



— THE EASTERN
TRANSPORTATION
COALITION



The Road Oft Taken: Mileage-Based User Fees and the Future of Road Revenues

July 10, 2022



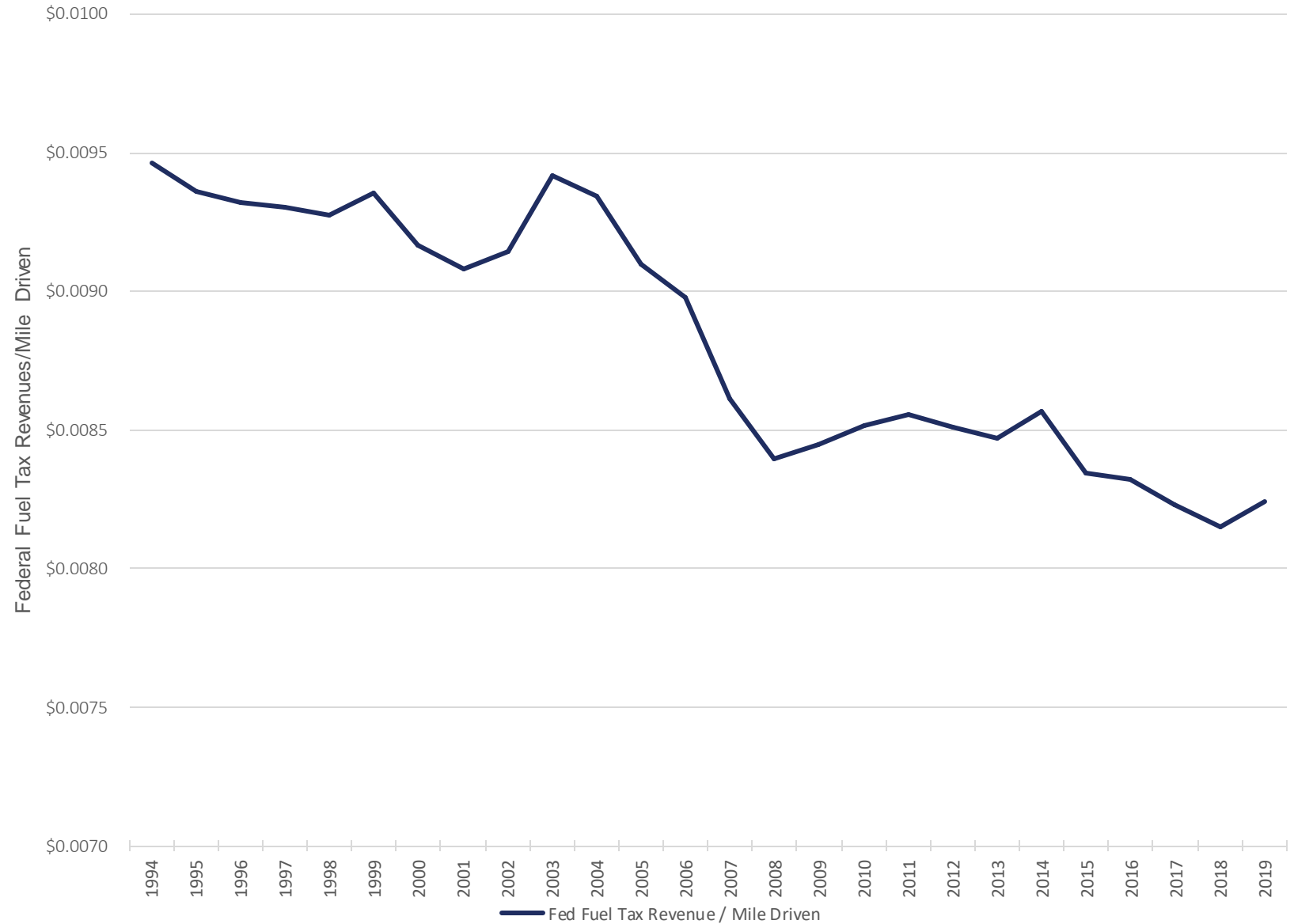
Why are we discussing road revenues?

We need our roads.



Drivers are paying less fuel tax per mile driven.

