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March 25, 2022

Re: House File 3320 (Acomb)

Dear Chair Marquart and Members of the House Taxes Committee,

The National Federation of Independent Business (NFIB) is the largest small business organization in Minnesota, with over 10,000 small business members in every corner of the state. Over 75% of our members have fewer than 10 employees and we advocate for Main Street.

NFIB Minnesota members overwhelmingly oppose electric vehicle (EV) subsidies in House File 3320. Tax incentives for EVs or EV infrastructure benefit the few at the expense of many, and EV rebates often result in providing a subsidy to those who would have bought one without them.

As noted in a 2021 working paper on the federal EV incentive by the National Bureau of Economic Research: "... 70 percent of the credits were obtained by households that would have bought an EV without the credits."¹

Private investment and innovation, not subsidies, will solve the biggest hurdles preventing widespread adoption of EVs: shorter range, cold weather battery depletion and long charging times compared to traditional vehicles.

We encourage the committee to avoid using taxpayer funds to subsidize premature technology.

Sincerely,

A handwritten signature in black ink, appearing to read "John L. Reynolds".

John L. Reynolds
Minnesota State Director
National Federal of Independent Business
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(651) 293-1283

¹ Xing, Leard, Li, "What Does An Electric Vehicle Replace" (Working Paper 25771), National Bureau of Economic Research, April 2019 (Revised February 2021), <http://www.nber.org/papers/w25771>