an MBUF, along with recommendations for improvements in the underlying data and data collection processes to ensure sufficient accuracy, timeliness, integrity, and privacy for purposes of a MBUF program.
- Providing input into the development of Vermont's statutory and administrative framework as needed to successfully implement a MBUF program.
- Ensuring the system is sufficiently flexible to accommodate multiple rates, enforcement, and future fleet transition strategies. Ensuring the system is sufficiently flexible and scalable to accommodate multiple rates, enforcement, and future fleet transition strategies.

### *Task 2.2 Detailed Design and Specifications (3 months)*

In Task 2.2, careful and deliberate program design activities will be undertaken, and system documentation will be developed including the Concept of Operations (“ConOps”) and functional system architecture, as well as developing a requirements document suite (business rules, system requirements, interface controls) to support MBUF system operations.

The ConOps will define the project from different stakeholder points of view, such as administrative entities, system providers, technology providers, and customers. The ConOps will document the project goals and objectives, system needs and assumptions, functional system architecture, operational scenarios across stakeholder perspectives, and potential failure scenarios with recommended mitigations. The System Requirements will define what the system must do to meet business objectives. The Business Rules will define how involved parties must administer the MBUF Program. The Interface Control Document will detail how different systems and entities interface with each other to exchange information across the lifecycle of the MBUF program.

Program design will consider how to collect a MBUF at both the state and federal level, evaluating mechanisms to collect sustainable transportation revenues for long-term solvency of the Vermont Transportation Fund and the Federal Highway Trust Fund. Enforcement protocols will also be considered as part of the program design to maintain and establish compliance with vehicle registrations and safety inspections.

Although this project does not include ITS construction to be funded under this program, the project could include transportation technologies and will follow the FHWA’s Systems Engineering Process where applicable.

#### **Deliverables:**

- Concept of Operations (ConOps)
- System Requirements Specifications (SRS)
- Business Rules
- Interface Control Document (ICD)

### *Task 2.3 System Update Roadmap (1 month)*

The project team will prepare a detailed roadmap for any updates to the existing vehicle inspection, odometer data collection, vehicle registration systems, standard operating procedures, and staff training to meet the design needs of the MBUF Program. The ability to access vehicle registration and odometer data is the key to minimizing MBUF administrative costs for all affected parties. The aim of this roadmap is to identify gaps and opportunities, refine implementation and operational cost estimates, and develop a timeline to MBUF and build a system ready to handle a MBUF Program for a growing number of subject vehicles.

#### **Deliverables:**

- System update roadmap

### *Task 2.4 Program Development and Testing (13 months)*

Once the system design and update roadmap are finalized, the DMV will coordinate across all involved entities to execute system development and testing of the MBUF program functionality to ensure successful implementation into operations. The DMV will procure contractors to provide specialized MBUF functions as necessary to ensure a seamless experience for system users, including processing odometer readings and calculating MBUF, performing data and/or account management, and potentially offering different and more frequent payment options.

Updates to the system will be thoroughly tested with real users prior to implementation. This task will use prototyping and workshopping to gather and incorporate feedback on planned system changes. The DMV will coordinate closely with any contracted service and technology provider(s) to develop or update existing systems, technologies, and processes to meet the requirements set forth in Task 2.2.

Once development is complete, the DMV will:

- Lead testing to verify all program functionality works at the individual component level (unit testing),
- Verify that independent systems are successfully interfacing to exchange data (integration testing),
- Verify that the system as a whole works end-to-end (acceptance testing).

Prior to the testing period, a Test Plan will be developed that defines the testing strategies, roles and responsibilities, test cases, and test stage and case entry/exit criteria. Following unit, integration, and acceptance testing, all test results will be documented and the DMV will hold a “go/no-go” meeting (virtual) DMV with any contracted service provider(s) to verify whether the program is ready for launch.

#### **Deliverables:**

- Test Plan
- Test Results (including unit testing, integration testing, and acceptance testing)

### *Task 2.5 Go-live/Post Go-Live Support (6 months)*

Following MBUF Program design, development, testing, and final authorizing legislation, the DMV will usher the program into live operations. The DMV will coordinate closely with involved parties and key stakeholders to prepare for and communicate the program launch (see Task 3) as Vermont becomes the next state to implement an operational state MBUF Program.

The project team will prepare a Go-Live plan including program communications and messaging to support Go-Live. Additionally, the team will provide six months of post-go live program oversight including assistance with user and legislative inquiries, system acceptance testing (monitoring, troubleshooting, adjustments), ongoing vendor coordination and performance monitoring, and interagency coordination while steady state is achieved. The DMV will provide

an evaluation of the system at six months (Task 4.2), including review of program operations, costs incurred, revenues collected, and survey of a sample of MBUF payer experiences.