Federal Fuel Tax Revenues per Mile Driven

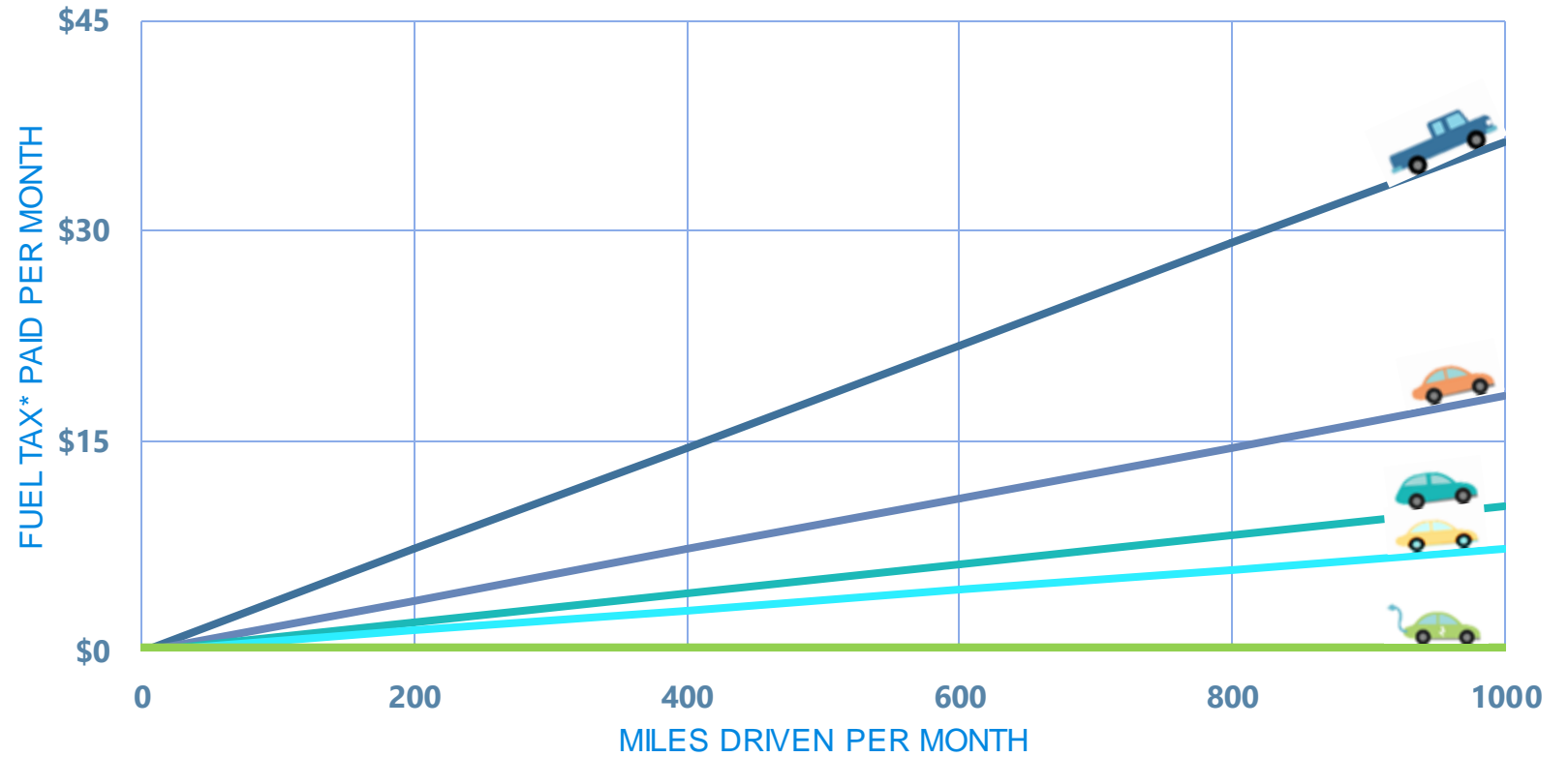


The transportation fleet is changing.

Example: North Carolina

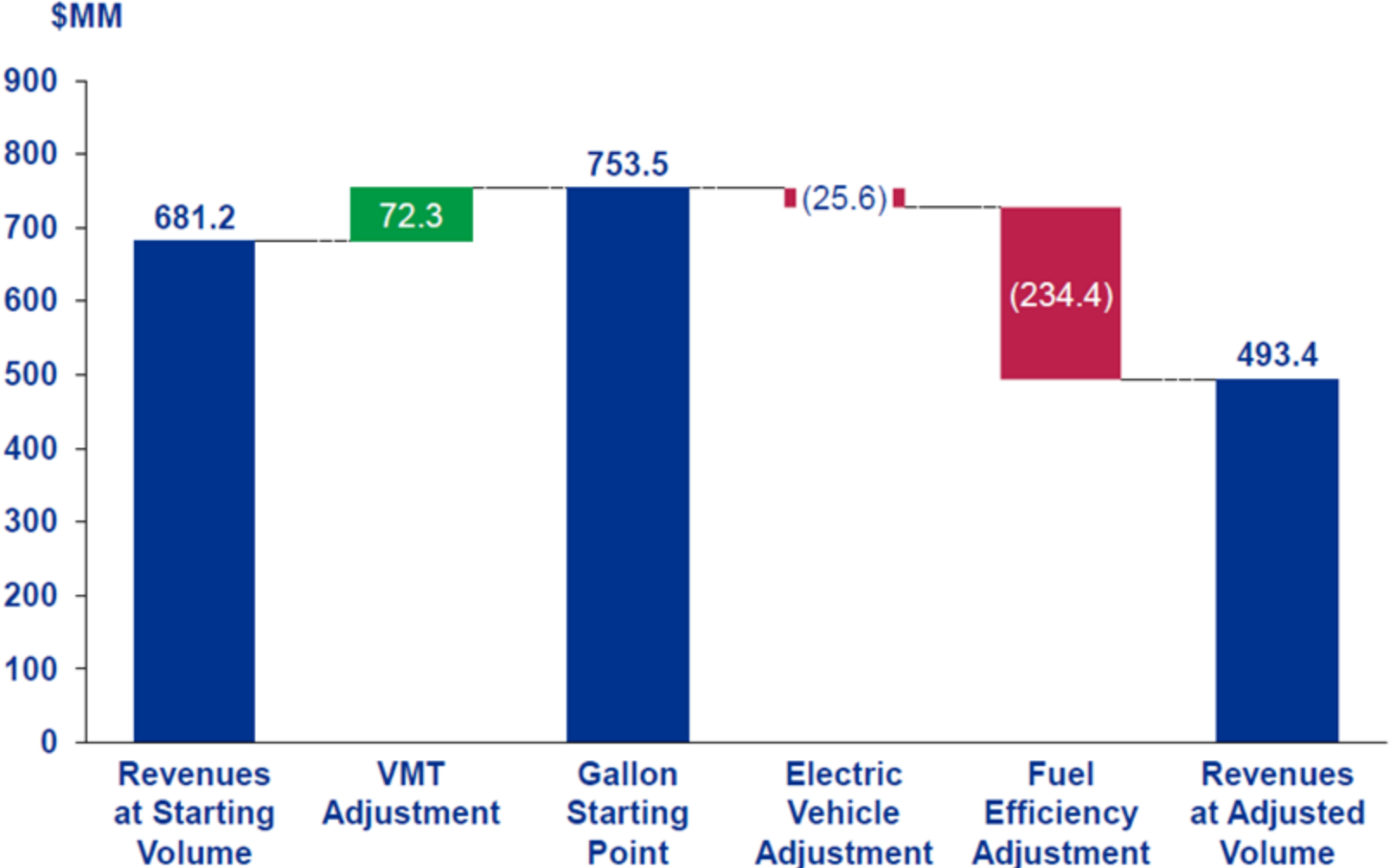
FUEL TAX PAID (AVERAGE MONTHLY BY VEHICLE TYPE)

 LOW EFFICIENCY (5-15 MPG)	 AVERAGE EFFICIENCY (15-25 MPG)	 HIGH EFFICIENCY (25-45 MPG)	 HYBRID (45-55 MPG)	 ELECTRIC (FUEL NOT NEEDED)
\$36	\$18	\$10	\$7	\$0



*Calculations are based on state fuel tax rates for North Carolina.

