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MBUF In Action:

Spotlight: Virginia Mileage Choice Program

In 2020, the Virginia General Assembly introduced a voluntary mileage-based user fee (MBUF) program, known as the Mileage Choice Program, which went into effect on July 1, 2022. Virginia was the third state in the U.S. to enact an MBUF program. The Virginia General Assembly instituted this program to help make up for the revenue shortfall as more drivers switch to fuel-efficient and electric vehicles and buy less gas.

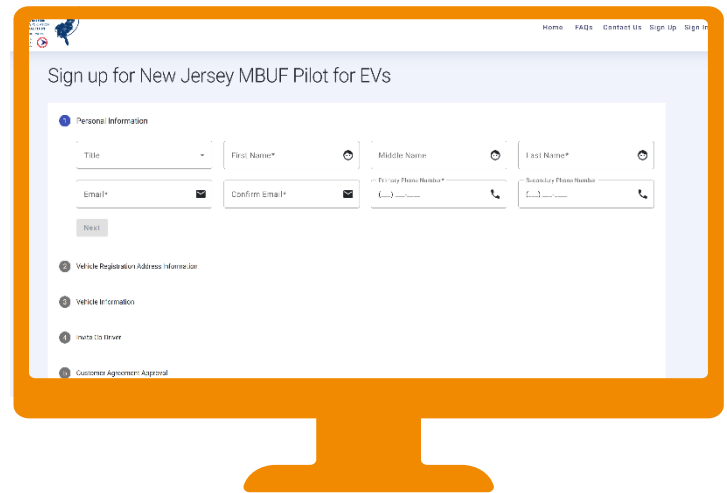


Virginia's Mileage Choice Program is a voluntary option for fuel efficient (≥ 25 mpg) and electric vehicles to pay their Highway Use Fee (HUF) on a per-mile basis instead of an annual fee at the time of registration renewal. Drivers who choose to pay per mile are assured that the total amount owed depending on the miles driven will be capped at the amount they would have paid under the annual flat rate. The Virginia Department of Motor Vehicles (DMV) administers the Mileage Choice Program. Mileage is reported via in-vehicle telematics or OBD-II plug-in devices provided by Emonis.

In 2022, Virginia DMV partnered with The Eastern Transportation Coalition (Coalition) for a digital ad campaign and message testing to build awareness for the Mileage Choice Program prior to launch. The campaign focused on potential participant groups and tested public response to messaging themes, such as saving money, using innovative technology, helping the environment, and contributing to road improvements. Today, The Coalition is helping Virginia with a digital ad campaign informed by surveys and focus groups to help expand enrollment in the program. Over 30,000 vehicles were enrolled in the program as of December 2024. Virginia's success with this program will be valuable to inform other states when launching MBUF programs in the coming years. To learn more, visit www.dmv.virginia.gov/vehicles/taxes-fees/mileage-choice.

TETC Continuing to Drive Change: Spotlight: New Jersey MBUF Pilot for Electric Vehicles

The Coalition has partnered with the New Jersey Department of Transportation (NJDOT) to launch an MBUF Pilot specifically for electric vehicle (EV) owners in New Jersey. The pilot study officially kicked off on October 1, 2024 and has already seen an enthusiastic response from the community. Within the first two weeks, 105 participants enrolled, surpassing our initial expectations! Participants in the pilot have several mileage-reporting options to choose from: odometer capture, GPS smartphone app, in-vehicle telematics, and OBD-II plug-in device.



During the four-month pilot, participants will receive a monthly mileage report. This report will compare the MBUF and the new annual EV fee, which is set at \$250 from July 1, 2024, through June 30, 2025. An MBUF is a potential option to replace both the annual EV fee and the state fuel tax. This means that all drivers, no matter the vehicle type, would contribute to the state's transportation infrastructure based on the miles they drive. Learn More: <https://tetcoalitionmbuf.org/new-jersey-mbuf-pilot/>

In the Driver's Seat: Coalition Launches Next Phase of Commercial Vehicle MBUF Work | Unwrapping Complexities

- 1 Roles & Responsibilities
- 2 Consolidating Taxes & Fees
- 3 kWh charge vs. MBUF
- 4 Complexity of Weight

The Coalition has launched its next phase of truck focused work, advancing efforts to address the complexities of MBUF for motor carriers and exploring consequences of potential implementation pathways. While earlier pilots revealed that MBUF is a capable solution, it also shed light on various areas that require further attention and investigation before considering implementation.

