



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION

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December 31, 2024

The Honorable Glenn Youngkin,
Governor

The Honorable W. Sheppard Miller, III,
Secretary of Transportation

The Honorable Luke E. Torian
Chair, House Committee on Appropriations
General Assembly Building
201 North 9th Street
Richmond, Virginia 23219
Room Number: 1223

The Honorable Vivian E. Watts
Chair, House Committee on Finance
General Assembly Building
201 North 9th Street
Richmond, Virginia 23219
Room Number: 907

The Honorable Karrie K. Delaney
Chair, House Committee on Transportation
General Assembly Building
201 North 9th Street
Richmond, Virginia 23219
Room Number: 1112

The Honorable L. Louise Lucas
Chair, Senate Committee on Finance and
Appropriations
General Assembly Building
201 North 9th Street
Richmond, Virginia, 23219
Room Number: 1404

The Honorable Jennifer B. Boysko
Chair, Senate Committee on Transportation
General Assembly Building
201 North 9th Street
Richmond, Virginia 23219
Room Number: 613

RE: 2024 Appropriations Act: Item 441(C.6.) Toll Relief Annual Report

Dear Ladies and Gentlemen:

Item 441 of Chapter 2 of the 2024 General Assembly Session (Item 441) expands toll relief benefits of the existing Toll Relief Program (“TRP”) by appropriating \$77,000,000 the first year and \$24,000,000 the second year from the general fund to an Eligible Drivers Toll Relief Fund (the Fund or State TRP Contribution Fund). The Virginia Department of Transportation is directed to use the Fund for the purpose of providing additional toll relief to eligible drivers (a) who earn less than \$50,000 per year, (b) whose primary residence is in a planning district with at least three tolled bridges or tunnels and within a locality with a score of 104 or higher on the fiscal stress index, as published by the Department of Housing and

Community Development in July 2023, and (c) who drive a two-axle passenger vehicle to utilize the tunnels in a locality described in (b). The distribution of the additional toll relief benefits must be implemented by January 1, 2025. Item 441(C.6.) directs the Commissioner of Highways to annually report on the additional toll relief provided by the Fund no later than the first day of the regular session of the General Assembly.

In response to Item 441 (C.6.), I am submitting the following report, which conveys information and an update on VDOT’s Toll Relief Program that administers monetary assistance to users of the Downtown and Midtown Tunnels that reside in one of the seventeen jurisdictions that make up the Hampton Roads Planning District. In conformity with the January 1, 2025 deadline, VDOT established a “go-live” date of December 18, 2024, for implementation of the additional toll relief provided by Item 441. In order to implement the additional toll relief, the Department has updated processes and interfaces and collected necessary enrollee annual income information since July 1, 2024 to facilitate a smooth deployment. However, given the brief time between implementation of the additional toll relief afforded by Item 441 and the date of this first report, data is constrained. The Department will continue to collect data throughout 2025 and the annual report in 2026 will provide data for a full year of implementation. In the meantime, this report is offered to provide background regarding the existing Toll Relief Program and establish further context for purposes of the additional toll relief afforded by Item 441.

Background

Establishment of the TRP. On December 5, 2011, the Department entered into a Comprehensive Agreement with Elizabeth River Crossing OPCO, LLC (“ERC”) pursuant to a public-private partnership providing for the delivery of significant transportation improvements to the Downtown and Midtown Tunnel crossings of the Elizabeth River and the construction of the Martin Luther King Freeway Extension. Four years later, the parties established the Toll Relief Program by executing Amendment No. 5 to the Comprehensive Agreement Relating to the Downtown Tunnel/Midtown Tunnel/Martin Luther King Freeway Extension Project whereby ERC agreed to provide \$500,000 annually for ten years beginning in 2017, for a total of \$5,000,000, to fund a program that would be administered by VDOT to compensate economically disadvantaged tunnel users for tolls.

Early Modifications of the TRP. The original TRP benefits were expanded by subsequent Amendments No. 8 (October 2020) and No. 9 (November 2021), which extended the duration of the program from 10 to 20 years and increased ERC’s annual contributions from \$500,000 to over \$3,220,000, and included annual Consumer Price Index adjustments. The impact of these amendments allowed VDOT to expand enrollment for the already popular program from just Norfolk and Portsmouth to all of the localities that make up the Hampton Road Planning District Commission.¹ In addition to widening the geographical footprint for enrollment, enrollees also received additional benefits. The rebate from the

¹ The Hampton Roads Planning District Commission has representation from 17 jurisdictions that include: Norfolk, Portsmouth, Chesapeake, Franklin, Gloucester County, Hampton, Isle of Wight County, James City County, Newport News, Poquoson, Smithfield, Southampton County, Suffolk, Surry County, Virginia Beach, Williamsburg, and York County.

initial \$0.75 (with minimum trip volumes requirements) per ERC transaction was increased to 50% of the 2-axle toll paid to a maximum of 14 transactions per week.