Virginia: Fuel tax revenues projected to decline by 2040




~31%
reduction in gas tax collections due to increased fuel efficiency

Source: KPMG Analysis

There is a gap
in public
understanding.

Example:
Pennsylvania



61%
OF PENNSYLVANIANS RATE
STATE HIGHWAY QUALITY AS
GOOD OR **EXCELLENT**



68% BELIEVE FUNDING IS
INCREASING OR
STAYING THE SAME

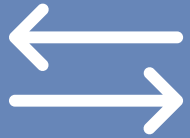
92% DON'T KNOW
HOW MUCH
FUEL TAX THEY PAY



**We need a
new & more
sustainable
way to fund
transportation.**



What is an MBUF?



Most states are looking at MBUF to **replace** the gas tax.

From this...

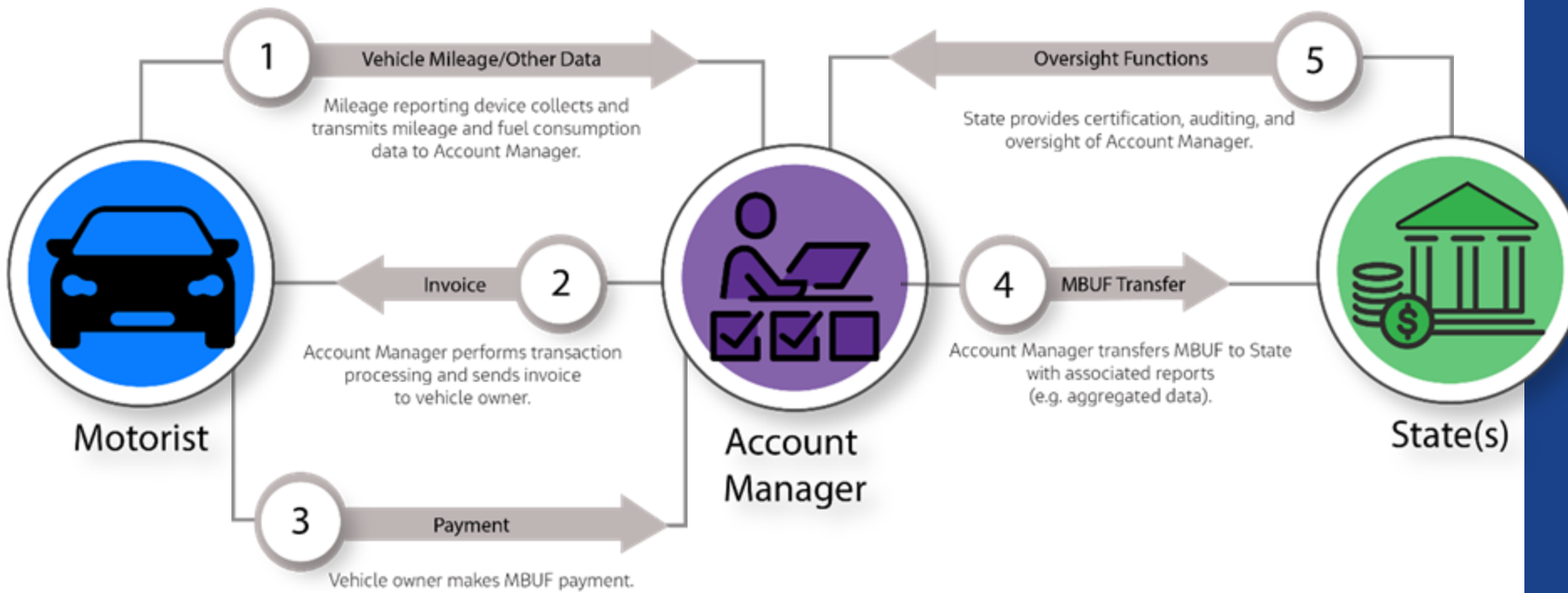


HOW MUCH GAS YOU USE

To this...



HOW MANY MILES YOU DRIVE

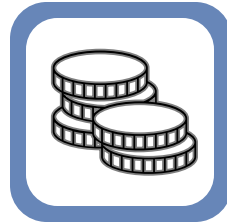


How MBUF (May) Work: Account Managers

**Plug-in
device**

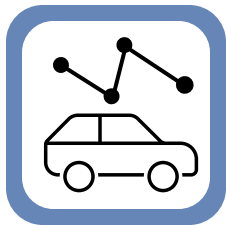


**GPS and
non-GPS
options**



Flat fee

**In-vehicle
telematics**



**Odometer
reading**

How MBUF (May) Work: Mileage Reporting

Authorized grants to states for demonstrating:

- ✓ User-based alternative revenue mechanisms
- ✓ Utilization of a user-fee structure
- ✓ A solution to maintain the future long-term solvency of the Federal Highway Trust Fund

