VERMONT MILEAGE FEE OVERVIEW

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PREPARED FOR
Vermont General Assembly and
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April 2026

HOW VERMONT CURRENTLY FUNDS ROADS - AND WHY THAT'S CHANGING

A sustainable transportation system needs a sustainable source of revenue to continue funding roads, bridges, bike lanes/rail trails, sidewalks, public transit, electrification efforts and more. Vermont's transportation system is partially funded by the gas tax - a fee drivers pay each time they fill up at the pump. In the last decade, gas tax revenue has been declining as vehicles get more efficient, electric vehicle (EV) adoption grows, and inflation erodes the purchasing power of revenue.

Until 2025, battery electric vehicles (BEVs) did not pay Vermont road usage charges like the fuel tax. To cover this gap, the Vermont Legislature set an annual $89 fee for BEVs — but most gas and diesel vehicle owners pay twice this amount in gas taxes each year. As EV adoption grows, this gap in roadway funding contributions is expected to widen.

PROPOSED MILEAGE FEE FOR BEVS

1.4 CENTS PER MILE

Charged based on miles travelled between existing annually required inspections

MAXIMUMS & DEFAULTS

$178 cap on annual payments
$178 default fee if vehicle is not inspected with refunds based on actual miles travelled if vehicle inspected within 60 days

CURRENT FEE FOR BEVS	COMPARE TO GAS / DIESEL
$ 89	$ 154
CURRENT FLAT ANNUAL FEE FOR BEVS	AVERAGE ANNUAL STATE GAS TAX PAYMENTS

PROPOSED MILEAGE FEE PROGRAM

$154	$178
AVERAGE ANNUAL MILEAGE FEE FOR BEVS	MAX ANNUAL MILEAGE FEE FOR BEVS
11,000 MILES PER YEAR	12,700 MILES PER YEAR

SOURCE: 2023 VERMONT VEHICLE RECORDS (DMV)

Many other states (Oregon, Utah, Hawaii, Virginia, California, and others) are actively implementing or piloting mileage fees for BEVs and high efficiency vehicles, while also exploring mileage fees as a future alternative to fuel-based taxes for all vehicles.

WHY NOT KEEP THE FLAT FEE FOR BEVS?

The current $89 flat fee charges every EV owner the same amount regardless of how much they drive (someone driving 3,000 miles per year pays the same as someone driving 30,000 miles per year). This means some low mileage drivers are paying more than their fair share, and high-mileage drivers are paying less than their fair share on a per mile basis. A mileage fee charges people based on their actual driving.

WHY NOT TAX EV CHARGING STATIONS, LIKE GAS TAXES AT THE PUMP?

The State has explored this option. The main challenges are:

- 80-90% of EV charging happens at home, making it costly and difficult to meter.
- Public chargers vary in efficiency, making a per-kilowatt-hour fee inconsistent across charging stations.
- Charging per-kilowatt-hour has the same inequities as the gas tax - drivers with more efficient EVs use less electricity and pay less.
- EV efficiency is rapidly increasing, so per-kilowatt-hour fees are not a sustainable revenue source over time.

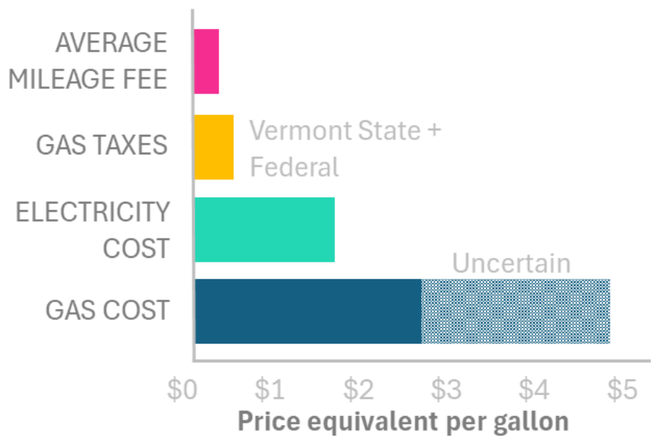
BEVS HAVE LOWER EMISSIONS - HOW DOES THIS FACTOR IN?

