



Drive Electric

MINNESOTA

April 4, 2022

Dear Chair Newman and members of the Senate Transportation Finance and Policy Committee, Drive Electric Minnesota (Drive Electric MN) appreciates the opportunity to provide written testimony on Senate File 1154. Specifically, Drive Electric MN opposes the proposed electric vehicle tax increase and the restriction on state match funding for electric vehicle infrastructure investments related to the Infrastructure Investment and Jobs Act.

Drive Electric MN is a partnership of electric vehicle (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.

ELECTRIC VEHICLE TAX INCREASE

Drive Electric MN understands the need to sustainably fund the maintenance of state roads, highways, and bridges. However, overtaxing EVs is not the solution to do so. 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.¹ 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.

Not only would this EV tax increase not address the highway funding gap, but it would also place a disproportionate cost on EV drivers. A flat fee increase would 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. Although the United States Environmental Protection Agency assigns miles per gallon (MPG)-equivalent ratings of around 100-120 MPG to EVs, a \$229 annual fee would lead to an EV driver paying over 3 times as much as a Honda Accord driver who gets 48 MPG, as illustrated in the figure below.²

¹ Alliance for Transportation Electrification, “Minnesota’s Highway Funding Gap: Fuel Tax Revenue to Decline by \$91 Million Through 2030,” 2021

² 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/>

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

If passed, this bill would make Minnesota’s EV fee the highest in the nation. It would overtax EV drivers while failing to address the root of the problem. Instead, this committee should consider tax policy that taxes EVs equivalent to a conventional vehicle with the same fuel efficiency, and it should avoid overtaxing EV drivers who drive infrequently.

INFRASTRUCTURE INVESTMENT AND JOBS ACT

Drive Electric MN also opposes provisions in this bill that would prohibit or limit state investment in EV infrastructure as part of the Infrastructure Investment and Jobs Act (IIJA). Charging infrastructure is critical to accelerating EV adoption, and there are significant gaps in Minnesota’s charging infrastructure today. The IIJA is a significant opportunity to invest in this infrastructure and build out a reliable charging network.

The Federal cost share for the NEVI program is 80 percent, with the remaining 20 percent to be made up with private or state funds. The State of Minnesota should be doing all it can to ensure that it receives the maximum benefit from the NEVI program—\$68 million in federal funding—by ensuring that it can provide the 20 percent match. In addition, no designated alternative fuel corridors should be considered fully built out unless they meet the criteria laid out in the National Electric Vehicle Infrastructure Formula Program Guidance.

Thank you for the opportunity to provide written testimony on this bill.

Sincerely,

Brendan Jordan

Vice President, Transportation & Fuels

Great Plains Institute (facilitator of Drive Electric MN)