



March 16, 2022

**Subject:** Support for S.F. 3065, Consumer Choice of Fuel Act

Dear Members of the Senate State Government Finance and Policy and Elections Committee:

The American Petroleum Institute (API)<sup>1</sup> supports Minnesota's goal to reduce greenhouse gas (GHG) emissions from the transportation fleet. We are committed to delivering solutions that reduce emissions while meeting society's growing energy needs. Since this bill provides the best opportunity for reducing vehicle emissions while promoting consumer choice and allowing the market to decide which vehicles and equipment best meet the consumers' needs, we support S.F. 3065, "Consumer Choice of Fuel Act."

In May of 2021, the Minnesota Pollution Control Agency (MPCA) adopted California's low-emission vehicle (LEV) and zero-emission vehicle standards (ZEV). According to Governor Walz, "[t]he ZEV standard requires automobile manufacturers to deliver more vehicles with ultra-low tailpipe emissions for sale in Minnesota, including electric vehicles (EVs) and plug-in hybrid models." The rule essentially requires battery electric vehicles (BEV), plug-in electric vehicles (PHEV) and/or fuel cell vehicles to collectively account for about eight percent of the annual volume of new light-duty vehicles sales of automobile manufacturers by 2025.

If the MPCA continues to follow California's lead, consumer choice in Minnesota could be constrained beyond the ZEV mandate they have already adopted. First, California is developing the Advanced Clean Car II rule, which will require automobile manufacturers to sell 100 percent of new light-duty passenger cars and trucks as ZEVs by 2035. The first draft of California's rule, expected later this year, phases in the ZEV requirements such that by Model Year 2029, half of the new vehicles offered for sale to Minnesotans would have to be so-called zero emission vehicles.<sup>2</sup>

Second, California has adopted the Advanced Clean Truck<sup>3</sup> rule that obligates manufacturers of medium- and heavy-duty vehicles (which range from ¾-ton pickup trucks up to tractor trailers and everything in between) to sell zero emission vehicles as an increasing percentage of their sales from 2024 to 2035. By 2035, zero emission vehicles need to be 55% of sales of new Class 2b-3 trucks (e.g., pickup trucks and large vans), 75 percent of new Class 4-8 straight truck sales (e.g., box trucks, school buses, large dump trucks), and 40 percent of new truck tractor sales.

Third, California recently approved regulations<sup>4</sup> requiring most new, small off-road engines to be zero emission by 2024. The rule applies to equipment such as leaf blowers and lawn mowers. Portable generators will be subjected to this rule

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<sup>1</sup>The API represents all segments of America's natural gas and oil industry, which supports more than ten million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our 600 members produce, process, and distribute the majority of the nation's energy, and participate in API Energy Excellence, which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. API was formed in 1919 as a standards-setting organization and has developed more than 700 standards to enhance operational and environmental safety, efficiency, and sustainability.

<sup>2</sup> <https://ww2.arb.ca.gov/sites/default/files/2021-12/draft%20zero%20emission%20vehicle%20regulation%201962.4%20posted.pdf>

<sup>3</sup> <https://ww2.arb.ca.gov/our-work/programs/advanced-clean-trucks>

<sup>4</sup> <https://ww2.arb.ca.gov/news/carb-approves-updated-regulations-requiring-most-new-small-road-engines-be-zero-emission-2024>

by 2028. Like the other rules, these requirements will only apply to new products – existing, combustion-based equipment may still be used and sold.

As noted above, S.F. 3065 prohibits the Administration and local governments from promulgating mandates, such as the MPCA ZEV program. The bill states that any and all state agencies cannot restrict consumer choice based on the kind of fuel a vehicle or machine uses and directly protects against the potential to adopt new California air quality rules. S.F. 3065 also prohibits government-mandated inventory levels/percentages for vehicle and equipment retailers in Minnesota. This provision prevents the placement of artificial limits on the variety of new vehicle and equipment product available to Minnesotans for purchase.. Lastly, the bill aims to keep local governments in check by making sure they cannot set standards of air quality requirements that are stricter than those set by the Minnesota Pollution Control Agency (i.e., CARB in California).

Without S.F. 3065, the consumer faces the distinct possibility that the cost of every passenger vehicle will increase, regardless of whether it is a new ZEV, and that they will, by definition, see a decrease in options when they go to purchase vehicles and equipment. The MPCA's own research shows that Minnesotans can expect to pay approximately \$1,139 more per vehicle<sup>5</sup> with its recently adopted ZEV rule. People everywhere are already experiencing record high inflation – this increase in prices of vehicles and equipment will only put more pressure on consumers' pocketbooks.

API members are applying their abilities to solve the complex challenges of GHG emission reductions in transportation in a manner that will provide affordable and reliable products that allow Minnesotans, and all consumers, the ability to choose the transportation mode that meets their needs while meeting the policy objectives of reducing transportation emissions. For this, and the above reasons, API supports S.F. 3065, the Consumer Choice of Fuel Act.

For more information or if you have any questions, please contact:

Mike Karbo, Associate Region Director, State Government Relations, American Petroleum Institute | [karbom@api.org](mailto:karbom@api.org) | 952-220-9164

Elizabeth Van Holt, Midwest Region Director, State Government Relations, American Petroleum Institute | [Vanholte@api.org](mailto:Vanholte@api.org) | 630-607-4160

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<sup>5</sup> <https://www.pca.state.mn.us/sites/default/files/aq-rule4-10v.pdf>