



May 2, 2025

Transportation Finance and Policy Conference Committee
St. Paul, MN 55155

RE: Electric Vehicle Tax

Chair Dibble, Co-Chairs Koznick and Koegel, Members of the Transportation Conference Committee,

On behalf of the Alliance for Automotive Innovation (Auto Innovators), we appreciate the opportunity to provide our perspective on the proposed \$200 electric vehicle (EV) tax.

Automakers recognize that states across the country, including Minnesota, are navigating the expansion of EVs across the industry and how their increased adoption could impact transportation funding now and into the future. While EVs are certainly not the only cause of decreased highway spending power – internal combustion engines that improved fuel economy year-over-year and highway construction cost that has outpaced inflation have also played a role – we recognize that EVs have forced states to rethink the way they assess road funding collections.

The Alliance supports a fair and equitable registration fee to support highway funding. Using the following formula, we can determine an approximate EV registration fee: (Average Annual VMT /Fuel economy for new vehicles) X Gas tax per gallon = Average annual gas tax. Using 12,000 miles as the annual VMT and 26 MPG for vehicle efficiency results in an average annual gas tax of \$146.77 as seen below. **EV fee calculation:** (Average Annual VMT (12,000)/Fuel economy for new vehicles (26 MPG)) X Gas tax per gallon (\$.318) = **\$146.77**.

We recommend Minnesota set its EV registration fee at this approximate figure. This fee level still represents an increase in the tax by over 100%, but more accurately reflects the average annual gas tax paid.

Given the uncertain economic circumstances consumers currently face, Minnesota policymakers should be aware that the U.S. Congress is also considering adopting an EV tax. The U.S. House Transportation and Infrastructure Committee is discussing its proposed budget legislation which includes a \$200 tax on battery electric vehicles. That is a combined tax of \$400 Minnesota EV drivers will face.

We urge the conference committee to adopt a more reasonable fee as proposed above and not to penalize Minnesota drivers based on their choice of powertrain.

Thank you for your consideration of our views. If I can provide any further information, please feel free to contact me at jfisher@autosinnovate.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Fisher".

Josh Fisher
Senior Director, State Affairs
Alliance for Automotive Innovation