



University of Vermont
Transportation Research Center

Vermont Mileage Fee Rate Setting: Additional Analysis

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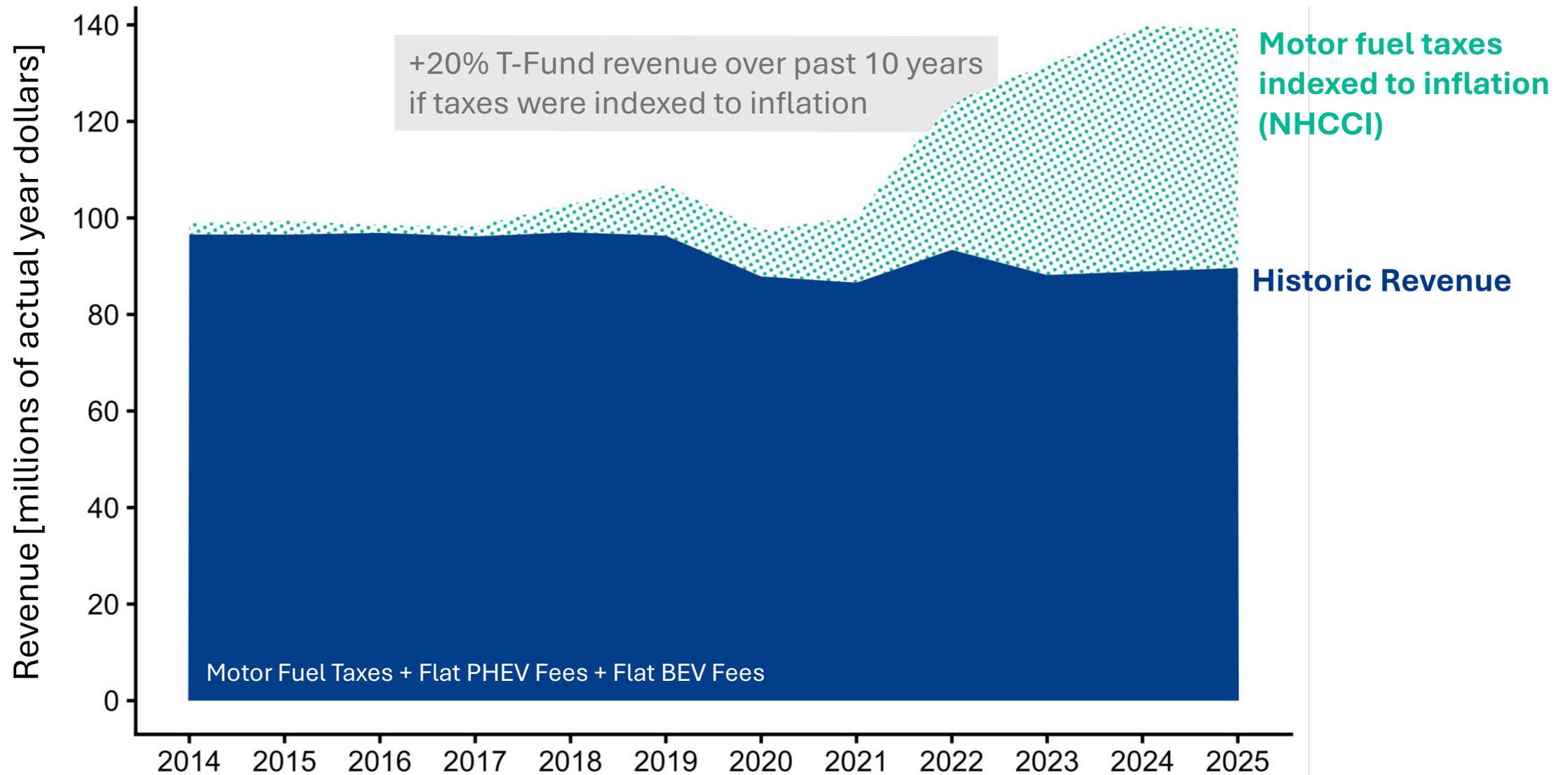
TRC Director and Associate Professor

UVM Transportation Research Center (TRC)

