

March 19, 2025

The Honorable Ann H. Rest
Chair, Senate Taxes Committee
328 Capitol
St. Paul, Minnesota 55155

RE: SF 2129 - Gross revenues tax on entities manufacturing and selling products containing PFAS
Position: Oppose

Chair Rest:

On behalf of the Alliance for Automotive Innovation¹ (Auto Innovators), thank you for the opportunity to provide testimony in opposition to SF 2129, legislation that would have a far-reaching and disruptive impact across Minnesota's economy.

This legislation seeks to address the use of products containing chemicals from the PFAS family. It would put into place a tax equal to 50 percent of gross revenue on products containing PFAS. **Because all motor vehicles contain PFAS, SF 2129 would immediately increase the cost of new cars by 50%.**

PFAS in the Auto Industry

The expectations for today's automobiles are high, and the environments in which vehicles must operate are harsh. From the coldest days of winter to summer driving through Death Valley, consumers expect their car or truck to get them there safely. The PFAS family of chemicals has helped provide this resiliency through the application of coatings and products that resist heat, oil, stains, grease, and water. Such qualities are imperative throughout the vehicle. The heat resistance qualities of PFAS allow flexible fuel lines to safely deliver gasoline into a hot engine without causing a fire. Similarly, heat resistance – along with protection from water intrusion – protects the integrity of wire looms, sensors, and brake lines on a vehicle that allow today's advanced safety systems to function. In addition to these safety benefits, modern vehicles have drastically reduced emissions, in part because of the chemical and heat-resistant protections that PFAS provide to gaskets and O-rings, which keep engines tightly sealed, and coatings on cylinder heads and hoses, which reduce fugitive gasoline vapor emissions. Nearly every automotive system depends on certain types of PFAS chemicals to provide a durable, reliable, safer, and cleaner product to consumers.

Automakers and their suppliers consider the impacts of chemicals used to build today's vehicles very seriously and are always looking for substitute compounds that can perform the same job with a lower environmental impact. The industry has even recognized areas where it can reduce the use of PFAS chemicals in specific applications, as it has already ceased use of long-chain PFAS products. Despite all this, however, there are some uses that cannot yet be replicated by any other known chemical. There is currently no way to build a vehicle without these chemicals.

¹ Auto Innovators represents the full auto industry, including the manufacturers producing most vehicles sold in the U.S., equipment suppliers, battery producers, semiconductor makers, technology companies, and autonomous vehicle developers. Our mission is to work with policymakers to realize a cleaner, safer, and smarter transportation future and to ensure a healthy and competitive auto industry that supports U.S. economic and national security. Representing approximately 5 percent of the country's GDP, responsible for supporting nearly 10 million jobs, and driving \$1 trillion in annual economic activity, the automotive industry is the nation's largest manufacturing sector. www.autosinnovate.org.

Current Vehicle Costs

According to our most recent Reading the Meter report on the state of the auto industry, dated March 5, 2025, the latest data measures the average transaction price for a new vehicle at \$44,619.² With a 50% tax, that vehicle price in Minnesota would be \$66,928.50. Consumers have no options for purchasing a vehicle that does not contain PFAS. Surely this increase in vehicle costs will drive car buyers to dealerships in neighboring states to make their purchases.

Instead of a punitive, broad tax, Minnesota should pursue PFAS policies grounded in strong scientific principles that protect human health and the environment, leverage existing regulatory requirements and resources, encourage innovation and economic development, and provide regulatory certainty to the business community. SF 2129 does none of those things.

Thank you for the opportunity to share these concerns.

Sincerely,



Josh Fisher
Senior Director
Alliance for Automotive Innovation

² <https://www.autosinnovate.org/posts/papers-reports/Reading%20the%20Meter%203-5-2025.pdf>.