



DRIVE LESS. PAY LESS.



Scott Cummings
Assistant Commissioner for Finance

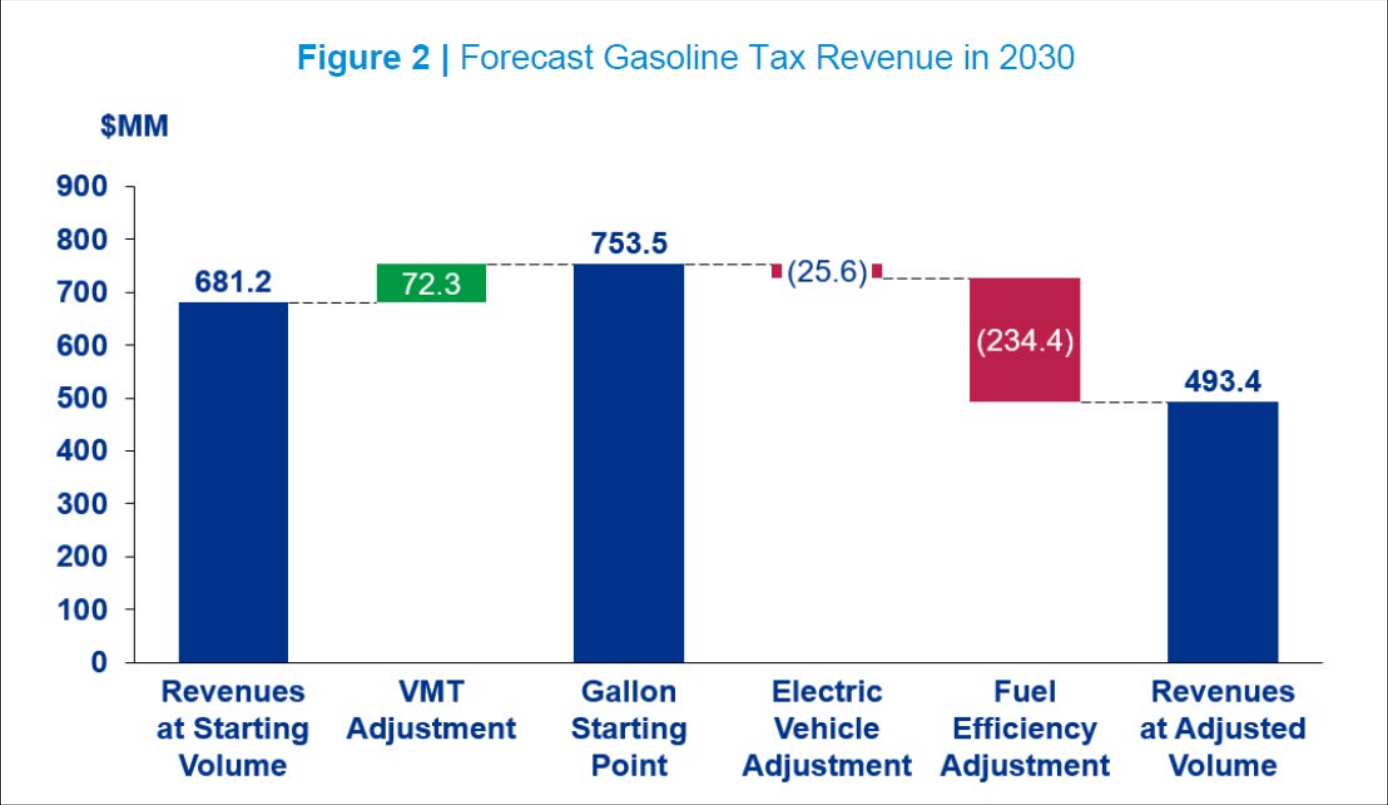


Safeguarding Lives | Securing Identities | Serving the Motoring Public | Supporting Industry Partners

Mileage Based User Fee Program

- **The history:** Taxing fuel to fund roadway maintenance began in VA in 1923
- **The problem:** Increasing vehicle fuel efficiency is eroding sustainability of transportation funding structure
 - Vehicle miles traveled increased and motor fuel tax revenue declined in FY 2018 over FY 2017
- **The response:** 2019 legislative directive for the Virginia Secretary of Transportation to lead a working group to study impact of fuel-efficient vehicles on transportation revenue

Workgroup Findings



- Projected decline in future fuels tax revenue
- Electric vehicles and hybrids, but also impact from internal combustion engine vehicles
- 2019 EPA report: new vehicle fuel economy up 29%
 - 19.3 MPG in 2004
 - 24.9 MPG in 2017
- Rate of fuel economy improvement accelerating

