



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

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### **H.479 – An act relating to the Transportation Program and miscellaneous changes to laws related to transportation**

#### **As Passed by the General Assembly<sup>1</sup>**

#### **Bill Summary**

The FY 2024 Transportation Bill (H.479) adopts and amends the State of Vermont’s annual Transportation Program and contains numerous statutory amendments and funding authorizations related to transportation. The funding authorizations included in H.479 are subject to appropriations in the Big Bill (H.494).<sup>2</sup>

The following provisions of H.479 are relevant to appropriations and revenue. However, none of these provisions have an impact to net appropriations or revenues in FY 2024.

- **Electric Vehicle Incentive Program Changes:** H.479 reallocates \$550,000 of FY 2023 one-time General Fund appropriations from Replace Your Ride to the existing e-Bike Incentive Program (\$50,000) and a newly created Electrify Your Fleet program (\$500,000). Since this modifies the allowable uses of unexpended funds that were previously appropriated in FY 2023, there is no additional fiscal impact.
- **Mileage-Based User Fee:** H.479 authorizes the design of a mileage-based user fee for battery electric vehicles to begin in 2026 but does not explicitly establish or define that fee. Therefore, this provision does not have any direct revenue impact.

#### **Overview of Fiscal Provisions**

The following sections of the bill are pertinent to appropriations and revenues:

##### **1. Adjustments to Electric Vehicle Incentive Program Funding**

Several provisions of H.479 adjust the authorized uses for unspent FY 2023 one-time appropriations for electric vehicle incentive programs without an added fiscal impact. See *Table 1*.

**Section 21** creates a new **Electrify Your Fleet** program to be administered by AOT and authorizes AOT to spend up to \$500,000 of one-time General Funds on this program.

<sup>1</sup>Link to H.479 as passed by the General Assembly: <https://legislature.vermont.gov/Documents/2024/Docs/BILLS/H-0479/H-0479%20As%20Passed%20by%20Both%20House%20and%20Senate%20Official.pdf>

<sup>2</sup> For a chart of all transportation expenditures authorized by H.479: [https://ljfo.vermont.gov/assets/Subjects/Transportation-Budget/1aa0f0bb57/FY24-Transportation-On-a-Page\\_COA.pdf](https://ljfo.vermont.gov/assets/Subjects/Transportation-Budget/1aa0f0bb57/FY24-Transportation-On-a-Page_COA.pdf)

**Section 22** authorizes \$50,000 of General Funds for the existing **e-Bike Incentive Program** (effective on passage).

**Sections 24 through 26** fund these two authorizations by reducing the FY 2023 General Fund authorizations and appropriations for the existing **Replace Your Ride** vehicle incentive program (effective on passage).

In FY 2023, \$3,000,000 of General Funds were authorized and appropriated for Replace Your Ride. The FY 2023 Budget Adjustment Act reallocated \$100,000 of unexpended appropriations from Replace Your Ride to replenish the e-Bike Incentive Program. H.479 reallocates an additional \$550,000 of unexpended FY 2023 General Fund appropriations from Replace Your Ride to the new Electrify Your Fleet Program and increases funding for the existing e-Bike Incentive Program.

*Table 1: Modifications to the FY 2023 One-Time General Fund Appropriation for Replace Your Ride\**

Incentive Program	FY 2023 As Passed	As Amended FY 2023 BAA	As Amended in H.479
<b>Replace Your Ride</b>	<b>\$3,000,000</b>	<b>\$2,900,000</b>	<b>\$2,350,000</b>
<i>Change</i>		<i>-\$100,000</i>	<i>-\$550,000</i>
<b>e-Bike Incentives</b>	<b>**</b>	<b>\$100,000</b>	<b>\$150,000</b>
<i>Change</i>		<i>+\$100,000</i>	<i>+\$50,000</i>
<b>Electrify Your Fleet</b>	-	-	<b>\$500,000</b>
<i>Change</i>			<i>+\$500,000</i>

(\*) Table reflects changes to the FY 2023 General Fund appropriation to Replace Your Ride to fund other incentive programs. Table is not a complete list of all prior appropriations to these programs.  
 (\*\*) FY 2023 As Passed made a \$50,000 appropriation of Transportation Funds to E-Bike Incentives, which is not reflected in this chart.

**Since these sections reallocate existing one-time appropriations, there is no additional fiscal impact.**

**2. Mileage-Based User Fee (MBUF)**

A Mileage-Based User Fee (MBUF) is intended to capture revenue from Vermont-registered battery electric vehicles in an amount roughly equivalent to what the average internal combustion vehicle would pay in annual Vermont State gasoline taxes and assessments.<sup>3</sup> H.479 does not create a new MBUF. Rather, it authorizes AOT to apply for and accept a grant to design a MBUF that could be collected starting on July 1, 2025, subject to future legislative approval.

**Section 27** establishes legislative intent to:

- Start collecting a MBUF from all battery-electric vehicles registered in Vermont starting on July 1, 2025.
- Starting on July 1, 2025, subject plug-in hybrid electric vehicles that are a pleasure car to an increased registration fee rather than a MBUF.<sup>4</sup>
- Work toward collecting a fee on electricity dispensed through public electric vehicle supply equipment to supplant lost gas tax revenue from electric vehicles.
- Not commence collecting a MBUF until the necessary authorizing language is codified in statute and becomes effective.

**Section 28** authorizes AOT to apply for and accept a federal Strategic Innovation for Revenue Collection grant to design a MBUF for battery electric vehicles. AOT is authorized to spend up to \$350,000 of Transportation Funds for the non-federal match in FY 2024, which is included in the proposed FY 2024 transportation budget. It is expected that additional non-federal match would be required in FY 2025, which will depend on the amount of federal funding secured from the grant.

<sup>3</sup> No explicit MBUF rate has been proposed. However, prior analysis estimated that a rate of 1.3 cents per mile, or \$150 per year, would be roughly equivalent to what the average comparable Vermont vehicle would have otherwise paid in gasoline taxes.

<sup>4</sup> The intent behind assessing a higher registration fee on plug-in hybrids is to supplant lost gas tax revenue from road usage when these vehicles are in battery-electric mode without using gas.

**Section 30** requires the Agency to file a written report with relevant legislative committees by January 31, 2024, with a comprehensive implementation plan and recommended per-mile MBUF rate. The report must also include recommended statutory language to commence collecting a MBUF on July 1, 2025, along with extensive fiscal analysis.