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March 26, 2025

The Honorable Scott Dibble
Chair, Transportation Committee
Minnesota Senate
95 University Avenue West, Room 3107
St. Paul, MN 55155

Dear Chair Dibble and Committee Members,

Fresh Energy is a non-partisan, non-profit organization with over 30 years of experience developing practical clean energy policies that benefit all Minnesotans and help us achieve an equitable net-zero carbon economy by 2050. Such policies include supporting the rapid and affordable adoption of low and zero emission technologies like electric vehicles (EVs) through tools like purchase incentives and lowering the cost of owning and operating electric vehicles. These tools are especially important at this early stage of electric vehicle adoption when less than 1% of our on-road vehicles are electric.[1]

As we transition towards a more sustainable transportation system, less revenue will be generated from the gasoline tax which currently funds about 35% of the Highway User Tax Distribution Fund (HUTD). The remaining funding is primarily generated from sales taxes on motor vehicles and tab fees, which includes EVs. In fact, according to Minnesota Department of Transportation's November 2024 "Report on Options to Address the Highway User Tax Distribution Funding Gap", EVs already contribute sufficient tax revenue through higher sales taxes and tab fees to offset the lost gasoline tax revenues from the Internal Combustion Engine vehicles they replace.[2] More funding for roadways is needed, but the funding gap we see today is primarily caused by inflation, aging infrastructure, growing transportation needs, and the increased fuel efficiency of gasoline vehicles, rather than lost gasoline tax revenue from EV adoption. EVs currently account for only 1% of on-road vehicles in Minnesota, and these users already pay their fair share into roadway funding.

Fresh Energy recognizes the need to address roadway funding shortfalls and believes in a comprehensive solution to roadway funding in which users pay their share of their actual costs imposed upon the system, regardless of the fuel they use. We also believe that there is a need to increase transportation revenues to help us achieve a cleaner and healthier Minnesota, but these funds need to be raised equitably in a manner that does not disproportionately impact EVs and hinder adoption. For these reasons, we urge lawmakers to oppose Senate Files 2092, 2688, and 966.

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[1] Per the [EvaluateMN tool](), managed by Atlas Public Policy on behalf of state agencies, Minnesota has 66,077 electric vehicles on the road, representing roughly 0.88% of all passenger vehicles in the state.
[2] This report was requested by the state legislature in 2023. Link to the full report here: https://www.lrl.mn.gov/docs/2025/mandated/250060.pdf

Sincerely,

Nick Haeg
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Fresh Energy