

Electricity as Vehicle Fuel

Draft Report to the Minnesota Legislature

Due: February 13, 2026

Executive Summary

The Electricity as Vehicle Fuel Working Group (“Working Group”) was established by the Minnesota Legislature during the 2025 session.¹ The Working Group was charged with providing a comprehensive analysis of electricity used as vehicle fuel infrastructure opportunities and barriers; developing a roadmap with policy and funding recommendations for sustainable transportation funding mechanisms consistent with Minnesota Constitution, article XIV, including a plan for the studied mechanisms to replace the electric vehicle surcharges under Minnesota Statutes, section 168.013, subdivisions 1m and 1n; and researching and analyzing legislation and policy made in other states to determine equitable and comprehensive fuel assessment methods for electric vehicles. From this review, the Working Group is ultimately tasked with submitting a report by February 13 to the Governor and applicable legislative committees, which includes a summary of the activities of the Working Group and provides findings and recommendations adopted by the working group. The Working Group comprises 27 members.

During five meetings from September to December, the Working Group heard testimony from various experts, stakeholders, and Working Group members. The testifiers and accompanying presentation materials are available in Appendix A. Beginning in November, members were asked to submit potential recommendations to the group. To supplement submitted recommendations, members were encouraged to submit letters for inclusion in the report which can be found in Appendix B. The Working Group voted to approve a series of recommendations during its final two meetings.

¹ Minnesota Laws 2025, Chapter 8, Article 2, Section 118

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Membership

Minnesota Laws 2025, Chapter 8, Article 2, Section 118

(a) The working group consists of the following members:

(1) two members of the senate, with one appointed by the senate majority leader and one appointed by the senate minority leader;

(2) two members of the house of representatives, with one appointed by the speaker of the house and one appointed by the Democratic-Farmer-Labor caucus leader in the house of representatives;

(3) the commissioner of administration;

(4) the commissioner of commerce;

(5) the commissioner of management and budget;

(6) the commissioner of public safety;

(7) the commissioner of revenue;

(8) the commissioner of transportation;

(9) two members appointed by the governor;

(10) one member of a federally recognized Tribal government, appointed by the governor;

(11) one member appointed by the League of Minnesota Cities;

(12) one member appointed by the Minnesota Transportation Alliance;

(13) one member appointed by the Minnesota Grocers Association;

(14) two members appointed by the Minnesota Building and Construction Trades Council;

(15) one member appointed by the Associated General Contractors of Minnesota;

(16) one member appointed by the Minnesota Chamber of Commerce;

(17) one member appointed by each public utility that owns a nuclear-powered electric generating plant in this state;

(18) one member representing an electricity provider for residential, commercial, and industrial customers located outside the seven-county metropolitan area, appointed by the governor;

(19) one member appointed by the Minnesota Trucking Association;

(20) one member representing convenience stores or fueling stations, appointed by the governor;

(21) one member appointed by the Minnesota Automobile Dealers Association;

(22) one member appointed by Drive Electric Minnesota;

(23) one member appointed by Fresh Energy;

(24) one member representing electric vehicle manufacturers, appointed by the governor; and

(25) two members appointed by an association with interest in residential electric charging, including one member who lives in multifamily housing, appointed by the governor.

The following individuals served on the working group:

Senator Ann Johnson Stewart, Chair

Appointed by: Senate Majority Leader

Representative Steve Elkins, Vice Chair

Appointed by: Democratic-Farmer-Labor
Caucus Leader in the House

Anjali Bains

Appointed by: Fresh Energy

Steve Barthel

Appointed by: Minnesota Grocers
Association

Devin Batkiewicz²

Appointed by: Commissioner of
Administration

Carolyn Berninger

Appointed by: Drive Electric Minnesota

Margaret Donahoe

Appointed by: Minnesota Transportation
Alliance

Amanda Duerr

Appointed by: Minnesota Automobile
Dealers Association

Justin Emmerich

Appointed by: Governor

Bentley Graves

Appointed by: Minnesota Chamber of
Commerce

Gary Hansen

Appointed by: League of MN Cities

John Hausladen

Appointed by: Minnesota Trucking
Association

Joe Hoppe

Appointed by: Governor

Senator Jeff Howe

Appointed by: Senate Minority Leader

Tony Kwilas

Appointed by: Governor

² Devin Batkiewicz was appointed to the working group but accepted a new position outside of the Department of Administration in October of 2025. The Department of Administration did not appoint a replacement appointee.

Nick Lardinois

Appointed by: Commissioner of Management and Budget

Representative Tom Murphy

Appointed by: Speaker of the House

Emily Murray

Appointed by: Governor

Jeremy Neeck

Appointed by: Commissioner of Revenue

James Pearson

Appointed by: Public Utility that owns Nuclear-Powered Plant

John Pollard

Appointed by: Minnesota Building and Construction Trades Council

John Thorson

Appointed by: Minnesota Building and Construction Trades Council

Brett Willhite

Appointed by: Commissioner of Commerce

Pong Xiong

Appointed by: Commissioner of Public Safety

Laura Ziegler

Appointed by: Associated General Contractors of Minnesota

Overview of Meetings

First Meeting – September 15, 2025

Commissioner Daubenberger convened the first meeting of the Electricity as Vehicle Fuel Working Group. The members introduced themselves and their appointing authorities.

- Members elected Senator Johnson Stewart as Chair and Representative Elkins as Vice Chair.
- Austin Turman, LCC Research Analyst, provided an overview of the enabling legislation and Minnesota Open Meeting law.
- Amber Dallman, Sam Brown, and Peter Olson from the Department of Transportation gave a presentation relating to state climate goals, the need for a Working Group, transportation funding, and approaches from other states.

Second Meeting – October 15, 2025

Chair Johnson Stewart called the meeting to order. The Working Group heard testimony from the following individuals:

- Matt Burress, Legislative Analyst, House Research Department, and Tom Watson, Senate Counsel, Research and Fiscal Analysis, presented on the legislative history and the location

of relevant provisions of the 2025 Transportation Bill and answered questions from the members.

- Brett Willhite, Weights and Measures Division Director, presented an overview of the Weights and Measures Division, its application to gasoline and electricity sold as transportation fuel.
- Carolyn Kramer Simons, Senior Director of State Funding with American Road & Transportation Builders Association, presented on national trends related to electric vehicle registration fees and electric vehicle charging stations taxes and fees.
- Camila Fonseca Sarmiento, Director of Fiscal Research, Humphrey School of Public Affairs, presented an overview of the Transportation Policy and Economic Competitiveness (TPEC) Program, Minnesota roadway funding, and alternative transportation funding sources.

Third Meeting – October 27, 2025

Chair Johnson Stewart called the meeting to order. The Working Group heard testimony from the following individuals:

- Representative Elkins presented on road user charge and mileage-based user fee options.
- Matthew Bishop, Policy Director for Sales and Excise Taxes at the Iowa Department of Revenue, presented on Iowa's experience with a per-kWh charging fee.
- Anjali Bains from Fresh Energy and Carolyn Berninger from the Great Plains Institute and Drive Electric presented on Minnesota's electric vehicle market, policy landscape, EV adoption, and the potential impacts of new EV taxation.
- Peter Olson, Lead Alternative Funding and Financing Analyst with the Minnesota Department of Transportation, presented on the agency's estimates of the average gas tax paid by Minnesota drivers.
- Greg Loper, Vehicle Services Program Director for Driver and Vehicle Services, presented on EVs and hybrids currently on Minnesota roads and the estimates of EV surcharge to be paid under the modified surcharge structure.

Fourth Meeting – November 20, 2025

Chair Johnson Stewart called the meeting to order. The working group heard testimony from the following individuals:

- Scott Cummings, Assistant Commissioner at the Virginia Department of Motor Vehicles, presented Virginia's Mileage Choice Program to the group.
- Jeremy Neeck, Supervisor, Special Taxes Division at the Minnesota Department of Revenue, presented steps taken in preparing to implement a public charging tax in Minnesota.
- Adam Schwartz of Kwik Trip presented an industry perspective on implementing the public charging tax.

Fifth Meeting – December 15, 2025

Chair Johnson Stewart called the meeting to order. The working group heard testimony from the following individuals:

- Michael P. Masquelier, Chief Commercial Officer of the ASPIRE Center, presented on Utah projects involving bus transit, connected and autonomous vehicles, SuperCharge Program.
- Lyle McMillan, UDOT Strategic Technologies Director, and Leif Elder, UDOT Legislative Affairs Director, presented on the Utah Road Usage Charge (RUC) Program.
- Matt Srnec presented on energy use for vocational and off-road applications and implications for an excise tax on public charging stations.

