



Mileage-Based User Fees in Vermont

Carter Hoskins, Fintan Letzelter, and Dylan Unruh

Presented to Senate Transportation Committee, February 27th, 2026

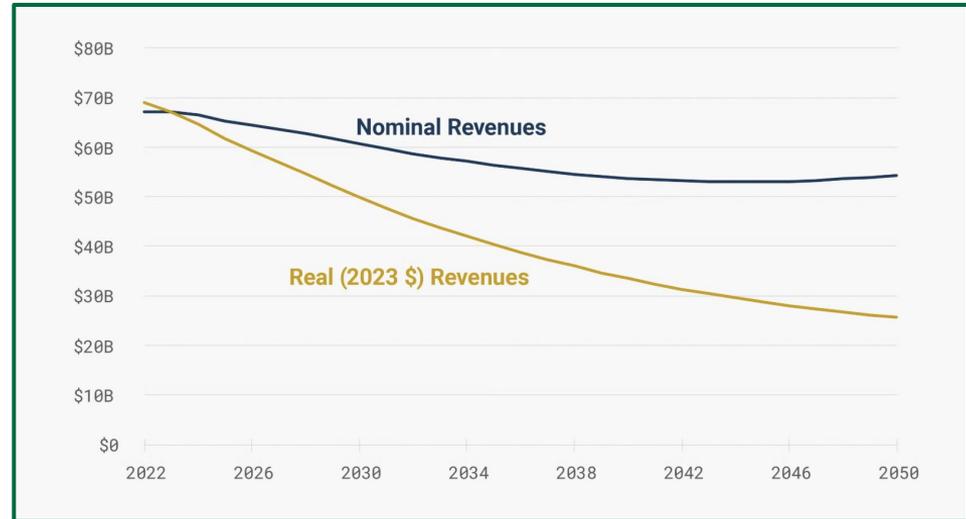
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Policy Context: Falling Gas Tax Revenues

