



March 13, 2023,

Dear Members of the Climate and Energy Finance and Policy Committee,

Center of the American Experiment appreciates the opportunity to provide testimony on House File 413 (Stephenson), which would require the state to prioritize the purchase of electric vehicles (EV), offer rebates for EV purchases, and allow monopoly utilities like Xcel Energy to increase the bills of low-income families to build EV charging stations.

These provisions will increase the cost of living for low and middle-income families while making zero measurable difference in future global temperatures. It is all pain and no gain for Minnesota.

Prioritizing EV Purchases

While this section of the bill wisely excludes emergency and law enforcement vehicles from the state preference for EVs, creating a preference for EVs for other state uses will force taxpayers to pay more money for vehicles that are less useful than their conventional counterparts.

According to an analysis from Kelley Blue Book, which analyzed the cost of the first five years of car ownership, EVs are more expensive than internal combustion vehicles. The research examined all vehicle-related costs a consumer will likely incur in those first five years, such as up-front costs, financing, insurance, fuel, and repairs. The data were pulled from the first week of February in 2023, and they show that EVs cost consumers an average of \$65,202 during this period, while conventional vehicles cost \$56,962.¹

EVs are also more limited than their conventional counterparts because they have less range with longer refueling times. The limitations of all-electric vehicles have been on full display with the electric buses operated by Metro Transit, which have seen significant downtime and are not able to perform as capably as their diesel-powered cousins.²

The state should focus on providing the most reliable services to Minnesotans at the lowest possible cost. This preference does not accomplish this goal.

Instead of mandating all-electric vehicles, it would make far more sense to put hybrid electric vehicles at the top of the list of preferences because this would allow most trips taken by state employees to be run on electricity, while still maintaining the utility of conventional cars.

EV Rebates

Subsidies for electric vehicles are the definition of regressive. According to data from the Energy Information Administration, 67 percent of households who owned electric vehicles made more

¹ <https://www.nada.org/nada/nada-headlines/beyond-sticker-price-cost-ownership-evs-v-ice-vehicles>

² <https://www.americanexperiment.org/metro-transit-pulls-the-plug-on-electric-vehicle-experiment/>

than \$100,000 in 2017. This means the \$7,500 federal tax credit, the [proposal](#) to give a \$2,500 rebate to Minnesota EV buyers, could put as much as \$10,000 in rebates and tax credits into the hands of people who are already wealthy.

These subsidies would be paid for through tax increases on lower-earning households to fund a luxury item for more-affluent ones. This is trickle-down environmentalism, where wealthy urbanites pretend they're saving the world and delivering environmental justice to the oppressed by forcing these same disadvantaged communities to subsidize their new electric car. How is this "environmental justice?"

Forcing all Ratepayers to Fund EV Charging

Minnesota families and businesses are already struggling with high electricity costs as electricity rates in 2022 reached new all-time highs. Unfortunately, this legislation would compound these hardships.

It is absolutely wrong to increase the cost of electricity for low and middle-income families to pay for electric vehicle charging stations because these families, as a rule, cannot afford electric cars. As a result, this proposed initiative will benefit wealthy people on the backs of hardworking families. If you care about concepts like environmental justice, you cannot support this proposal.

Furthermore, the transmission and distribution of electricity are natural monopolies, but the provision of electric vehicle charging stations is not. Tesla did not need a government-approved rate of return to establish a robust charging network, and neither do monopoly utilities like Xcel Energy.

If Xcel Energy wishes to participate in the public electric vehicle charging industry, it should do so through an unregulated subsidiary and not as a regulated monopoly. The company should not be allowed to cynically use the funds of captive ratepayers to pad its rate base and increase its corporate profits under the guise of reducing greenhouse gas emissions.

Zero Measurable Impact

Minnesota citizens deserve a clear discussion of the costs and potential benefits of all of the legislation considered by this body. In this case, they should be well informed about the cost of the provision and the expected environmental outcomes.

To understand how reducing GHG emissions from Minnesota's transportation sector will impact future global temperatures, it helps to examine the impact of the Clean Power Plan (CPP), which was widely considered to be the Obama administration's signature climate change initiative.

Proponents of the CPP claimed it would have reduced annual CO2 emissions nationally by 730 million metric tons by 2030. The climate model used by the Environmental Protection Agency (EPA) during the Obama administration to estimate the CPP's effect on global temperatures, the Model for the Assessment of Greenhouse-Gas Induced Climate Change (MAGICC), found the

CPP would have reduced future warming by only 0.019° C by 2100, an amount too small to be accurately measured with even the most sophisticated scientific equipment.

Eliminating the 36.5 million metric tons of GHGs emitted in Minnesota would be roughly five percent of the CO₂ reductions projected for the CPP. As a result, we can conclude that eliminating all transportation-related emissions in Minnesota would reduce future global temperatures by 0.00095° C by 2100.

Conclusion

The policy changes in this bill are all regressive, and they will unfairly put the government's thumb on the scale of technology that is inferior to its conventional counterparts. If there comes a day when electric vehicles are obviously the superior option for transportation in terms of cost and reliability, then American Experiment will support the state's procurement of them.

However, that day has not yet arrived, and the premature adoption of EVs will be a costly mistake for Minnesota that will have zero measurable impact on the climate.

Sincerely,

Isaac Orr

Policy Fellow

Center of the American Experiment