Sixth Meeting – January 5, 2026

Chair Johnson Stewart called the meeting to order. LCC staff presented an outline of the Working Group report. The Working Group discussed recommendations submitted by members for inclusion in the final report and heard testimony from Xavier Smead.

Seventh Meeting – January 21, 2026

Chair Johnson Stewart called the meeting to order. The Working Group discussed and voted on recommendations to be included in the report. The list of recommendations and roll call votes can be found in the minutes for this meeting.

Eighth Meeting – February 9, 2026

TBD

Recommendations

Recommendations were proposed by working group members following the testimony and working group discussion to fulfill the duties of the working group established in subdivision 5 of the authorizing legislation. Roll call voting results are available for each proposed recommendation in the minutes for the January 21st and February 9th meetings.

Recommendations for the implementation of an excise tax at public electric vehicle charging stations

- The legislature should establish a standard federal purchase exemption for electricity sold as vehicle fuel for vehicles owned and operated by the federal government.
- The legislature should modify the public charging excise tax such that public charging station operators will report and remit the tax on a quarterly basis, rather than on a monthly basis.
- The legislature should broaden the public electric vehicle excise tax to include level 2 electric vehicle charging stations (those with a charging capacity of 3 kilowatts to 50 kilowatts). The current law will begin the public charging tax at only level 3 charging stations (charging capacity exceeding 50 kilowatts) on July 1, 2027.
- The legislature should eliminate the sales tax on electricity at public electric vehicle charging stations.
- The legislature should clarify the definition of public charging station to include any station where a fee is charged that is available to the general public and should consider using a different term than “public” to reduce confusion³.
- The public charging excise tax rate should be indexed to inflation to increase at the same rate as the excise tax on gasoline⁴.

Proposed recommendations not adopted:

- The legislature should eliminate the public electric vehicle charging excise tax.

Member Input:

The Working Group voted or discussed elimination of the excise tax at public charging stations, result of that vote was:

³ This recommendation received 10 ayes and 0 nays, with 10 members abstaining and 6 not present

⁴ This recommendation received 9 ayes and 4 nays, with 7 members abstaining and 6 absent

The Working Group discussed the importance of eliminating the sales tax on public electric vehicle charging when the public electricity as vehicle fuel excise tax takes effect, noting that other motor vehicle fuels currently covered by an excise tax do not face double taxation through both a sales and an excise tax. In addition, Article 14, Section 10 of the Minnesota Constitution is clear that excise taxes imposed on vehicle fuels must be dedicated to the Highway User Tax Distribution Fund.

The recommendation to have public charging station operators report and remit the public charging excise tax on a quarterly basis came was brought forward by representatives of businesses that host public charging stations and is intended to ease implementation of the tax for charging station hosts.

Recommendations to expand the application of the electricity as vehicle fuel excise tax, by including chargers with lower charging capacities and by removing the requirement that only for-profit businesses are defined as public charging station operators are meant to level the playing field so that the excise tax does not apply at some retail charging stations and not others.

Members opposing the indexing of the electricity as vehicle fuel excise tax to inflation argued that the 5-cent per kilowatt rate may not be an equitable gas tax equivalent rate at this time.

Proposals to tax electricity as vehicle fuel via different methods than a public charging tax

Recommendations:

- The state should implement a mileage-based road user charge in which⁵:
 - o EV owners would pay a rate-per-mile tax calculated to be the equivalent tax amount to the gas tax amount for a similar internal combustion vehicle drive the same number of miles,
 - o The road user charge would be a voluntary program allowing drivers to opt in to replace their electric vehicle surcharge, and
 - o The road user charge program would be based on odometer readings and not require tracking of trip or location data.

Member Input:

The working group had substantial discussion of this topic, including presentations from officials in Virginia and Utah, two states that have implemented a version of this proposal. Working group discussion about the proposal included concerns about the cost to implement the program in proportion to the revenue raised and in comparison to other forms of taxing motor vehicles. Other concerns included that revenue under this policy approach would be statutorily dedicated, rather than constitutionally dedicated under Article XIV of the Minnesota Constitution, and that a road user charge program would not be able to collect revenue from out of state drivers traveling in and through Minnesota.

⁵ 7 members voted aye, 2 members voted nay, with 11 members abstaining and 6 absent

Some versions of a road user charge program that have been piloted or proposed across the country have involved tracking vehicle locations, introducing additional privacy concerns that are not present in a program that solely relies on vehicle odometer readings.

Other Recommendations

- The legislature should establish a similar task force in 5 years to study the changes to the policy landscape and available technologies at that time.
- Continue state support for building out a network of electric vehicle charging facilities, providing state funding to continue the NEVI program operated by MnDOT.

Working Group member input:

Some Working Group members expressed a preference for proposals to be addressed through the legislative process rather than through working groups or similar structures during the interim between legislative sessions.

Some Working Group members expressed concern and/or opposition to the use of trunk highway funds to support the build out of electric vehicle infrastructure.

Appendices

Appendix A: Enabling Legislation

Minnesota Session Laws, 2025, 1st Special Session, Chapter 8

Sec. 118. ELECTRICITY AS VEHICLE FUEL WORKING GROUP.

Subdivision 1. Definition. For purposes of this section, "electricity as vehicle fuel" means electrical energy transferred to or stored onboard an electric vehicle primarily to propel the electric vehicle.

Subd. 2. Establishment. The commissioners of transportation, public safety, management and budget, revenue, and commerce must convene an Electricity as Vehicle Fuel Working Group to evaluate, promote, and provide recommendations to facilitate the development and integration of electricity used as vehicle fuel within the state's transportation, energy, commercial, industrial, and residential sectors.

Subd. 3. Membership. (a) The working group consists of the following members:

- (1) two members of the senate, with one appointed by the senate majority leader and one appointed by the senate minority leader;
- (2) two members of the house of representatives, with one appointed by the speaker of the house and one appointed by the Democratic-Farmer-Labor caucus leader in the house of representatives;
- (3) the commissioner of administration;
- (4) the commissioner of commerce;
- (5) the commissioner of management and budget;
- (6) the commissioner of public safety;
- (7) the commissioner of revenue;

- (8) the commissioner of transportation;
 - (9) two members appointed by the governor;
 - (10) one member of a federally recognized Tribal government, appointed by the governor;
 - (11) one member appointed by the League of Minnesota Cities;
 - (12) one member appointed by the Minnesota Transportation Alliance;
 - (13) one member appointed by the Minnesota Grocers Association;
 - (14) two members appointed by the Minnesota Building and Construction Trades Council;
 - (15) one member appointed by the Associated General Contractors of Minnesota;
 - (16) one member appointed by the Minnesota Chamber of Commerce;
 - (17) one member appointed by each public utility that owns a nuclear-powered electric generating plant in this state;
 - (18) one member representing an electricity provider for residential, commercial, and industrial customers located outside the seven-county metropolitan area, appointed by the governor;
 - (19) one member appointed by the Minnesota Trucking Association;
 - (20) one member representing convenience stores or fueling stations, appointed by the governor;
 - (21) one member appointed by the Minnesota Automobile Dealers Association;
 - (22) one member appointed by Drive Electric Minnesota;
 - (23) one member appointed by Fresh Energy;
 - (24) one member representing electric vehicle manufacturers, appointed by the governor;
- and
- (25) two members appointed by an association with interest in residential electric charging, including one member who lives in multifamily housing, appointed by the governor.
- (b) At its first meeting, the working group must elect a chair or co-chairs by a majority vote of those members present and may elect a vice chair as necessary. The chair and the

vice chair must not be a commissioner or a commissioner's designee.

Subd. 4. Appointments. (a) The appointing authorities under subdivision 3 must make the appointments by July 31, 2025.

(b) A commissioner under subdivision 3 may appoint a designee who is an employee of the respective agency.

(c) Appointments to the working group are made pursuant to Minnesota Statutes, section 15.0597.

Subd. 5. Duties. At a minimum, the working group must:

(1) provide a comprehensive analysis of electricity used as vehicle fuel infrastructure opportunities and barriers;

(2) develop a roadmap with policy and funding recommendations for sustainable transportation funding mechanisms consistent with the Minnesota Constitution, article XIV, including a plan for the studied mechanisms to replace the electric vehicle surcharges under Minnesota Statutes, section 168.013, subdivisions 1m and 1n; and

(3) research and analyze legislation and policy made in other states to determine equitable and comprehensive fuel assessment methods for electric vehicles.