1. Inflation
2. Increased Fuel Efficiency
3. Electric Vehicle Adoption

Need for policy solution to address this revenue deficit



Projected Revenue Decline Due to
Reduced Gas Consumption

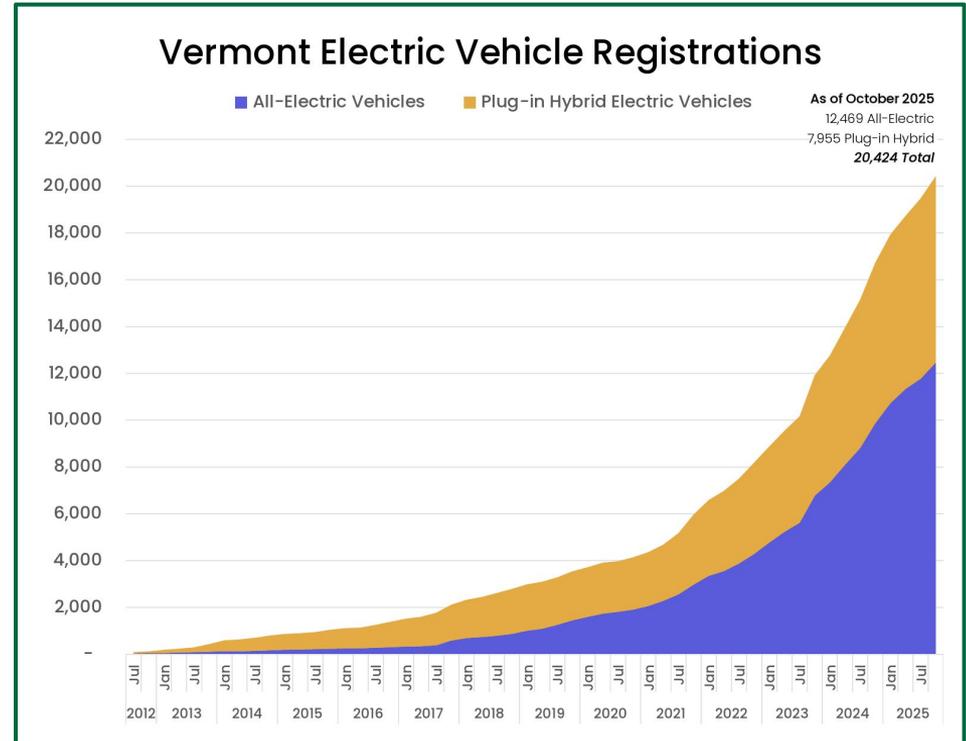
Source: Tax Foundation

Vermont's Current Solution

- Flat EV fee of \$89 for EVs, \$44.50 for plug-in hybrids
- Problematic due to lack of scaling with road usage

Potential Alternatives:

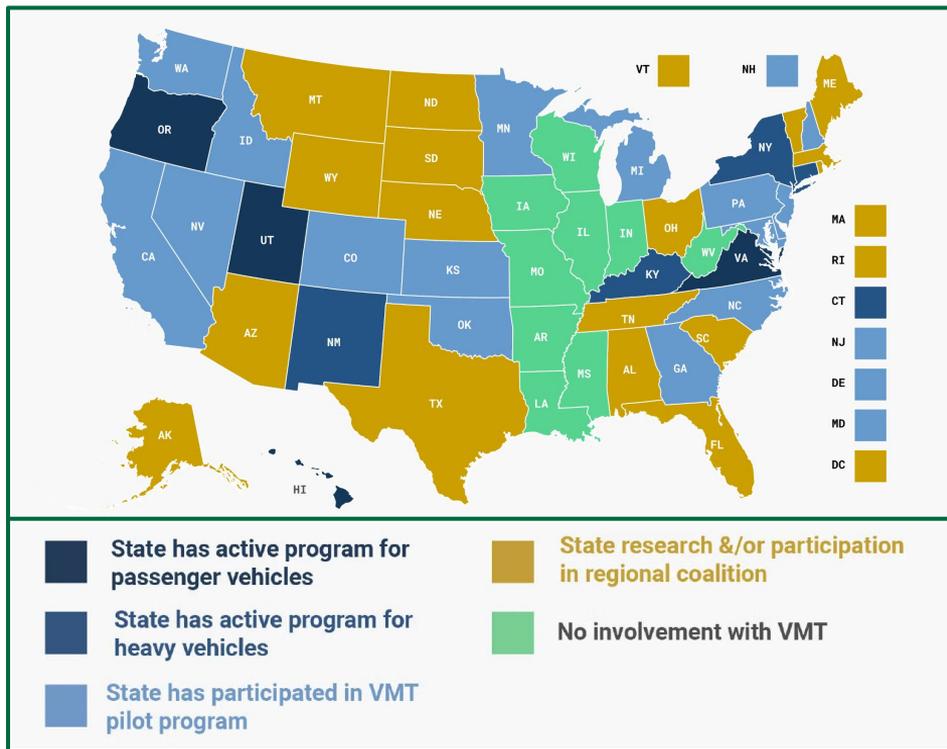
1. kWh tax at charging stations
2. Mileage-Based User Fees



Source: Vermont Agency of Transportation

Mileage-Based User Fees

Mileage-Based User Fees charge drivers a tax based on the **number of miles driven.**



Map of MBUF Status in U.S. States, 2024

Source: Tax Foundation

Research Questions

Implementation

1. How should an MBUF be implemented and how should mileage be tracked?

Equity

2. Will an MBUF distribute cost to drivers in an equitable and desirable way?

Revenue

3. Can an MBUF be an effective alternative for revenue generation to the gas tax?

Background

Background: Vermont's Plan

- Delayed MBUF implementation from 2025 to 2027 for further research to be conducted
- Currently, EVs and plug-in hybrids pay an additional registration fee
- On January 1, 2027, Vermont will implement a mandatory MBUF for EVs using odometer readings



Background: MBUFs in Action

Hawai'i

Implemented:
July 1, 2025

Measures mileage
via odometer
readings.

