Mileage-Based User Fee NEWSLETTER

Spring 2025

Quick Links

Celebrating 30 Years of the Coalition

Where we have been and where we are going

Nearly 30 years ago, on March 13, 1996, a fire erupted—where at over 10,000 tires were illegally stored—under Interstate 95 (I-95) just outside Philadelphia, PA. The blaze raged for more than 5 hours with smoke visible from 30 miles away. Fortunately, the I-95 Corridor Coalition officially launched in 1992 had an established network of connected transportation stakeholders known as the Highway Operations Group (HOGs) – representing nine northeastern states and the District of Columbia. With the HOGs in place, the multistate communications and highway operations support was enacted immediately helping to avoid even more dire event consequences. What was highlighted in 1996 has continued to this day—the importance of working together as transportation knows no boundaries.

The I-95 Corridor Coalition now called The Eastern Transportation Coalition has grown both geographically and programmatically while continuing to conduct initiatives that align with its original vision: "to serve as a unifying force coordination a seamless, state-of-the art, multimodal transportation system serving the movement of both passengers and good throughout the corridor in order to promote mobility, efficiency and safety." The Coalition's member states, now stretching from Maine to Florida and with recent inland additions of West Virginia, Kentucky, Tennessee, and Alabama manages 16,300 miles of interstate highway with 8,191 of those miles in urban areas and carries 42% of national VMT. The Coalition's regional

The Coalition is now organized into three program tracks:

- **Transportation Systems, Management, and Operations (TSMO)** which includes highway operations/incident management, traveler information services, data access and tools, transformative technologies, and TSMO workforce development
- **Freight**, including freight data and planning, truck parking, freight operations and technology and the nationally recognized Freight Academy
- **Innovation,** which currently includes the electrification of transportation and sustainable funding (mileage-based user fees and tolling reciprocity), but remains poised to tackle new and emerging issues as they

transportation network also includes 28 seaports, 11 major inland marine ports, and 18 major airports, all of which rely on highway mobility to connect businesses, workers, and consumers. Together, Coalition states are the third largest economy in the world (larger than France, United Kingdom, Germany, India and Japan), with $10.5 trillion in freight activity in 2023, and accounts for 45.5% of all US jobs. In short, the Coalition region is one of the busiest and most economically critical transportation regions in the country.

COALITION BY THE NUMBERS

19 MEMBER STATES PLUS DC

42% OF THE U.S. POPULATION

42% U.S. VEHICLE MILES TRAVELED

MORE THAN 200 AGENCIES

46% OF THE NATION'S JOBS

33% OF THE U.S. ROAD MILES

To support the improvement of people and goods movement across the eastern United States while prioritizing safety and reliability of the region's transportation network, the Coalition and its members focus efforts on three key programmatic areas: Transportation Systems, Management, and Operations (TSMO), Freight and Innovation. After 30 years, the Coalition prides itself on continuing to provide the collaborative foundation for its membership to identify solutions to today's most pressing transportation needs and challenges.

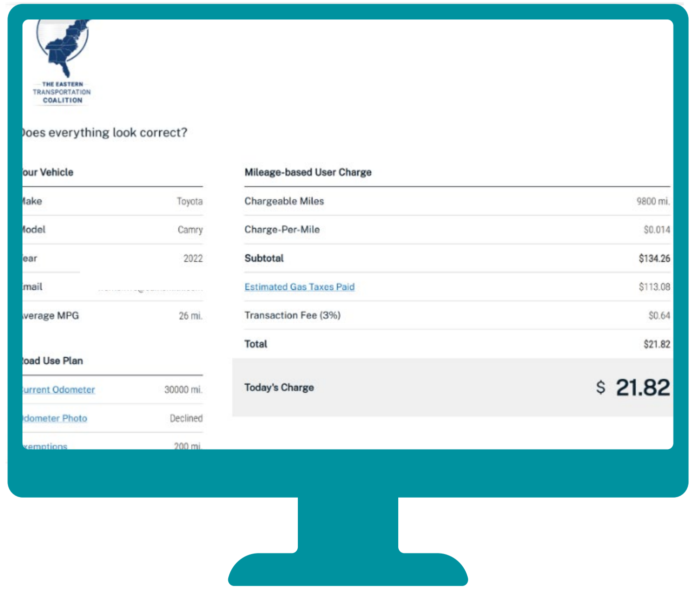
Underling all transportation issues is the need for sustainable funding. Back in 2018, one option, a Mileage-Based User Fee (MBUF), or Road User Charge (RUC) was being explored on the West Coast, but there was no large-scale effort to consider how it might work in Eastern states, and for the commercial vehicle industry. When a new federal grant program, Surface Transportation System Funding Alternatives (STSFA), was launched, the Coalition knew it was vital to bring into the national discussion unique East Coast realities (e.g. lots of out-of-state travel, many tolled roads and heavy freight corridors).