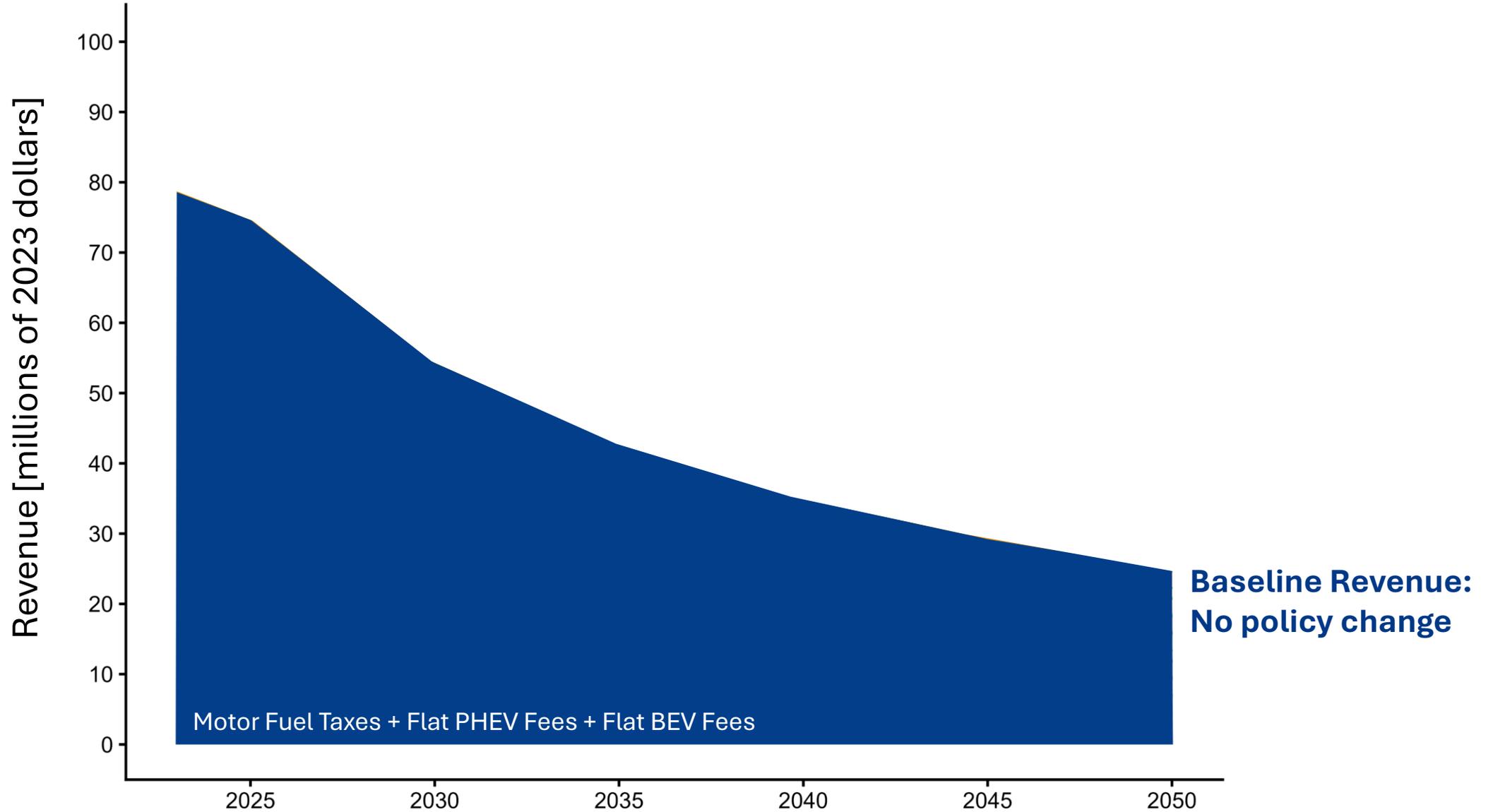
Presentation to the Vermont Senate Committee on Transportation