Transportation Funding Sustainability



December 2019

Workgroup Recommendation

Create a bridge of near-term to long-term solutions

Near-term: Increase gas tax rate, index rate to inflation, Highway Use Fee (HUF)

Long-term: Mileage-based user fee (MBUF) program

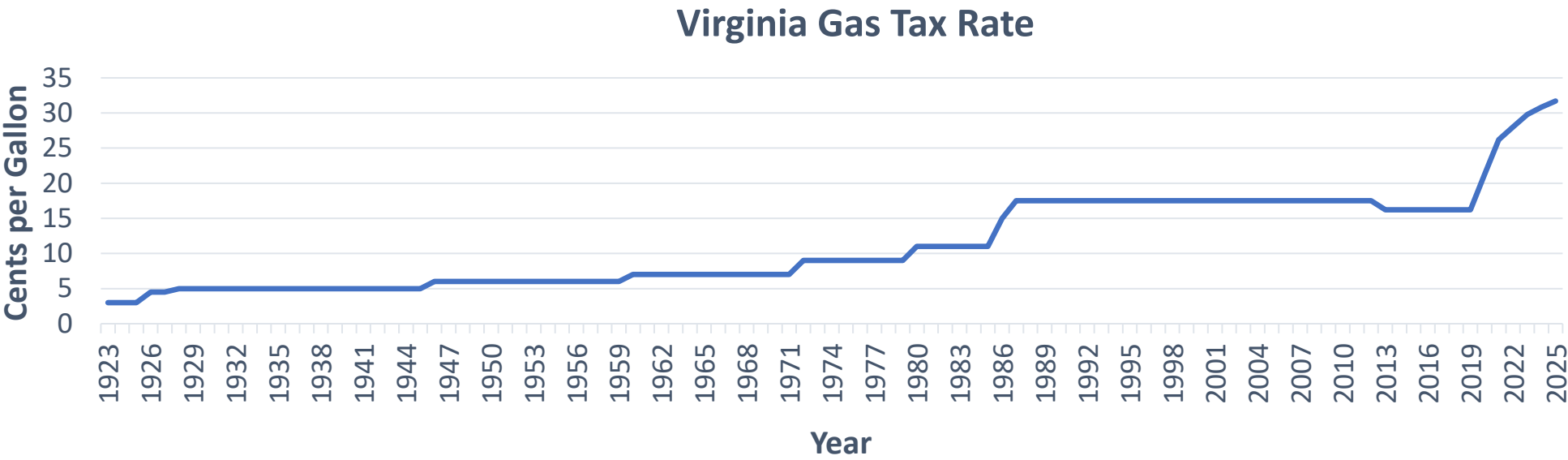
Mid-term: Gain MBUF experience through HUF paid on a per-mile basis

Senate Bill 890 / House Bill 1414

- Passed by the 2020 Virginia General Assembly
- Raised the gas tax by 5 cents a year for 2 years; indexed the gas and diesel tax to CPI annually
- Established Highway Use Fee
 - HUF calculated by comparing fuel tax payments of average vehicle in VA to those for vehicles 25 MPG or greater
- Two options:
 - Pay Highway Use Fee (HUF) in full at time of registration
 - Join the optional Mileage Choice Program and pay per mile, capped at HUF amount