Through the initial partnership of Delaware (under Secretary of Transportation Jennifer Cohan) and Pennsylvania (under Secretary Leslie Richards) in 2017, the Coalition was awarded its first (of six total) STSFA grants. With these federal grants, the Coalition has conducted demonstration pilots, surveys, and analyses concluding that an MBUF *can* be a viable alternative to the pay-at-the-pump fuel tax. Since our start with Phase One, we have learned several key insights and identified four common barriers to implementing MBUF: gap in public understanding about transportation funding; privacy concerns, administrative costs and fairness misperceptions. Now, we're focused on myth busting and finding real-world solutions to overcome implementation barriers to prepare states for the future.

Key Insights to Date:

- When talking to the public about MBUF, start by talking about the value of transportation.
- Providing drivers with options for how they report miles driven is key.
- The public cares about fairness.
- Rural drivers may fare better under an MBUF, compared to the fuel tax.
- The trucking industry's voice is essential as heavy users/ payers of the transportation system.

TETC Continuing to Drive Change:
Spotlight: Maine MBUF Simulator



In 2024, Maine DOT developed an “MBUF simulator” as a lower-cost alternative pilot that still demonstrates and educates about MBUF. The simulator is a web-based MBUF experience that could be sent to many people and completed in just ten minutes. The simulator is comprised of a series of user-friendly screens explaining various aspects of MBUF. The participant chooses vehicle type, specifies miles driven, and selects payment options. These inputs produce a customized summary of their MBUF payment under a program. A survey at the end covered participant opinions on the experience of the simulator and the concept of MBUF in general, with 28 multiple choice questions and opportunities for optional, open-ended responses.

Maine distributed the MBUF simulator to a select group of transportation stakeholders to begin the conversation throughout the state. Among those who participated, the survey results revealed a positive opinion of MBUF, with the following specific findings:

- States should offer at least two mileage reporting options: a low/no cost, no-location option, and a location-based option (which may or may not have a cost)
- The public appreciates having more payment options/frequencies.
- Self-reporting odometer values is a viable mileage reporting option, but users are skeptical of others’ honesty.
- Odometer self-reporting options should include verification/auditing and how verification/auditing works.
- Any self-reporting option needs to include a way of claiming exemption for out of state miles with a manual method.
- Privacy remains a concern of those who encounter MBUF, but can be addressed through well crafted, publicized policies and a reporting option without location data.

Maine’s simulator served as a low-cost pilot that allowed Maine DOT to provide a hands-on experience with an MBUF system design, gather feedback on program elements and continue educating stakeholders about the need for sustainable transportation funding.

