

February 22, 2022

The Honorable Scott J. Newman
Chair, Senate Transportation Finance and Policy Committee
3105 Minnesota Senate Bldg.
St. Paul, MN 55155

SF 1062: Electric Fuel Tax

Position: Oppose

Chair Newman:

The Alliance for Automotive Innovation¹ (Auto Innovators) is writing in opposition to SF 1062, which seeks impose a disproportionate fee on the consumption of electricity for electric vehicle (EV) charging. A high tax like the one proposed in the bill disincentivizes consumers who are considering purchasing an electric vehicle (EV).

Auto Innovators understands that as Minnesota continues to grow in population and commerce, the infrastructure needs will continue to mount. In fact, it is the focus in many legislatures across the United States.

However, the tax imposed by SF 1062 would be more than the current tax per tank of gasoline. Our calculation shows that this proposed tax would have EV owners paying over \$1.50 more in taxes each “fill up” than drivers of gas-powered vehicles. Fees and taxes on EVs should be comparable to those paid by drivers of gas-powered vehicles. Such a difference in tax responsibility for EV drivers can only be viewed as punitive.

The proposed tax comes at a time when Minnesota mandated a significant increase in EV sales and the state needs to adopt policies that will incentivize purchases of EVs. Federal, state, and private studies consistently conclude that consumer acceptance of this technology is critically important, cite price as a barrier to adoption of the technology, and note the need for additional incentives. Some of those studies also highlight that market demand can be greatly influenced by the experience and opinions of the early adopters of this technology.

¹ Formed in 2020, the Alliance for Automotive Innovation is the singular, authoritative and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. The newly established organization, a combination of the Association of Global Automakers and the Alliance of Automobile Manufacturers, is directly involved in regulatory and policy matters impacting the light-duty vehicle market across the country. Members include motor vehicle manufacturers, original equipment suppliers, technology and other automotive-related companies and trade associations. The Alliance for Automotive Innovation is headquartered in Washington, DC, with offices in Detroit, MI and Sacramento, CA. For more information, visit our website <http://www.autosinnovate.org>.

Although we understand the state's need to increase funding, the funds raised by the imposition of this tax will be minimal in meeting that end. Increasing consumer adoption of EVs should be a priority of your state, because of their positive economic and environmental impact.

Given that the market for these vehicles is still developing, now is not the time to impose barriers to their purchase. It is through investments in infrastructure, incentivization and consumer education that we see increased sales and production of electric vehicles.

Thank you for your consideration of Auto Innovators' position. Please do not hesitate to contact me at jfisher@autosinnovate.org or 202-326-5562, should I be able to provide any additional information.

Sincerely,

A handwritten signature in black ink that reads "Josh Fisher". The signature is written in a cursive, slightly slanted style.

Josh Fisher
Director, State Affairs
Alliance for Automotive Innovation