Vermont Mileage-based User Fee

SENATE TRANSPORTATION COMMITTEE, JANUARY 7, 2026

PATRICK Ó. MURPHY, STATE POLICY DIRECTOR, VERMONT AGENCY OF TRANSPORTATION

MBUF for EVs in Legislation

- Authorized Agency to apply for federal grant funds, while establishing broad parameters within which to draft a legislative report and implementation plan **(2023 Act 62)**

- Enacted flat fee for plug-in electric vehicles and linked revenue to EV infrastructure funding **(2024 Act 148)**

- Revised outline of MBUF program based on legislative report and set a deadline (January 2027) for mandatory fee for electric vehicles to replace EV infrastructure (flat) fee for BEVs **(2025 Act 43)**

TBD (2026) – Approve statutory framework, including rate-setting formula

Mileage-based User Fees for Electric Vehicles

Basic Points of Program:

- Aligns push for sustainable transportation revenue with state climate goals/requirements
- Cost-effectively utilizes existing annual vehicle safety inspection process with manual odometer reading (avoiding privacy concerns)
- Builds off significant state investment in DMV core system upgrades
- Allows flexible payment options/frequencies and only asks drivers to pay for what they use
- Leverages federal funds for implementation
- Starts small, with time and flexibility to evolve and expand

Fee Collection

Odometer Collection

VT TRIPS

VERMONT TITLE, REGISTRATION, IDENTIFICATION, AND PERMITTING SYSTEM

Vehicle Record Update → Issue Bill → Collect Payment

myDMV

In-Person

By Mail

VERMONT
AGENCY OF TRANSPORTATION
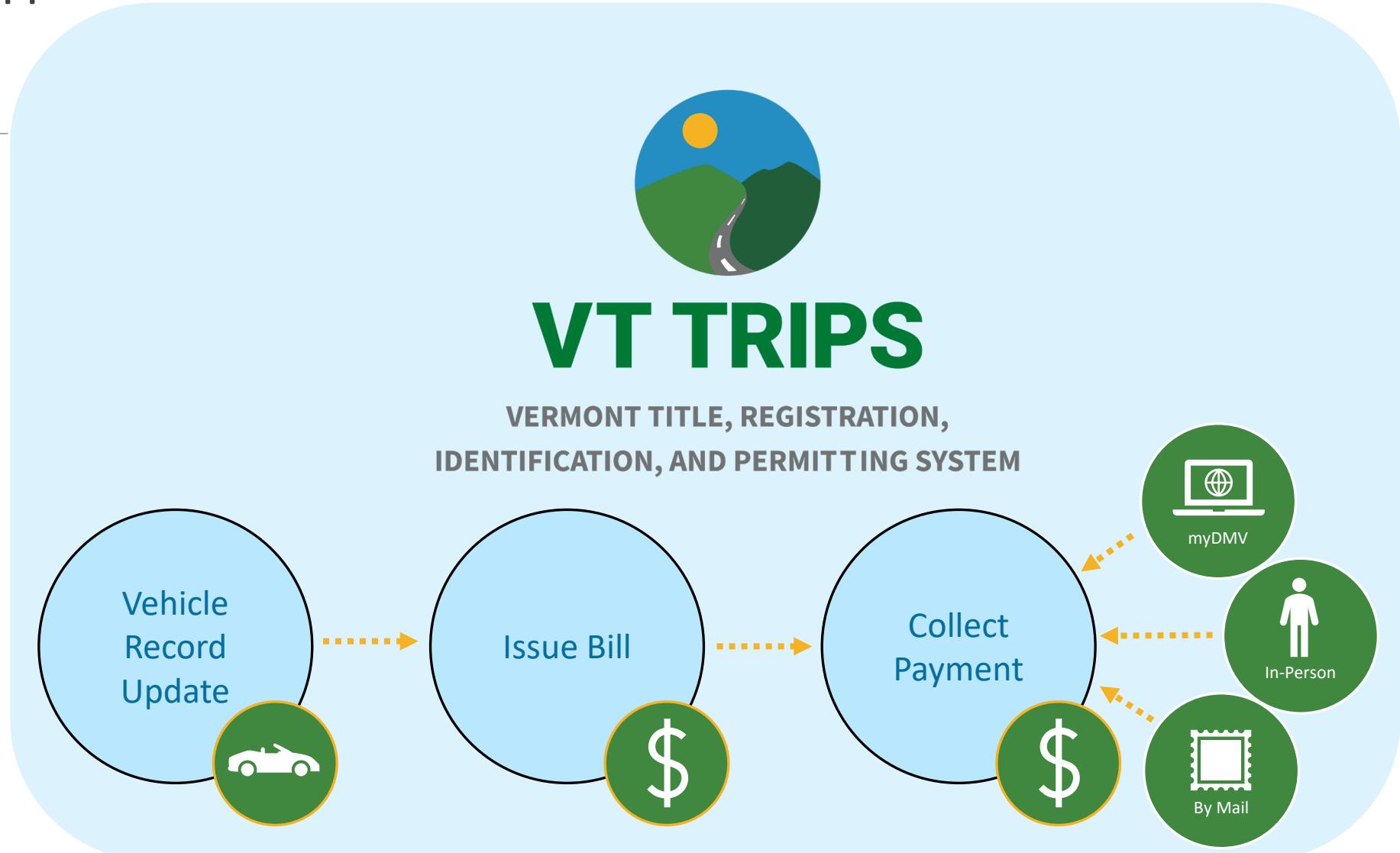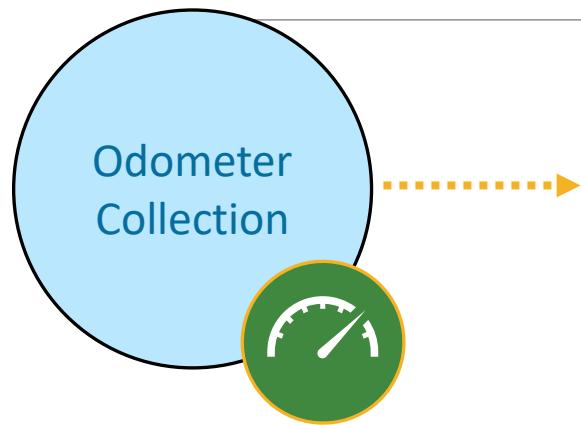
Rate-Setting Considerations