In the Driver's Seat:
Spotlight: Pennsylvania's Evolving Perspectives

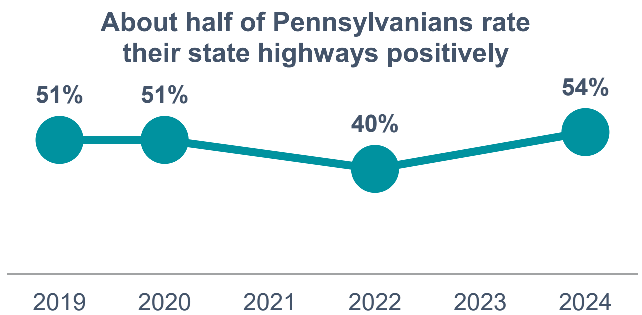
The Coalition conducts public surveys to gather valuable data and insights to inform our work. Public opinion surveys serve as a basis for gauging public attitudes toward MBUF and other transportation funding solutions. The Coalition has conducted surveys in various states, including Delaware, Pennsylvania, New Jersey, North Carolina, Georgia, Maryland and Virginia; however, only one state, Pennsylvania, has conducted four surveys over the last five years. Between 2019 and 2024, the Coalition conducted four public opinion surveys to understand changing views from a broad population of Pennsylvania residents. The topics focused on perceptions toward state highways, transportation funding, and attitudes toward an MBUF.

The first public opinion survey in Pennsylvania, conducted in 2019, has provided a benchmark from which to monitor and evaluate changes in attitudes over time across Pennsylvania. The first three surveys (2019, 2020, and 2022) had approximately 500 participants each. In 2024, the Coalition increased the number of survey participants to 1,000 to better understand the changing sentiments and compare across regions within the state.

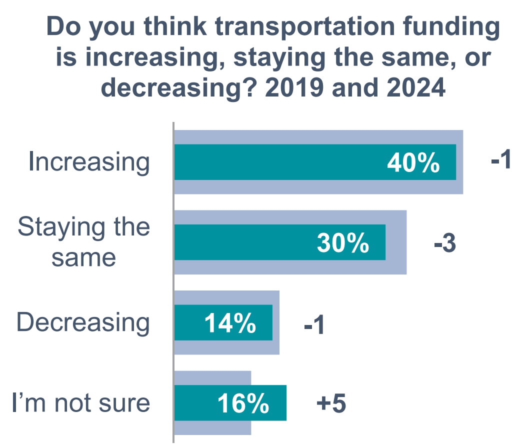
The following are key results and trends across the four Pennsylvania statewide public opinion surveys.

Diving into public opinion:

Perceptions of state highways. In 2019 and 2020, survey respondents reported they believed Pennsylvania roadways to be in good or excellent condition (51%), indicating they did not perceive the current state of the transportation system had any critical or time sensitive issues. In 2022, opinions shifted, and findings revealed Pennsylvanians were more likely to rate the quality of state highways negatively than positively. Just two years later, in 2024, findings revealed the highest percentage of positive ratings for state highways (54%) of all surveys to date.

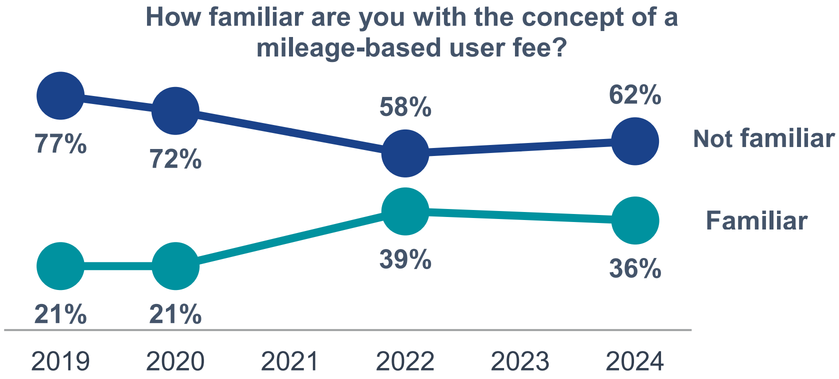


Perceptions of transportation funding. In 2019 and 2020, most residents believed transportation funding was increasing or staying the same, a clear gap in understanding of actual state of transportation funding. These views remained relatively unchanged throughout the years. However, the public explanations in 2024 are more aligned with fiscal realities: those who view it as increasing most often point to the rising cost of labor and materials or perceived maintenance needs. Those who thought it was decreasing most often point to the growing number of fuel-efficient or electric vehicles on the road that provide less gas

