



April 11, 2025

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

Drive Electric Minnesota appreciates the opportunity to submit written testimony on House File 2438. **We oppose language on lines 49.8 - 49.17 which would increase the flat fee on electric vehicles (EVs) to \$200 annually.**

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. We believe EVs of all types are a vital component of an energy-efficient and sustainable transportation future.

Drive Electric MN recognizes the need for sustainable road funding and agrees that all drivers must contribute fairly to the Highway User Tax Distribution Fund. However, we oppose increasing the existing EV fee for multiple reasons:

- **Electric vehicle drivers already pay more for roadway funding than drivers of equivalent gas vehicles.** Due to their higher upfront costs, EVs generate more revenue for the state through motor vehicle sales tax (MVST) and registration fees than comparable gas-powered vehicles. For example, an all-electric Ford F-150 Lightning owner would pay approximately \$700 more in combined vehicle taxes over the vehicle's lifetime than a gas-powered Ford F-150 owner, when factoring in MVST, registration fees, gas taxes, and the existing \$75 EV fee.
- **A \$200 would be disproportionate and punitive to EV drivers.** Even without accounting for MVST and registration taxes, a \$200 EV fee would be excessive. By design, the gas tax rewards drivers that choose more fuel-efficient vehicles. A driver of an efficient gas vehicle achieving 57 miles per gallon would pay around \$78 per year in gasoline taxes, while the driver of an inefficient pick-up truck would pay just over \$200 per year. EVs are the most efficient passenger vehicles on the roads, and that should be reflected by maintaining the existing \$75 fee.
- **At \$200, Minnesota would be among the states with the highest EV fees** nationally. For example, our neighbors in Illinois, Iowa, North Dakota, and South Dakota all have EV fees between \$50 and \$130.¹
- There is significant uncertainty around EV policy at both the state and federal levels given an exhausted state rebate program and concerns about the Trump Administration rolling back support for electrification. **This is the wrong time for Minnesota lawmakers to further discourage EV sales with new taxes and fees.** Minnesota has

¹ American Road & Transportation Builders Association, "State Electric Vehicle Fees, January 2025," 2025, https://assets.senate.mn/committees/2025-2026/1019_Committee_on_Taxes/SF2688StateElectricVehicleFees.pdf

set ambitious goals to increase EV adoption statewide, and punitive EV fees risk undermining progress toward meeting those goals.

- **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.

For the reasons stated above, **Drive Electric Minnesota urges this committee to reject the fee increase on lines 49.8 to 49.17 of House File 2438**. Instead, we urge this committee to consider comprehensive tax policy that would sustainably increase roadway funding without overburdening 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)