carbon SOLUTIONS GROUP

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To Chair Dibble and the Minnesota Senate Committee on Transportation,

Carbon Solutions Group ("CSG") respectfully offers testimony in strong opposition to S.F. 4169. By way of background, CSG is a provider of electric vehicle charging solutions in Minnesota, with over 100 charging stations supporting over 3,000 kW of capacity.

CSG appreciates the intention of the Chief Author. However, this legislation, and the current 5 cents per-kilowatt-hour fuel tax, unnecessarily picks winners and losers in the marketplace. For a simple point of comparison in this regard: the 5 cents/kWh fuel tax amounts to a tax of nearly 50 cents per Gallon of Gasoline Equivalent ("GGE") for EV drivers.

EV sales penetration remains relatively low in Minnesota, and electricity rates for EV charging are already comparatively high under utility structures from Xcel. The 5 cents/kWH electric fuel tax will have a stifling effect on a still-nascent EV charging industry, discouraging new investment and innovation from the State. Increasing the current tax rate through S.F. 4169 will only further blunt any future economic development, jobs, and innovation gains to be had.

At the same time, the theoretical economic gains from this tax are unlikely to be realized in practice. Due to the low EV penetration in Minnesota, many public electric vehicle charging stations remain significantly underutilized, rendering the electric fuel tax a potentially lackluster revenue source for the Highway Users Tax Distribution Fund ("HUTDF").

On a more granular level, the term "retail," as invoked in the bill, is also insufficiently defined. This term could be interpreted as applying to charging that is not accessible to the public, including multifamily residences and logistics fleets.

To be clear, CSG strongly supports the taxation of all fuels in Minnesota, including electricity. CSG agrees with the Chief Author that the EV charging industry must contribute funds to roads, bridges, and other types of critical transportation infrastructure. However, any tax structure must be applied equitably and implemented with long-term value for the State in mind.

This testimony is offered with the greatest respect for the Committee and the Chief Author. CSG would look forward to working together on future iterations of this timely piece of legislation.

Respectfully submitted,

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