**Deliverables:**

- Go-Live Plan
- Monthly MBUF operations reporting
- MBUF operations data

**Task 3: Public Outreach and Education (24 months)**

As Vermont continues to advance the topic of MBUF, continued engagement with the media and the public is critical to educating drivers in Vermont about the need for and existence of the MBUF program. Stakeholder communications about lessons learned and implementation pathways resulting from research results will be used to leverage findings from past outreach efforts and current communications capabilities within the DMV. Goals of this project's outreach campaign:

- Educate BEV users and eventually all customers. Connect with the public on the transportation revenue shortfall, and how MBUF has been selected as one solution to Vermont's road funding issues.
- Provide answers to questions about MBUF, Vermont's MBUF program and address concerns about the program.
- Provide extensive outreach to DMV customers who may struggle to understand or comply with the MBUF program. This outreach will include multilingual and accessible communications with interested and impacted parties, the use of social media and direct mail to current and potential BEV owners.

While Vermont has engaged in previous efforts to educate the public and stakeholders about the transportation revenue shortfall and the potential for a solution using MBUF, it is acknowledged from past pilot implementation and program implementation experience across the nation that public opposition may arise to actual program implementation. Vermont DMV and VTRANS will engage in careful planning and education to inform the public and address gaps in understanding that might prevent program acceptance. For this work, the Agency may collaborate with its public research partner, the University of Vermont's Transportation Research Center, which has recently published findings on impacting attitudes toward MBUF programs through intentional education.

*Task 3.1 Outreach strategy and planning (4 months)*

Task 3.1 involves developing the outreach strategy to inform diverse communities about road funding challenges and the selected solution. These activities will build upon prior public outreach efforts made by the DMV. Particular attention will be paid to providing education to underserved communities and bringing underrepresented populations into the conversation. While these populations may not be directly affected by the MBUF program for BEVs immediately, they likely

are included in the vehicle inspections system and may well be affected by a possible future expansion of the MBUF program to more vehicles. This task involves aligning outreach activities with the program implementation timeline, so that the communications are issued in a timely manner according to the stage of the project. In this task, VTrans will develop a communications plan, including an outreach strategy to educate BEV owners about the MBUF program. These strategy and planning activities will start at the beginning of the grant period and be completed within three (3) months of project inception. These planning activities will include a detailed plan for accessing the customer data (including vehicle ownership type, names and addresses) from the DMV to execute the communications plan.

**Deliverables:**

- Outreach and Communications Plan, including Communications Release Schedule and Customer Data Access Plan
- Website Update Plan
- Social Media Campaign Plan

*Task 3.2 Outreach design and materials development (3 months)*

The design and development of educational materials will follow the planning stage and extend for three (3) months. During this period, informational mailers will be developed including potential to demonstrate to BEV and potential BEV owners the types of communications and charges that will be implemented under the MBUF program based on the odometer data collected during their most recent annual vehicle inspections. Additional materials such as MBUF program FAQs, website updates, social media campaign material, brochures, presentations, videos, and digital content that effectively convey information about transportation funding, RUC, and the purpose of the outreach campaign. The materials will be designed to engage various user types and demographics, ensuring broad participation and engagement, while addressing potential concerns and questions. Similar to outreach conducted by the State of Hawaii, personal road usage and estimated charges under an MBUF program can help inform mailer recipients not only of transportation funding issues and the MBUF program but also the costs and benefits of transitioning to electric vehicles.

**Deliverables:**

- Informational Mailers to be sent to BEV owners
- Informational Brochures to be distributed at dealerships and DMV locations
- MBUF Program FAQs (to be updated as program matures)
- Informational materials about MBUF for stakeholder education (to be updated as program matures)

*Task 3.3 Execute outreach campaign (18 months)*

During this subtask, plans developed in Subtask 3.1 will be executed starting with educational communications and public outreach activities, using the materials developed in Task 3.2. Public education and outreach will run for about 18 months.

The social media campaign, website updates and FAQs will be initiated six (6) months after the inception of the project. Other educational materials will be used for public education at community events and stakeholder meetings. This subtask involves conducting outreach activities throughout the project lifespan.

Informational mailers will be sent to BEV owners using customer data from the vehicle registration system, starting 9 months prior to the MBUF program launch. Informational brochures will be distributed to dealerships and DMV offices.