Subd. 6. Meetings. (a) The commissioner of transportation must convene the first meeting of the working group no later than September 15, 2025.

(b) The working group must establish a schedule for meetings and meet as necessary to accomplish the duties under subdivision 5.

(c) The working group is subject to the Open Meeting Law under Minnesota Statutes, chapter 13D.

Subd. 7. Administration. (a) The Legislative Coordinating Commission must provide

administrative support to the working group and must assist in creating the report under subdivision 8.

(b) Upon request of the working group, a commissioner under subdivision 3 must provide information and technical support.

(c) Members of the working group serve without compensation.

Subd. 8. Report required. By February 13, 2026, the working group must submit a report to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation. At a minimum, the report must:

(1) summarize the activities of the working group; and

(2) provide findings and recommendations adopted by the working group.

Subd. 9. Expiration. The working group expires June 30, 2026.

EFFECTIVE DATE. This section is effective the day following final enactment.

Appendix B: Meeting Materials

January 21st, 2026

- [Agenda](#)
 - Recommendation Discussion
 - Discussion of Report Preparation
- [1-5-2026 Minutes](#)
- [House File 1140 Presentation](#)
- [Electricity as Vehicle Fuel Working Group Member Recommendations](#)

January 5th, 2026

- [Agenda](#)
 - Report Outline
 - Recommendation Discussion
- [12-15-2025 Minutes](#)
- [Report Outline](#)
- [Electricity as Vehicle Fuel Working Group Member Recommendations](#)
- [House File 1140 Presentation](#)

December 15th, 2025

- [Agenda](#)
 - Presentation from Michael P. Masquelier, Chief Commercial Officer of the ASPIRE Center
 - Presentation from Utah DOT: Lyle McMillan UDOT Strategic Technologies Director and Leif Elder, UDOT Legislative Affairs Director
 - Presentation from Matt Srnec, Thermo King
 - Initial discussion of submissions for potential working group recommendations
- [11-20-2025 Minutes](#)
- [Thermo King Presentation](#)
- [RUC Presentation](#)
- [ASPIRE Presentation](#)
- [Utah S.B. 0125](#)

November 20th, 2025

- [Agenda](#)

- Scott Cummings, Assistant Commissioner at the Virginia Department of Motor Vehicles: Virginia's Mileage Choice Program
- Jeremy Neeck, Supervisor, Special Taxes Division at the Minnesota Department of Revenue- Preparing to implement a public charging tax in Minnesota
- Adam Schwartz, Kwik Trip- Industry perspective on public charging tax implementation
- [10-27-2025 Minutes](#)
- [VADMV Presentation](#)
- [Minnesota Department of Revenue Presentation](#)
- [Kwik Trip Presentation](#)

October 27th, 2025

- [Agenda](#)
 - Rep. Elkins presenting on Road User Charge/ Mileage Based User Fee options
 - Mathew Bishop, Policy Director for Sales and Excise Taxes at the Iowa Department of Revenue, presenting on Iowa's experience with a per-kwh charging fee
 - Anjali Bains from Fresh Energy and Carolyn Berninger from the Great Plains Institute and Drive Electric presenting on Minnesota's electric vehicle market, policy landscape, EV adoption, and potential impacts of new EV taxation.
 - MnDOT staff: presentation on agency estimate of average gas tax paid by Minnesota drivers
 - MN DPS staff: presentation on EVs and hybrids currently on Minnesota roads and estimates of EV surcharge to be paid under modified surcharge structure
- [10-15-2025 Meeting Minutes](#)
- [DVS Surcharge Data and Projections](#)
- [Alternative Road User Charges for Electric Vehicles \(Rep. Elkins' Presentation\)](#)
- [Iowa Electric Fuel Tax Presentation](#)
- [Minnesota Electric Vehicle Landscape Presentation](#)
- [MnDot Gas Tax Estimate Presentation](#)
- [Fresh Energy Presentation](#)

October 15th, 2025

- [Agenda](#)

- Non-partisan Staff walk-through of relevant provisions- 2025 Transportation Bill
- Department of Commerce Weights and Measures Division Presentation- Brett Willhite
- Transportation Advocacy Investment Center (TIAC) Presentation- Carolyn Kramer Simons
- University of Minnesota Humphrey School Presentation- Camila Fonseca Sarmiento
- [9-15-2025 Meeting Minutes](#)
- [Electric Vehicle Legislation](#)
- [TIAC Presentation](#)
- [Minnesota Roadway Funding: Revenue Sources & Distribution \(Research Brief\)](#)
- [Minnesota Roadway Funding Presentation](#)
- [Weights and Measures Division Presentation](#)

September 15th, 2025

- [Agenda](#)
 - Election of chair and other officers
 - Nonpartisan staff overview of the legislation establishing the workgroup
 - Overview of open meeting requirements
 - Workgroup discussion on purpose and need for workgroup
 - Department of Transportation Overview
 - Transportation funding - where does it come from; what's the concern; what are future opportunities
 - High-level overview of electric vehicle charging infrastructure needs and state climate goals
 - What's to learn from other states on charging for electricity
 - Workgroup discussion - what questions do members have? What's the role of other agencies?
- [Enabling Legislation](#)
- [Memorandum: Open Meeting Law](#)
- [MnDOT Overview Presentation](#)

Appendix C - Member-submitted letters



January 21, 2026

Dear Chair Senator Johnson Stewart and Working Group Members,

Fresh Energy appreciates the opportunity to provide a supplemental letter that summarizes our recommendations while also outlining several statements of facts that transpired during the working group meetings. We also provide broader context on the state of electric vehicles in Minnesota and globally, and information on which demographics are most likely to use public charging.

We encourage the Working Group to include this letter and other publicly submitted letters as an appendix to any final report.

STATEMENTS OF FACTS

Through the course of this working group, several important facts have been shared that would be helpful to provide for legislators in the final report. These include:

- **Highway funding is lagging for many reasons unrelated to EVs.** The main causes of lagging highway funding to date have been improvements in gasoline and diesel vehicle efficiency, inflation, and aging infrastructure that require higher maintenance and repair costs.¹
 - Long-term solutions to lagging highway funding will require looking at all current revenue sources, expanding to new possible sources, as well as holistically reimagining our transportation system to find cost efficiencies and improve sustainability.
- **The gas tax is not the main source of highway funding.** Currently, the majority of highway funding does not come from the motor vehicle excise tax (“gas tax”). The share of highway funding from gas taxes is about 33%, with vehicle tab fees contributing the plurality 34% and vehicle sales tax contributing an additional 25%.²
- **EVs are not the primary cause of highway funding shortfalls.** Electric vehicles (EVs) comprise roughly 1% of passenger vehicles in Minnesota, as of October 2025.³ As such, they have not been the cause of lagging highway funding, which has been a persistent issue for many years before electric vehicles rose in prominence.

¹ MnDOT’s [“Revenue Options to Address the Highway User Tax Distribution Funding Gap over Fiscal Years 2025 to 2034”](#) published November 1, 2024

² MnDOT, [Road Funding Gap Report](#) presentation to MN Senate on pg. 2 (February 5, 2025)

³ <https://atlaspolicy.com/evaluatemn/>

- In fact, because EVs have been more expensive on average than a comparable gasoline vehicle to-date, they have tended to contribute more to the highway fund via higher tab and sales tax contributions due to higher MSRP prices than gasoline vehicles, making up for any “missing” gas tax revenue.⁴ Additionally, EVs on average are driven fewer miles than the average gasoline vehicle.⁵ Given both these factors, EVs have been contributing more than their ‘fair share’ to the highway fund to date, compared to an equivalently sized gasoline vehicle.⁶
- This means discussions of how to address highway funding shortfalls must be comprehensive, and address both newer, more efficient gasoline vehicles alongside electric vehicles, in addition to other vehicles.
- **Motor vehicle fuels, including electricity, should not be double or triple taxed.** Electricity that is used as vehicle fuel should have the same tax exemptions as liquid motor fuels, to avoid double or triple taxation. Current legislation, should it remain as-is, would subject electric vehicles to *triple* taxation as compared to an internal combustion engine.
 - **Sales and Use Tax.** Electricity used as vehicle fuel is already subject to a sales and use tax that goes into the general fund. However, gasoline and diesel vehicles do not pay sales and use tax for their fuel, and instead pay an excise tax (gas tax) that goes into the highway fund.
 - **EV Surcharge.** EVs also currently pay an upfront surcharge based on their MSRP price, with a floor of \$150. This surcharge is meant to approximate the ‘gas tax’ that internal combustion engine vehicles pay when fueling. This means, even before a public charging tax comes into effect, EVs are being double taxed compared to internal combustion engine vehicles.