March 13, 2026

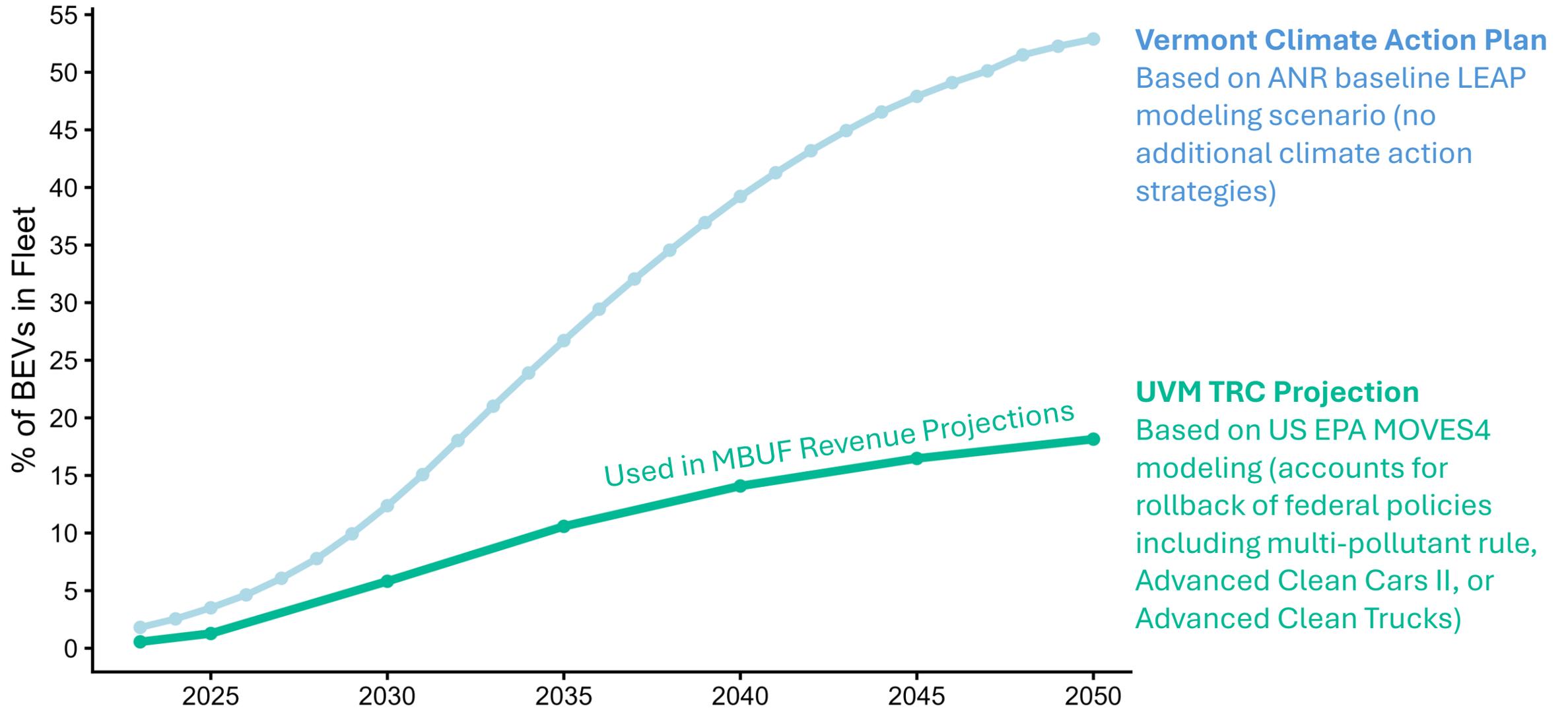
Inflation matters: If Vermont indexed motor fuel taxes to inflation in 2013, the T-Fund would have accumulated an additional \$225,000,000 in the past 10 years



