



February 17, 2025

Dear Chair Koznick, Vice Chair Myers, Minority Lead Koegel, and members of the House Transportation Finance and Policy Committee,

Drive Electric Minnesota appreciates the opportunity to submit written testimony on House File 189. Drive Electric Minnesota opposes increasing the flat fee on electric vehicles (EVs) and instead advocates for a comprehensive approach to road funding that addresses the true causes of funding challenges.

Drive Electric Minnesota is a partnership of EV champions—including automakers and auto dealers, electric utilities and cooperatives, local and state government, corporations, and nongovernmental organizations—who are working to accelerate EV adoption in Minnesota. Drive Electric Minnesota believes EVs of all types are an important component of energy efficiency and cleaner transportation in Minnesota that is both financially and environmentally sustainable.

Drive Electric MN recognizes the need for sustainable road funding. However, increasing the annual EV fee is not the solution to declining revenue, which is [primarily caused by](#) the rising fuel efficiency of gas-powered cars. In fact, according to a recent [report](#) from the Minnesota Department of Transportation (MnDOT), doubling the EV fee from \$75 to \$150 would have a limited impact as a source of dedicated revenue given that EVs account for just 0.8 percent of the total passenger vehicle fleet today.

Furthermore, MnDOT's report highlights that EV drivers already pay higher tab fees and sales taxes due to the higher upfront costs of EVs, which—combined with the existing \$75 annual fee—offsets any savings that result from not paying the gas tax. Thus, increasing the EV fee today would result in overtaxing EV drivers relative to drivers of gas cars. This is particularly true for EV owners who drive less than average.

A flat fee increase would also continue to treat EV drivers differently than other drivers, who pay into the highway fund based on a combination of how much they drive and how fuel efficient their vehicle is. Drive Electric Minnesota supports tax policy that is comprehensive and fair across vehicle types and that does not risk hindering EV adoption by overtaxing EV drivers.

Thank you for the opportunity to provide written testimony.

Sincerely,

Carolyn Berninger  
Public Policy Manager, Transportation & Fuels  
Great Plains Institute (Drive Electric Minnesota facilitator)