



**DRIVE LESS. PAY LESS.**



Scott Cummings  
Assistant Commissioner for Finance

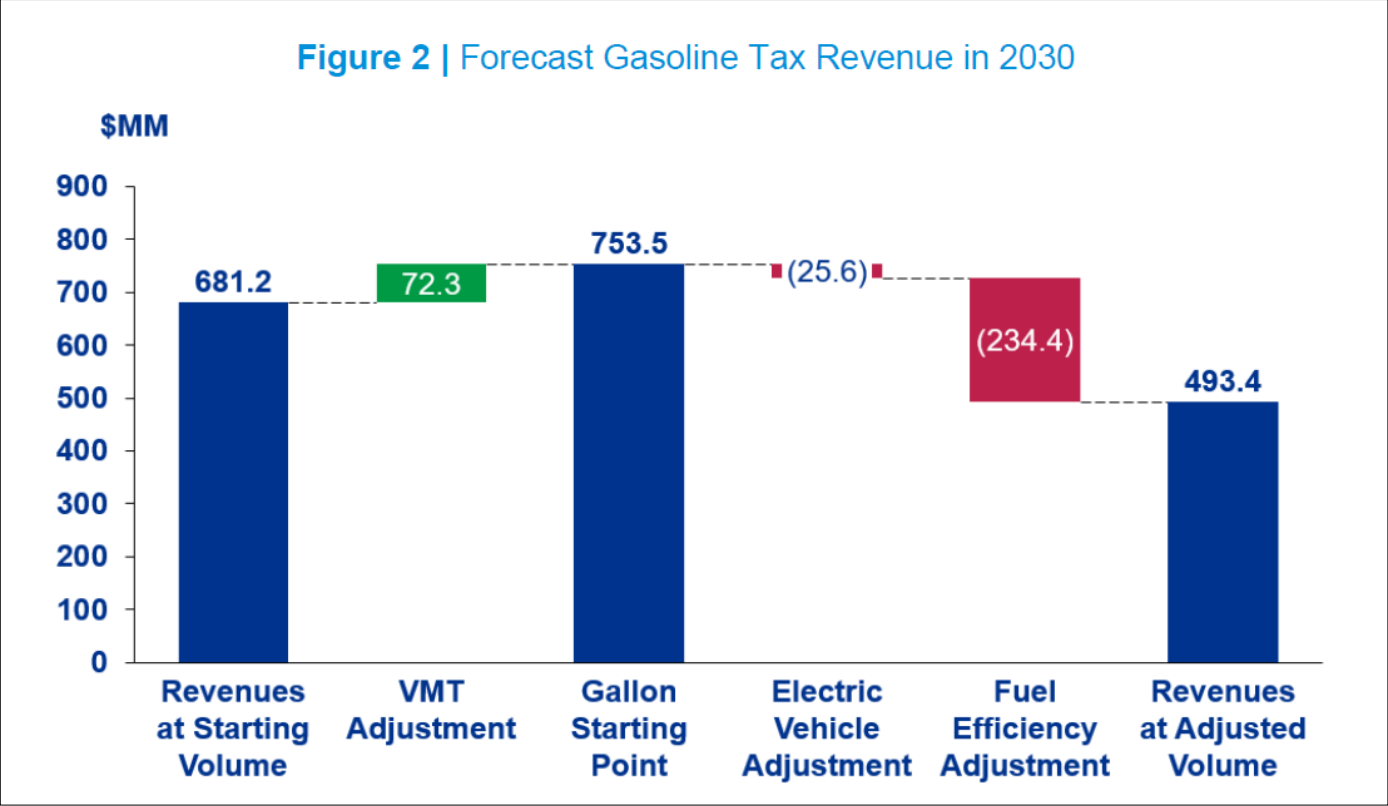


Safeguarding Lives | Securing Identities | Serving the Motoring Public | Supporting Industry Partners