The gas tax was established in the 1920s when all vehicles travelled similar miles per gallon, and gallons were easier to measure and tax than actual road use. As vehicles diversified, gas taxes were less representative of road use - BEVs are just one extreme example, since they don't pay any gas taxes.

A mileage fee for BEVs is a stepping stone towards restoring the idea of paying for road use regardless of fuel type. There are other ways to account for pollution impacts in the future without eroding transportation funds.

COULD THIS DISCOURAGE EV ADOPTION?

EVs still offer substantial cost savings even with a 1.4 cent per mile fee.



EV drivers pay the electricity equivalent of $1.75 per gallon, compared to gas vehicles which deal with fluctuating gas prices (now above $4 per gallon). EV drivers also pay no federal road charges at all, which further lowers their burden relative to gas vehicles who pay federal gas taxes.

WHAT ABOUT DRIVERS WHO TRAVEL A LOT OUT OF STATE?

Odometer readings capture total miles driven, including out-of-state miles. The State expects to refine mileage reporting options as the program matures, so drivers can eventually only pay for in-state miles.

Notably, gas taxes have similar issues - even if you fill up in Vermont, you may drive out of state. No nearby states currently charge out-of-state EVs a fee, so no Vermont BEV drivers are currently at risk of double taxation.

HOW WILL VERMONT'S MILEAGE FEE WORK FOR DRIVERS?

BEV drivers won't notice much difference at first — they'll pay the usual $89 at registration. Each $89 payment is deposited as a credit in their myDMV account. After two vehicle inspections, drivers will see their first mileage fee (1st inspection provides a baseline).

MILEAGE FEE = $0.014 X (MILES DRIVEN BETWEEN INSPECTIONS)

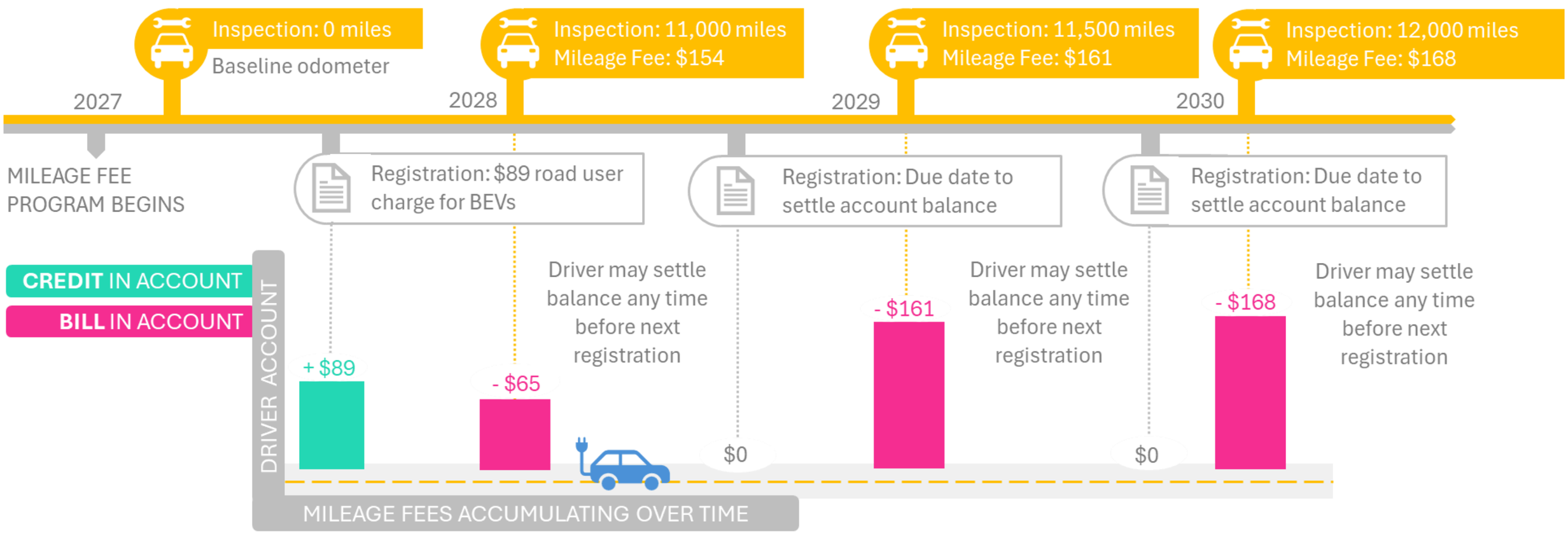
Through myDMV, drivers can track their odometer readings recorded at inspections and pay their balance at any time. Their account will show the net balance — so if a driver has paid the required $89 for their BEV at registration and then receives a mileage fee of $154 at their next inspection, their account will show a bill for $65.