**Deliverables:**

- Distribution of informational mailers and brochures
- Continued effective outreach campaign through online platforms

*Task 3.4 Outreach findings, reporting and recommended next steps (2 months)*

The final subtask focuses on analyzing the results of public outreach efforts to inform stakeholders and public officials about the progress of the MBUF program in Vermont. A comprehensive report will be developed to assess the findings on public perceptions of the MBUF program. This report will include an analysis of different outreach methods, the effort involved in implementing them and their effectiveness in relaying the desired information. The results of these findings will inform efforts to update MBUF related materials to respond to new or additional priorities expressed by the public and continued operation of messaging platforms. These activities will continue as the program matures. Messaging platforms include the existing VTrans website (including continued maintenance and updating of the site to reflect the latest research activities, public participation, and findings), VTrans social media, VTrans public meetings, interactions with news media, and posters at vehicle inspection or other identified locations.

**Task 3 Deliverables:**

- Outreach and Communication Findings report synthesizing the outcomes of the educational campaigns

**Task 4: Policy Analysis and Transition Strategy (34 months)**

In order to support the statutory creation and launch of an operational MBUF program, VTrans will be called on to provide research and recommendations for policy questions that policymakers and administrators encounter, such as rate-setting, rules, transition strategies for expanding MBUF, balancing MBUF with other taxes and fees, impacts to drivers and other stakeholders. VTrans is committed to supporting the statewide legal requirements of reducing use of fossil fuels in favor of electrification and is actively working closely with many stakeholders and counterparts on doing our part to ensure vehicle adoption and emissions reduction targets are reached. To develop a

comprehensive MBUF policy, several tasks are needed. This task will take place in parallel with Tasks 2 and 3.

#### *Task 4.1. Policy Analysis and Support (34 months)*

As was intended, Vermont has learned from FHWA-funded research and pilots undertaken by Hawaii exploring road usage charges utilizing odometer-based methods through their vehicle safety inspection system(s). There is still more to learn. However, there are policy questions unique to Vermont's case as it is the first small and rural east coast state that is attempting to implement a mileage-based user fee. Further complexities are added when considering the issues of future interstate interoperability with its three neighboring states—New Hampshire, New York and Massachusetts—and the Canadian province of Quebec. While Vermont has its own islands, it is sadly not an island unto itself. What is developed here in Vermont to deal with more complexity, therefore, ought to enjoy greater applicability to other states, particularly in New England where many states share similar odometer capture methods through vehicle inspections. By building on existing systems and investments and evolving to incorporate more considerations and vehicles after launch, Vermont envisions a potentially more scalable model for the country.

As such, each policy, financial and/or legal analysis will begin with research and discovery, defining the issue and its origins, stakeholder views, and implications of the issue for the MBUF program. Next, VTrans will undertake analysis of the issue, using qualitative techniques such as legal, policy, and fiscal research and interviews as well as quantitative techniques such as financial, economic, or impact analysis. Based on the analysis findings, alternatives for addressing the underlying questions will be communicated through a series of policy memos which document the analysis undertaken for the various components of an MBUF program to be included in the final report.

#### **Deliverables:**

Individual policy briefs on critical decision-making points on the path to an MBUF program

#### *Task 4.2 Program Evaluation (2 months)*

Effective implementation of a MBUF program involves regular evaluation of the program, both during implementation and after. VTrans will develop a Program Evaluation Plan to provide an evaluation of the system at six months, including review of program operations, costs incurred, revenues collected, and survey of a sample of MBUF user experiences. In the post go-live period, DMV will support operations as needed including to troubleshoot operational issues, technology issues, and customer issues. The Program Evaluation Plan will be designed during Task 2.4 System Implementation Development and Testing Period to assign evaluation criteria based on program design and business objectives. VTrans will utilize the evaluation continuously to identify program improvement opportunities including system design and process enhancements, legislative updates, rule changes, and more.

The program will also inform the transition plan (see Task 4.3) in addition to operations.

Deliverables:

- Program Evaluation Plan
- Program Evaluation Results

#### *Task 4.3 Transition Strategies (2 months)*

As Vermont begins to develop an incremental MBUF system focused on BEVs, it will also consider how it grows and expands the program to address different use cases, and possibly include different vehicles of different classes (dependent on weight) and engine-fuel types. Vermont will not have all the transition questions answered initially; however, the State can begin at this small-scale with the larger end goal in mind: to develop a fairer, cost-effective and sustainable revenue solution for a safer, cleaner, more resilient transportation system in the years to come.