# 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

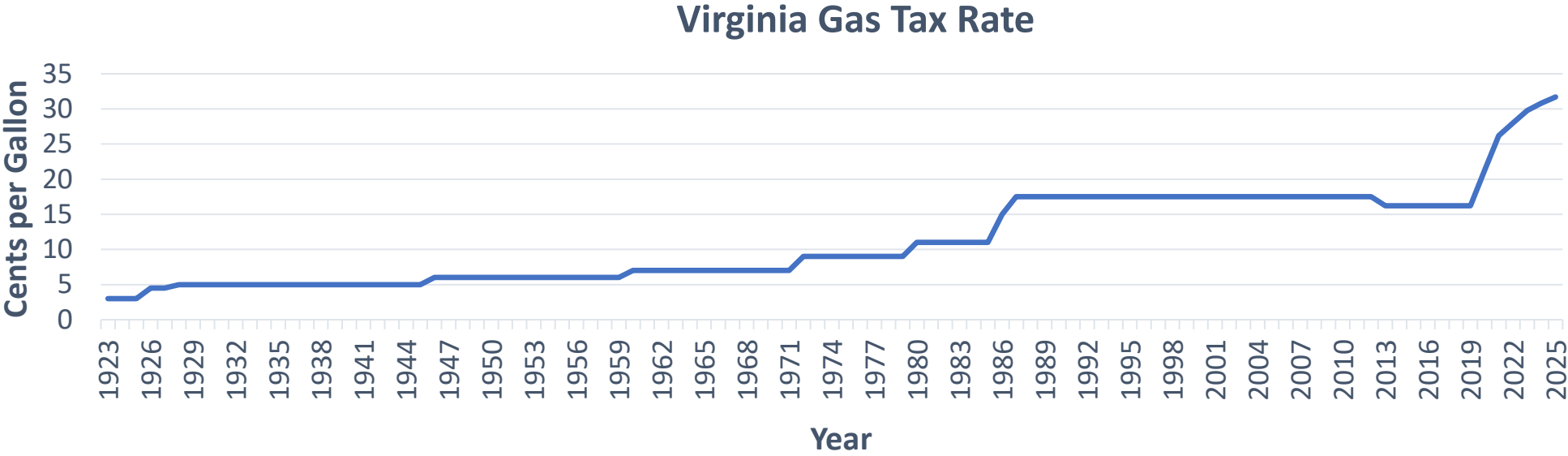


## Senate Bill 890 / House Bill 1414

- 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

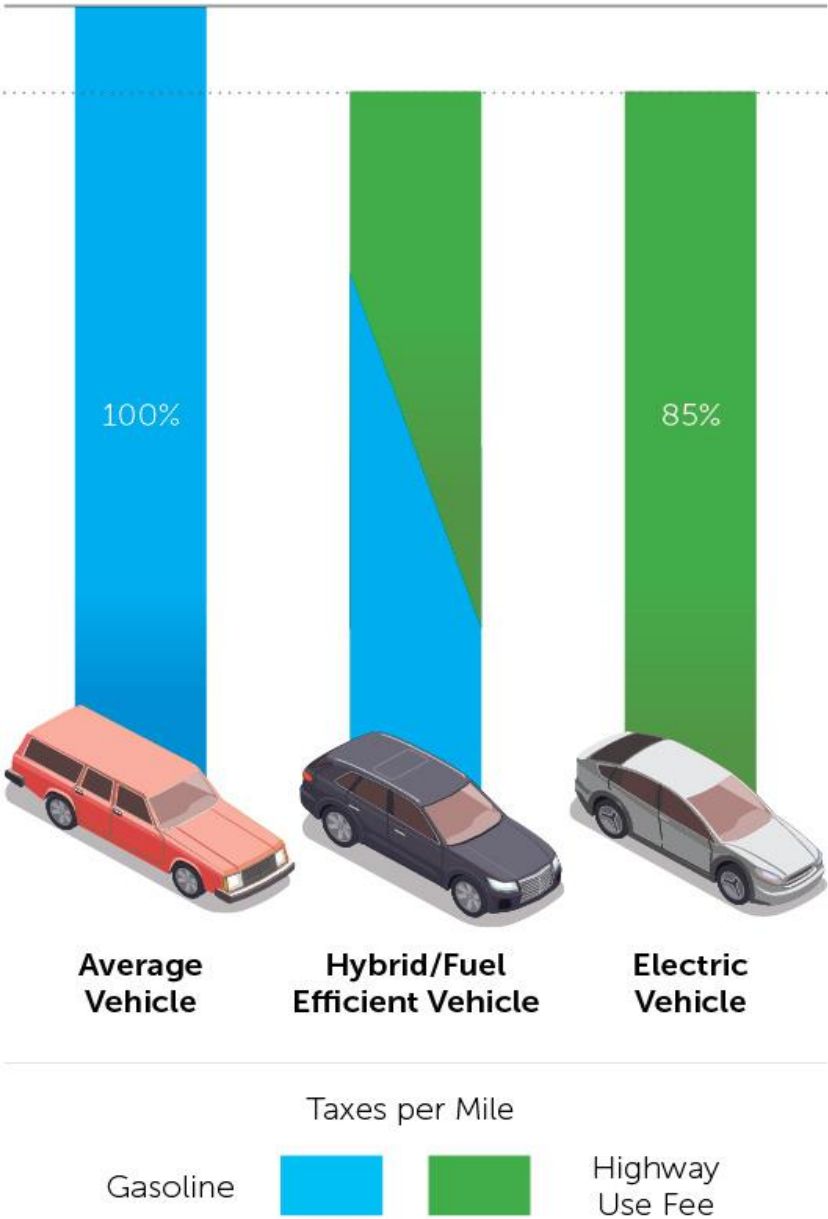


<i>(in millions)</i>	Actuals prior to legislation		Actuals since legislation					Forecast	
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Motor Fuel Tax Revenue	\$844.9	\$843.3	\$971.9	\$1,215.3	\$1,382.8	\$1,415.9	\$1,504.3	\$1,555.9	\$1,586.4
Year-to-Year change		(0.2%)	15.2%	25.0%	13.8%	2.4%	6.2%	3.4%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



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

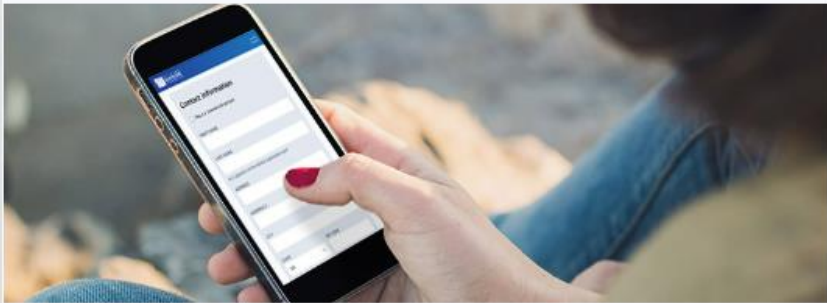


