Drive Electric MINNESOTA

March 11, 2026

Dear Chair Dibble, Vice Chair Johnson Stewart, Ranking Minority Member Jasinski, and members of the Senate Transportation Committee,

Drive Electric Minnesota (DEMN) appreciates the opportunity to provide written testimony on SF 4169 and to share our perspective on a fair approach to taxing electric vehicles (EVs) to pay for maintenance of roads.

For background, Minnesota has had an EV fee of $75 in lieu of a gas tax for many years. In 2025, two new taxes were added. First, the $75 EV fee was replaced with a new registration fee surcharge (168.013 subd 1m), resulting in EVs paying a variable fee based on the vehicle's age and MSRP, in addition to the same registration fees all vehicles pay. Under this system, the minimum EV fee is $150 for a fully depreciated EV, and the most expensive new EVs can pay more than $600 per year. The legislature also passed a new tax on the use of public EV charging stations (296A.075, subd 2), on a kWh basis (based on energy use), which applies to fast charging stations of 50 kW or higher and takes effect July 1, 2027. SF 4169 would expand this tax to include nearly all public (redefined as "retail" in SF 4169) charging stations in the state. The public EV charging station tax is on top of an existing sales tax on electricity sold at EV charging stations. Public EV charging station taxes would add nearly $500 per year in tax burden for an EV driver that relies entirely on public EV charging, on top of $150-600 in EV surcharge. **This is a burden that would be borne by renters who are unable to charge at home.**

EV taxes are already very high in Minnesota. They will be the highest in the country when public EV charging taxes go into effect on July 1, 2027.[1] SF 4169 raises them even further.

With regard to SF 4169:

- **DEMN opposes provisions that increase the cost of the public EV charging station tax by adjusting for inflation (lines 3.7-3.19), and that expand the public EV charging station tax to include level 2 public chargers (line 4.11)**
- **DEMN supports exempting electricity sold at a public EV charging station as vehicle fuel from the state sales tax (lines 5.20-5.26)**
- **DEMN supports restoring state matching funds for federal investment in EV charging (line 6.1-6.5)**

[1] https://atlaspolicy.com/wp-content/uploads/2025/09/Minnesota-Fact-Sheet.pdf

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Although not proposed in SF 4169, **DEMN supports the repeal or delay of the public EV charging tax** for the following reasons:

- ***Public EV charging taxes are triple taxation.*** Electric vehicles already pay an EV registration fee in lieu of the gas tax paid by gasoline vehicles, as well as a sales tax on electricity sold at public charging stations.
- Public charging taxes ***disproportionately and negatively impact EV drivers who are renters*** and are unable to charge cheaply at home.
- ***Taxing EVs where they charge has major practical problems and will reduce access to charging*** for Minnesotans, particularly those in rural areas. Many EV charging station site hosts operate the stations as customer amenities despite low utilization and thus and low revenue. Some stations will shut down to avoid new administrative and cost burdens, particularly in rural areas with low usage. Further, high charging station taxes will discourage new entrants into the market and delay implementation of EV charging investments through the National Electric Vehicle Initiative (NEVI) and Volkswagen Settlement.
- The expansion of the public EV charging tax from fast charging stations to level 2 stations **raises the concern that home EV charging could be next.** The prospect of administering a tax using equipment in people's garages raises additional practical, economic, privacy, and administrative concerns.
- For all these reasons, **Minnesota should not continue down the road of taxing EVs based on energy usage at charging stations**, particularly when there are two other viable approaches: registration taxes (which we already have) and mileage-based user fees (which have been proposed).

To establish a road funding mechanism for EVs that is effective and fair, Drive Electric Minnesota recommends that the state do the following:

1. Revert from the MSRP-based EV surcharge to a reasonable flat annual EV fee.
2. Implement an optional opt-in mileage-based user fee as an alternative to the registration surcharge and public charging excise tax.
2. Eliminate the public electric vehicle charging tax to avoid delaying infrastructure deployment and double-taxing EV drivers that already pay a registration surcharge.
3. Eliminate the state sales tax on electricity at public charging stations (proposed in SF 4169).
4. Establish a state EV tax rebate or sales incentive.
5. Provide state support to build out Minnesota's EV charging network (proposed in SF 4169).