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The Honorable Chair Scott Dibble
Transportation Committee
Minnesota Senate
75 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

Dear Chair Scott Dibble and Committee Members,

Fresh Energy is a more than 30-year clean energy advocacy nonprofit that shapes and drives bold policy solutions to achieve equitable carbon-neutral economies. We appreciate the opportunity to weigh in on Senate File (SF) 4619.

Fresh Energy opposes the current expansion of the $0.05/kWh public charging tax to all retail chargers, including Level 2 chargers. As we shared in the Electricity as a Vehicle Fuel Working Group that convened this past fall and winter, we understand the desire to apply the "gas tax" model to electric vehicles (EVs). However, as learned through the working group, EVs are fueled differently from gasoline-powered vehicles, making a 1:1 transfer of the gas tax model difficult, and the use of a public charging tax in particular inequitable.

Public charging tax disproportionately impacts renters and multifamily residents, who are more likely to also be from under-resourced households and communities of color.

While it's true that most EV charging occurs at home on average, that average hides important information about who is able to charge at home.1 About 85 to 95% of current EV drivers in the U.S. who live in a detached single-family home have access to home charging, while less than half of those living in apartments do. In Minnesota, about 12% of residents live in apartment buildings.

63% of renters live in multifamily housing. Renters have less control than owners on using or installing home charging, even if in a single-family home, adding another barrier to home-charging. In Minnesota, 28% of households are renters.

Renters are also likely to be lower income. Per the Federal Reserve, only 35% of adults with less than $50,000 of income owned their home, compared with 85% of adults with a family income of $100,000 or more. This income gap grows when only looking at adults under age 60, with those with incomes over $100,000 owning homes at a rate more than 3 times those with incomes less than $50,000.

Black, Hispanic, and Asian Minnesotans have lower rates of home ownership than White Minnesotans, meaning they are overrepresented in the rental population.

Finally, the average cost of public charging is 48 cents per kWh in the U.S., which is 3 times higher than the average residential electricity rate in Minnesota of 16 cents per kWh – with EV drivers able to charge at home, overnight often accessing rates below 10 cents per kWh.

Taken together, this data indicates that a public charging tax that includes both Level 2 and fast chargers will disproportionately fall on EV drivers who are also renters and live in multifamily housing, and are more likely to be lower income than the average EV drivers, and from communities of color.

Additionally, including a public charging tax alongside an EV surcharge means EV drivers using public charging will be double taxed compared to gasoline vehicle drivers.

For these reasons, Fresh Energy opposes expanding the public charging tax to all retail charging stations above 3 kW, and recommends repealing the public charging tax altogether. Instead, we believe transitioning both EVs and more efficient gasoline vehicles to a mileage-based user fee is the next step in ensuring that EVs are not unfairly burdened with additional fees and that our roadway funding evolves to more sustainable models among all increasingly efficiency passenger vehicles.

SF 4619 also proposes exempting electricity sold at charging stations from the current sales & use tax. Fresh Energy supports avoiding double taxation on electricity used to power electric vehicles.

SF 4619 also includes potential funding to support implementation of federal and state electric vehicle infrastructure programs. Fresh Energy appreciates this inclusion, and supports this provision.

Thank you for the opportunity to submit these comments. We look forward to continued discussion with lawmakers on how to best adapt our roadway funding mechanisms to our changing vehicle fleet.

Sincerely,

Anjali Bains
Managing Director, Transportation
Fresh Energy