Vermont State Gas Tax and Mileage Fee Revenue Projections

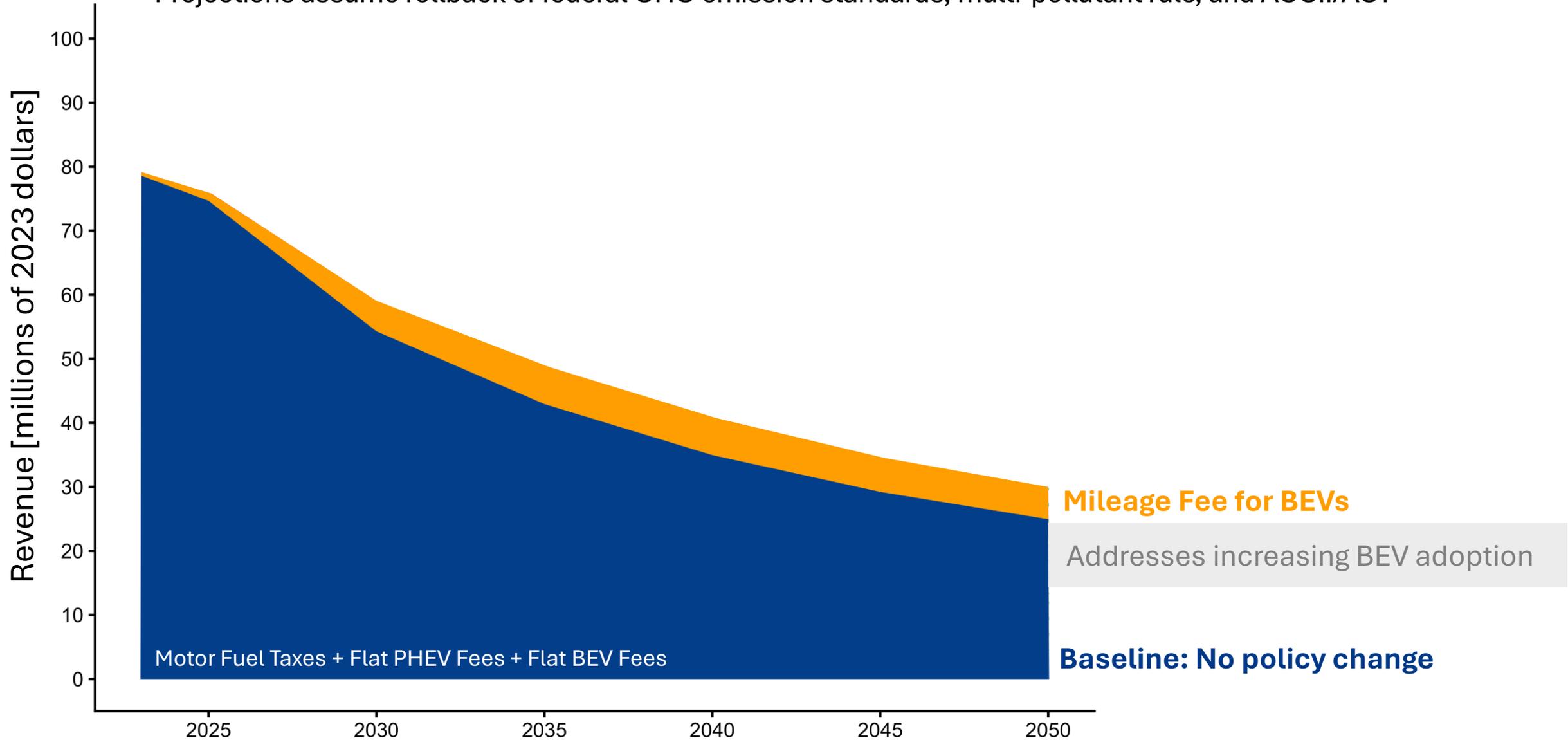


EV Assumptions in Revenue Projections: modest compared to the prior VT reports



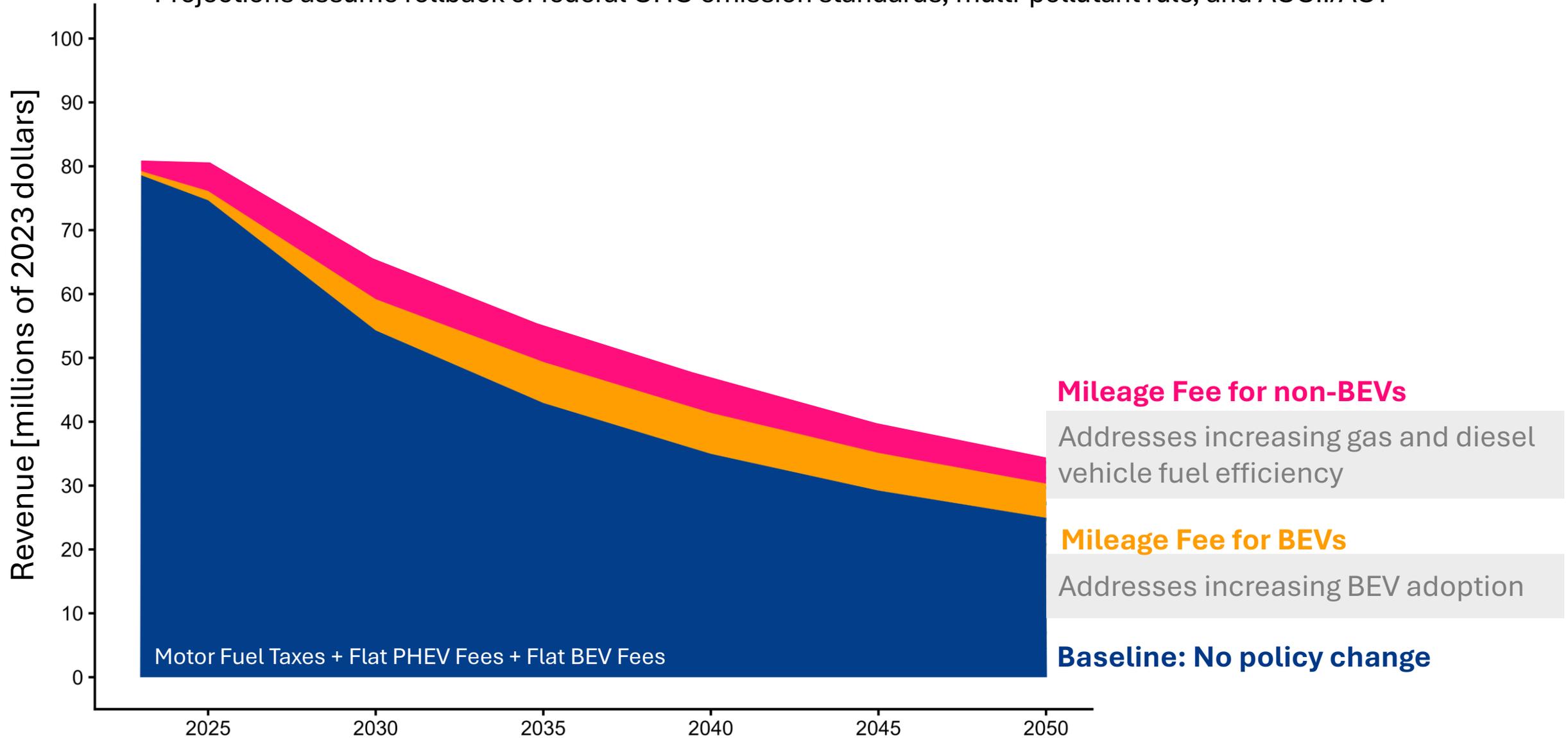
Vermont State Gas Tax and Mileage Fee Revenue Projections

Projections assume rollback of federal GHG emission standards, multi-pollutant rule, and ACCII/ACT



