

Virginia's Mileage Choice Program



Scott Cummings

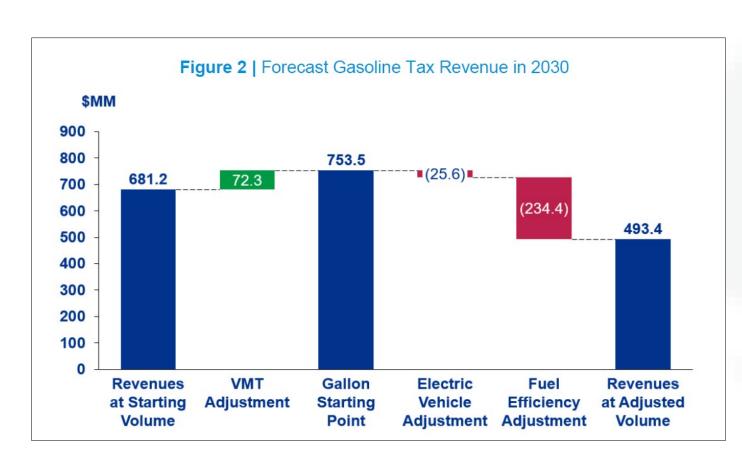
Virginia Department of Motor Vehicles

Origin of the Mileage Choice Program in Virginia

- 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 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

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

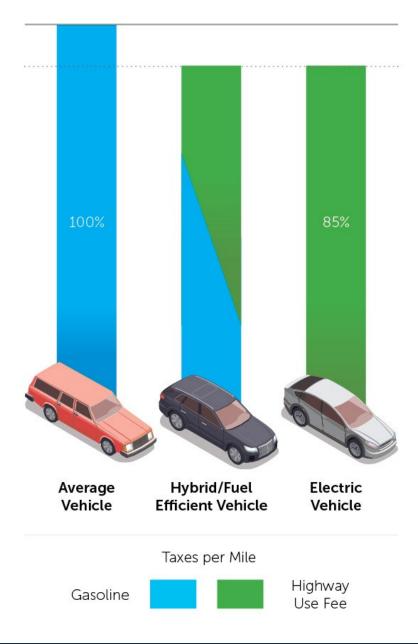


House Bill 1414

- Passed by the 2020 General Assembly
- Established Highway Use Fee <u>and</u> optional Mileage Choice Program
- HUF calculated by comparing 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
- Two options:
 - -Highway Use Fee (HUF) is due in full at time of registration
 - Join the Mileage Choice Program and pay per mile, capped at HUF amount







Highway Use Fee

- 23.7 MPG vehicle driven 11,600 miles purchases 489 gallons of gasoline
- At \$0.298 per gallon gas tax, vehicle pays \$145.86
- Fuel efficient vehicles over 25 MPG are compared against this average and assessed 85% of difference
- For FY24, fee ranges from \$6.45 to \$123.98

FY21	FY22	FY23	FY24 est.
\$42M	\$54M	\$65M	\$72M



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

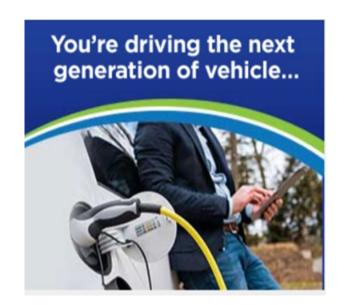


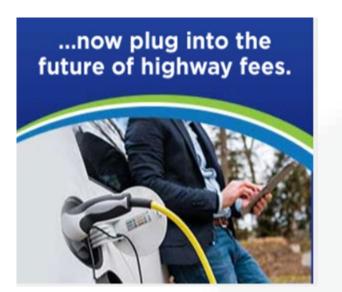
CAM interfaces with DMV to verify eligibility and receive per-mile rate, turns on participation indicator



Partnered with Eastern Transportation Coalition for a digital ad campaign using federal grant funds









Education and Outreach

- Focused on potential participant groups and tested public response to messaging
- Targeted retirees, transit users, environmentalists, remote workers
- Add messages about climate, innovation, saving money, equity
- All topics resonated with all users equally



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.

Signing up for Mileage Choice is easy at vamileagechoice.com

- 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

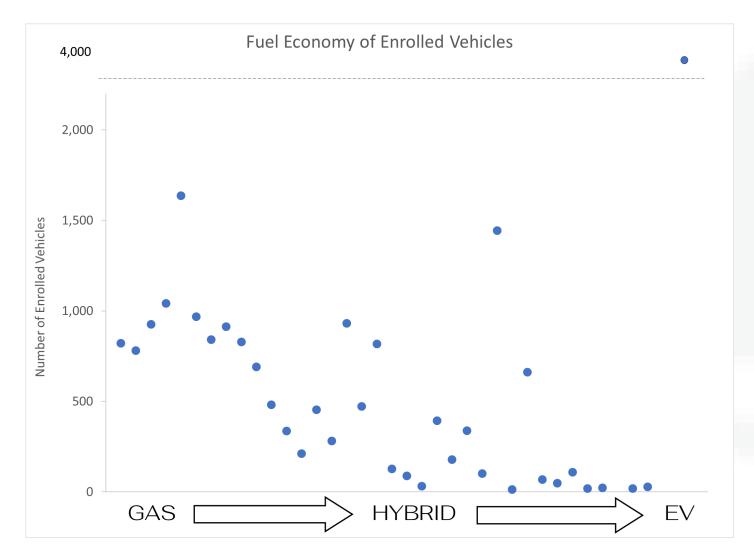


Privacy Provisions

- Security and privacy paramount; enabling legislation directed DMV-led working group for PII protection
- Existing provisions covered DMV data
- Additional provisions for the Code of Virginia took effect on July 1, 2022
 - Data only released for program operation purposes



Participating Vehicles



- ~7 million registered vehicles in Virginia
- ~2M pay a highway use fee
- 21,000 participate in Mileage Choice as of December 1, 2023
 - -20% Electric, 30% Hybrid and 50% Gasoline



Results from our first full-year cohort August 2022 – August 2023

Preliminary findings:

Most Mileage Choice users stayed below their HUF Cap Over 80% renewed participation for another year

Per-Mile Payments	August 2022 Volume	Percentage
Met cap and paid 100% of HUF	171	12%
Saved less than 10% of HUF	57	4%
Saved between 10% and 50% of HUF	484	34%
Saved between 50% and 100% of HUF	693	49%



Next Steps – New Car Purchases

- Currently only renewing vehicles are eligible to participate
- New cars require dual enrollment/registration
- DMV has authority to limit participation for four years





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