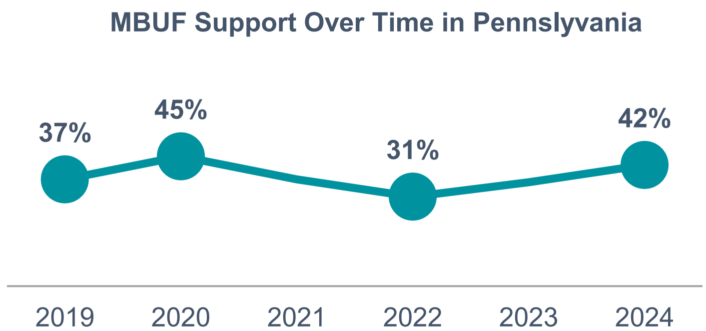


tax revenue. This illustrates an increase in public knowledge about how transportation is funded and the challenges with reliance on gas tax as the main source of revenue.

MBUF Familiarity. In 2019 and 2020, only one in five residents were familiar with MBUF (21%), demonstrating the knowledge gap. However, in 2024, nearly two in five Pennsylvania residents were familiar with the concept of MBUF (36%). This represents an increase of 15 percentage points and can be attributed to outreach in Pennsylvania during these years.



MBUF Support. Support for MBUF has increased since 2019, while opposition still slightly outweighs support. Support for MBUF improved in 2020, with nearly half of the public supporting MBUF after the concept was explained (45%). In 2022, attitudes toward MBUF declined to an all-time low along with a growing negativity toward the state's management of transportation spending. However, in the most recent statewide survey (2024), support for an MBUF recovered to near pre-pandemic levels (42%). The evolution of public opinion on MBUF in Pennsylvania highlights the challenges with implementing a new, sustainable transportation funding source. Awareness of MBUF and support for MBUF have increased, which is a positive sign. Similar to public opinion in other states, residents continue to focus on the potential fairness of an MBUF system. Understanding these trends is crucial for policymakers as they think about information and messaging to the public and navigate the future of transportation funding.



News Flash:
The Coalition in the News

The Coalition's Executive Director, Dr. Trish Hendren, was recently interviewed and featured in two series of news clips and articles by WMAR, a television station affiliated with ABC in Baltimore, Maryland. The first series highlights the innovative steps Maryland is taking to address the decline in fuel tax revenue by testing a mileage-based user fee (MBUF) program through a pilot.

In the interview, Dr. Hendren explained the concept behind the MBUF program, stating, "If you use the roads, you pay for the roads. You use the roads more, you pay for the roads more, so it's really creating that link between use and payment and getting away from the fuel tax as being the way we fund transportation." The pilot program, which ended on May 31, 2024, involved over 170 drivers who had their mileage reported through various methods, including odometer readings, plug-in devices, vehicle reporting data, or a phone app. Dr. Hendren emphasized the cost to drivers is comparable to the state's fuel tax.

The articles also highlight the broader implications of declining revenues, with Dr. Hendren stating, "This is not a Maryland issue, this is a transportation issue that every state needs to really think about how we're going to close that gap."

View the Story

The second WMAR report highlights two bills proposed in the General Assembly this legislative session. The first one, HB1457, would have established a highway use fee while offering drivers the option to participate in a voluntary MBUF program. Dr. Hendren testified on behalf of the bill on March 4, 2025 in a legislative hearing.

“This legislation would replace the newly passed EV registration fee, that surcharge [Maryland Highway Use Fee], and would also include those vehicles that are considered high efficient vehicles, which is above 25 [miles per gallon],” explained Dr. Hendren.

The second bill, SB557, would have prevented the state or any local jurisdiction from imposing fees based on mileage.