Transitioning to a larger MBUF program is complex and involves numerous technical and policy questions. As a result, a comprehensive plan to grow the program must be established. The plan requires strategies for how the state may address each policy and technical question, in many cases offering options drawing on the policy analysis in Task 4.1, the Program Evaluation results in Task 4.2, and the system definition work conducted in Task 2.

Preparing a transition plan for the 2027 Legislative session allows VTrans to extract lessons learned from the implementation effort. We expect to refine the transition plan components and approaches to respond to lessons learned during implementation, providing VTrans and the Legislature the most up-to-date approaches for achieving an effective and just transition. The transition plan will also integrate findings from concurrent MBUF collaborations that VTrans or the DMV participate in, for example, research and peer exchange events with other Eastern states through American Association of Motor Vehicle Administrators (AAMVA) and the Eastern Transportation Coalition (TETC). Vermont has also joined a separate, multi-state SIRC application in order to inform and benefit from work among multiple jurisdictions, but that is a distinct and smaller subset of this planned work.

Deliverable:

- Final Transition Plan for start of 2027 legislative session

#### *Task 4.4 Final Project Report*

Following completion of the first Program operations period, the DMV/VTrans will compile program evaluation results (based on evaluation criteria defined in the Evaluation Plan) and develop a MBUF Final Project Report that summarizes program design, testing, and operations, and a distillation of findings and lessons learned throughout the implementation. The Final Report will include recommendations for potential future legislation and implementation scenarios,

including regional, and federal scalability and interoperability considerations. Findings from the MBUF implementation can inform other MBUF initiatives in our region and around the country, including National Pilot activities.

The Final Report, which must be 508 compliant, will be submitted no later than 90 days after the termination or expiration of the grant agreement. Its purpose is to evaluate the project's performance against the original expectations outlined in the grant application and the Strategic Innovation for Revenue Collection (SIRC) Program Objectives.

The Final Report will assess the project based on the criteria outlined in the Evaluation Plan. These criteria include:

- **Operational Efficiency:** How well the project achieved its goals within the allocated resources.
- **User Acceptance:** Public sentiment and stakeholder feedback.
- **Technical Readiness:** Vermont's User-Based Alternative Revenue Mechanism (UB-ARM) Technology Readiness Maturity Level.

Evaluation Approach for the Final Report:

1. Qualitative Assessment:
  - The Final Report will qualitatively evaluate the project's impact through public sentiment and user feedback.
  - Stakeholder perspectives and community engagement will be considered to assess the project's success.
2. Quantitative Assessment:
  - Aggregated data collected during the operational program will be analyzed quantitatively.
  - Metrics related to project outcomes, efficiency, and effectiveness will be assessed.
  - Federal aggregated data will be incorporated for completeness and comparison.

The report will synthesize key findings and lessons learned from the project. These insights will inform State, regional, and federal efforts related to MBUF. Additionally, the report will provide recommendations for potential legislative action in Vermont to expand the operational MBUF program. The DMV/VTrans will develop a presentation and folio based on the Final Report. Vermont leaders, the Federal Highway Administration (FHWA), and other key stakeholders can leverage this material to effectively communicate the lessons learned and recommendations derived from this initiative.

- *Legislative Engagement Activities*

Under this task, specific activities will be conducted to engage legislators and stakeholders in discussions regarding MBUF in Vermont – what are the implementation options, what decisions need to be made and how the program will function most effectively in Vermont. These activities may include meetings, presentations, and forums with legislative representatives to gather input and feedback. The focus will be engagement with the legislature to drive the development of a tailored MBUF framework that aligns with Vermont's needs and objectives. Ongoing monitoring of legislative developments and mitigation strategies for competing policies will be integral to maintaining focus and momentum.

- *Legislative Framework*

The focus of this task will be on developing the legislative framework for implementing and continuously improving upon an operational MBUF program in Vermont, building on existing authorizing legislation and securing statutory language that allows the project team to proceed to launch. The framework will encompass key components necessary for the implementation of a MBUF Program and present a comprehensive "menu of options" tailored to what makes sense for Vermont

## 2.5 Data Collection Plan

There will be multiple sets of data collected and managed throughout the project that will be critical to program success. The DMV will establish a Data Management plan, which will include a detailed description of the data, including its nature, source, and format. The Plan delineates the policies governing data access, ensuring compliance with relevant regulations and safeguarding data integrity and confidentiality. Additionally, the DMP outlines the approach for data storage and retention, specifying mechanisms for secure storage, backup procedures, and the duration for which data will be retained post-project completion. This plan will ensure efficient management and utilization of data while adhering to best practices and regulatory requirements.