[VT's current plan]

Utah

Implemented:
January 1, 2020

Option between
odometer readings
or telematics
software.

Virginia

Implemented:
July 1, 2022

Option of
telematics or
physical
mileage-tracking
device with or
without GPS.

Oregon

Implemented:
July 1, 2015

Option of odometer
photos, mileage
tracking device, or
tracking app for
compatible vehicles

Methodology

Methodology

1. Background
Research

2. Case Studies

3. In-depth
Interviews

Methodology: Background Research

- Thorough review of scholarship and policy documentation
- Interview with Vermont state government official
- Why?
 - Insight on policy context & state rationale



Methodology: Case Studies

State Comparison

VA

- Mileage Tracking Device (GPS/no GPS)
- Out of State Drivers

UT

- Odometer Inspection or App
- Geographically Similar

OR

- Multiple Tracking options
- Politically Similar

Review of Year-end Reports & Bill texts

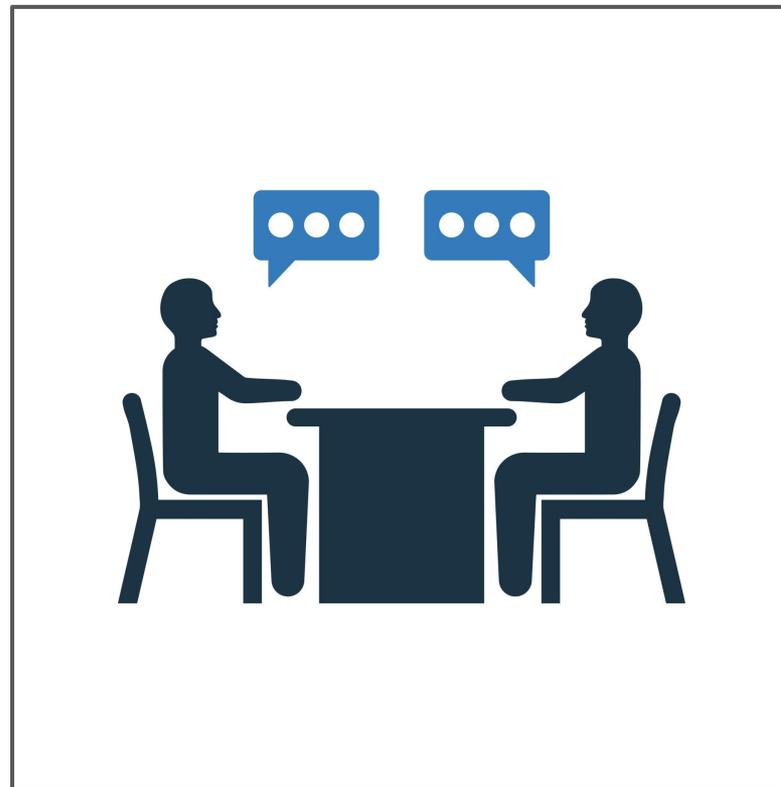
Expert Interviews with state policy officials

Why?

- Answered questions in regards to their state
- Collection of lessons learned

Methodology: In-Depth Interviews

- In-depth interviews with six Vermont EV owners.
- Assessed public opinion on MBUFs, particularly on various mileage-tracking options and privacy concerns
- Why?
 - Insight on public opinion & reactions