Another significant change to the TRP occurred in November 2022 when VDOT shifted its administration of the program from requiring enrollment during a specified period to allowing continuous enrollment. As established, the TRP's maximum annual income parameter necessitated re-enrollment on an annual basis to ensure eligibility status. Prior to November of 2022, eligible participants were permitted to enroll only during a fixed window, from early December through mid-February of each year. The flexibility of the open enrollment concept provided for greater access especially given the transient nature of the region's military population.

Figure A on the following page provides a high-level overview of key elements of the program as it evolved.

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 December 31, 2024

Year	Average Number of Participants	Residency	Income Cap	Transaction Subsidy	Transaction Parameter	Typical Usage/month	Average Monthly Benefit	ERC Contribution	Disbursed Funds
2017-2021	2,150	Norfolk Portsmouth	\$30,000	\$0.75 (2018 - \$1.00)	All, if 8 minimum was met	25 transactions	\$21	\$3M	\$1.9M
2022	2,592	Norfolk Portsmouth	\$30,000	50% 2-axle toll (\$0.97 / \$1.25)	Max 10 / week	18 transactions	\$20	\$3.2M	\$500K
2023	11,800	HRPDC (17 localities)	\$50,000	50% 2-axle toll	Max 10 / week	18 transactions	\$22	\$3.3M	\$2.2M
2024*	<i>21,000</i>	HRPDC (17 localities)	\$65,000	50% 2-axle toll	Max 14 / week	<i>18 transactions</i>	\$24	<i>\$3.5M</i>	<i>\$4.2M</i>

Figure A – High-level TRP Summary

***Note: the 2024 Program Year will conclude on February 28, 2025; italicized values provided are year-end projections.**

Figures B and C illustrate how disbursements and enrollment have increased more recently (since March 2022) based on the parameter changes noted in Figure A.

