Virginia Mileage Choice Program

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Mileage Based User Fee Program

- 2019 legislative directive led to a working group study on affects of fuel efficient vehicles on transportation revenue
- Vehicle miles traveled increased and motor fuel tax revenue declined in 2019 over 2018
- Transportation funding sustainability study ordered
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
Workgroup Findings

Figure 8 | Forecast Gasoline Tax Revenue in 2030

- Revenues at Starting Volume: 681.2
- VMT Adjustment: 72.3
- Gallon Starting Point: 753.5
- Electric Vehicle Adjustment: (25.6)
- Fuel Efficiency Adjustment: (234.4)
- Revenues at Adjusted Volume: 493.4
Workgroup Findings

- Sustainable funding program requires bridge of near-term solutions while longer-term solutions are created
  - Near term: increase gas tax rate, index rate to inflation, Highway Use Fee
  - Long-term: Mileage-based user fee program
House Bill 1414

• Passed by the 2020 General Assembly
• Established Highway Use Fee which is a calculation to capture unpaid fuels tax revenue for fuel efficient vehicles
  – Collected at vehicle registration
• Compares fuel tax payments of average vehicle in VA to those for vehicles 25 MPG or greater
  – VIN decoder determines fuel economy for registered vehicles
• Tied to gas tax rate, which is indexed to inflation
Highway Use Fee

- 23.7 MPG vehicle driven 11,600 miles purchases 489 gallons of gasoline
- At $0.280 per gallon gas tax, vehicle pays $137.05
- Fuel efficient vehicles over 25 MPG are compared against this average and assessed 85% of difference
- Fee ranges from $6.06 to $116.49
Highway Use Fee

• About 1.7M vehicles eligible out of 6.8M registered vehicles
• FY 21, HUF collections totaled $41.7M
• FY 22 revenue will be over $53M
Voluntary Mileage Based Program

• Alternative to annual payment for highway use fee at vehicle registration
• Vehicle owners may opt to pay throughout the year for actual miles traveled
• Per-mile rate equals the vehicle’s Highway Use Fee divided by 11,600
  – Maximum mileage based charge is capped at highway use charge
Mileage Choice Program

• Voluntary program branded as Mileage Choice
Commercial Account Manager

• Mileage data collection requires outsourcing
• DMV issued RFP March 2021; awarded contract to Emovis as the Commercial Account Manager (CAM) December 2021
• Customers will enroll with CAM at vamileagechoice.com beginning July 1, 2022, prior to their registration expiration
• CAM interfaces with DMV to verify eligibility and receive per-mile rate
Virginia’s Mileage Choice Program
Coming in July

Save Money with the Mileage Choice Program

Virginia’s Mileage Choice Program is a voluntary option for drivers who pay a highway use fee. Instead of paying the highway use fee all at once, you pay on a per-mile basis. You only pay for the miles you drive, so if you drive less, you pay less. And, if you end up driving a little more, you never pay more than your annual highway use fee.

Drivers can sign up on this website beginning July 1, 2023. In the meantime, visit dmvNOW.com/VAMileageChoice for more information.
Implementation

- Prepaid wallets tied to customer credit cards
- Program uses OBD II devices and in-car telematics
- Non-GPS enabled devices for drivers preferring miles not locations recorded
  - Virginia’s program does not discount out-of-state miles
- Security and privacy paramount; additional provisions for the *Code of Virginia* will take effect on July 1, 2022
  - Data only released for program operation purposes
Phased Enrollment

- HB 1414 authorizes DMV to limit participation for four years
- Initial participation will be available for vehicle registration renewals
- New vehicle purchases to become available when an additional system module allows simultaneous registration with DMV and enrollment at purchase
Education and Outreach

- Partnering with Eastern Transportation Coalition
- Focusing on potential participant groups and testing public response to messaging
Vamileagechoice.com

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