

TETC MBUF Newsletter - May 2022

MILEAGE-BASED USER FEE EXPLORATION

Connecting for Solutions

Entering Our Next Phase of MBUF Work



We are off and running on our fourth phase of Surface Transportation System Funding Alternatives Program (STSFA) mileage-based user fee (MBUF) work!

In this phase, we'll build on findings from our [2020-2021 MBUF work](#) to explore the potential impacts of MBUF in Eastern states, and help policymakers find a transportation funding solution that is equitable for all road users.

Our 2022 phase of work includes the following key components:

- **Expanding National Truck Pilot lasting from June to November, including:**
 - Additional vehicle types (weight, configuration) and to incorporate pilot vehicle(s) for cross-border/international travel (Canada).
 - Continued work with the Motor Carrier Working Group exploring commercial vehicle MBUF rate-setting based on registered weight.
 - A Proof of Concept with the International Fuel Tax Agreement (IFTA) to examine existing frameworks such as IFTA and International Registration Plan (IRP) for reporting under an MBUF.
- **Passenger Vehicle Pilots lasting from June to October, including:**
 - General Public Pilots in New Jersey and North Carolina to add the public's voice to these state MBUF studies.
 - Technology Pilots in Delaware and Pennsylvania to test in-vehicle telematics and leveraging existing agency programs to move MBUF forward.
- **Per-Mile Rate Setting** focusing on the financial and policy considerations for Pennsylvania, New Jersey, and North Carolina. This work is being led by Mercator, a firm of subject matter experts providing financial advisory, policy analysis, and strategic consulting insights.
- **Equity Analysis** to explore impacts of MBUF on various geographic locations, income groups, and racial demographics.
- **Peer Exchange Workshop** to provide a closed-door conversation with states that have implemented MBUF programs.
- **Synergies and Approaches**, including coordination with IFTA, North Carolina Turnpike, and Transurban to explore how MBUF implementation can maximize efficiencies.
- **Education and Outreach** through the use of targeted, state-specific marketing and presentation materials to external shareholders. This work includes:
 - Message testing to identify successful outreach strategies for Virginia's Mileage Choice Program.
 - An outreach campaign in Pennsylvania to build awareness about MBUF.
 - Additional state-specific outreach and targeted materials.
 - Continued public opinion surveys, pilot surveys, and pilot focus groups.
- **MBUF Steering Committee** to offer guidance from industry experts and stakeholders.

In the coming months, look for updates about this latest phase of MBUF work in our [Newsroom](#).

Just the Facts: Busting Myths About MBUF

Rate Setting and MBUF

As policymakers work to balance transportation funding needs with environmental goals, many wonder: Should the fuel tax be replaced with an MBUF, and should the per-mile rate be based on a vehicle's fuel economy?



To better understand how fuel economy-based rate-setting affects drivers, we performed a tiered rate analysis in the 2020-2021 National Truck Pilot and State Passenger Vehicle Pilot. Each pilot based rates on four tiers of fuel economy: zero or very low, low, average, or high. We found that tiered rates based on MPG can result in drastically different charges for vehicles with similar—or even identical—fuel economies. This could mean annual MBUF differences of as much as \$27 for passenger vehicles and \$11,300 for commercial vehicles explored in the study.

A tiered rate structure that charges lower per-mile rates on more fuel-efficient vehicles could also cause lower income households and rural drivers to pay more in MBUF than they currently do in fuel tax, as these drivers tend to drive less fuel-efficient vehicles. Similarly, small, independently-owned truck fleets could also be negatively impacted if they are unable to purchase newer and more fuel-efficient trucks.

Our current phase of work will continue to study this topic by exploring effective and equitable rate-setting for both passenger vehicles and commercial vehicles. In the meantime, learn more about our 2020-2021 tiered rate analysis in our [Newsroom](#).

[Read about the 2020-2021 tiered rate analysis](#)

Member Spotlight

Vermont Agency of Transportation



Like many states across the country, Vermont is experiencing a fleet change to more electric vehicles (EVs) and plug-in hybrid vehicles (PHEVs). While this shift aligns with the state's climate change goals to reduce emissions in the transportation sector, more EVs and PHEVs means less fuel tax revenue and a greater need for alternative transportation funding strategies.