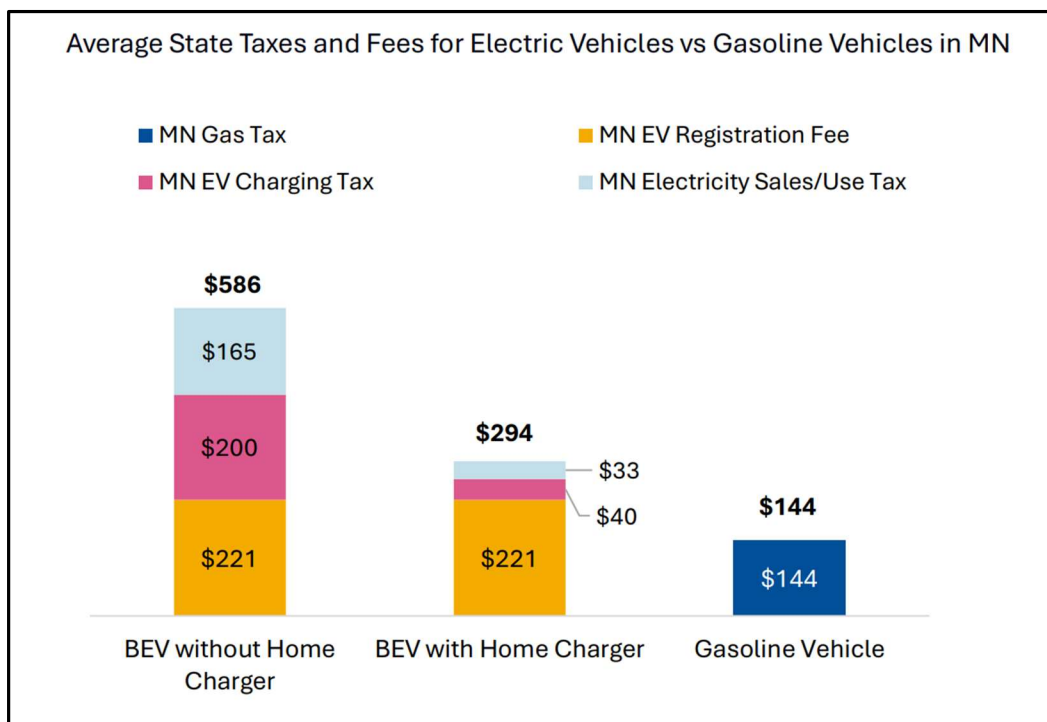
The issue of double taxation and possible triple taxation is illustrated on the next page with a graphic from Atlas Public Policy, a data and analytics research firm, which examined Minnesota’s electric vehicle taxes and comparable internal combustion engine taxes. This graphic was included as part of Fresh Energy’s presentation to the working group on October 27, 2025.

The graphic also illustrates another reality of electric vehicles that gasoline vehicles do not have to contend with: vastly different electricity prices for those who are able to charge at home versus those who rely on public charging. Policy implications from this difference are described below.

⁴ See Ref 1, pg 22

⁵ MIT Climate Portal, “[How Much Are Electric Vehicles Driven? Depends on the EV.](#)” (Jan 2023). Estimates Evs are driven between 2,500 and 4,200 fewer miles annually on average than gasoline or diesel-powered vehicles.

⁶ Drive Electric Minnesota, “[Position Statement: Unfair Taxes for Electric Vehicles.](#)” (May 2021).



Source: [Atlas Public Policy, "Revenue or Roadblock? Impacts of Electric Vehicle Charging Taxes: Minnesota Factsheet," Sept 12, 2025](#)

THE STATE OF THE EV MARKET

Minnesota and the U.S. has made progress, but are falling behind Europe and China

Minnesota enjoyed the second-highest rates of EV sales in the Midwest in 2024, coming in at 7%.⁷ There are almost 85,000 EVs on the road in Minnesota, making up about 1% of passenger vehicles.⁸ Nationally, the U.S. saw EVs make up 7.8 % of sales in 2025, with more than 6 million EVs on the road.⁹

However, sales are expected to decrease due to the abrupt end of the federal electric vehicle rebates, alongside general economic uncertainty that is affecting the entire new auto market.¹⁰ A drastic weakening of tailpipe emissions standards for new cars by the current administration is also expected to dampen national automakers' marketing of and investment in EVs.¹¹

U.S. trends stand in contrast to the global market, where EVs made up about 20% of new passenger vehicle registrations, with strong sales in Europe and China.¹²

⁷ MnDOT, [Electric Vehicle Performance Dashboard](#)

⁸ <https://atlaspolicy.com/evaluatemn/>

⁹ Alliance for Automotive Innovation, [Q1 2025 U.S. Electric Vehicle Data \(June 2025\)](#)

¹⁰ Cox Automotive, [2026 Forecasts](#) (Jan 6, 2026)

¹¹ New York Times, ["Ford Will Take \\$19.5 Billion hit as It Rolls Back E.V. Plans,"](#) (Dec 15, 2025)

¹² Per [Reuters](#), EV registrations globally reached 20.7 million, while per [S&P Global](#), all new passenger vehicle sales reached 91.7 million

China produced 71% of the EVs sold worldwide in 2025¹³, while China's BYD dethroned Tesla as the number one EV seller in the world.¹⁴ Canada, a major trading partner to the north, also recently announced it will be allowing BYD to sell a limited number of EVs within its borders.¹⁵

These macro trends are important to consider when setting state-level policy. The U.S. was already trailing major auto-markets abroad, and with the recent anti-EV push by the federal government, the U.S. risks being completely left behind as the auto-market switches to electric vehicles. While state policy alone will not make up the deficit in support from the federal government, state policy that supports the EV market will send a necessary corrective market signal to automakers.

EVs are increasingly becoming more affordable but adding fees without investing in incentives will hamper access without meaningfully addressing roadway funding

In coming years, EVs are projected to become more affordable and accessible to lower income drivers as automakers shift to making more affordable models and as many used vehicles are put up for sale off leases.¹⁶ Since the majority of car buyers in the U.S. buy from the used market¹⁷, this is good news for EVs to reach more Minnesotans.

However, this also means that any policy which increases the cost of purchasing and operating a new EV will also slow down the growth of the used EV market, thereby slowing down progress made on access and affordability of EVs. As EVs often offer lower operating costs than internal combustion engines due to fuel savings (if an owner has access to home charging) and fewer maintenance needs, EVs can be both a more affordable and cleaner transportation option.¹⁸

Helping EVs retain that operating cost advantage in an era of increasing costs and economic uncertainty will be crucial to both helping more Minnesotans save and supporting our state's climate goals.

Additionally, while current and prospective EV owners will feel the individual impact of rising EV costs acutely, the additional revenue generated by these fees will not result in a meaningful contribution to highway funding in the near term. As the Minnesota Department of Transportation acknowledges in its November 2024 highway funding report, "the potential revenue raising capacity from EV fees is limited in the short run as a significant source of dedicated revenue."¹⁹ Additionally, per analysis by Atlas Public Policy, the public charging tax is estimated to generate less than 0.3% of highway spending in 2030.²⁰

¹³ Reuters, "[Global EV sales growth likely to slow after 20% jump in rocky 2025](#)", (Jan 13, 2026)

¹⁴ New York Times, "[China's BYD Surpasses Tesla as World Leader in Electric Car Sales](#)" (Jan 2, 2026)

¹⁵ USA Today, "[You could soon buy a BYD electric car in Canada. Here's how.](#)" (Jan 20, 2026)

¹⁶ See Q4 2025 reporting from [Marketplace](#), [Forbes](#), and [NPR](#)

¹⁷ Kelley Blue Book, "[Americans are buying more certified pre-owned cars.](#)" (June 2023)

¹⁸ Natural Resources Defense Council, "[Electric vs. Gas Cars: Is It Cheaper to Drive an EV?](#)" (July 2025).

¹⁹ See Ref 1, pg 22.