2025 Act 43

Sec. 18. INTENT

It is the intent of the General Assembly that: (1) the mileage-based user fee for a BEV pleasure car be approximately equivalent to the average amount collected by the State in fuel tax revenue from the use of a non-PEV pleasure car registered in Vermont and the average amount collected by the State in fuel tax revenue and Electric Vehicle Infrastructure fee from the use of a PHEV pleasure car.

2.2.3 Comparison of MBUF and gasoline tax

The table below summarizes amounts paid for various types of vehicles based on annual miles driven. Under an MBUF at 1.78 cents per mile, all electric vehicles would pay the same per mile:

- A vehicle driving 5,000 miles per year would pay $89.
- A vehicle driving the Vermont average of 12,000 miles per year would pay $214.
- A vehicle driving above average at 20,000 miles per year would pay $356.

By contrast, under the gasoline tax, an EV would pay nothing in all three miles driven scenarios. A below average MPG vehicle such as a pickup truck would pay more: $109, $261, and $435, respectively. An above average MPG hybrid would pay less: $41, $98, and $163.

Vehicle type	Average on-road MPG	Gasoline tax paid			MBUF		
		Low (5,000 miles)	Medium (12,000 miles)	High (20,000 miles)	Low (5,000 miles)	Medium (12,000 miles)	High (20,000 miles)
Pickup	15	$109	$261	$435			
Average VT car	20	$82	$196	$326			
Sedan	30	$54	$130	$217			
Hybrid	40	$41	$98	$163			
PHEV	80	$20	$49	$82			
EV	∞	$0	$0	$0	$89	$214	$356

MBUF Legislative Report (2024)

Impacts of MBUF

University of Vermont Transportation Research Center study investigated the geographic and demographic impacts of move to a mileage-based user fee (MBUF) generally:

- Most Vermont households would see minimal difference from gas tax burden to mileage-based user fee
- Rural and lower-income households would be least impacted, while urban and higher-income households would see greater increases
- MBUF would be more progressive/less regressive than gas tax, and much more so than a high flat fee, supporting the findings of prior studies but with a much more robust data set

A Data Driven Analysis of Rural Equity and Cost Concerns for Mileage-Based User Fees in Vermont (uvm.edu) (2022)

University of Vermont

UVM ScholarWorks

University of Vermont Transportation Research Center | Research Centers and Institutes

2022

A Data Driven Analysis of Rural Equity and Cost Concerns for Mileage-Based User Fees in Vermont

Clare Nelson
The University of Vermont, clare.nelson@uvm.edu

Gregory Rowangould
The University of Vermont, gregory.rowangould@uvm.edu

Follow this and additional works at: https://scholarworks.uvm.edu/trc

Part of the Transportation Commons, and the Transportation Engineering Commons

Recommended Citation
Nelson, Clare and Rowangould, Gregory, "A Data Driven Analysis of Rural Equity and Cost Concerns for Mileage-Based User Fees in Vermont" (2022). *University of Vermont Transportation Research Center.* 274.
https://scholarworks.uvm.edu/trc/274

This Article is brought to you for free and open access by the Research Centers and Institutes at UVM ScholarWorks. It has been accepted for inclusion in University of Vermont Transportation Research Center by an authorized administrator of UVM ScholarWorks. For more information, please contact schwrks@uvm.edu.