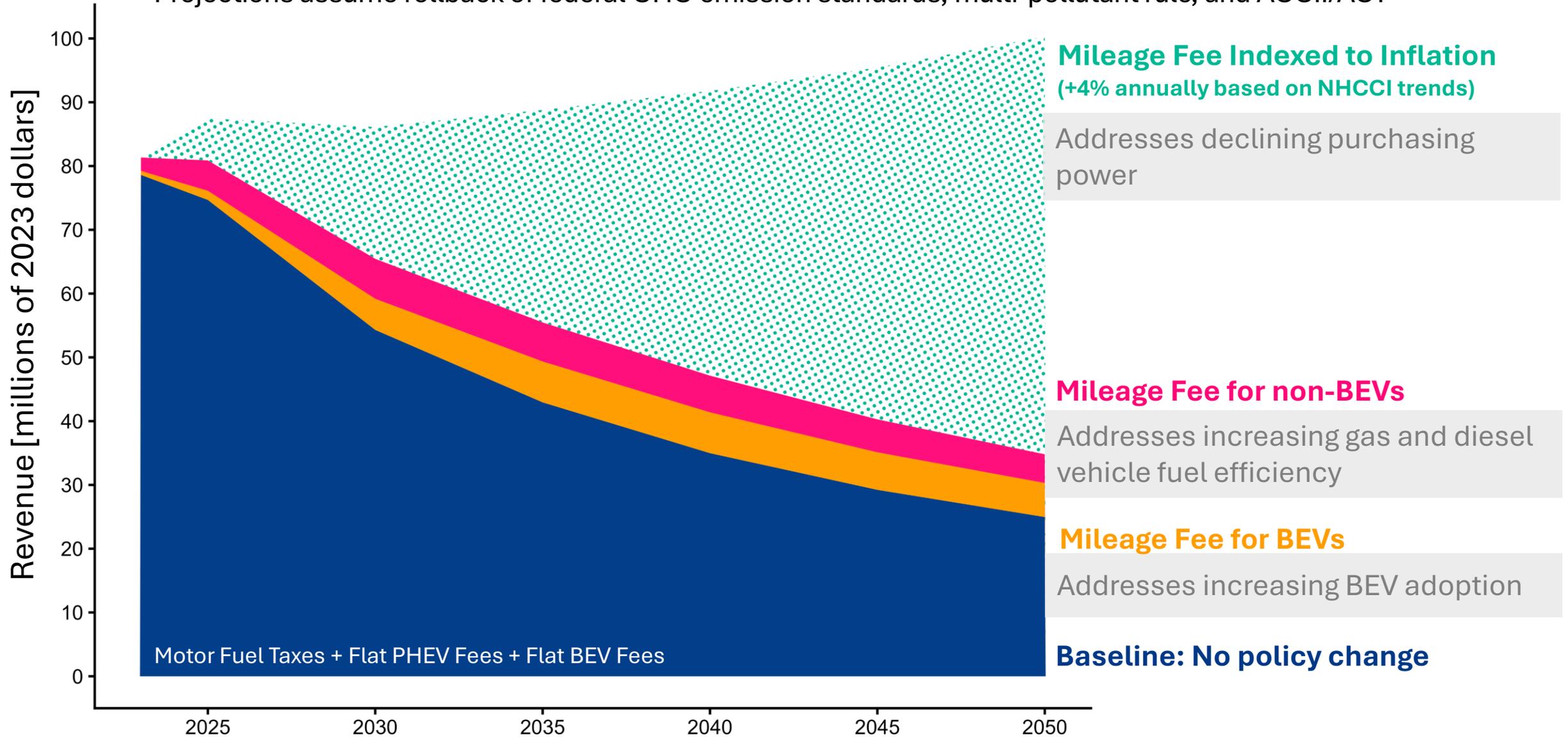
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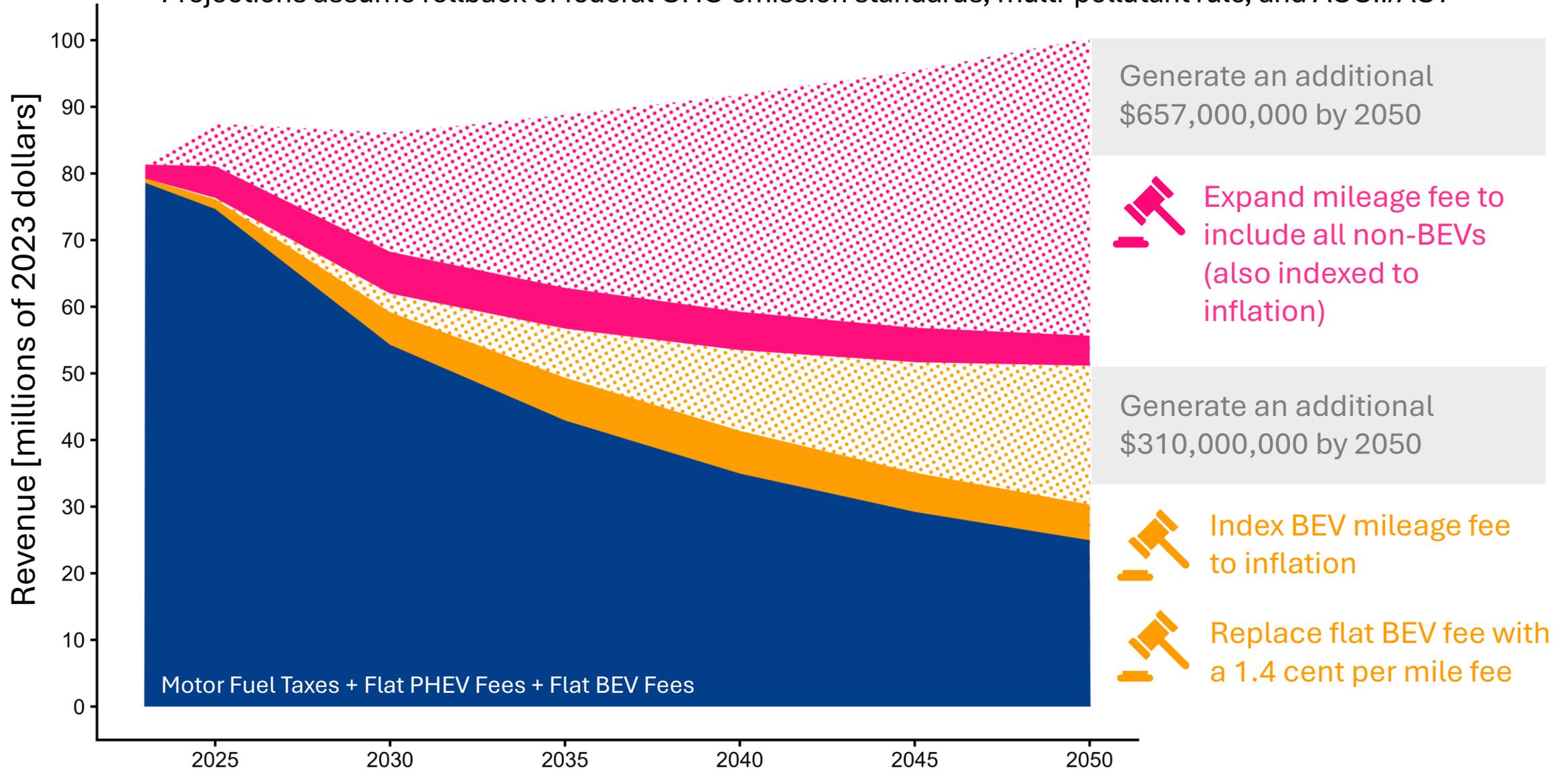