Provides \$95 million over 5 years

50%

**MATCH
REQUIRED**

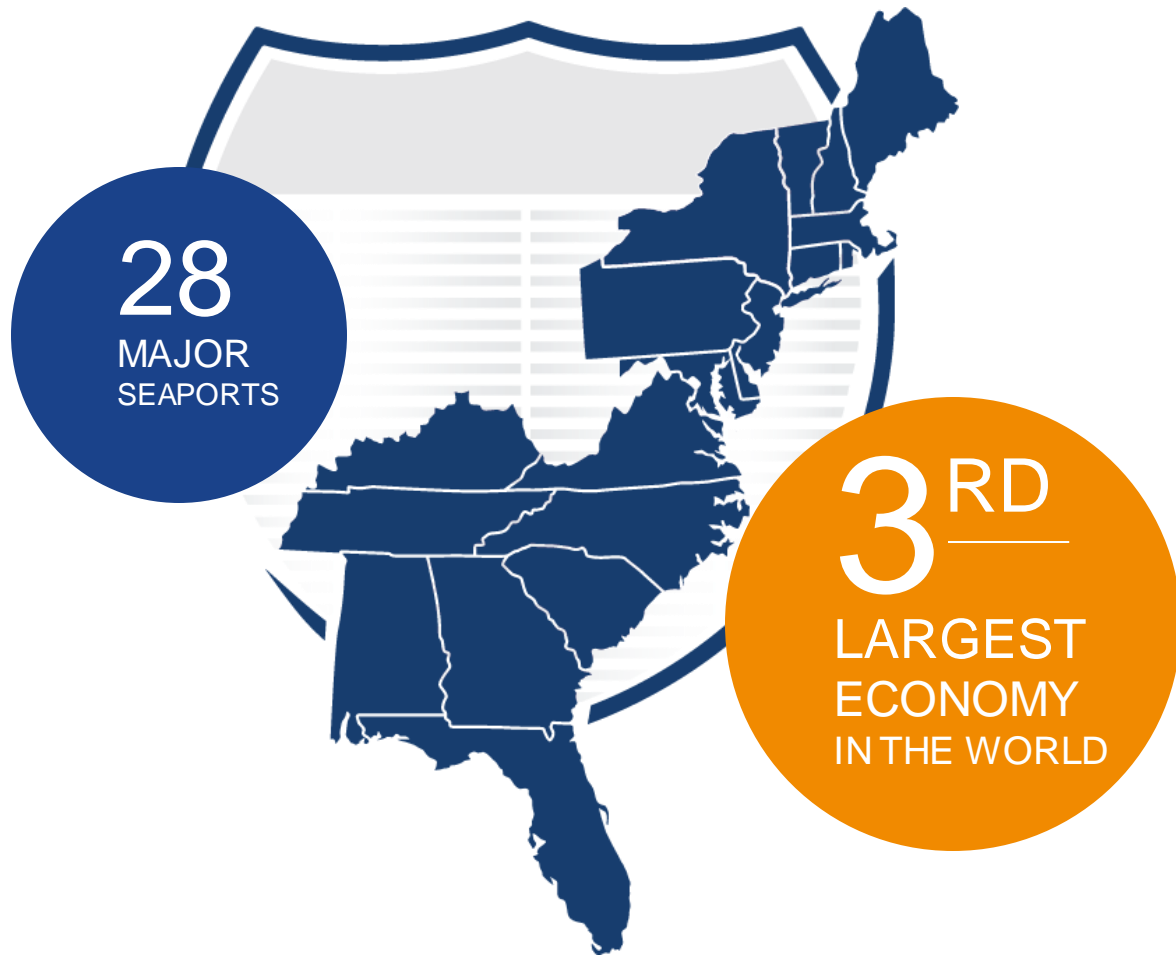
Surface Transportation System Funding Alternatives Program

Section 6020 of the
Fixing America's Surface
Transportation Act



Why did the Coalition get engaged?

Who is the Eastern Transportation Coalition?



17 States + D.C. and 200+ agencies

- 40% OF THE U.S. POPULATION
- 38% OF THE NATION'S JOBS
- 35% U.S. VEHICLE MILES TRAVELED
- 21% OF THE U.S. ROAD MILES

Connecting for Solutions



THE COALITION STRUCTURE



PROGRAM TRACK COMMITTEES

TRANSPORTATION SYSTEMS MANAGEMENT & OPERATIONS

VPP MARKETPLACE

DATA TOOLS & USER GROUPS

TRAVELER INFORMATION

*TRAFFIC INCIDENT /
EVENT MANAGEMENT*

OPERATIONS ACADEMY

FREIGHT

FREIGHT PLANNING

FREIGHT DATA

TRUCK PARKING

SUPPLY CHAIN PERFORMANCE

FREIGHT ACADEMY

INNOVATION IN TRANSPORTATION

*CONNECTED &
AUTONOMOUS VEHICLE*

TOLLING RECIPROCITY

MILEAGE-BASED USER FEE

Coalition's STSFA Grant Work aims to bring the nation's understanding of MBUF forward.

Topics explored in FIVE grants awarded to the Coalition:

- **Out-of-State Mileage**
How will travel across boundaries be handled?
- **Tolling**
How can lessons learned from tolling be applied to MBUF?
- **Public Acceptance**
What is the best way to discuss and design an MBUF system?
- **Trucking**
How does a user fee fit into current requirements?



Purpose:

Explore the feasibility of replacing the gas tax with an MBUF program in a multistate environment.