Statewide Motor Fuel Tax Rates and Performance

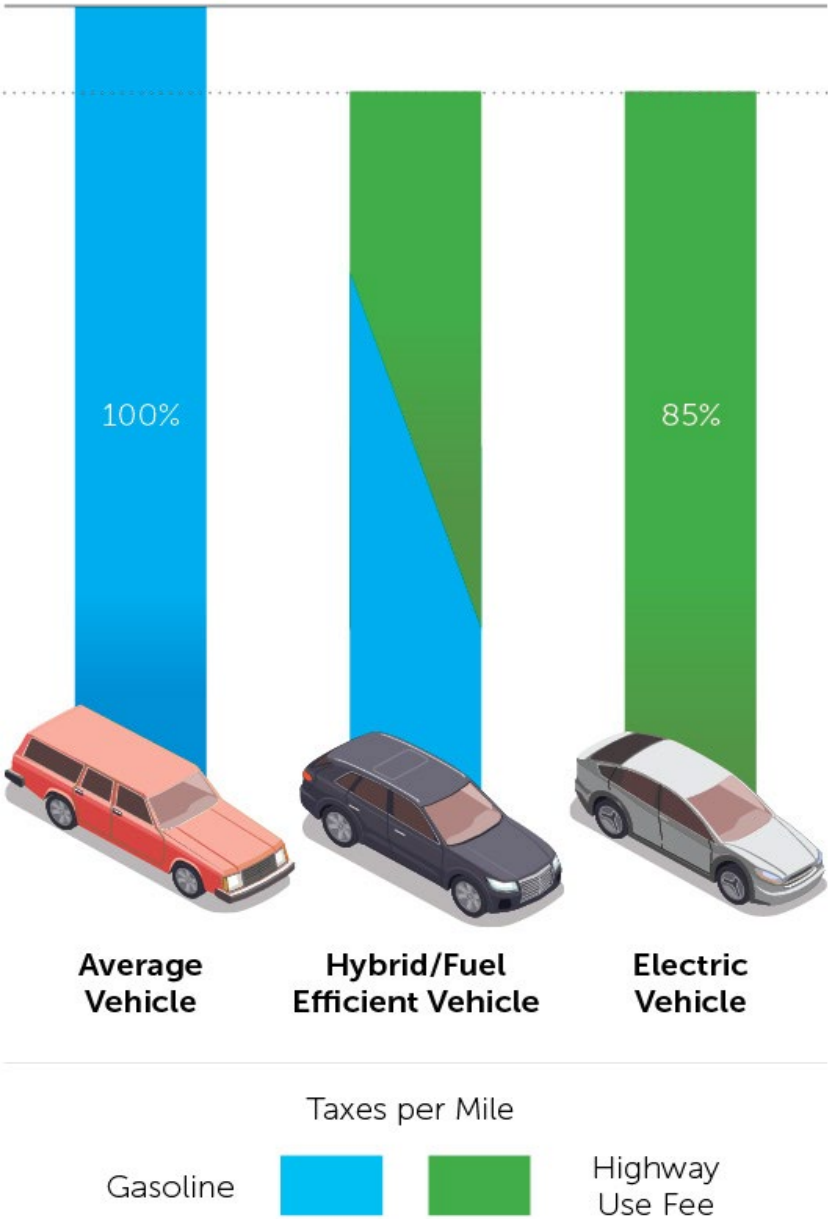


<i>(in millions)</i>	Actuals prior to legislation		Actuals since legislation					Forecast	
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Motor Fuel Tax Revenue	\$844.9	\$843.3	\$971.9	\$1,215.3	\$1,382.8	\$1,415.9	\$1,504.3	\$1,555.9	\$1,586.4
Year-to-Year change		(0.2%)	15.2%	25.0%	13.8%	2.4%	6.2%	3.4%	2.0%

Highway Use Fee

- VIN decoder determines fuel economy
- HUF tied to gas tax rate, which is indexed to inflation
- 23.7 MPG vehicle driven 11,600 miles purchases 489 gallons of gasoline
- At \$0.317 per gallon gas tax, vehicle pays \$155.16
- Fuel efficient vehicles over 25 MPG are compared against this average and assessed 85% of difference
- For FY26, fee ranges from \$6.86 to \$131.88

<i>(in millions)</i>	FY21	FY22	FY23	FY24	FY25	FY26 est.
HUF Revenue	\$43M	\$54M	\$58M	\$71M	\$91M	\$96M



Mileage Choice is a partnership



Mileage data collection is outsourced to Emovis



DMV issued RFP March 2021; awarded contract to Emovis as the Commercial Account Manager (CAM) December 2021



Customers enroll with CAM at vamileagechoice.com prior to their registration expiration



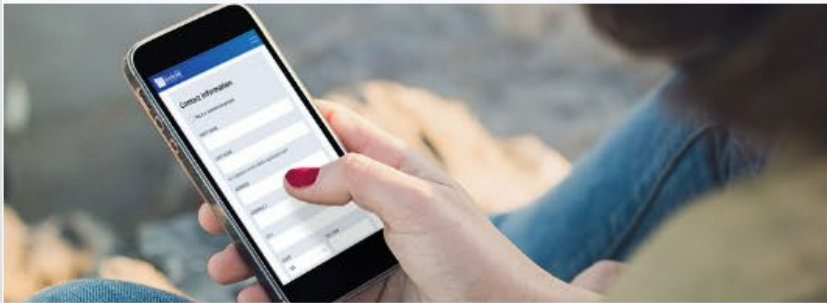
CAM interfaces with DMV to verify eligibility and receive per-mile rate, turns on participation indicator



Partnered with Eastern Transportation Coalition and FHWA for ad campaign and program support using STSFA grant funds

Signing up for Mileage Choice is easy at vamileagechoice.com

1 Sign Up



Before renewing your vehicle registration, [create an account](#) with Emovis. You will need your vehicle information and a valid credit or debit card to set up an account. Emovis will send you a device to place in your vehicle to report mileage.

