



DEDICATED TO A STRONG GREATER MINNESOTA

To: Chair Dibble and Members of the Senate Transportation Committee

Re: Support for Transportation Revenue Bills in Committee Today

Date: March 26, 2025

Chair Dibble and Members:

The Coalition of Greater Minnesota Cities is an organization representing over 100 member cities both small and large, outside of the seven-county metro area. The CGMC has long advocated measures to generate additional dedicated revenue for transportation projects in Greater Minnesota. Thank you for the opportunity to share our support the various bills being heard today related to transportation revenue and electric vehicles.

First, the CGMC thanks the committee for the immense effort taken in 2023 to generate additional revenue for state transportation needs. The revenue generated from those changes will result in an additional \$5.2 billion over 20 years to help close the funding gap in the trunk highway system. Unfortunately, even with those changes the trunk highway system is still facing a \$17.8 billion gap over the next 20 years.

The gas tax is currently one of the primary sources of revenue for state highways. With increasing adoption of electric vehicles expected to reduce revenue generated from the gas tax over time, the legislature should consider some of the alternative funding options in these bills such as increasing the annual electric vehicle surcharge or developing a new fee charged per kilowatt hour at public electric vehicle charging stations with revenue dedicated to the Highway User Tax Distribution Fund.

While it is true that electric vehicles are more expensive on average and therefore new car buyers pay more initially in sales tax, the average motorist with an internal combustion vehicle pays over \$200 per year in gas taxes that electric vehicle owners do not pay.

Local governments would like to be partners with the state and federal government to build out electric vehicle infrastructure. We feel that some combination of the approaches taken in the bills heard today is reasonable. It would be wise to make those changes now while EV adoption is relatively low rather than later, when a larger number of motorists would see an increase.

Thank you again to Chair Dibble for dedicating valuable committee time on this subject and committee members for considering these bills.

Sincerely,

Darrin Lee
Government Relations, Flaherty & Hood. P.A.
On behalf of the Coalition of Greater Minnesota Cities