Drivers can pay their mileage fee at any time in their **myDMV account**, or in person at their local DMV. Drivers can also pre-pay their chosen amount to avoid larger lump-sum bills.

All charges must be settled by the driver's next registration. Drivers can pre-pay into the system at any time to avoid larger bills at registration using one of two options:

1) **Flat fee of $178** (lump sum upfront)
2) **Pay-as-you-go (**based on self-reported miles)

HOW IT WORKS: A TYPICAL DRIVER'S EXPERIENCE

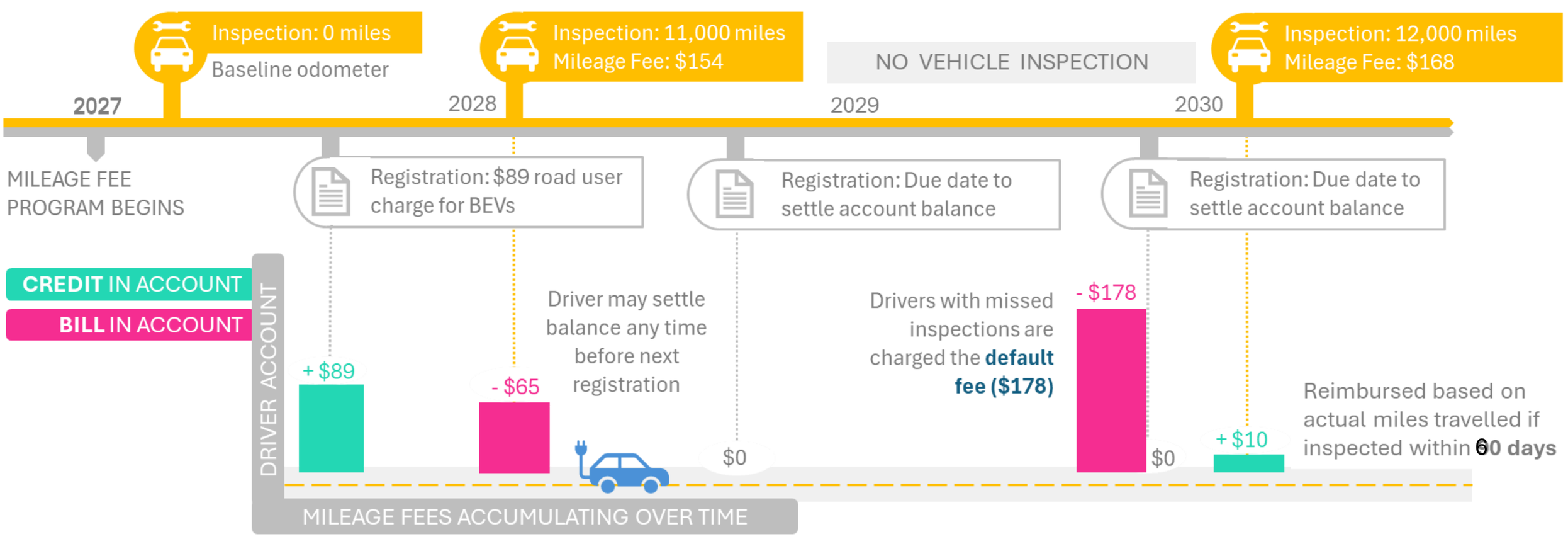


WHAT IF A DRIVER MISSES AN INSPECTION?

Drivers must pay their mileage fees before registering a car: a default fee allows them to register their car, even if they miss an inspection. Drivers will be charged a **default $178 fee.**

IS A DEFAULT FEE FAIR?

Drivers may be **reimbursed if they get a vehicle inspection within 60 days** of paying the default fee. The difference will be refunded to their account based on their actual miles travelled.



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