Minnesota's Carshare Network

Dear Chair Dibble and Senate Transportation Committee Members,

HOURCAR is a Minnesota-based nonprofit that has provided Minnesotans with access to cars when they need them since 2005. Since 2022, we have operated Evie Carshare under contract to the cities of Minneapolis and Saint Paul, making 174 electric vehicles available to residents and visitors across 35 square miles of the Twin Cities. In that time, people used Evie Carshare to make over 510,000 trips.

Our users depend on this service. According to our user survey, half use Evie Carshare to go to the doctor. Three-quarters say Evie allowed them to sell or postpone buying a car. At a time when owning and operating a car has never been more expensive, we provide the critical ability to use a car when you need one – without the burden of ownership.

We are writing today to express our concern about SF 4169, which would expand the per-kilowatt-hour tax on electricity sold as vehicle fuel to include Level 2 chargers by lowering the capacity exemption threshold from 50 kilowatts to 3 kilowatts. Evie Carshare charges at Level 2 on-street chargers across the Twin Cities – the EV Spot Network – where we pay between $0.27 and $0.43 per kilowatt hour.

We recognize that SF 4169 also creates a sales tax exemption for electricity sold as vehicle fuel at retail charging stations. However, the net effect on our operations would still be a significant cost increase. Evie Carshare charges mostly at the Evie Spot Network chargers in the right-of-way throughout Minneapolis and Saint Paul. At the current EV Spot Network rates, the 6.875% state sales tax amounts to roughly 1.9 to 3.0 cents per kilowatt hour. Replacing that with a flat 5 cents per kilowatt hour represents a net increase of 2 to 3 cents per kilowatt hour – and an effective tax rate of 17 to 19 percent on a per-dollar basis, compared to 6.875% today. The majority of Evie Carshare's utilization comes from low-income individuals, and 40 percent from BIPOC communities. This tax would burden these users the most.

This tax expansion would disproportionately affect renters and apartment dwellers. Residential electric meters cannot distinguish between electricity used for vehicle charging and other purposes, so the tax would only be collected at retail charging stations. This means EV drivers who can charge at their home would rarely or never pay the tax. Consequently, the burden of the new tax falls entirely on those who rely on public and retail charging infrastructure—renters, apartment dwellers, and people without garages or driveways.

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We recognize the need to update Minnesota's road financing system to account for the growing number of EVs and appreciate the policy goal behind the electricity-as-vehicle-fuel tax. The 2025 legislation applying this tax to DC fast chargers—which primarily serve highway and long-distance travel—was a reasonable first step. However, extending it to Level 2 chargers fundamentally affects a different use case: the daily, local mobility that residents rely on. Furthermore, this extension would not equitably collect road contributions from EV users. Since "About 80% of electric vehicle charging happens at home," according to the US Department of Energy (https://www.anl.gov/ev-facts/charging-infrastructure), SF4169 would not impact the majority of EV charging. Instead, the bill would impose increased costs on the very communities that most need access to affordable, clean transportation and fuel.

We respectfully ask the Committee to maintain the current 50-kilowatt exemption threshold, preserving the distinction between fast charging and Level 2 community charging infrastructure that many Minnesotans depend on. We would welcome the opportunity to share additional details about Evie Carshare and the role it plays (and could play!) in Minnesota's transportation system.

Sincerely,

Amy Brendmoen
Interim CEO and President, HOURCAR