To address this need, the Vermont Agency of Transportation (VTTrans) formed a Road Usage Charge Advisory Committee made up of high-level government officials and stakeholders. The committee studied three possible transportation funding alternatives to the fuel tax for EVs and PHEVs:

1. Annual Flat Fee (*fixed fee for EVs and PHEVs that would be paid annually*). The committee examined potential flat fees of \$117 (*based on the 50th percentile of miles driven by Vermonters*) and \$260 (*based on the 90th percentile*).
2. Mileage-Based User Fee, or MBUF (*per-mile fee based on actual distance traveled*). The miles traveled would be collected either (a) via odometer readings during annual vehicle inspections or (b) using location-reporting on-board devices.
3. Per Kilowatt Hour Fee (*fee based on amount of electricity used at a public charging station*). In this scenario, out-of-state drivers would be charged a per-kilowatt hour fee on top of a base charging rate.

In addition to performing research and modeling for the three scenarios, the committee gathered feedback from stakeholder groups throughout the state via online public meetings, an online survey, and interviews.

As a result of their work, the committee recommended using an MBUF collected during annual inspections (Option #2a) to address transportation funding needs as the fleet becomes more electric. To prepare for that future, VTTrans is examining how to design and test an odometer-based MBUF system. However, the timing of next steps is guided by the Vermont Climate Action Plan, which recommends an MBUF should not begin until EVs comprise 15% of vehicles sales in Vermont (forecasted by 2025).

Learn more about the VTTrans study in the committee's [full report](#) and come to the [Road User Charging \(RUC\) Americas Conference](#) in June to hear VTTrans Director of Policy Michele Boomhower speak about their findings.

[Read the Report](#)

[Register for RUC Americas](#)

MBUF Across the Country

The Coalition in the news, plus how states and feds are dealing with carbon emissions and higher fuel prices



- **The Coalition was among seven leading road usage charge (RUC) organizations who built the program for the IBTTA [Road Usage Charging and Finance Conference](#).**
 - The conference was held May 15-17, 2022 in Denver, CO, with Coalition representatives presenting in three panels
 - Representatives from all RUC systems and STSFA pilots attended the conference
- **Catch the replay of Café IBTTA's [Women in RUC panel](#), featuring four accomplished leaders in RUC:**
 - Maureen Bock, Chief Innovation Officer at the Oregon Department of Transportation
 - Reema Griffith, Executive Director of the Washington State Transportation Commission
 - Lauren Prehoda, Road Charge Program Manager at the California Department of Transportation (CALTRANS)
 - Patricia Hendren, The Eastern Transportation Coalition Executive Director
- **The Pennsylvania Department of Transportation (PennDOT) is working with the state's legislative body to draft MBUF legislation.**
 - As discussed in this [Pittsburgh Post-Gazette article](#), the legislation would aim to allow drivers of electric and highly fuel-efficient vehicles to equitably contribute to transportation funding.
 - Melissa J. Batula, PennDOT's acting executive deputy secretary, said she is optimistic a bill can be introduced this summer.
 - The effort builds on Governor Tom Wolf's goal of phasing out Pennsylvania's gas tax.
 - In the future, Coalition Executive Director Patricia Hendren hopes more comfort with MBUF public outreach and how drivers in Coalition pilots grew more comfortable with MBUF mileage reporting devices over the course of the pilot.
- **[CCJ video](#) reviews National Truck Pilot from Phase 3 and what to expect for trucks in Phase 4.**
- **Virginia's [Mileage Choice Program](#) to begin on July 1, 2022.**
 - The voluntary program will allow drivers of electric, hybrid, or fuel-efficient vehicles to save money by paying for actual miles driven instead of the up-front highway use fee.
- **Louisiana [has announced legislation](#) to introduce an MBUF for electric and hybrid vehicles.**

Questions or Comments:

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