VERMONT
AGENCY OF TRANSPORTATION

Strategic Innovation for Revenue Collection (SIRC)

Authorized by 2021 Investment Infrastructure and Jobs Act (IIJA):

To test the design, acceptance, equity, and implementation of user-based alternative revenue mechanisms, including among—

(i)   differing income groups; and

(ii)   (ii) rural and urban drivers, as applicable.

FEDERAL SHARE.—The Federal share of the cost of a pilot project carried out under this section may not exceed **80 percent** of the total cost of a project carried out by an eligible entity that has not otherwise received a grant

Strategic Innovation for Revenue Collection (SIRC)

Task 1: Project Management $375,000

Task 2: System Implementation $2,250,000

Task 3: Public Outreach and Education $862,500

Task 4: 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

Revenue Projections (EV infrastructure fee + MBUF)

PHEV Revenue
BEV Revenue

Chart values by year:
- 2025: $542k
- 2026: $1.4m
- 2027: $2.7m
- 2028: $4.3m
- 2029: $4.8m

Launch of MBUF for BEVs in January 2027

VERMONT
AGENCY OF TRANSPORTATION
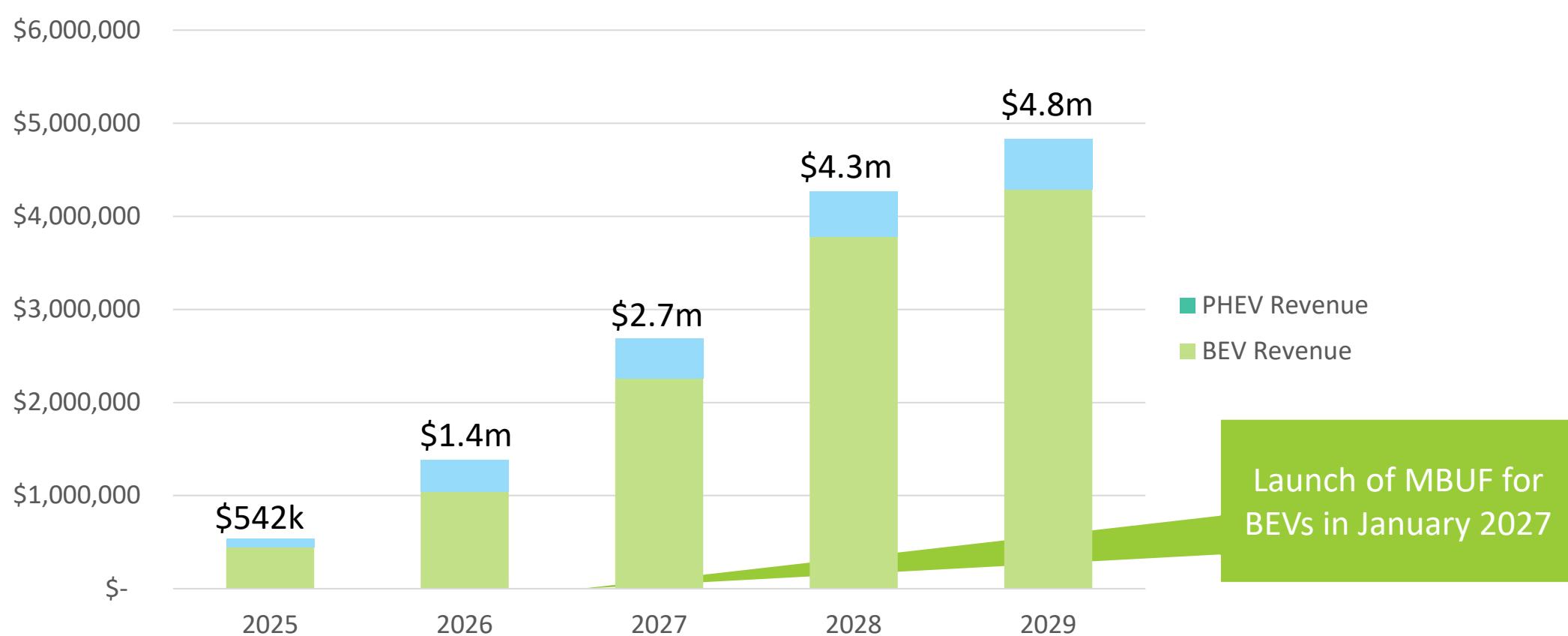
Contact

Patrick Ó. Murphy, AICP
State Policy Director
Policy, Planning & Intermodal Development Division
Vermont Agency of Transportation

802.595.6738
Patrick.Murphy@vermont.gov