²⁰ Atlas Public Policy, "[Revenue or Roadblock? Impacts of Electric Vehicle Charging Taxes: Minnesota Factsheet.](#)" pg 1 (Sept 2025)

More renters and multifamily residents, as well as rideshare drivers, are more likely to rely on public charging than single-family owners, and be from under-served communities

While it's true that most EV charging occurs at home on average,²¹ that average hides important information about who is able to charge at home. 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.²² In Minnesota, about 12% of residents live in an apartment building.²³

63% of renters live in multifamily housing.²⁴ 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.²⁵

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 \$50,000.²⁶

Black, Hispanic, and Asian Minnesotans have lower rates of home ownership than White Minnesotans, meaning they are overrepresented in the rental population.²⁷

Finally, the average cost of public charging is 48 cents per kWh in the U.S.²⁸, which is 3 times higher than the average residential electricity rate in Minnesota of 16 cents per kWh.²⁹

All these data indicate that multifamily residents and renters who drive EVs are less likely to have access to home charge, and therefore rely on more expensive public charging. They are also more likely to be lower-income than the average EV driver, and there may also be a racial inequity present among EV drivers who rely on public chargers, given the higher rates of non-white Minnesotans renting versus owning a home, as well as a high proportion of non-white rideshare drivers in Minnesota, who may rely on public charging to power their EV between trips.

²¹ U.S. Joint Office of Energy and Transportation, "[Community Charging: Emerging Multifamily, Curbside, and Multimodal Practices](#)," pg. ii (February 2024)

²² Atlas Public Policy, "[Cost Savings from EV-enabling Building Codes for Multifamily Housing](#)," pg. 3 (May 2025)

²³ National Multifamily Housing Council, "[Geography of Apartment Residents](#)." (accessed Jan 2026).

²⁴ U.S. Joint Office of Energy and Transportation, "[Community Charging: Emerging Multifamily, Curbside, and Multimodal Practices](#)," pg. 2 (February 2024)

²⁵ Minnesota Housing Partnership, "[2026 State Housing Profile](#)." (Jan 2026)

²⁶ U.S. Federal Reserve, "[Report on the Economic Well-Being of U.S. Households in 2024](#)" (May 2025)

²⁷ Minnesota Housing Partnership, "[2026 State Housing Profile](#)." (Jan 2026)

²⁸ Energy Innovation, [EV Fill Up Savings](#) (webpage). Lists public charging rate as \$0.48 per kWh.

²⁹ U.S. Energy Information Administration, [Minnesota overview](#) (accessed Jan 2026)

EVs provide grid and public health benefits, alongside cost savings

EVs are a proven technology with benefits for consumers across the electric grid, public health, and the climate.

Electric grid benefits: Because EVs can be charged when demand for electricity on our electric grid is low and supply of electricity is plentiful (e.g. overnight), they are able to increase electricity revenue at utilities within the current system, optimizing the electric grid's usage and putting downward pressure on electricity rates for all ratepayers. This has been quantified through analysis by Synapse Energy Economics, who found that since 2011, EVs in Minnesota have contributed almost \$17 million in net revenue to ratepayers.³⁰

Public health benefits: Transportation is the leading source of air pollution in Minnesota.³¹ EVs are a key way to reduce this pollution, and as adoption grows they will provide immense societal benefits related to public health and reduced healthcare costs. Analysis completed by the American Lung Association, a leading nonprofit health organization, shows the full breadth of social benefits that a fully electric passenger vehicle fleet could have in the U.S. by 2050, if paired with carbon-free electricity. That includes \$978 billion in public health benefits and almost 90,000 fewer premature deaths, alongside 10.7 million fewer lost workdays and 2.2 million fewer asthma attacks.³²

Climate benefits: Transportation is our state's top source of climate pollution³³. To reach Minnesota's state climate goal to achieve 100% greenhouse gas emissions (GHGs) reduction by 2050, the rapid adoption of EVs is crucial, and a primary strategy for reducing climate emissions, as a number of state plans outline.³⁴ EVs powered on the general Minnesota electric grid emit on average 58% fewer GHGs compared to a gasoline vehicle over their lifetime, while those powered with 100% renewable electricity (very common if charging overnight when wind power is abundant) see an 88% decrease in GHG emissions compared to a gasoline vehicle.³⁵

Operating cost savings: Research has shown that fueling and maintenance costs for EVs are lower than for gasoline vehicles, particularly in states with lower-than-national electricity prices such as Minnesota,³⁶ providing much needed savings at a time when affordability is paramount.

³⁰ Synapse Energy Economics, "[EVs Are Driving Rates Down For All Customers](#)," pg. 14 (June 2024)

³¹ MPCA, "[The air we breathe: The state of Minnesota's air quality](#)," pg. 21 (January 2025)

³² American Lung Association, "[Drive to Clean Air: Health Benefits of Zero-Emission Cars and Electricity](#)," (June 2023)

³³ MnDOT, *Greenhouse Gas Emissions: Transportation Sector and Fuel Use* ([webpage](#))

³⁴ See [Minnesota Climate Action Framework](#) (2022, being updated in 2026) and MnDOT's [Minnesota Carbon Reduction Strategy](#) (2023)

³⁵ Drive Electric Minnesota, "[Electric Vehicles Are Up to 88 Percent Less Greenhouse Gas-Intensive than Gasoline Vehicles](#)" (Nov 2023)

³⁶ Natural Resources Defense Council, "[Electric vs. Gas Cars: Is It Cheaper to Drive an EV?](#)" (July 2025).

SPECIFIC RECOMMENDATIONS

Below is a summary of the recommendations we have submitted, ordered in priority:

- **Repeal the public charging tax**, due to its inequitable impacts on renters, multifamily residents, and those that rely heavily on public charging; limited contribution to highway funding in the near term; and burden of double taxing Minnesotan residents who already pay an Electric Vehicle surcharge as a ‘gas tax’ alternative.
 - **Note:** While some members have claimed public chargers would primarily impact out-of-state drivers, there has been no data provided to back this assumption up, while data shared above illustrates the reliance on public chargers among EV drivers who live in multifamily buildings and/or who rent. Minnesotans themselves also traverse the state and seek public chargers, alongside rideshare or delivery drivers who have electric vehicles and may rely on public charging to fuel their vehicles between rides.

For these reasons, alongside needing to support the growth of the EV market, repealing of the public charging tax is our strong preference.

- **Transition the EV surcharge to an optional Mileage-Based User Fee**, per Representative Elkins’ proposed legislation.
 - **Note:** Virginia includes a Mileage-Based User Fee for efficient gas vehicles as well, expected fees to total to 80% of what the average less efficient gas vehicle pays into the gas tax. Fresh Energy supports this approach, as it still rewards the choice of a more efficient vehicle, while treating efficient gas vehicles and electric vehicles more comparably.
- **Reconsider, delay, or streamline the fees related to the public charger’s operator and inspection fee.** While Fresh Energy supports the goal of legislation last year to make it easier for consumers to understand charging station costs, we are concerned that the fees associated with the license and inspection fee alongside the increased EV surcharge and public charging tax will dampen new private EV charging investment in Minnesota, and deter others from installing public chargers at their sites.

For these reasons our preferred recommendation is to delay the associated fees related to the public charging operator’s license and annual inspection until EVs reach 10% of the passenger vehicle fleet, or another threshold.

As a second alternative, we recommend a delay of at least one additional year before implementing the license and inspection fees on charging station owners, to allow a longer transition period for affected public charging station owners to understand the new process and prepare for the change.

We also recommend the Minnesota Department of Commerce and Department of Transportation work together to educate public charging owners and site hosts of these upcoming changes, and consider combining the public charger operator's license and inspection processes in order to streamline it for public charging station owners.

Finally, we recommend waiving the inspection fee for nonprofit and public entities who provide the charging stations for free.

OTHER MEMBERS' RECOMMENDATIONS

Vehicle Rebate Incentives and Investing in Public Charging

Other incentive-driven policy tools that support consumer adoption of electric vehicles, such as EV rebates and investing in the necessary EV charging network across the state, are key to continuing the transition to these cleaner vehicles. Fresh Energy supports the recommendations on these points made by the Minnesota Transportation Alliance, Senator Ann Johnson Stewart, and Minnesota Department of Transportation in their submitted recommendations and/or letter.

However, securing funding for these policies will be a challenge in the near term given the anti-EV stance of the federal government and increasing need for states to step in to provide social services in the wake of federal funding cuts.

As such, addressing the cost of owning and operating an electric vehicle through the immediate recommendations outlined above will at least partially offset the loss of incentives.

Fresh Energy thanks the Chair and Vice Chair for the opportunity to participate in this working group.

Sincerely,

Anjali Bains
Managing Director of Transportation, Fresh Energy



February 4, 2026

Electricity as Vehicle Fuel Working Group
Legislative Coordinating Commission
Centennial Building
658 Cedar Street
St. Paul, MN 55155

Dear Chair Johnson Stewart and Working Group members:

The Minnesota Automobile Dealers Association (MADA) appreciated the opportunity to participate in the Electricity as Vehicle Fuel Working Group. As a stakeholder involved both with the retail sales of electric vehicles and electricity as a vehicle fuel, we feel we have a unique perspective to bring to this important conversation.