Results

Framework for Analysis

Implementation

Equity

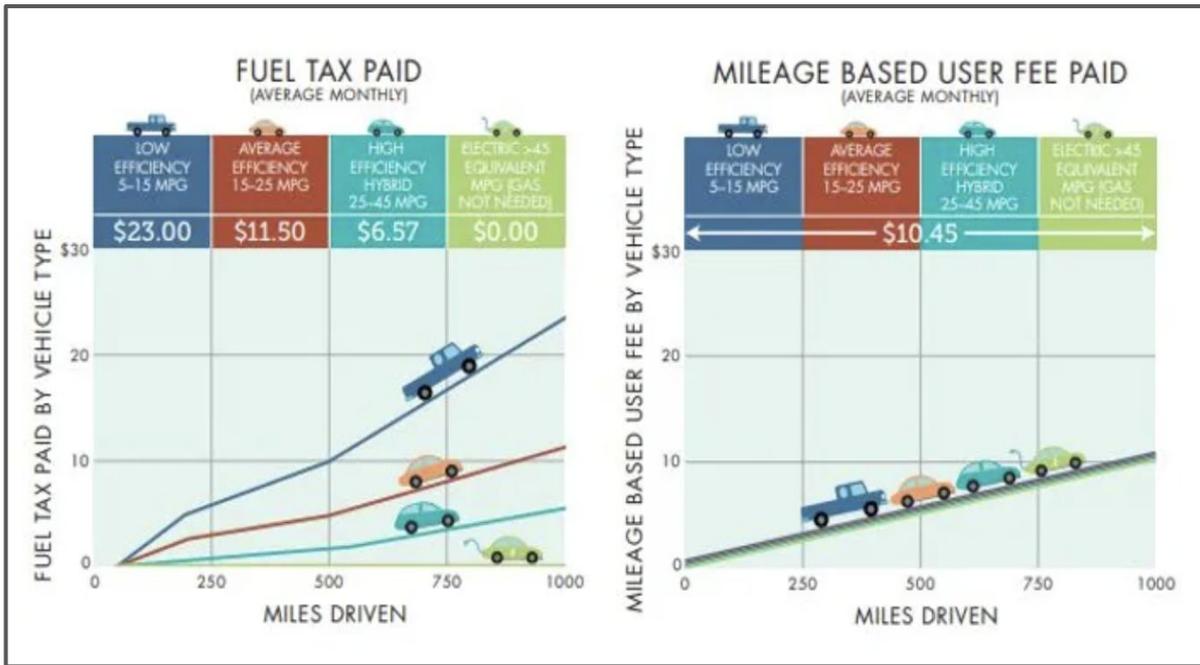
Revenue

Results: Implementation

Key Findings:

- **Privacy** → Dominant concern for drivers → “Big Brother watching us”
- **Out-of-State Miles** → Secondary concern for drivers → “I’m not gonna lose any sleep over that”
- **Administrative Burden** → Highest for telematics & plug-in devices; lowest for odometer inspections and self-reported apps
- **Fraud Risk** → Minimal across all mileage-tracking methods

Results: Equity



- MBUF considered an **equitable** fee by drivers
- **Fee cap** equal to flat additional registration fee
- Contention over taxation of out-of-state driving

Results: Revenue

State	Enrollment	Revenue	Costs
Utah	12k	\$800,000/yr	\$440,000/yr
Virginia	25k	\$1.2M/yr	\$2.4M/yr
Oregon	~700	Minimal	N/A

- Low revenue was expected
 - Low enrollment (voluntary programs)
 - High administrative costs
- Opportunities to reduce cost

Recommendations

Actionable Findings

- **Implementation:** Prioritize low-cost, high-privacy tracking (Odometer Inspection or App); avoid GPS systems and employ third-party managers cautiously
- **Equity:** Implement fee caps to ensure MBUF fees don't exceed flat fees until fee is replaced by MBUF
- **Revenue:** Avoid costly mileage tracking options and minimize third-party contract expenses for a sustainable expansion of program

Conclusion

Mileage-Based User Fees (MBUFs) provide a potential alternative fee proportional to drivers' road usage

Viable solution for **equitable** revenue generation to fund road infrastructure

Prioritize low costs, privacy, and constituent support





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[Link to Brief](#)