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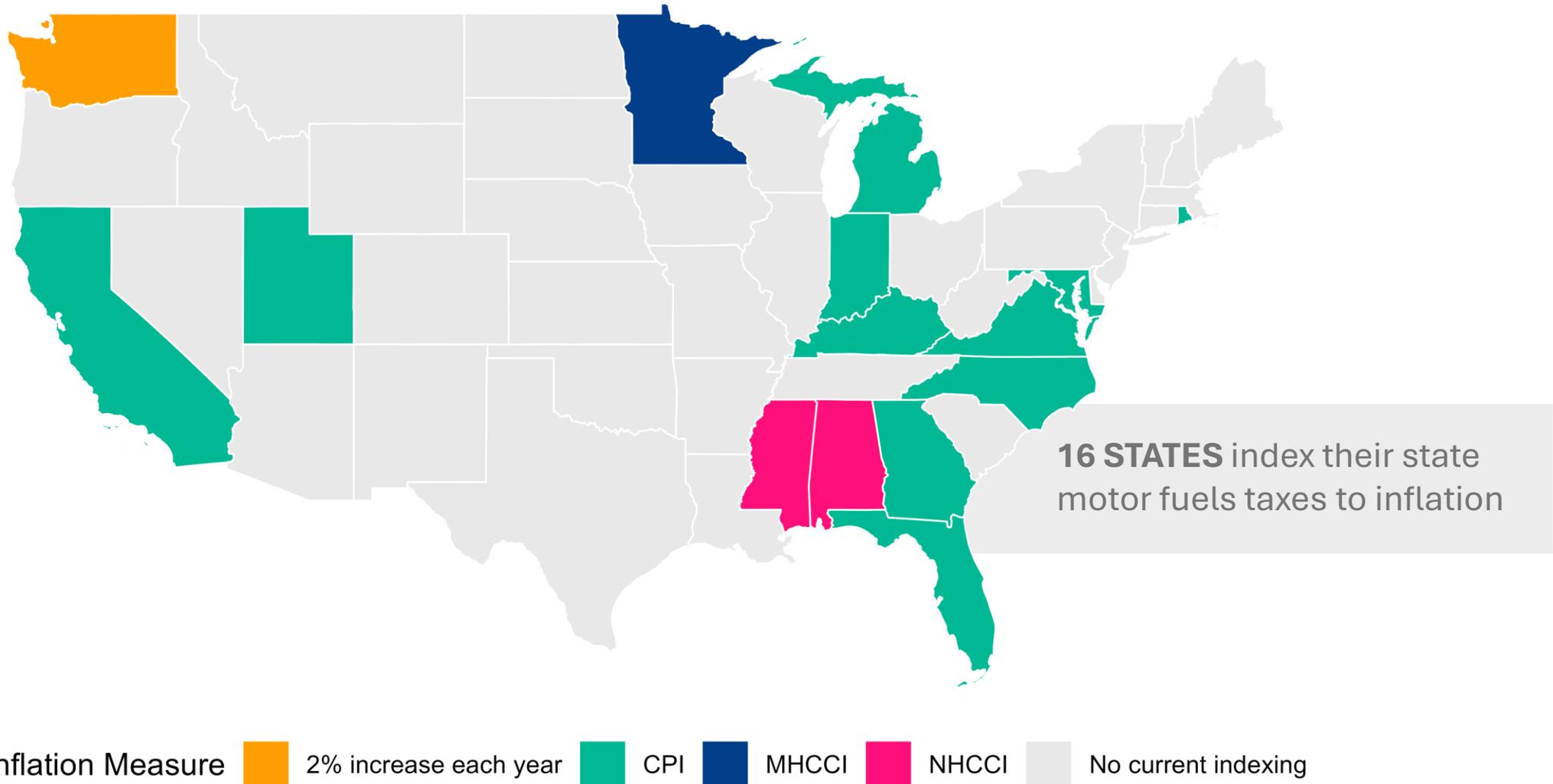