Overview of TETC Pilot Work

NATION'S FIRST MULTI-STATE & NATIONAL TRUCK PILOTS

4 Passenger Vehicle Pilots

1,500+ Passenger Vehicles

14 States Represented Among Participants

3,000 Public Opinion Survey Respondents

Participant Surveys & Focus Groups

Geographic Equity Analysis

Tolling, Congestion Mitigation & Rate-Setting Studies

Completed 3 of 5 awarded grants

2 Commercial Vehicle Pilots

270 Commercial Trucks

11M Miles traveled in 2020-2021

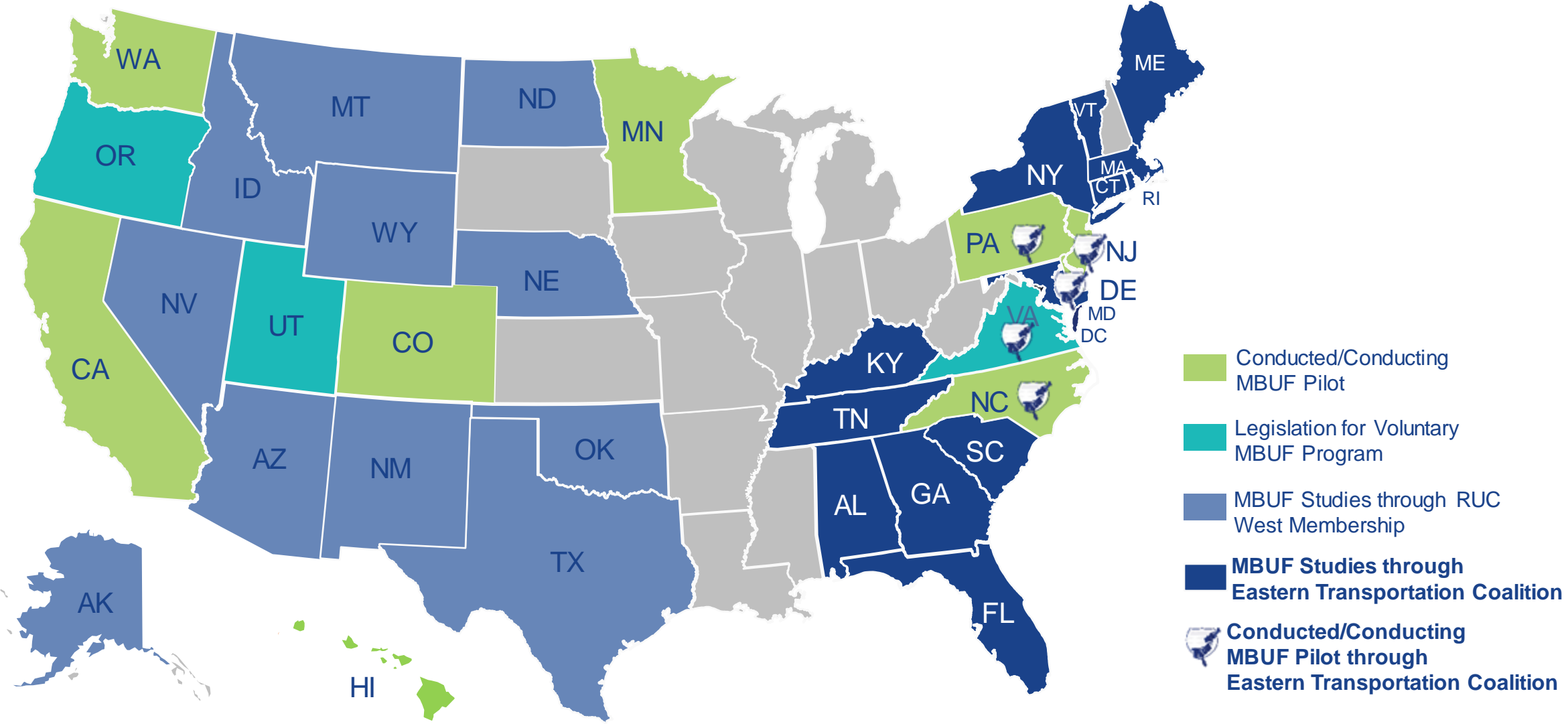
48 States Traveled + Canada

Participant Surveys & Interviews

Motor Carrier Working Group

Rate-Setting Studies

2022: A Very Different MBUF Landscape





Top Ten Things We've Learned About MBUF

01

Start the conversation by talking about values.

The public doesn't view transportation as urgent and thinks funding is okay.

What the public values:

- Quality of life
- Safety
- Healthy economy
- Well maintained system

Link MBUF to values and the problem – and keep it simple.

02

The public is growing more comfortable with GPS-enabled technology.

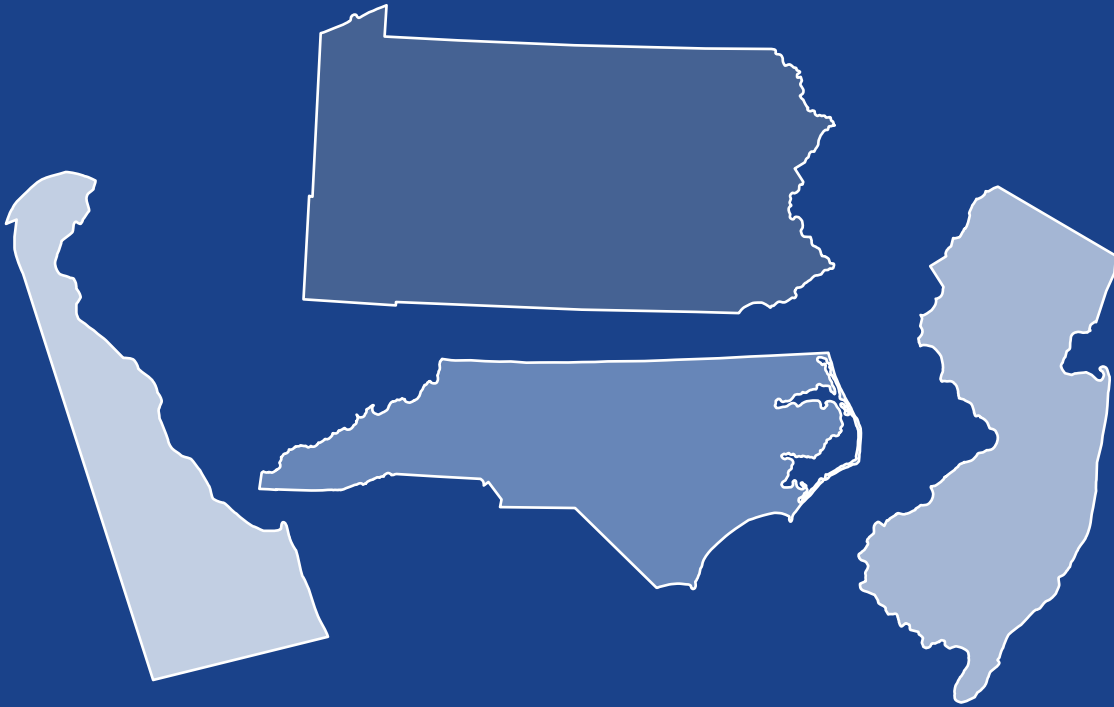
“You carry your cellphone everywhere you go. You use your GPS most all the time. You're being tracked regardless, so one more piece of data...put to some other useful function, I think, is a better way of promoting it.”

