



Drive Electric

MINNESOTA

Dear Chair Nelson,

Drive Electric Minnesota (Drive Electric MN) encourages your support for a number of provisions in the House Transportation omnibus bill (House File 1683) that would spur electric vehicle (EV) adoption in Minnesota. In addition, there are provisions in the Senate Transportation omnibus bill (Senate File 1154) that would impede Minnesota's transition to a cleaner transportation system, and that should thus be omitted from a final package.

Drive Electric MN 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 MN is dedicated to encouraging the deployment of EVs and the establishment of EV charging infrastructure through public-private partnerships, financial incentives, education, technical support, and public policy. We believe EVs are an important component of energy efficiency and cleaner transportation in Minnesota that is both financially and environmentally sustainable. Advancing EV deployment will have many benefits to Minnesotans, including reduced transportation costs, cleaner air, and energy independence.

INFRASTRUCTURE INVESTMENT AND JOBS ACT MATCHING FUNDS

There are significant gaps in Minnesota's charging infrastructure today, which contributes to range anxiety and hinders further EV adoption. The federal Infrastructure Investment and Jobs Act (IIJA) is an unprecedented opportunity to invest in this infrastructure and build out a more reliable charging network, with \$68 million in federal funding for EV chargers poised to come into the state. However, Minnesota must be prepared to fully capitalize on this opportunity by ensuring it can provide the required 20% matching funds. Otherwise, Minnesotans are at risk of losing out on this opportunity.

HF 1683 acknowledges this historic opportunity by appropriating sufficient funds from the general fund to provide the required IIJA match. SF 1154, however, would prohibit the state from providing matching funds for the NEVI program, and would risk Minnesotans losing out on millions of federal investment dollars. Drive Electric MN urges this committee to ensure that the state can provide the matching funds needed to secure the full amount of federal funding available to the state.

INVESTMENTS IN ZERO EMISSION BUSES

HF 1683 also includes funding for transit bus electrification. Electric buses benefit communities throughout the state by reducing emissions, improving air quality, and creating jobs. Air quality benefits will be particularly pronounced in communities that have been disproportionately impacted by air pollution, including those with the highest percentage of Black, Indigenous and

People of Color, low-income and uninsured residents, and people living with disabilities.¹ Drive Electric MN supports continued investments in electric transit buses across the state.

FAIR AND CONSISTENT ELECTRIC VEHICLE TAXES

Minnesota’s transportation system is changing, with gas-powered cars becoming more fuel efficient and with more households switching to electric vehicles. Moving forward, it will be important to find ways to sustainably fund the maintenance of state roads, highways, and bridges given declining gas tax revenues. However, the solution proposed in SF 1154—increasing Minnesota’s EV tax to make it the highest in the country—would not address the root of the problem. A recent study by the Alliance for Transportation Electrification found that recent and projected motor fuel tax revenue losses are due to fuel economy improvements in gas-powered vehicles, not EV adoption.² The study found that by 2030, fuel economy improvements will lead to a \$114 million reduction in motor fuel tax revenue, with a negligible impact from EV adoption. Thus, increasing fees on EV drivers would not resolve the issue.

A \$229 EV fee would result in overtaking EV drivers. As illustrated in the figure below, under this fee, EV drivers would pay significantly more than drivers of gas-powered cars.³

Vehicle	MPG	Gas Tax
	Gasoline Equivalent	10-12,000 miles per year
Chevy Bolt*	119	\$24 - \$29
Fair EV Tax		\$25 - \$30
Nissan Leaf*	112	\$26 - \$31
Chevy Volt**	106	\$27 - \$32
Tesla Model S*	104	\$28 - \$33
Ford C-MAX Energi**	95	\$30 - \$36
Toyota Prius***	56	\$51 - \$61
Honda Accord Hybrid***	48	\$60 - \$72
Honda Accord	48	\$60 - \$72
Existing EV Fee		\$75
Nissan Versa	34	\$84 - \$101
Toyota Corolla	34	\$84 - \$101
Chevy Malibu	30	\$94 - \$144

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. Moving forward, this committee should consider tax policy that taxes EVs

¹ Minnesota Pollution Control Agency and Minnesota Department of Health, “Life and Breath: Twin Cities Metro Area,” 2022.

² Alliance for Transportation Electrification, “Minnesota’s Highway Funding Gap: Fuel Tax Revenue to Decline by \$91 Million Through 2030,” 2021

³ Brendan Jordan, “Why Electric Vehicle Taxes are the Wrong Strategy for Minnesota,” The Great Plains Institute, May 8, 2019, available at <https://betterenergy.org/blog/why-electric-vehicle-taxes-are-the-wrong-strategy-for-minnesota/>

equivalent to a conventional vehicle with the same fuel efficiency, and it should avoid overtaxing EV drivers who drive infrequently. We are pleased to see that HF 1683 includes an opportunity for a thoughtful analysis of a variety of road usage charge options. Drive Electric MN urges this committee to consider comprehensive solutions to roadway funding challenges that consider the higher fuel efficiencies of EVs.

By adopting positive policy provisions from HF 1683, Minnesota has a significant opportunity to advance state policy and leverage federal funds to spur EV adoption. Thank you for your consideration of these important policy provisions.

Sincerely,

Brendan Jordan
Vice President, Transportation & Fuels
Great Plains Institute (facilitator of Drive Electric MN)