The most appropriate inflation measure for a mileage fee is one that tracks the actual costs the T-Fund is designed to cover

PRICE TRACKING	INDEX	DETAILS
Transportation construction costs	National Highway Construction Cost Index (NHCCI)	Measures changes in highway construction costs (asphalt, concrete, steel, equipment, and construction labor)
	Producer Price Index (PPI) for Streets and Highways	Measures changes in highway construction costs, but excludes contractor markups, profit margins, and bid-related costs
Consumer costs	Consumer Price Index (CPI-U)	Measures average changes over time in prices paid by urban consumers for a broad basket of goods and services
Public-sector labor costs	Employment Cost Index (ECI) – State and Local Government	Measures changes in wages and benefits for public-sector employees

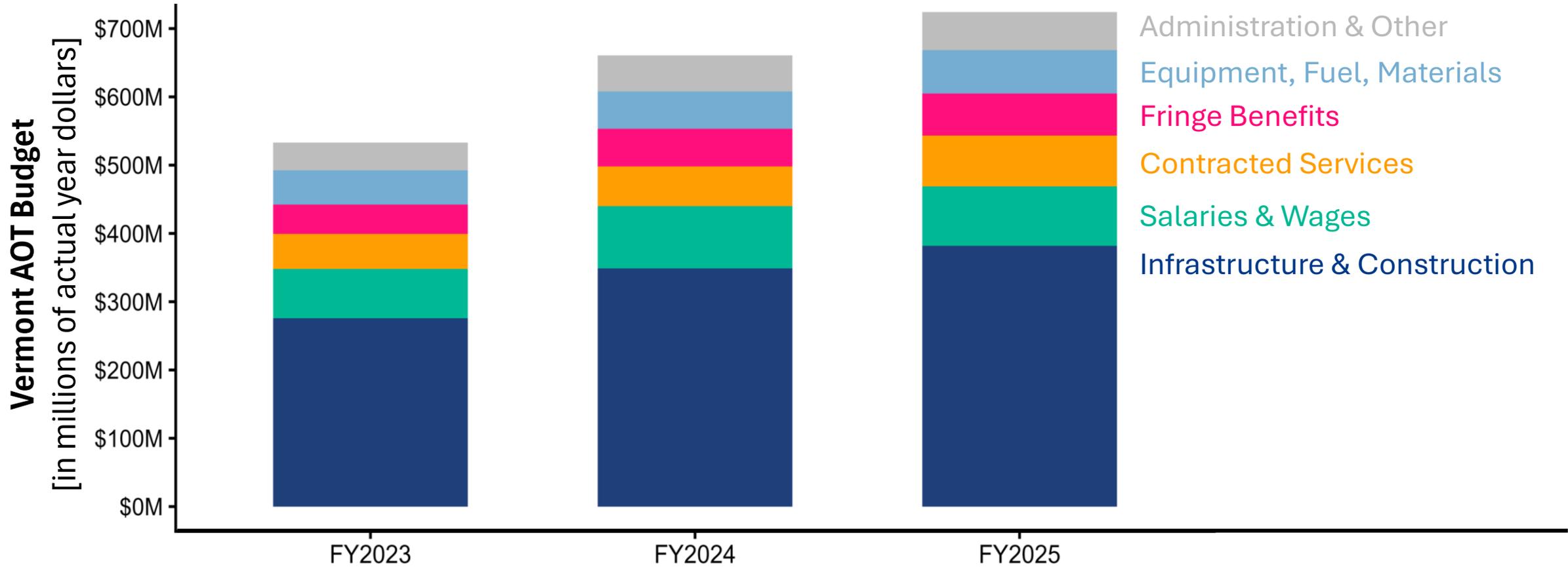
States use various measures of inflation for indexing transportation fees

