



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION

Stephen C. Brich, P.E.
Commissioner

1221 East Broad Street
Richmond, Virginia 23219

(804) 482-5818

March 18, 2026

The Honorable Abigail D. Spanberger
Governor of Virginia
P.O. Box 1475
Richmond, VA 23218

The Honorable Vivian E. Watts
Chair, House Finance Committee
8717 Mary Lee Lane
Annandale, VA 22003

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations
Committee
P.O. Box 700
Portsmouth, VA 23705

The Honorable Karrie K. Delaney
Chair, House Transportation Committee
P.O. Box 231023
Centreville, VA 20120

The Honorable Lamont Bagby
Chair, Senate Transportation Committee
P.O. Box 396
Richmond, VA 23218

The Honorable Nicholas M. Donohue
Secretary of Transportation
P.O. Box 1475
Richmond, VA 23218

The Honorable Luke E. Torian,
Chair, House Appropriations Committee
4222 Fortuna Plaza, Suite 659
Dumfries, VA 22025

RE: 2025 Appropriations Act: Item 441(C.6.) Toll Relief Annual Report

Dear Ladies and Gentlemen:

Item 441 (C.1.) of Chapter 725 of the 2025 General Assembly Session ("Item 441") provides that:

Out of the amounts in this item, \$77,000,000 the first year and \$24,000,000 the second year from the general fund is provided to the Department for the purpose of providing additional toll relief to eligible drivers defined as registered drivers (a) who earn less than \$50,000 per year, (b) whose primary residence is (i) in a planning district with at least three tolled bridges or tunnels and (ii) within a locality with a score of 104 or higher on the fiscal stress index and with a median household income between \$53,000 and \$57,000, 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 Commissioner shall use funds appropriated in this Item i) to establish a program to provide such eligible drivers with an E-ZPass transponder and the required prefunded account balance, for those who have not previously enrolled in the existing Toll Relief program and have not opened a Virginia E-ZPass Account; ii) to provide such eligible drivers an additional 50 percent toll relief rebate, that when combined with the existing Toll Relief program, provides up to a 100 percent toll rebate on up to 14 trips per week on the Elizabeth River Tunnels; and iii) to redeem outstanding customer balances and fees as of December 31, 2023, due to Elizabeth River Crossings (ERC) for drivers described in (b) at the time the toll was incurred subject to negotiation between the Commissioner and ERC.

The distribution of the additional toll relief benefits was required to be implemented by January 1, 2025. Further, Item 441(C.6.) directs the Commissioner of Highways to report annually on the additional toll relief provided by the Toll Facilities Revolving 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 ("TRP") 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 of Chapter 2 of the 2024 General Assembly Session. As a result of the Item 441 changes, the Department updated enrollment criteria on May 2, 2025, that limited the additional 50% toll relief availability to only those residing in Portsmouth and Norfolk. Those enrollees outside Portsmouth and Norfolk already receiving the additional 50% rebate will continue to receive benefits until their next annual re-enrollment date.

In addition to the TRP update, the Department successfully concluded negotiations with ERC for the debt redemption Item 441 (C.1.(c)(iii)). The negotiation resulted in a total of \$36,175,458 spread over three payments to retire open ERC customer balances related to transactions occurring prior to January 1, 2024, for those residing in Portsmouth and/or Norfolk at the time the transaction(s) occurred. This also included the removal of vehicle registration holds if placed as a result of these relevant transactions.

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 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 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.

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.

2025 Appropriations Act: Item 441(C.6.) Toll Relief Annual Report
 March 18, 2026

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	19,600	HRPDC (17 localities)	\$65,000	50% 2-axle toll	Max 14 / week	18 transactions	\$24	\$3.5M	\$4.1M
2025*	20,600	HRPDC (17 localities)	\$65,000 (50%) \$50,000 (add'l 50%) ¹	50% 2-axle toll Add'l 50% for Residents of Portsmouth, Norfolk, Hampton, Newport News and Franklin ¹	Max 14 / week	19 transactions	\$42	\$3.6M	\$4.8M

Figure A – High-level TRP Summary

***Note: the 2025 Program Year will conclude on February 28, 2026; italicized values provided are year-end projections.**

¹\$50K threshold for the additional 50% benefit for residents of Portsmouth, Norfolk, Hampton, Newport News and Franklin enrollees was implemented on December 18, 2024. On May 2, 2025, this benefit was restricted to Portsmouth and Norfolk residents which was implemented into the enrollment process. Existing enrollees were not impacted by this May 2nd requirement but will be subject to this at their next re-enrollment anniversary.