Historically, MADA has not weighed in on the electric vehicle surcharge. We believe that all road users should contribute their fair share to the upkeep of the state's roads and bridges. We recognize that the previous \$75 EV surcharge was likely not commensurate with what a similar gasoline-powered vehicle was contributing to the HUTDF. We felt increasing the surcharge to \$200, as was included in both the 2025 regular session House and Senate transportation budget bills, was a reasonable proposal and did not object.

However, we were extremely concerned that the proposal agreed upon by the Transportation Working Group tied the EV surcharge to a vehicle's MSRP. Even for the most economical, base-level electric vehicle, an EV owner will pay more than \$200 for several years (see chart below). It's worth noting that most consumers do not purchase the base model, further increasing the annual surcharge liability.

Model	MSRP	Year 1 (100%)	Year 2 (95%)	Year 3 (90%)
Tesla Model Y (base)	\$44,990	\$224.95	\$213.70	\$202.45
Tesla Model Y Long Range AWD	\$48,990	\$244.95	\$232.70	\$220.45
Volkswagen ID 4 (base)	\$45,095	\$225.48	\$214.20	\$202.93
KIA EV 6 (base)	\$42,900	\$214.50	\$203.78	\$193.05
Hyundai IONIQ 6 (base)	\$37,850	\$189.25	\$179.79	\$170.33

Our objection to this formula is two-fold: first, a vehicle's price has nothing to do with its road usage, and second, Minnesota already has amongst the highest vehicle registration rates in the country. These registration fees and surcharges simply make vehicle ownership less affordable for the average consumer.

MADA was even more surprised by the new five-cent per kWh tax adopted by the Transportation Working Group. Many automobile dealerships are required to provide Level 3 charging stations as part of their franchise agreement with manufacturers. These charging stations represent a significant capital investment made by business owners to be able to sell electric vehicles. Given the extremely low volume of electricity dispensed at these dealership charging stations, we do not believe the monetary benefit to the State matches the financial and administrative burdens placed upon dealers to collect and remit these taxes.

With 80 percent of electric vehicle charging occurring at home, confusion over what equipment is included in the definition of a "public charging station," and lack of EV charging infrastructure throughout the state, this tax feels both rushed and premature. While we appreciate that the Working Group is recommending clarification and necessary fixes, we still do not feel this tax is ready for prime time.

Finally, MADA feels that the State of Minnesota is sending mixed messages with its policy choices related to electric vehicles. It seems like only yesterday the MPCA undertook rulemaking to adopt the California Air Resources Board's emissions standards in Minnesota, amounting to a de facto EV mandate. Now, despite having numerous climate goals reliant to the electrification of the transportation sector, the State is moving in the opposite direction and taxing electric vehicle usage in a manner that disincentives EV adoption.

Again, we appreciate the opportunity to weigh in during the Electricity as Vehicle Fuel Working Group and through this correspondence. At the end of the day, we support a taxation structure that allows consumers to afford the vehicle they choose to drive.

Sincerely,



Amanda Duerr
Director of Government Affairs
Minnesota Automobile Dealers Association



Electricity as a Fuel

Transportation Funding in Minnesota's Constitution

Article XIV of Minnesota's Constitution governs the taxation of motor vehicles, the taxation of motor fuels and apportionment and distribution of revenue from the sales tax on motor vehicles. Voters approved amendments dedicating these funds for transportation and requiring the revenue be deposited into the Highway User Tax Distribution Fund and used solely for a highway purpose with the exception of 40% of the motor vehicle sales tax revenue which must be deposited into a fund dedicated solely to transit assistance.

Section ten of Article XIV states: **The legislature may levy an excise tax on any means or substance used for propelling vehicles on the public highways** of this state or on the business of selling it. The proceeds of the tax shall be paid into the highway user tax distribution fund.

Minnesota statutes set the rate of taxation for fuels:

The gasoline excise tax is imposed at the following rates*:

- (1) E85 is taxed at the rate of 17.75 cents per gallon;
- (2) M85 is taxed at the rate of 14.25 cents per gallon; and
- (3) all other gasoline is taxed at the rate of 25 cents per gallon.

The special fuel excise tax is imposed at the following rates:

- (1) liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon;
- (2) liquefied natural gas is taxed at the rate of 15 cents per gallon;
- (3) compressed natural gas is taxed at the rate of \$1.974 per thousand cubic feet or 25 cents per gasoline equivalent; and
- (4) all other special fuel is taxed at the same rate as the gasoline excise tax

*rates are indexed annually to MN highway construction cost index

In order to compensate for the lack of fuel tax paid by owners of electric vehicles, Minnesota imposed an annual electric vehicle fee of \$75 in 2017. This was amended in 2025 to a new EV fee based on each vehicle's MSRP and age with a minimum annual fee of \$150 in 2026 and \$100 from July 2027 on and a minimum fee of \$75 for plug-in hybrids in 2026 and \$50 from July 2027 on.

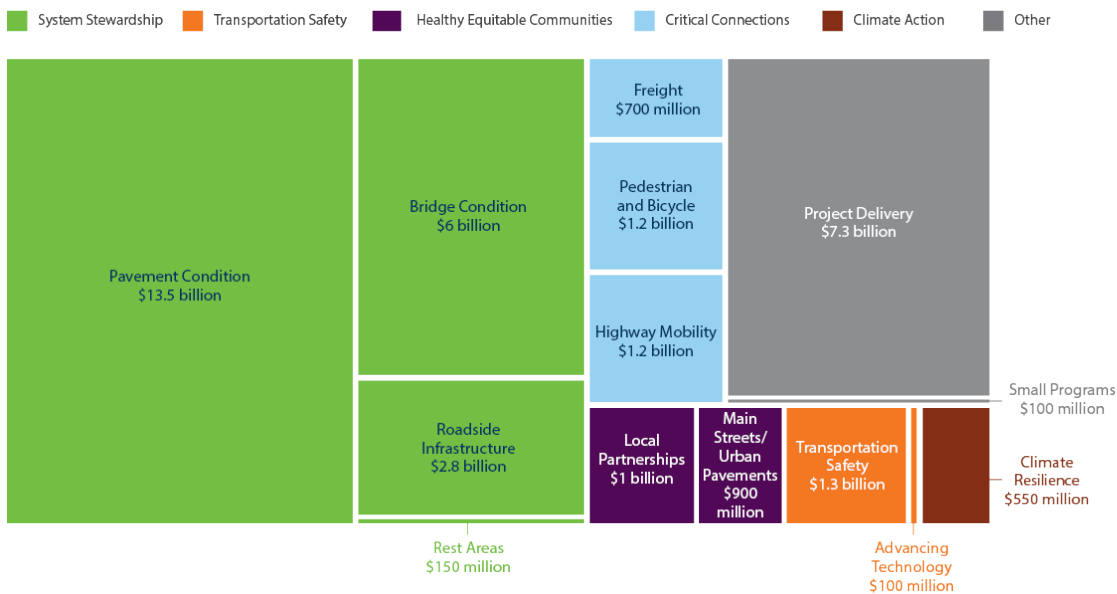
The EV was amended over concern about the growing number of electric and hybrid vehicles and the impact on the Highway User Tax Distribution Fund of a growing number of vehicles paying less than the drivers of vehicles with internal combustion engines (ICE).

Current data shows that as of 2023, there were approximately 50,000 EVs registered in Minnesota, representing about 1% of light-duty vehicles in the state. State projections estimate approximately 5.5 to 5.7 million EV vehicles in the state by 2050.

Highway Funding Needs and Options

MnDOT estimates that funding gap for the trunk highway system for the next 20 years is \$17.8 billion or \$890 million per year. Local governments, who have jurisdiction over most of the lane miles of roadway in the state, have identified a funding gap for local roads and bridges of approximately \$1 billion per year.

The Minnesota State Highway Investment Plan (MnSHIP) projects total revenues over the next 20 years of \$36.7 billion. Of that amount, \$22.45 billion will be spent on existing pavement, bridges and roadside infrastructure. Of the \$36.7 billion, \$1.2 billion or 3.2% of the revenue is planned for highway mobility or capacity expansion projects while an equal amount (\$1.2 billion) is planned to be invested in pedestrian and bicycle infrastructure.



MnDOT has studied 22 options for narrowing the highway funding gap which fall into three main categories:

- Systemwide state options: fuel tax, registration taxes, road user charges, etc.
- Local government options: county wheelage tax, local sales tax for transportation, local bonds, etc.
- Program/project specific options: expand E-ZPass, expand financing options.