The project is focused on how a future MBUF approach could be configured to minimize impact on the motor carrier industry, agencies and regulators. Work will include reviewing roles and responsibilities and opportunities to reduce administrative burdens by consolidating taxes and

fees. A real-world pilot will be conducted to highlight the complexity of weight in motor carrier operations. It will also be the first pilot to include electric heavy vehicles, enabling the use of actual data to compare a kWh-based charge with MBUF. Recruitment is underway, with the pilot to start in March 2025.

Continued Engagement with the Trucking Industry

The Coalition's MBUF commercial vehicle work has been guided by the TETC Motor Carrier Working Group (MCWG), established in 2018 to bring together key stakeholders, including trucking associations, carriers of various sizes, manufacturers, shippers, and related entities. The MCWG provides critical input by evaluating diverse perspectives and raising industry concerns. In November, The Coalition hosted a MCWG workshop to identify desired outcomes from the upcoming MBUF work. Identified needs included real-world data from the pilot and wireframes to illustrate different MBUF implementation options that clarify the various steps and delineate roles for both government and private entities. Discussion topics included feasibility of special permits for low-mileage drivers, how rates could be set by states with nationally agreed upon parameters, the need for manual reporting when MBUF is initially implemented, and system certification requirements for providers. Broader industry input was also collected through participation in key forums, including a workshop at the October ATA Management Conference & Exhibition that focused on administrative complexity, costs, and evasion.

Where the Rubber Meets the Road: North Carolina is Closing the Education Gap

The North Carolina Department of Transportation (NCDOT) launched AdvaNCe Transportation Together in August 2024. AdvaNCe Transportation Together is a collaboration between NCDOT, The Coalition, the business community, and other private-public partners educating the public on North Carolina's transportation funding needs while exploring potential funding options, *together*.

North Carolina is exploring funding options to meet the growing transportation demands and to provide a more sustainable future for their transportation system. The website (www.AdvaNCeNCTransportation.com) helps close the education gap by providing information and interactive tools for the public to get hands-on knowledge of how transportation is funded today, declining gasoline consumption, and potential solutions. [Visit the website](#) to explore possible transportation revenue options, [calculate](#) the differences between those funding options, watch the short video, and view the survey North Carolina is using to gather citizen input.



Pathways to Progress: The Coalition's Steering Committee and Peer Exchange

The Coalition held a third annual MBUF Peer Exchange on November 13, 2024 at the Maritime Conference Center in Linthicum, MD. Attendees represented 12 TETC states, sharing perspectives ranging from experience with program implementation, pilot efforts, transportation funding education and outreach, and revenue policy forecasting. The agenda included spotlights about stakeholder pilots from Georgia and Maryland, specialty pilots in Maine and New Jersey, the AdvaNCE Transportation Together campaign in North Carolina, Kentucky's Revenue Sound Bites, and the revenue visualization tool developed for Delaware. Participants also shared state activities related to long-term transportation funding. Afternoon breakout groups dove into specifics such as data requirements, payment options, payment frequency and new partnership that may be necessary for MBUF implementation. As one participant succinctly articulated, there is great value in "simply hearing what other states are up to, and why."

The following day, November 14, TETC convened the MBUF Steering Committee. This group includes representatives from TETC STSFA partner states as well as key stakeholders representing a range of perspectives. The agenda covered recent MBUF activities and updates from The Coalition region and beyond, followed by breakout group discussions focused on the development of meeting agendas for the Federal System Funding Alternatives Advisory Board. Participants suggested meeting topics ranging from development of consistent vehicle data requirements and standards to agreement on common naming and branding concepts for a national program.



TETC looks forward to continued collaboration and contributions from our members and key stakeholders as we move into The Coalition's sixth and final Surface Transportation Systems Funding Alternatives (STSFA) grant.

News Flash:

Federal System Funding Alternatives (FSFA) Advisory Board Announced

Dr. Patricia (Trish) Hendren was selected to serve on the newly established Federal System Funding Alternatives (FSFA) Advisory Board. Dr. Hendren will join fourteen transportation leaders from across the country bringing together their experiences in transportation policy, privacy, and industry to provide recommendations for the structure, scope and methodology for the national per-mile user fee pilot, the national public awareness campaign and report to Congress. Dr. Hendren will serve as Vice-Chair with Carlos Braceras (Utah DOT) as Chair.



"State DOTs certainly have a real concern for the future of the funding needed to maintain and modernize our transportation systems, as the current national excise tax model has become less and less effective. Because of her expertise and collaborative leadership style, Dr. Hendren is uniquely positioned to bring important voices and practical perspectives from a diverse transportation landscape - including rural communities, electric vehicle community, and the motor carrier industry - to guide the critical work of the FSFA Advisory Board in paving a way toward sustainable transportation funding for years to come."