The articles acknowledge transportation funding shortages and provide examples of other states that have adopted models similar to the one proposed. Dr. Hendren stated, “I think the end goal is acknowledging that the fuel tax after 100 years is not going to be our sustainable, reliable transportation funding source, so this legislation [HB1457] is a step towards a new way of funding transportation.”

View the Story

What's Going on Across the Country?

States Examine MBUF and Alternative Funding Options

Illinois: An Illinois lawmaker introduced new legislation that would create a pilot program to explore an MBUF (also referred to as RUC), but critics argued against the idea of VMT taxes, claiming that they would impose additional costs on taxpayers and could constitute an invasion of privacy whereas proponents argued the taxes could help address a loss of tax revenue as more drivers opt for either more fuel-efficient cars or electric vehicles.

- Illinois eyes taxing drivers by the mile — rather than by the gallon of gas
- Blue State Democrats Take Another Crack At Putting Gov't In Driver Seat Of Americans' Cars

Maryland: TETC was mentioned in various reports and TV segments on Maryland's completed four-month pilot program to test the feasibility of MBUF, and a bill (HB1457) is now under consideration that would establish a highway user fee (HUF) while another bill aims to prohibit any VMT tax or similar fees (HB1008/SB0557).

- As fuel tax revenue dwindles, Maryland tests program charging drivers by the mile
- Dueling bills in Maryland: A battle over mileage fees and the future of transportation funding

Michigan: Michigan Governor Gretchen Whitmer's budget plan for the 2026 fiscal year included proposed spending to explore other road funding options in the form of a study and pilot for RUC and corresponding revenue options. In 2024, input from over 19,000 residents found about one in four residents considered a RUC the fairest way to fund road repairs.

- Whitmer's $84B plan for Michigan schools, housing and more: What to know
- Michigan may spend $7.8M to test pay-per-mile road funding system

Washington: Washington state transportation officials introduced legislation to implement a new RUC system, which receive mixed support in legislation amongst lawmakers. Concerns include data privacy and the 10% assessment on yearly miles that would go to alternative modes of transportation.

- Lawmakers propose pay-by-mile charge for Washington drivers
- Washington RUC bill receives deluge of opposition

National Alternative Funding Highlights

National: New methods are being considered to fund infrastructure projects which include implementing various fees and the possibility of a vehicle-miles-traveled tax, but Americans are concerned over data privacy and government overreach.

Government Considers Vehicle-Miles-Traveled Tax to Track and Replace Declining Gas Tax Revenue

National: The Federal System Funding Alternative Advisory Board is created and tasked with providing the FHWA recommendations regarding vehicle per mile user fees, and Patricia Hendren from TETC will serve as one of the board members.

OOIDA's Pugh to represent truckers on FHWA advisory board

National: At least 39 states have some form of additional registration fee for electric or hybrid vehicles and states including Utah, Oregon, and Virginia have introduced some form of MBUF.

Miles Driven a Key Metric for Road Usage Charge Programs

Where Have We Been?

Presentation to Share Key MBUF Insights Across the Country

January 2025:

- **Joint Office of Energy and Transportation:** *Leading Change: A New Approach to Transportation Funding*

March 2025:

- **Maryland Environment and Transportation Committee:** Testimony regarding HB1457 Alternative Fuel, Fuel–Efficient, and Electric Vehicles – Highway Use Fees

April 2025:

- **The International Bridge, Tunnel & Turnpike Association (IBTTA) Presentations:**
  - *On the Right Track to Clear the RUC Hurdles*, Presentation by Amna Cameron, North Carolina Department of Transportation
  - *A Simulated User Experience Providing Low-cost, High-impact MBUF Outreach in Maine,* Presentation by Dale Doughty, Maine Department of Transportation
  - *Driving Change: Vermont's Approach to Mileage-Based User Fees (MBUF) and the Road Ahead,* Presentation by Michele Boomhower, Vermont Agency of Transportation
  - Panel Discussion: *Trucks are Not Big Cars,* Trish Hendren, Moderator

May 2025:

- **American Association of Motor Vehicle Administrators:** *Alternative Funding Roundtable*