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Joint Fiscal Office

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Fiscal Note

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H.944 – An act relating to the fiscal year 2027 Transportation Program and miscellaneous changes to laws related to transportation

As passed by the General Assembly¹

Bill Summary

The fiscal year 2027 Transportation Bill adopts and amends Vermont’s annual Transportation Program. It contains numerous statutory amendments and funding authorizations related to transportation. The funding authorizations included in H.944 are subject to appropriations in the fiscal year 2027 appropriations bill.

Background and Details

Section 8 & 10: Mileage Based User Fee

These sections would establish a mileage-based user fee (MBUF) for battery electric vehicles (BEVs) registered in the state. The MBUF would go into effect on January 1, 2027 and BEVs would be assessed a 1.4 cent per mile fee. A vehicle’s MBUF would be assessed based on the number of miles driven during its mileage reporting period. A mileage reporting period is the time between the two most recent vehicle inspections. Vehicle odometer readings would be recorded during the inspection and reported to the Department of Motor Vehicles (DMV). Once DMV determines the number of miles a vehicle has driven, it would calculate the vehicle’s MBUF by multiplying the number of miles driven by 0.014 and send notice to the owner of the amount assessed. There would be a maximum assessment amount of \$178. Except for during the initial transition period, discussed later, a vehicle’s owner could choose from 3 different options when paying for the assessed MBUF, which are laid out below.

MBUF Payment Options

1. Lump Sum Payment

Following the conclusion of a mileage reporting period, the owner would be assessed an MBUF amount based on the miles driven during that period. The owner would then be required to pay the full amount of the MBUF at or prior to the renewal of the vehicle’s registration, the termination of the vehicle’s registration, or the sale of the vehicle.

2. Pay-as-you-go (Pay-go)

Owners would be required to self-report the number of miles driven to the DMV at times and in manners as required by the Commissioner of Motor Vehicles. Once miles have been reported, DMV would calculate and assess an MBUF. The owner would then have 30 days to pay the assessed MBUF amount. At the end of a mileage reporting period, the amount paid via the pay-go option would be

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reconciled with actual miles driven. If actual miles driven are greater than miles reported, the owner would be assessed the additional amount on their next bill; if actual miles driven are less, they would receive a credit on their next bill.

3. Flat Rate

Owners could forego being assessed an MBUF based on the number of miles driven and instead opt to pay a flat fee rate of \$178. Under the flat rate option, the owner would be assessed this fee at the beginning of each mileage reporting period. The owner would then be required to pay the full amount of the MBUF at or prior to the renewal of the vehicle's registration, the termination of the vehicle's registration, or the sale of the vehicle. Owners who opt for the flat rate option would not be required to report vehicle mileage to the DMV.

For vehicles that are being newly registered in the state, owners would be able to choose from the pay-go option or the \$178 flat fee option. Additionally, if the DMV is unable to determine the number of miles travelled by a vehicle, the owner would be assessed a default rate of \$178.

Transition

In calendar years 2027 and 2028, vehicles registering prior to completing their first mileage reporting period would be required to pay, at the time registration, a one-time road usage charge (RUC) of \$89 for a one-year registration or \$178 for a two-year registration. Once the vehicle has completed its first mileage reporting period, the assessed MBUF amount would be reduced by the amount of the RUC paid. Additionally, if a vehicle owner is not required to pay a RUC in 2027 or 2028 but instead paid the EV infrastructure fee at their most recent registration, they would receive a credit against the first MBUF assessment equal to the amount paid. Any credit remaining after the payment of the initial MBUF would carry forward to the future.

Fiscal Implications

Due to the necessity of a transition period, the variety of possible inspection and registration timelines, multiple payment options, and owner choices, a precise estimate of the fiscal impact of this program is not possible. The information provided in the following paragraphs attempts to provide a reasonable estimate of the possible fiscal impacts, but in doing so necessarily makes use of various assumptions, such as BEV adoption growth rate and the distribution of registration and inspection occurrences. Actual numbers may vary depending on individual circumstances and actions.

It is estimated that the average BEV in Vermont drives approximately 11,000 miles per year. At an MBUF assessment rate of 1.4 cents per mile, this would equate to an average MBUF of \$154 per year. In fiscal year 2027, all BEVs that register would be subject to the RUC discussed above. Assuming that there are 13,500 BEVs in Vermont and that BEV registration and inspections occur equally throughout the calendar year, in fiscal year 2027, the MBUF is estimated to generate \$600,000. In fiscal year 2028, some BEVs would be required to pay the RUC and some would have completed their first mileage reporting period and be assessed an MBUF. Revenues in fiscal year 2028 are estimated to be \$1.1 million. In fiscal year 2029, all BEVs would be paying an MBUF and revenue generated is estimated to be \$1.8 million. All revenue generated from the MBUF would be deposited into the Transportation Fund.

Under current law, once an MBUF for BEVs has been enacted, the current \$89 annual EV infrastructure fee that is paid by BEVs at the time of registration is repealed. The repeal of this fee will decrease revenues into the Transportation Fund. Estimated revenue loss is \$600,000 in fiscal year 2027, \$1.3 Million in 2028, and \$1.5 million in 2029.

<i>Table 2: Estimated MBUF Fiscal Impacts (\$ Million)</i>			
	FY 2027	FY 2028	FY 2029
MBUF Revenue	\$0.6	\$1.1	\$1.8
EV Infrastructure Fee Revenue Loss	\$(0.6)	\$(1.3)	\$(1.5)
Net Revenue	\$0	\$(0.2)	\$0.3

MBUF revenues would change in accordance with the adoption rate of BEVs in the state. Additionally, collections have the potential to fluctuate with changes in average annual vehicle miles driven. It is estimated that MBUF revenue would continue to grow as BEVs become an increasingly larger share of Vermont’s vehicle fleet.

Section 9: EV Infrastructure Fee

This section proposes to change how the revenues from the annual and biennial EV infrastructure fee on plug-in hybrid electric vehicles would be allocated. Currently, at the time of registration, plug-in hybrid electric vehicles are required to pay a \$44.50 annual or \$89 biennial EV infrastructure fee. The revenues from this fee are deposited into the Transportation Fund and then sent to the Agency of Commerce and Community Development (ACCD) to be used to increase access to EV charging infrastructure. This section proposes adjusting the process so that these revenues are no longer sent to ACCD but instead deposited into the Transportation Fund to be appropriated for general transportation purposes.

Section 23: Transportation Alternative Grant Program

This section proposes to increase the maximum amount of money that can be awarded through the Transportation Alternative Grant Program from \$300,000 to \$600,000. This section would also remove the limitation that 50% of grant funds be awarded to environmental mitigation projects and add that when choosing projects, AOT shall give preferential weighting to sand and salt shed projects and bike and pedestrian projects.

Section 24: Fiscal Year 2027 Transportation Alternative Grant Program

This section proposes that in fiscal year 2027, grants up to a maximum of \$1.2 million may be issued from the Transportation Alternatives Grant Program. In future years, the maximum grant award amount would revert to \$600,000.

Section 26: Drive Electric Vermont

This section would appropriate \$242,000 in one-time funding from the Transportation Fund to AOT for the continuation of its partnership with Drive Electric Vermont. The appropriation would be used on activities that support increased ownership and use of electric vehicles.

ⁱ The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.