The majority of the options studied are currently being implemented in Minnesota. The road user charge would be a new fee.

EV/Hybrid Fees in Other States

Minnesota is not alone in recognizing and addressing the impact of growing number of electric and hybrid vehicles and the impact on revenue need to maintain roadways.

As of September, 2025, 41 states have implemented an electric vehicle registration fee charged annually. These fees range from \$50 to \$1,100 with most fees in the range of \$100 to \$200. These annual flat fees are cost-effective to collect and approximate the amount of money paid by drivers of internal combustion engine vehicles in fuel taxes and fees charged at the pump. Many states charge a lower fee for plug-in hybrid electric vehicles.

In an effort to collect fees from out-of-state drivers using a state's roadways, ten states have enacted an EV charging station tax or fee. These fees are generally charged on a cents per kilowatt hour basis. For the average EV car that requires 60 kilowatt hours for a full charge, Minnesota's 5-cent per kilowatt hour charging fee would cost \$3.00 for a charge. The state tax on full tank of gas at 15 gallons would be \$4.77.

For Minnesota, with the language of section 10, article XIV of our Constitution, revenue collected from a tax on electricity is constitutionally-dedicated and must be paid into the highway user tax distribution fund just like the revenue from fuel taxes.

Barriers and Incentives for EV Buyers

Minnesota has established state climate goals including reducing greenhouse gas emissions in the transportation sector. The turnover of the vehicle fleet to vehicles that run on less fossil fuel is an important part of the strategy to achieve the state's goals.

Studies of consumer attitudes and purchasing choices show that there are barriers and incentives that influence vehicle purchasing decisions.

The main concerns that people cite as reasons for not purchasing EVs include:

- High initial purchase price
- Lack of charging infrastructure
- Range limitations
- Time involved for battery charging

The biggest motivators for purchasing EVs include:

- Purchase price subsidies (tax credits/benefits)
- Reduced total cost to operate and maintain EVs versus ICE vehicles
- Environmental benefits

With the expiration of the federal EV tax credit of \$7,500, projections are that EV sales will be lower. In September, EVs accounted for 12.9% of new-vehicle retail sales, the highest ever, and well above the 8.5% recorded a year earlier, according to a report by [J.D. Power](#).

While the price difference between new EVs and new ICE vehicles is about \$9,000, the price difference between used EVs and used ICE vehicles has narrowed to only \$679. With an average purchase price of \$58,124 for new EVs, annual fees represent a small fraction of the cost to purchase and operate these vehicles.

Demand for hybrid electric vehicles (HEVs) in Minnesota is growing, with sales of all hybrid types up to 7.3% of the new car market in 2023, a significant increase from 6.1% in 2022.

Lifetime Cost of EVs versus ICE vehicles

Over the lifetime of vehicle ownership, EVs are less expensive than ICE vehicles. Due to lower fuel and maintenance costs, the lifetime savings is estimated at somewhere between \$6,000 and \$10,000.

In Minnesota, the average cost for electricity with home charging is \$571 per year while owners of ICE vehicles pay an average of \$1,268 per year for fuel. EVs typically have lower maintenance costs as they do not have the same cost for oil changes, tire rotations and brake servicing among other maintenance costs. Insurance rates for EVs does tend to be about 15% higher. EVs also tend to retain their value better than ICE vehicles.

The annual fees and charging station fees are not a major factor in consumer behavior and are not a significant cost when considering the purchase and maintenance costs of any vehicle.

Recommendations

- **EV fee of at least \$200 per year to compensate for loss of revenue. Average vehicle in the fleet today pays \$234 per year in fuel tax.**

As Minnesota continues to face a significant funding shortfall just to maintain existing roads and bridges, protecting collections into the Highway User Tax Distribution Fund is critical. The state needs to ensure that growing numbers of EV and hybrid vehicles do not reduce badly needed funding for our highway infrastructure.

- **Maintain 5-cent per kWh fee at public charging stations to capture revenue from out-of-state drivers.**

The fee charged at public charging stations ensures that drivers using Minnesota roadways – regardless of where they live or register their vehicles – are contributing to the maintenance of these roadways. In addition, the language in our Constitution ensures that this revenue will be used solely for a highway purpose.

- **Inventory existing charging ports and invest in public charging stations around the state.**

MnDOT estimates that to meet Minnesota's goals for electrification, the state will need 193,000 charging ports by 2030. The state needs an up-to-date inventory of where current EV chargers are and develop a plan for where additional ports are needed.

The federal NEVI program is providing formula funds to help build new charging infrastructure. Additional funding is needed support the development of new charging stations, particularly in rural areas.

- **Provide tax benefits/credits to help bring down initial purchase price.**

While the federal tax incentive has been discontinued for now, many states have provided state tax credits for EV purchases. Minnesota should consider providing this type of assistance once again to promote the purchase of EVs.

- **Explore voluntary fuel-efficient vehicle fee or road user charge for electric vehicles.**

As states look to stabilize transportation funding, some are exploring road usage charges that based on the number of miles a vehicle travels. Currently, four states have implemented a road user charge program. Most states allow drivers to choose this option for contributing to road maintenance.

The State of Virginia has implemented a Fuel-Efficient Vehicle Fee. The fee is paid at the time of registration. This fee is based on the vehicle's combined miles per gallon (MPG) and is designed to compensate for the lower gas tax revenue from vehicles that use less fuel. In addition, a voluntary Mileage Choice Program allows owners to pay a per-mile fee instead of the annual flat fee. A vehicle with a combined fuel economy of 25 miles per gallon or greater is considered a fuel-efficient vehicle.



December 12, 2025

Senator Ann Johnson Stewart
Chair, Electricity as Fuel Working Group
3211 Minnesota Senate Bldg.
St. Paul, MN 55155

RE: Submissions for Potential Recommendations

Chair Johnson Stewart,

On behalf of the Minnesota Chamber of Commerce, representing 6,300 employers and their more than 500,000 employees across the state, I am writing to share our input and feedback regarding potential recommendations made by the Electricity as Fuel Working Group.

Minnesota businesses depend upon a safe, reliable, efficient, and multimodal transportation system to get their goods to market and their employees, customers, and input materials to their door. As the transportation industry continues to move toward a more fuel-efficient vehicle fleet, we have long been supportive of efforts by the state to ensure sufficient resources exist to maintain and improve the state's roads and bridges. To that end, we have supported measures to increase the amount electric vehicles (EVs) contribute to the maintenance and upkeep of our transportation system, with a goal of doing so in a way that is commensurate with what drivers of internal combustion engine vehicles contribute through the gas tax.

We believe it is important begin this work now, while the size of the EV fleet in Minnesota is still relatively small. Current forecasts indicate that the EV fleet will only continue to grow. And, as it does, it will become more difficult to put meaningful funding mechanisms in place to backfill projected declines in the gas tax. As such, we are grateful the Legislature acted during the 2025 session, in a bipartisan manner, to increase meaningfully the contribution of EVs to the maintenance and upkeep of our transportation system. At the same time, we are pleased the 2025 legislation included the establishment of this Working Group to provide an opportunity for interested and impacted parties to review and study the state's new approach to EVs, compare and contrast it with similar measures being implemented elsewhere in the country, and offer the Legislature and policymakers additional input and suggestions about how best to position the state for success moving forward. To that end, the Minnesota Chamber offers the comments below for your review and consideration.

380 St. Peter Street, Suite 1050, St. Paul, MN 55102
www.mnchamber.com

Electric Vehicle Charging Tax

Beginning July 1, 2027, Minnesota will levy a new excise tax of 5 cents per kilowatt-hour (kWh) of electricity sold to a customer as vehicle fuel at a public (for-profit) charging station that was installed after October 1, 2023 and has a metering system and a capacity of more than 50kW.

As the Minnesota Department of Revenue pointed out in its presentation to the Working Group, current state statute provides no standard exemption for fuel purchased by the federal government. We agree with the Department that such an exemption should be added to the law to ensure compliance with the U.S. Constitution.

The Department of Revenue also clarified that Minnesota is one of only two states in the country (the other being Kentucky) that subjects electricity sold as vehicle fuel both to an excise tax AND sales and use tax. Put simply, those charging EVs at public charging stations are being double taxed in Minnesota. What's more, at 5 cents per kWh of electricity sold, Minnesota's excise tax is already among the highest in the country. But this tax burden only increases when considering that the sales and use tax in our state adds another roughly 7% to 10% to the purchase of electricity as fuel. To avoid double taxation and to lessen the tax burden on this fuel source, we encourage the state to exempt electricity sold as vehicle fuel from sales and use tax.

