



# Virginia Mileage Choice Program

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Department of



Motor Vehicles

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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 over 2018.

# Workgroup Findings

- Loss in fuels tax revenue due to increase in
  - Electric and hybrid vehicle usage
  - Fuel economies of traditional engines
- Newer vehicles pay less tax despite driving habits remain the same
  - 2012 sedan (23 mpg) replaced with 2022 model (33 mpg) reduced tax by one-third



# House Bill 1414

- Passed by the 2020 General Assembly
- Established Highway Use Fee which is a calculation to capture lost fuels tax revenue for fuel efficient vehicles
  - Collected at vehicle registration
  - Compares fuel economy of average vehicle in VA to fuels tax payments for vehicles 25 mpg or greater

# Highway Use Fee

- 23.7 MPG vehicle driven 11,600 miles purchases 489 gallons of gasoline
- At FY22 rate of \$0.262 per gallon, vehicle pays \$128.24 in gas taxes
- 85% is \$109.00
- Fuel efficient vehicles compared against this average and assessed difference
- FY 21, 1.9M transactions paid \$41.7M





# 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
  - Maximum mileage based charge is capped at highway use charge

# Mileage Choice Program

- Branded the voluntary program as Mileage Choice



# Vendor Partner

- Mileage data collection requires outsourcing
- DMV issued RFP March 2021; awarded contract December 2021
- Emovis operates similar programs in Oregon and Utah
- Program will use OBD II devices and in-car telematics



# Implementation Planning

- 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* are pending

# 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 to use grant funding
- Hired communications firm Signal for marketing campaign
- Focusing on potential participant groups and testing public response to messaging

# Questions?

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