Partnered with Eastern Transportation Coalition and FHWA for ad campaign and program support using STSFA grant funds



# Signing up for Mileage Choice is easy at [vamileagechoice.com](https://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.

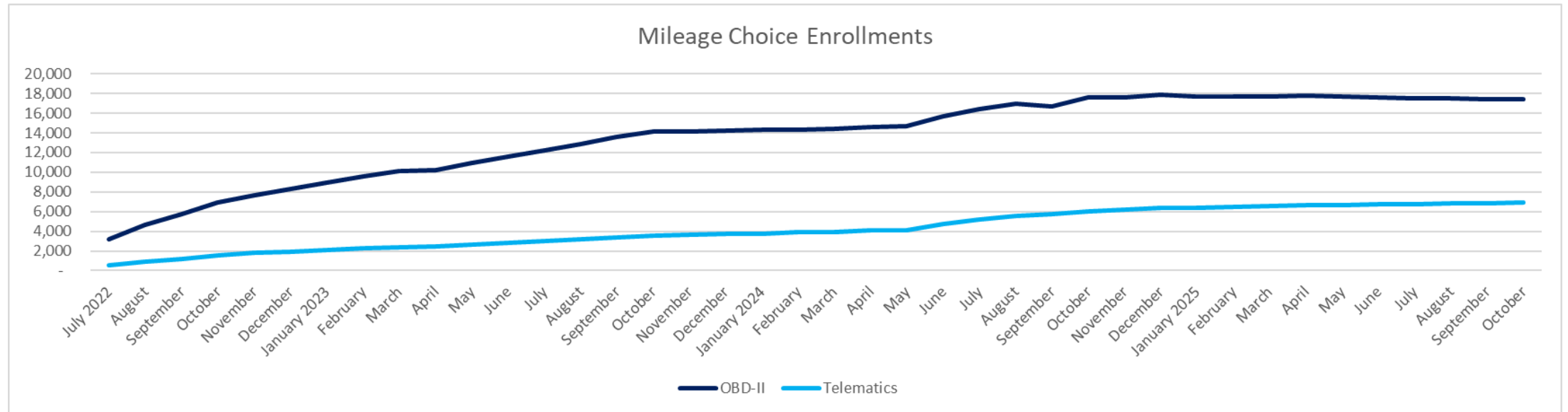
## 3 Drive



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

- Enrollments began July 1<sup>st</sup>, 2022
- Miles began to be collected August 1<sup>st</sup>, 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

# Mileage Choice Participation



- ~7 million registered vehicles in Virginia
- ~2M pay a highway use fee
- 25,000 (1%) participate in Mileage Choice as of December 2025
- 75% OBD-II device, 25% vehicle telematics

[illegible]

- VADMV**



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