— North Carolina Focus Group

“Even if you were tracking with GPS, my phone and other apps do that as well. I use E-Z Pass on toll roads and that tracks me.”

— New Jersey Focus Group

2020-2021 Pilot with Transportation Stakeholders



83% chose GPS-based mileage reporting



89% were satisfied with the device they chose

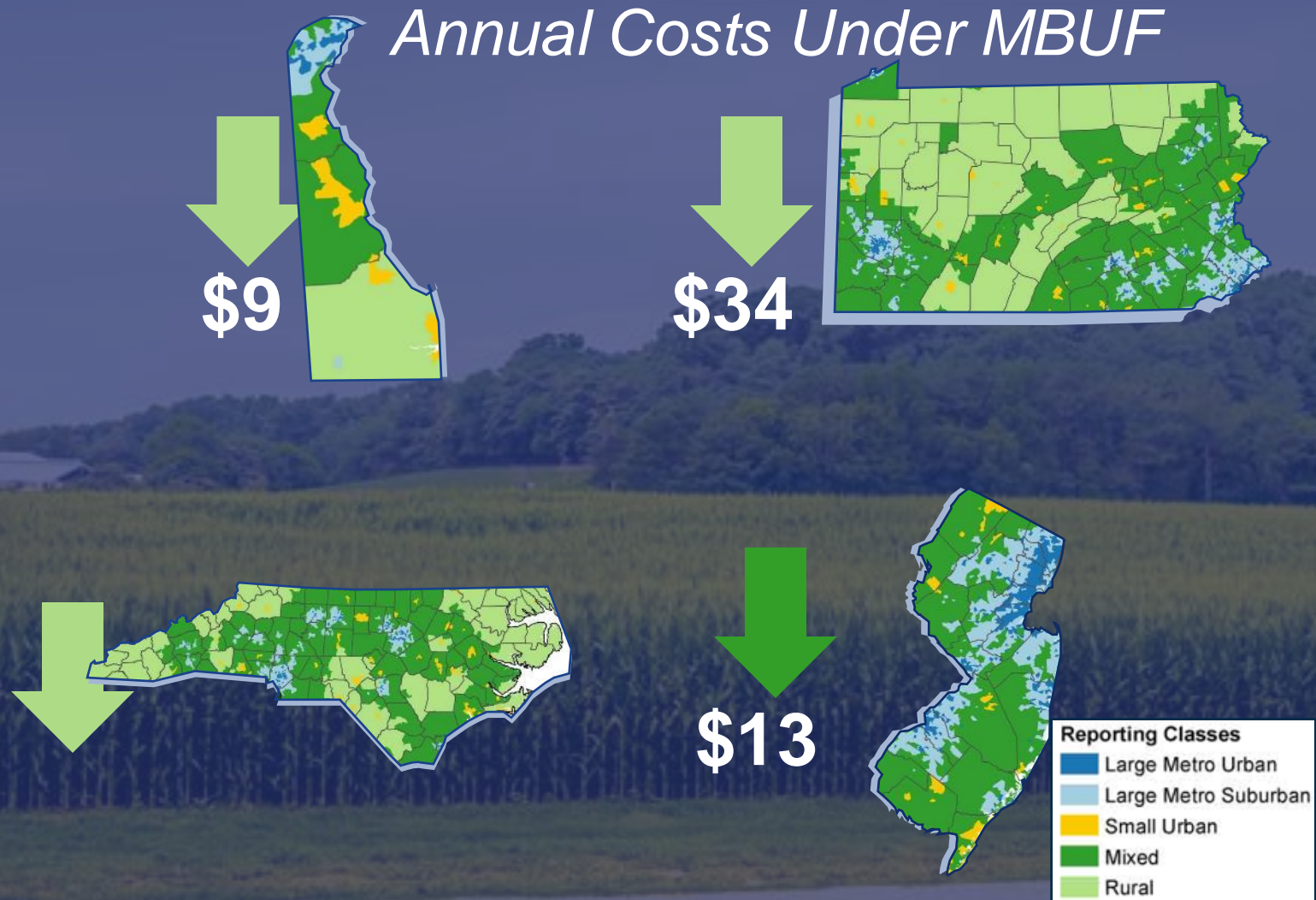


17% chose non-GPS mileage reporting



94% were satisfied with the device they chose

Rural drivers may fare better with MBUF.



05

Fairness resonates.

A Tale of Two Cars

2009 Toyota Camry



25 MPG

\$160 Fuel Tax Paid

2019 Toyota Camry (Hybrid)



52 MPG

\$42 Fuel Tax Paid

Source: U.S. News and World Report

Calculate Your Mileage

COMPARE FOR YOURSELF

Eastern Transportation Coalition State:

Which state do you reside in?

Please select a state...

Do you drive an electric vehicle?

- Yes
 No

Mileage:

How many miles do you drive per month?

 Enter Miles

Vehicle:

Enter your vehicle's average MPG

- I know my vehicle's average MPG
 Find my vehicle's average MPG

What is the average MPG of your vehicle? Find your vehicle's MPG [here](#).