Russell McMurry, Georgia DOT Commissioner, The Eastern Transportation Coalition Board Chair

As Vice Chair, Dr. Hendren will bring eight years of cumulative collaborative experience exploring all facets of MBUF as a transportation funding solution. The key insights learned about the viability of MBUF are grounded in The Coalition's broad geographic area, partnerships, multimodal environment, numerous toll facilities, heavily used freight corridors, and diverse perspectives and opinions. In this work, Dr. Hendren has demonstrated her ability to strategically bring the right voices to the table, drive constructive conversations and produce implementable results.

"Our work exploring options to secure the funding that will keep our roads safe and our economy strong is rooted in The Coalition's collaborative approach. We recognize that the best solutions come from listening to the voices of all users and understanding the impacts to all constituents. I look forward to bringing this approach and these perspectives to the Advisory Board."

Dr. Patricia Hendren, Executive Director, The Eastern Transportation Coalition

What's Going on Across the Country?

States Examine Alternative Funding Options

Maryland: A survey on how the state should modernize the way it pays for transportation projects found that increasing the gas tax or imposing a tax on miles traveled was ranked as the least popular. A majority of voters said they would consider increasing the sales tax by a penny.



[Industry poll finds voter support for transportation, possible path to funding](#)

Michigan: Michigan plans to replace the fuel tax by charging road users by the mile they drive. A survey of more than 19,000 residents found that 25% of respondents considered charging users by the mile the fairest way to fund roads, 31% called for more funding from the general fund, and 23% suggested the gas tax remained most fair.



[5 takeaways from resident survey on pay-per-mile vs gas tax road funding](#)



[Local road agencies 'treading water' due to funding constraints](#)

North Carolina: North Carolina will receive \$5.2 million in infrastructure grant funds from the U.S. DOT as NCDOT has launched the [AdvaNCe](#) website and is partnering with The Coalition to explore sustainable, long-term funding options.



[North Carolina receiving \\$5 million to continue building EV charging stations](#)



[Federal infrastructure grants top \\$5 million as NCDOT studies funding options](#)

Pennsylvania: EV owners will need to pay an extra fee starting in 2025 when registering their vehicle. Additionally, the state has enacted legislation to impose an annual electric vehicle road user charge on owners and registrants of EVs and plug-in hybrid EVs.



[Electric vehicle owners in Pa. will need to pay an extra fee starting in 2025](#)



[Pennsylvania Imposes Electric Vehicle Road User Charge, Eliminates Alternative Fuels Tax on Electricity for Residential Charging](#)

National Alternative Funding Highlights

National: Gas tax revenues have declined and have been unable to support road funding in recent years, and states nationwide are exploring ways to supplement or replace gas tax revenues with alternatives such as vehicle mile tax.



[Per-mile tax — alternative to gas tax — rolls out across states](#)

National: Highlights that 37 states have a pilot program studying road usage charging as well as others exploring options such as sales tax, tolling, and electricity tax.



[Time to reset the transportation funding equation](#)

National: The Highway Trust Fund (HTF) is projected to be exhausted by 2028, and potential solutions discussed to fill in the budget gap include increasing the gas tax, implementing vehicle miles traveled fees, and imposing user fees or taxes on electric vehicles.



[Election 2024: Transportation Policy and Politics, Ruling the Road in 2025](#)

Where Have We Been?

Moving MBUF Forward at Events Across the Country

September 2024:

- **American Association of Motor Vehicle Administrators (AAMVA):** Annual International Conference; Atlanta, GA; Peer to Peer Roundtables on Transportation Funding

October 2024:

- **American Association of State Highway and Transportation Officials (AASHTO):** Annual Meeting, Philadelphia, PA; “Communicating State DOT Revenue Models,” Presentation to Committee on Finance and Funding
- **American Trucking Association:** Management Conference & Exhibition (MCE); Nashville, TN; “Mileage Based User Fees - Opportunity or Challenge?”

November 2024:

- **Mileage-Based User Fee Alliance (MBUFA):** 2024 Annual Meeting; Washington, DC; “Mount RUCmore” moderated panel
- **German Embassy Event:** Washington, DC; “On the Road - Navigating between Potholes and Budgets”

December 2024:

- **International Road Federation (IRF) Global:** Roads2Tomorrow (R2T) Conference; Orlando, FL; Panelist on session “Road Pricing: The Future of Infrastructure Funding in the US?”