[SIGN UP](#)

2 Install



When you receive the mileage reporting device, follow the directions provided by Emovis to [install](#) the device in your vehicle and fully activate your account. You will also need to download a smartphone app to record an initial odometer reading.

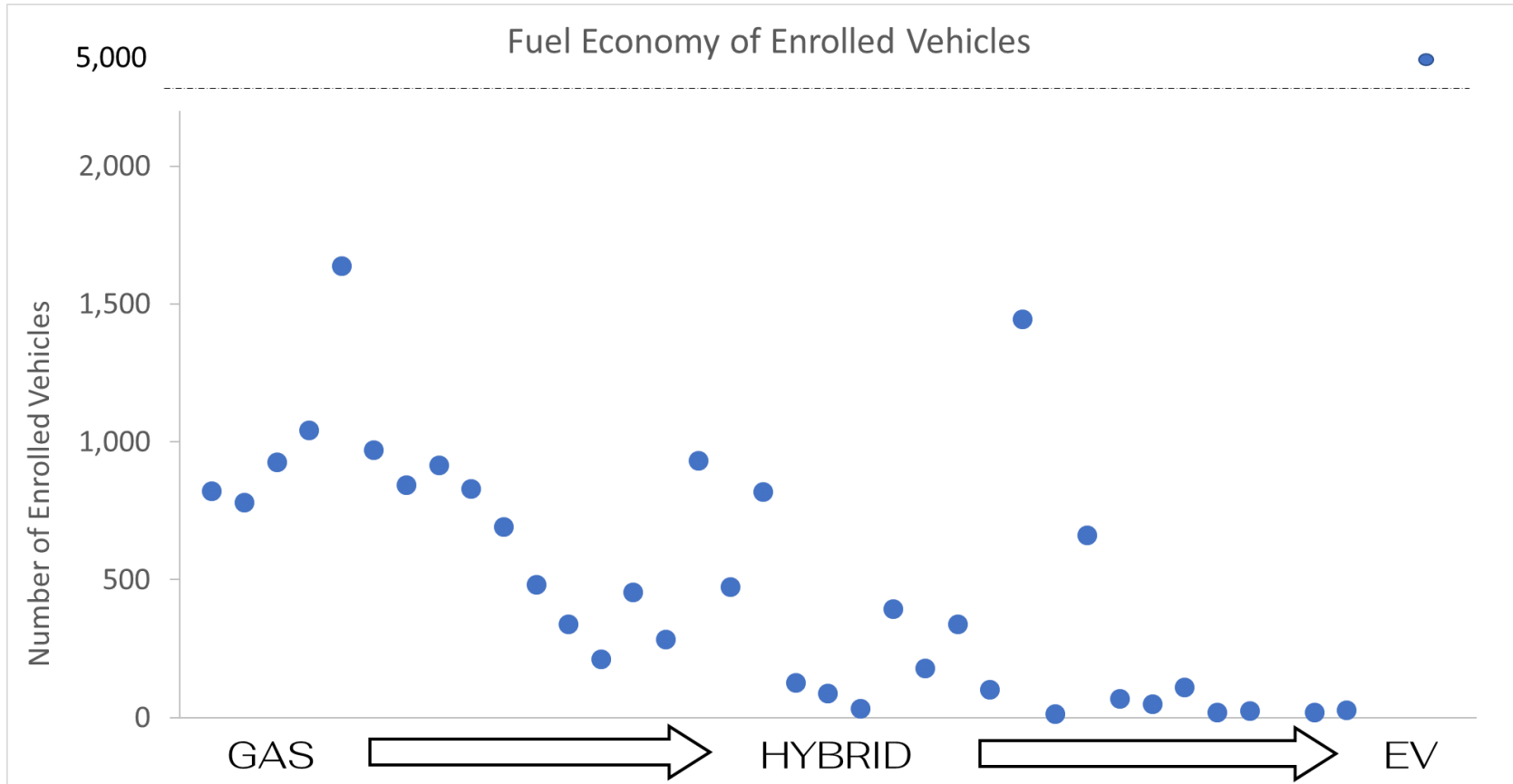
3 Drive



The miles you drive will be recorded by the device, up to the amount of the highway use fee.

- Enrollments began July 1st, 2022
- Miles began to be collected August 1st, with the first invoices processed in September 2022
- Customers can choose between OBD-II devices or in-vehicle telematics
- Non-GPS option available
- Smartphone app required

Participating Vehicles



- ~7 million registered vehicles in Virginia
- ~2M pay a highway use fee
- 23,000 participate in Mileage Choice as of June 2025
 - 20% Electric, 30% Hybrid and 50% Gasoline
- Most Mileage Choice users stayed below their HUF Cap
- 80% renew participation for another year, 71% still participating after two years



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