 Enter MPG

Calculate Now

07

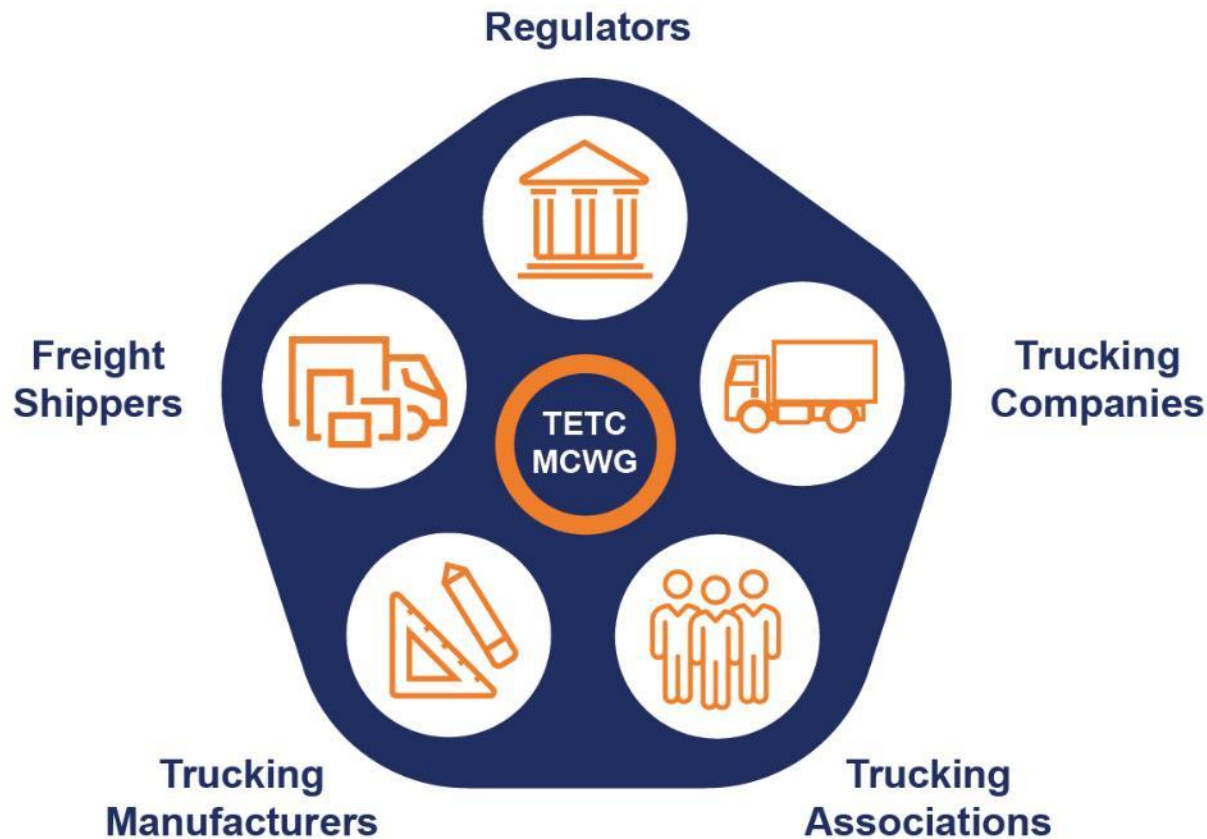
Bringing the trucking industry's voice to the table is essential.

- Motor carriers directly participated in the multi-state and national pilots.
- Motor Carrier Working Group has been key.
- We have also gone to where they are (Road Dog, 10-44 Podcast, State Truck Publications, Conferences (ATA, TCA)).



Motor Carrier Working Group

The Eastern Transportation Coalition
Motor Carrier Working Group



08

Leveraging Technology Creates Solutions.



Tolling



Congestion
pricing



Out-of-state
mileage



Easy mileage
reporting

09

EV owners often do support MBUF.

1/3 of Oregon's voluntary participants are **EV drivers**

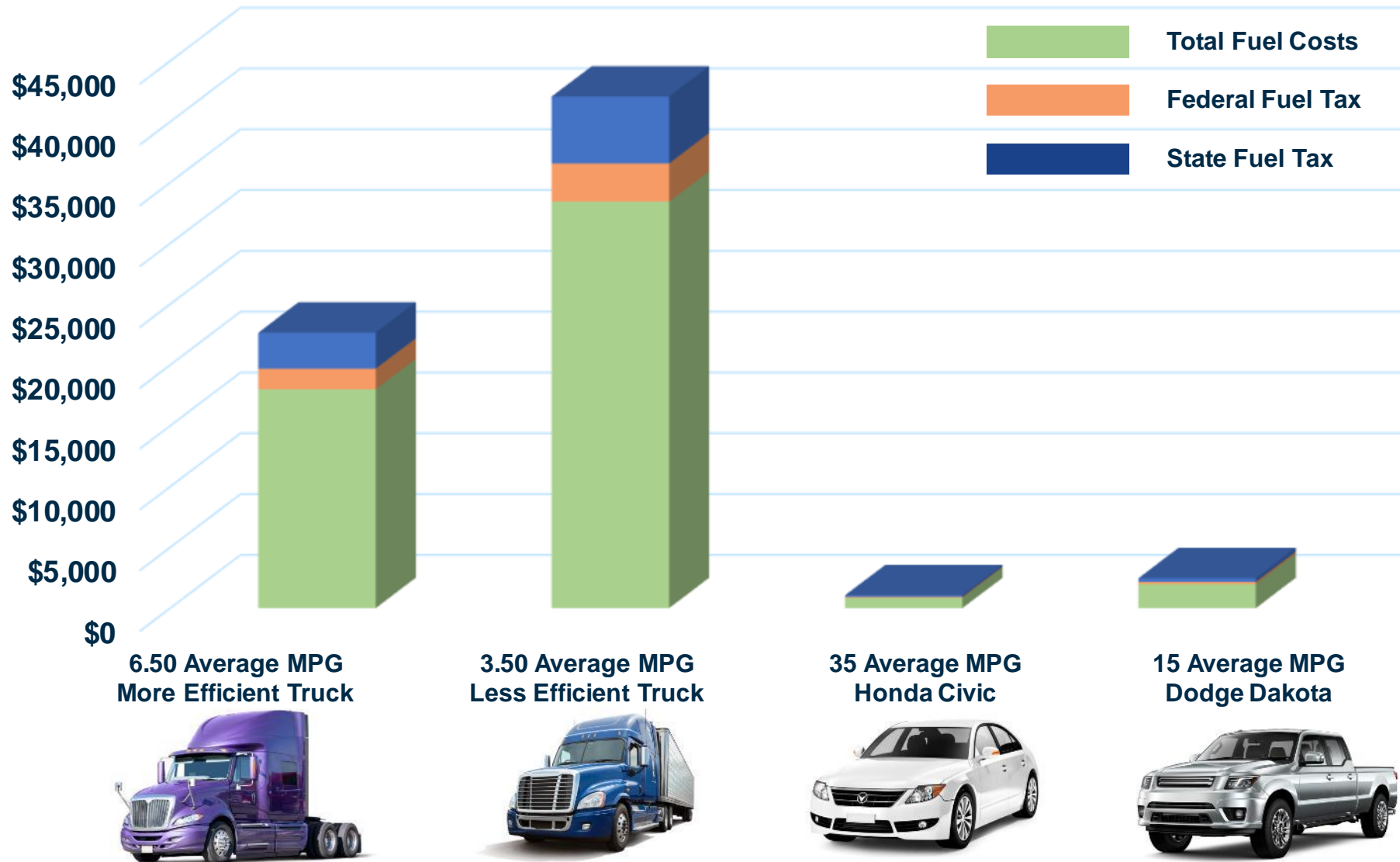
“ Plug In America **supports** the eventual development of a **road usage charge program**. ”

