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
- Rate of fuel economy improvement accelerating
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 and 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
• 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

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<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24 est.</th>
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<tbody>
<tr>
<td>Gasoline</td>
<td>$42M</td>
<td>$54M</td>
<td>$65M</td>
<td>$72M</td>
</tr>
<tr>
<td>Highway Use Fee</td>
<td></td>
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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
• 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
Signing up for Mileage Choice is easy at vamileagechoice.com

- Enrollments began July 1st, 2022
- Miles began to be collected August 1st, 2022, 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

<table>
<thead>
<tr>
<th>Per-Mile Payments</th>
<th>August 2022 Volume</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Met cap and paid 100% of HUF</td>
<td>171</td>
<td>12%</td>
</tr>
<tr>
<td>Saved less than 10% of HUF</td>
<td>57</td>
<td>4%</td>
</tr>
<tr>
<td>Saved between 10% and 50% of HUF</td>
<td>484</td>
<td>34%</td>
</tr>
<tr>
<td>Saved between 50% and 100% of HUF</td>
<td>693</td>
<td>49%</td>
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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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