Figures B and C illustrate how disbursements and enrollment have increased more recently (since October 2024) based on the parameter changes noted in Figure A for this period of time.

Figure B – Monthly Disbursement of Toll Credits

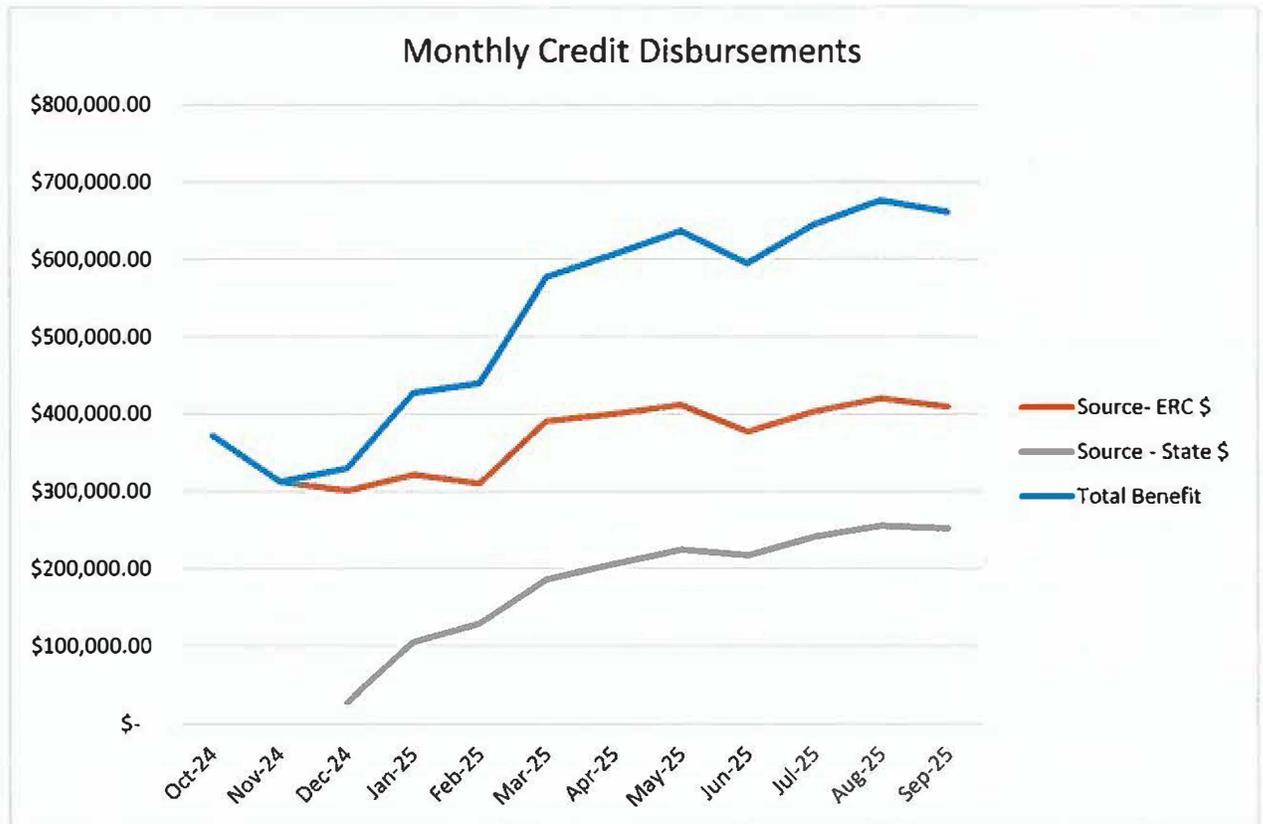
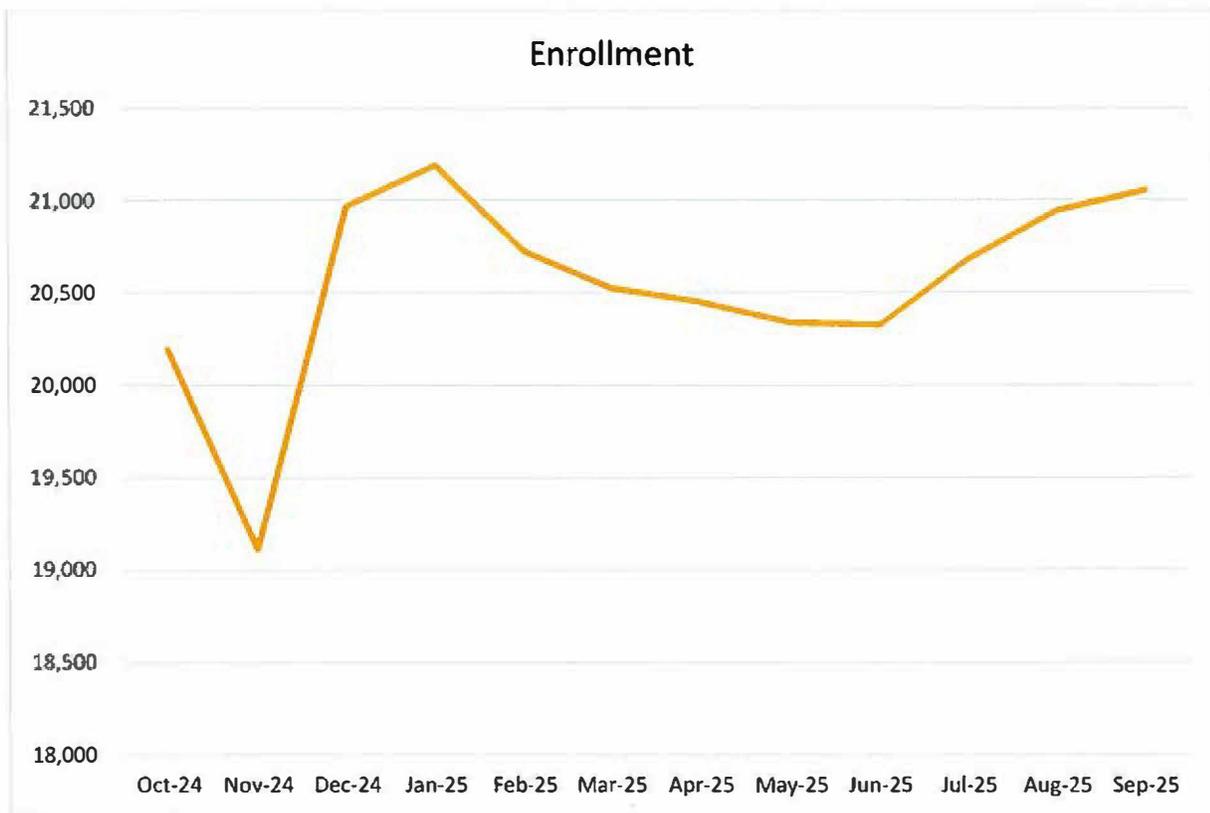