Data will be collected in the following manners:

<b>Data source</b>	<b>Method of collection</b>
Vermont vehicle registry data	Vermont vehicle registration data will be accessed to provide vehicle data <i>See Section 2.4, Tasks 2.1 and 3.3</i>
Participant personal contact information and vehicle information (make, model, year, and MPG)	This data will be available through the DMV registration database and in the vehicle inspection systems database (AVIP). <i>See Sections 2.4, Tasks 2.1 and 3.3</i>
Miles driven data as reported through vehicle odometer readings	Vehicle odometer readings collected from vehicle inspection stations will be used to determine total vehicle miles traveled <i>See Section 2.4</i>
Preferences and opinions in response to focus groups and/or surveys	Public responses to surveys or focus groups will be collected and maintained for program analysis <i>See Section 2.4, Tasks 3.3 and 3.4</i>
Institutional demographic data (e.g. U.S. Census)	Federal online resources will be used to access the necessary demographic data. <i>See Section 2.4, Task 1.4</i>

Figure 2.

Mileage Based User Fee Project Resources		
Steering Committee		
Executive Sponsor – <b>Wanda Minoli</b> , DMV Commissioner	Project Sponsor – <b>Mike Smith</b> , DMV Deputy Commissioner	<b>Tom Buonomo</b> , ADS IT Director for AOT
<b>Michele Boomhower</b> , Director Of Policy + Planning		<b>Patrick Murphy</b> , Sustainability + Innovations Manager
DMV Director of Finance	DMV Director of Operations	DMV Director of Enforcement
DMV Director of Special Programs	<b>Jordan Villa</b> , DMV Modernization Lead	ADS IT Manager
Vendor Project Manager(s)	Vendor Production Support Manager	Vendor Project Architect
Project Leadership		
DMV Modernization Lead		
ADS IT Manager		
Vendor Project Managers		
Vermont Department of Motor Vehicles	Vermont Agency of Digital Services	Existing Vendor Partners
Subject Matter Experts: <ul style="list-style-type: none"> <li>• Vehicle registration</li> <li>• eServices</li> <li>• Finance/Revenue Management</li> <li>• Interfaces</li> <li>• Audit</li> </ul>	Application Support: <ul style="list-style-type: none"> <li>• ADS IT Systems Developers</li> </ul>	System Architect Production Support Manager System Developers <ul style="list-style-type: none"> <li>• Interface (1)</li> <li>• eServices /Payments (2)</li> </ul>
Testing: <ul style="list-style-type: none"> <li>• DMV Direct Customer Service Specialists</li> <li>• DMV Production Support</li> </ul>		Testing: <ul style="list-style-type: none"> <li>• Testing Coordinator</li> </ul>
Training: <ul style="list-style-type: none"> <li>• DMV Training Coordinators</li> </ul>		Training: <ul style="list-style-type: none"> <li>• Training Coordinator</li> </ul>

### 3. Staffing Description

The above staffing resource chart identifies by position name/function the general needs for organizing the project team. Only five of these individuals have been identified by their personal names as key personnel, but there are, of course, many more whose contributions will be invaluable to the design, launch, and improvement the MBUF program.

Name	Agency	Role	Responsibility
<b>Andrew Collier</b>	DMV	Commissioner and Executive Project Sponsor	Overall leadership of and authority for project; Approval and support of project goals, allocation of resources, monitoring of progress
<b>Matthew Rousseau</b>	DMV	Deputy Commissioner; Steering Committee Project Sponsor	Overall project oversight and Approval and support of project goals, allocation of resources, and monitoring of progress
<b>Tom Buonomo</b>	ADS	IT Director for VTrans; Technical Lead for Implementation of IT	Review and oversight of IT solutions/system design, vendor proposals; IT subject matter expert
<b>Jordan Villa</b>	DMV	DMV Modernization Lead; Project Manager	Day-to-day project manager; oversee schedule and budget performance; procure outside support; coordination of internal and contractor staff (consultants and vendors); contract management and oversee contractor performance; report to project sponsors
<b>Patrick Murphy</b>	VTrans	State Policy Director; Policy and grant management support	Point of contact and coordination with outside entities including Legislature, stakeholders, and other states through TETC

Point of Contact:

**Patrick Ó. Murphy**, AICP | State Policy Director  
 Policy, Planning and Intermodal Development Division  
 Vermont Agency of Transportation  
 219 North Main Street | Barre, VT 05641  
 802-595-6738 phone | [Patrick.Murphy@vermont.gov](mailto:Patrick.Murphy@vermont.gov)  
<http://VTrans.vermont.gov>