We also encourage the state to level the playing field between different charging stations as it relates to the imposition of the excise tax. At present, the tax essentially applies only to level 3 charging stations where electricity as fuel is sold by a for-profit business. According to the Department of Revenue, this current structure exempts about 60% of the charging stations in the state. Over time, we are concerned this will unnecessarily lessen the value of the new excise tax as a funding source for our state's transportation infrastructure and could diminish the incentive for additional private sector investment in the state's EV charging network.

Finally, we would like to highlight and echo the request from the convenience store and travel center industry to simplify the procedures and forms for remittance of the new excise tax. The process should parallel and mirror the requirements for remittance of the state's fuel tax. We do not believe that remitting the new charging tax should be more expensive and burdensome than remitting the fuel tax.

EV Surcharge

Because it is estimated that roughly 80% of EV charging is done at home, we view the new EV charging excise tax as the primary means by which the state will generate revenue from out of state EV drivers moving through Minnesota. Conversely, we view the EV surcharge as the primary means by which Minnesota EV owners will contribute financially to the maintenance and upkeep of the state's transportation system. As such, and as noted above, we believe that the surcharge should be levied in an amount and in a way that is commensurate with what Minnesota's drivers of internal combustion engine vehicles contribute through the gas tax.

According to data presented to the Working Group by the Minnesota Departments of Transportation and Public Safety, the projected \$208 (2026) average amount levied by the newly increased EV surcharge is generally commensurate with the estimated \$234 (2026) average gas tax paid by Minnesotans. It should be noted, however, there may be opportunities for the state to improve the way in which the surcharge is calculated and levied, making it more commensurate with the gas tax in that respect.

As the Legislature's non-partisan staff noted for the Working Group, the new EV surcharge, which is calculated using the age and MSRP of the vehicle, "arguably included a focus on tax incidence (tax progressivity/regressivity, with vehicle value as a proxy for income)". This is different from how EV surcharges are calculated and levied in many other states. Virginia, for example, charges EV and other high efficiency vehicles a Highway Use Fee (HUF), which is calculated by comparing fuel tax payments of an average vehicle in Virginia to those for vehicles that get 25 miles or more per gallon. Because Virginia's HUF is tied to the state's gas tax and calculated using actual data regarding a given vehicle's fuel efficiency and the payment of the gas tax by an average driver in the state, it likely allows for a more transparent, logical, and defensible surcharge. Minnesota's surcharge approach may have value in its focus on tax incidence. But if the ultimate goal of the surcharge is to ensure EVs are financially supporting our transportation infrastructure in much the same way that the average Minnesotan does through the gas tax, there may be reason to consider an approach like Virginia's HUF.

It should be noted that Virginia has moved beyond simple reliance upon its HUF to ensure meaningful and commensurate financial contributions from EV owners. Virginians have a choice either to pay the HUF at registration or join the optional Mileage Choice Program (MCP) and pay a per mile fee, capped at the HUF amount. The flexibility and choice that is offered through Virginia's approach may be another reason for Minnesota to consider moving in a similar direction with its surcharge. However, one cannot ignore the current cost disadvantage of MCP and other mileage-based user fee/road user charge programs like it around the country. Virginia's HUF (and Minnesota's current surcharge) is collected in full at the time of registration, making it efficient and cost-effective to collect – meaning a significant share of the dollars collected are invested in transportation infrastructure. That stands in stark contrast to the cost-benefit equation of MCP, which currently costs the state of Virginia roughly \$2 to collect \$1 in revenue from the program. It is expected that improvements in technology will lower the cost of administering these types of user fees over time.

If Minnesota were to reorient its surcharge approach to one that is more closely tied to a vehicle's fuel economy and the average driver's gas tax bill, like Virginia's HUF, it may also position the state to move toward a direct user fee approach for EVs in the future, as the cost-benefit calculus of that type of model improves.

Thank you for the opportunity to provide this input. It has been a privilege to represent our members and the state's business community as a member of the Working Group. Please let me know if you have

questions about the input provided here that I can answer. I look forward to continued participation in the Working Group as we move toward the February 13, 2026, legislative report submission date.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bentley Graves". The signature is stylized with a large initial "B" and a long horizontal flourish extending to the right.

Bentley Graves

Director, Health Care & Transportation Policy



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December 23, 2025

Senator Ann Johnson Stewart
Chair, Electricity as Fuel Working Group
3211 Minnesota Senate Bldg.
St. Paul, MN 55155

RE: Submissions for Potential Recommendations

Chair Johnson Stewart,

As a family-owned company headquartered in La Crosse, WI, Kwik Trip Inc. employs more than 39,000 co-workers and has established itself as a leader in serving both the community and its customers as a fueling and convenience retailer. Kwik Trip is committed to constantly seeking innovative solutions to better serve its customers and communities, with a particular emphasis on principles of environmental stewardship. This commitment is reflected in the company's ongoing efforts to provide a variety of lower carbon fuel options, such as biodiesel, unleaded 88, renewable natural gas, and electric vehicle (EV) charging stations.

In response to the request for feedback regarding potential recommendations from the Electricity as Fuel Working Group, Kwik Trip offers the following suggestions:

Sales and Use Tax Exemption

Kwik Trip recommends an exemption from sales and use tax on the purchase of electricity as a vehicle fuel. This measure would help to prevent double taxation and simplify the remittance process, directly reducing the tax burden associated with providing electricity as a fuel source.

Level Playing Field for Charging Stations

To promote fair competition, Kwik Trip advocates for the imposition of the new excise tax of 5 cents per kilowatt-hour (kWh) on all public-facing level 2 or level 3 chargers. Applying this excise tax uniformly will encourage competition and ensure that investments in EV charging infrastructure are well maintained. This approach also supports the sustainability of private investment in building and maintaining the State's EV charging network.

OUR MISSION

To serve our customers and community more effectively than anyone else by treating our customers, co-workers and suppliers as we, personally, would like to be treated, and to make a difference in someone's life.

Simplified Tax Remittance Procedures

Kwik Trip supports the implementation of simplified procedures and forms for remitting the new excise tax. The company prefers bi-annual or annual remittance schedules, or at a minimum, alignment with the remittance schedules currently used for the state's fuel tax.

Thank you for considering these comments and the opportunity to provide input on behalf of the convenience and fueling industry. Please reach out with any additional questions.

Sincerely,

Adam Schwartz

Adam Schwartz
Kwik Trip, Inc
Electric Vehicle Charging Program Manager

INTERNATIONAL UNION OF OPERATING ENGINEERS

LOCAL NO. 49, 49A, 49B, 49C, 49D, 49E, 49L
MINNESOTA • NORTH DAKOTA • SOUTH DAKOTA

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December 12, 2025

Chair Johnson Stewart and Members of the Task Force:

Thank you for the opportunity to submit recommendations for consideration in the task force report.

It is important to view the task force report recommendations from a comprehensive transportation system funding perspective. Our state's transportation system, and its maintenance, impacts all aspects of our lives. Unfortunately, the Minnesota Department of Transportation estimates that the system is currently underfunded by almost \$18 billion over the next 20 years. Consequently, the task force should consider the following:

- Current law implements a 5 cent per kWh fee at public charging stations. **The task force should recommend the fee should be maintained, if not increased, to ensure drivers of all vehicles contribute to highway maintenance equally. Furthermore, if there any adjustments to the level of the fee, it should be indexed to the rate of inflation, so it is equal to the existing gasoline tax.**
- For the same reason, **the task force should recommend that the threshold for the charging stations be lowered to include level 2 (3-50 kWh) charging stations, not just level 3 charging stations (50 kWh).**
- **The task force should recommend the legislature clarify the definition of a public charging station to include retail charging stations.**
- The Minnesota Constitution clearly states that any taxes levied on any means or substance used for propelling vehicles on public highways shall be deposited into the highway user tax distribution fund. One could claim that the sales tax currently paid by homeowners who are charging their electric vehicles at their residence is unconstitutional as those revenues are currently deposited in the state's general fund. **The task force should recommend the legislature should continue to pursue and eventually implement a system that when a tax is paid on electricity which is fueling vehicles in a residence those revenues be deposited in the highway user tax distribution fund.**
- **The legislature should continue to clearly direct the applicable state agencies to implement legislatively agreed upon task force recommendations.**

Again, thank you for the opportunity to suggest recommendations for consideration.

Sincerely,

John Pollard
Legislative Director
International Union of Operating Engineers Local 49