Figure C – Number of Active Enrollees



Total distributed TRP benefits from October 2024 through September 2025:

ERC-funded base portion of benefits =	\$4,432,157
State-funded additional 50% portion of benefits =	<u>\$1,839,945</u>
Total =	\$6,272,102

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 an MOU with the Department of Treasury and Department of Accounts outlining financial processes to utilize the new State funds and has also executed an agreement with the Virginia Department of Taxation to utilize a real-time interface to assist with income validation of prospective TRP enrollees.

The Enrollment User Interface used by the E-ZPass during the in-person application process captures the necessary information to ensure TRP parameters are consistently applied. This 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 the recent residency requirements that now include Portsmouth and Norfolk. 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 Operations

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. On May 2, 2025, enrollment parameters were updated to account for the adjusted residency requirements. 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, covered by State funding, 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; and
- 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 or Portsmouth will be eligible for an additional 50% rebate (State funded);
- 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 2025 enrollment projections show potential enrollment levels exceeding 20,000. The current contributions to 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 insufficient to meet current enrollee expectations. Maintaining current enrollment/benefit parameters will require a continuous infusion of funding to close the gap in benefits that ERC's funding cannot support. If usage projections are accurate, a determination on how to modify TRP benefits will need to be made by July 2026.

As an alternative, consideration could be given in allowing the use of existing State Funds to avoid financial pressures to reduce current TRP benefit distributions. Although budget negotiations are ongoing, proposed language in both the House and Senate proposed budgets (House Bill 30 and Senate Bill 30, respectively) would modify the current language in Item 441 to allow State funds to support annual shortfalls in TRP funding when ERC contributions are exhausted in any given annual cycle. The proposed language states that the Department shall administer the program in a manner to fully utilize ERC's annual contribution per Amendment 9 of the Comprehensive Agreement and report to the Chairs of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations on the amount that was used from the Eligible Drivers Toll Relief Fund to resolve any shortfall.

Conclusion

In conclusion, this report is being offered in compliance with Item 441. I apologize for the late submission; while the report was provided prior to the change of administration, it came to our attention that it failed to be submitted.

Should you have questions regarding the toll relief program or this report, please contact Kim Pryor, VDOT Chief Financial Officer at Kimberly.Pryor@VDOT.Virginia.gov or (804) 786-2543.

Respectfully,



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