Mileage fee programs are also considering indexing to inflation, though none currently have



Budget examinations can indicate which measure of inflation is most appropriate for Vermont transportation indexes

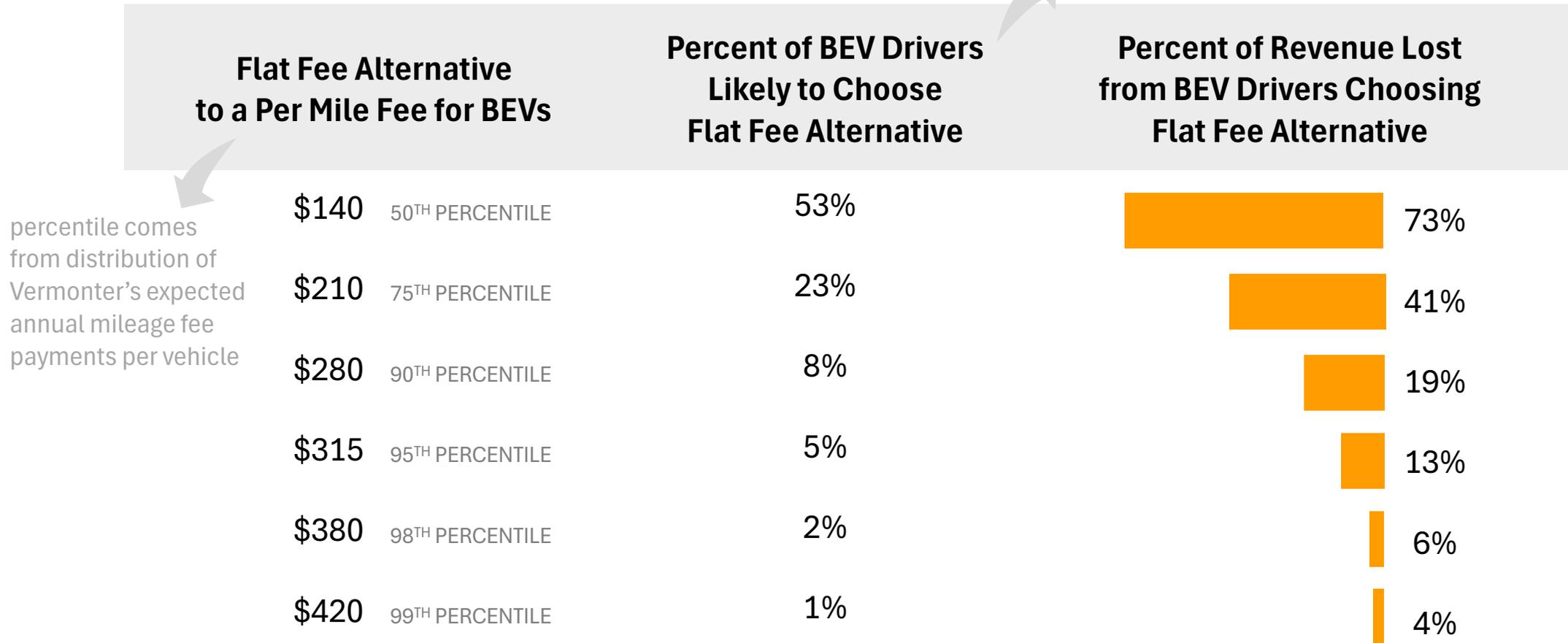
Most of the AOT budget is construction (**NHCCI** or **PPI** may be the most appropriate inflation measures)



Source: Vermont DFM JFO Budget Detail Reports (Organization 08 – Transportation – Vermont AOT Budget). This does not include AOT grants to towns and transit providers which constitute an additional ~25% of the AOT budget, varying year by year. AOT grants include funding for town highway aid, bridges, and structures, as well as public transit, transportation alternatives, and municipal mitigation assistance.

Flat fee alternative: likely to diminish mileage fee revenue, undermines the main principle of road-user charging: that fees should reflect actual use of the transportation system

assuming drivers choose the flat fee only if they will save money



Source: 2023 Vermont DMV BEV mileage data maintained by UVM TRC. Note: True revenue differences may be higher or lower depending on who chooses to pay the flat fee alternative. Literature consistently finds drivers are poor at accurately guessing their vehicle mileage. Drivers who would save money by paying a per mile rate may choose to pay the flat fee alternative, and vice versa. Other factors, like perceived privacy and convenience, may also factor into decision making.