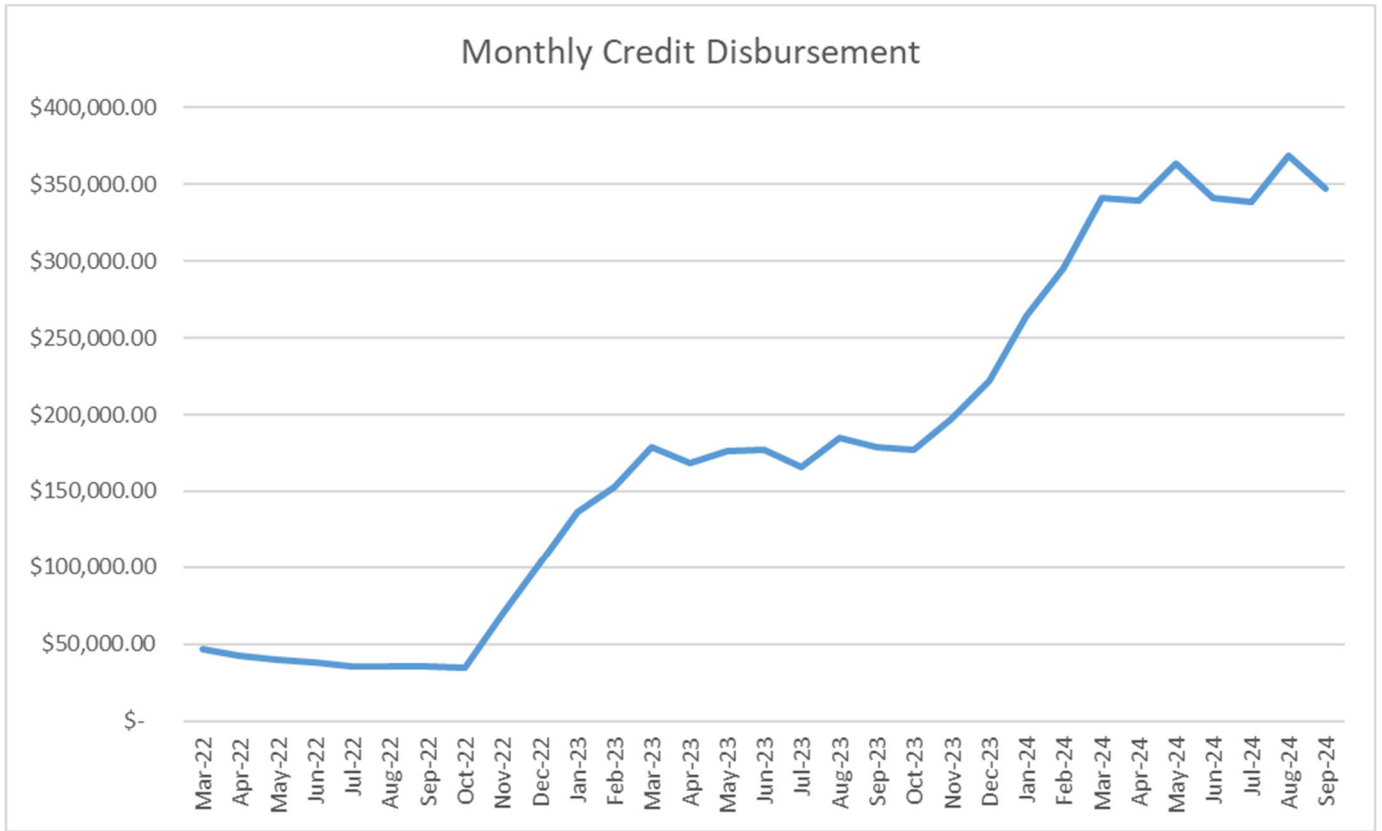


Figure B – Monthly Disbursement of Toll Credits

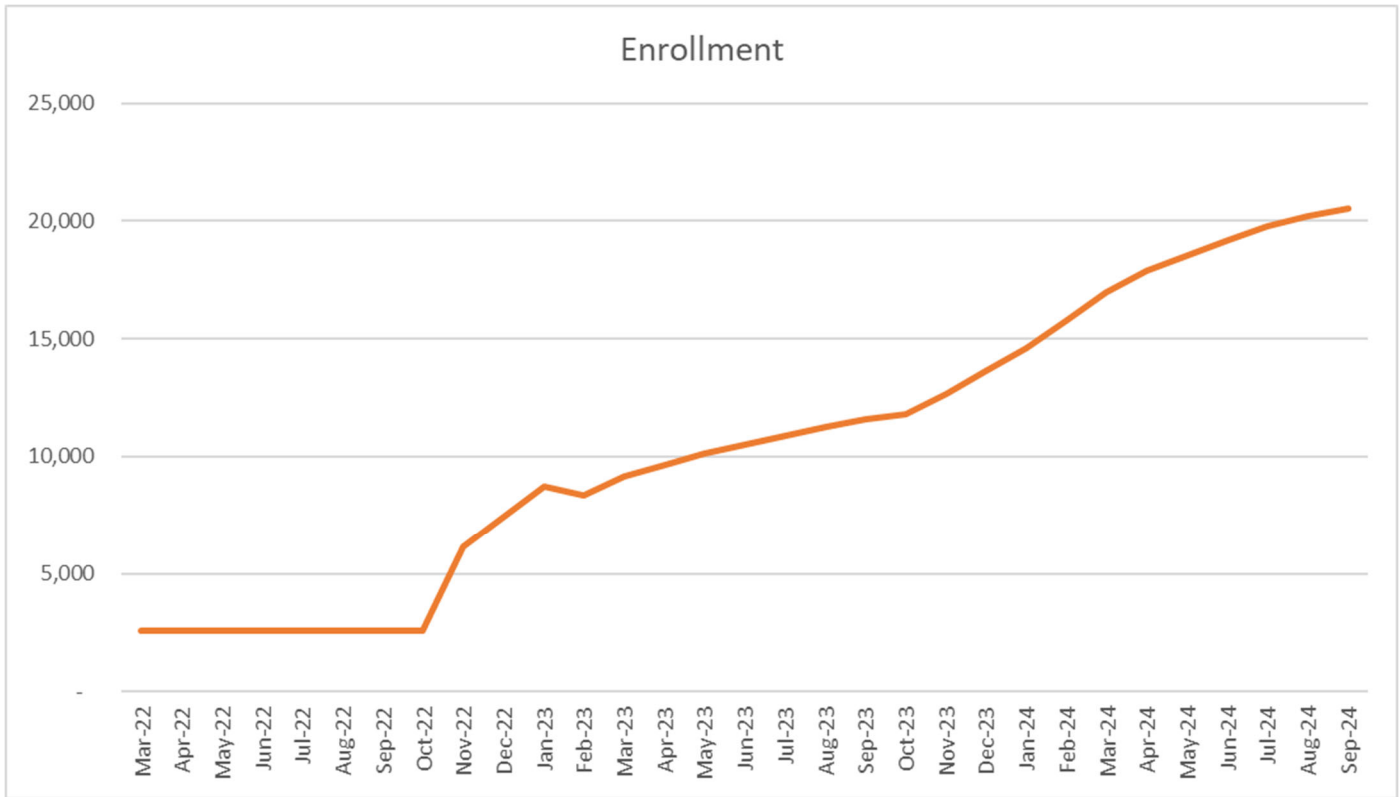


Figure C – Number of Active Enrollees

2025 Toll Relief Program Modifications

The Department has updated both the enrollment processes and programmatic changes to E-ZPass to meet the requirements of Item 441. The Department has also coordinated with the Department of Treasury and Department of Accounts to develop a MOU and the necessary financial processes to utilize the new funding. Finally, the Department is working with the Virginia Department of Taxation to create a real-time interface that will provide additional levels of assurance to confirm enrollees’ annual income information during the enrollment process.

The Enrollment User Interface used by the E-ZPass team has been modified to capture additional information during the in- person enrollment process. This additional information allows for the proper designation of enrollees who will receive an additional 50% toll rebate based on annual income less than \$50,000 and primary residency in one of the following cities which meet the criteria of Item 441: Norfolk, Portsmouth, Hampton, Newport News or Franklin. Any new enrollee meeting the foregoing income and residency requirements, who does not have an E-ZPass Virginia account, will be able to open an account with an initial prepaid opening balance (\$20.00).

Reporting templates have been updated so that the Department is able to readily account for the source of the distributed toll rebates and initial prepaid opening balances, whether the source is the ERC

TRP Contribution Fund or State TRP Contribution Fund. Typically, enrollees will see toll rebates in their E-ZPass account on the next business day after their transaction.

2025 Toll Relief Program Go-Live

The subset of TRP enrollees meeting the prescribed annual income threshold and residency requirements of Item 441 began receiving the additional rebates for 2-axle ERC toll transactions on December 18, 2024. Any of these enrollees not having a Virginia E-ZPass were provided one with an initial opening balance of \$20.00. Internal monthly reporting will track the pertinent metrics of the TRP program and enable VDOT to monitor all activity related to the disbursement from the two funds, ERC TRP Contribution Fund and State TRP Contribution Fund.

It is important to note that all TRP enrollees receive a rebate from the ERC TRP Contribution Fund. Currently that rebate amount is 50% of the 2-axle toll. Item 441 enables an eligible subset of TRP enrollees to receive an additional 50% rebate such that these enrollees receive a 100% rebate on ERC tolls in the current rebate configuration. To summarize:

TRP Enrollment Eligibility

- Participant must reside in the Cities of Norfolk, Portsmouth, Chesapeake, Suffolk, Franklin, Newport News, Williamsburg, Hampton, Poquoson, Smithfield, and Virginia Beach or in the Counties of Gloucester, Isle of Wight, James City, Southampton, Surry and York;
- Participant must have an annual income of \$65,000 or less;
- There is a Continuous in-person enrollment process available
- Annual in-person re-enrollment is required to verify participant residency and income level.

Distribution of Benefits

- 50% rebate for each 2-axle E-ZPass transponder transaction. Participants making less than \$50,000 in annual income and reside in Cities of Norfolk, Portsmouth, Franklin, Newport News, or Hampton will be eligible for an additional 50% rebate;
- Maximum cap of 14 transaction per week; and
- Crediting participant's E-ZPass account typically within 24 hours of transaction posting.

Toll Relief Program Sustainability

Notwithstanding Item 441, TRP 2024 enrollment projections show potential enrollment levels exceeding 30,000. The current contributions into the ERC TRP Contribution Fund, however, would only support approximately 16,000 enrollees based on the current value of the benefit. If enrollment and rebate parameters remain the same, the ERC share of the TRP would be unsustainable without an increase in available funding. Alternatively, unless additional funds are allocated, changes to reduce the rebate amount, the annual income threshold, or the eligible residency geographical footprint will be needed or the ERC TRP Contribution Fund shortages would need to be augmented with State TRP Contribution

Funds. If the growth projections are accurate, a determination will need to be made about the Program's sustainability. The Introduced Budget Bill for the 2025 General Assembly Session contains proposed changes to the program that are intended to address the sustainability of the Program.

Conclusion

In conclusion, this report is being offered in compliance with Item 441. While operational and administrative aspects of the additional toll relief program established by Item 441 were available for this report, data relating to the number of enrollees and distribution of funds under the program will not be available until the 2026 report given its recent implementation. Should you have questions regarding the additional toll relief program or this report, please contact Laura Farmer, VDOT's Chief Financial Officer at laura.farmer@vdot.virginia.gov or (804) 786-3096.

Respectfully,



Stephen C. Brich, P.E.
Commissioner of Highways