AAA Study: Drivers buy EVs primarily because of **environmental** impact.



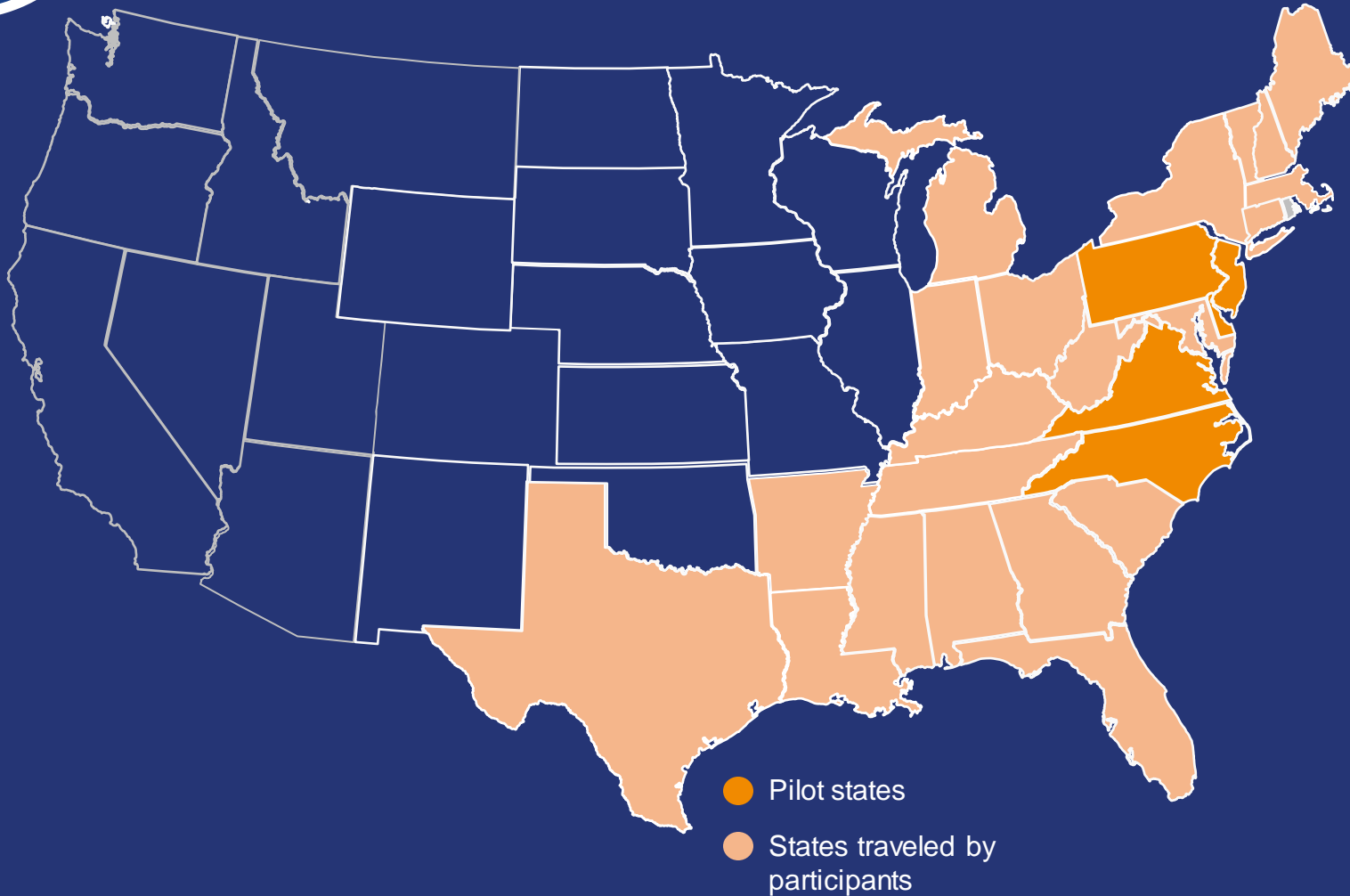



Why? The biggest cost is fuel – not the fuel tax.



10

The Eastern U.S. sees significant cross-state travel.



 **13%**
of 1.9 million miles traveled in our 2020-2021 pilots were accrued out of state.



Cross-state travel matters for MBUF.



Capturing miles driven by “out-of-towners” is important for Eastern U.S. states



MBUF can rectify fuel tax shortcomings and capture payments from those purchasing gas in other states



MBUF can account for out-of-state mileage



The Work Needed to Move Forward



Virginia has a live MBUF program beginning July 1.

What:

- Voluntary MBUF program
- Option in lieu of Highway Use Fee

Who:

- Drivers of >25 MPG vehicles whose vehicle registration is up for renewal

How:

- Per-mile rate determined by dividing what your highway use fee would have been by 11,600 (the average number of miles driven per year by all Virginians).
- Those driving less than average Virginia driver (11,600) save money



VIRGINIA'S MILEAGE CHOICE PROGRAM

We need pilots, focused outreach, and legislation.

