



March 25, 2025

RE: Electric Vehicle Fee Legislation

Dear Chair Dibble and Senate Transportation Committee Members:

On behalf of the member organizations of the Minnesota Transportation Alliance, I am writing to express our support for legislation that would increase road funding by increasing the revenue collected from electric and hybrid vehicles that use our Minnesota roadways.

As you know, our road system at all levels is underfunded with a significant funding gap identified by MnDOT of over \$1 billion per year. As electric vehicles become more prevalent and the difference in price between electric and gasoline powered vehicles continues to shrink, we believe that all vehicle owners should pay the motor vehicle registration tax, sales tax and fuel tax to support the maintenance and improvement of our road system.

The current \$75 per year EV fee was implemented to collect some revenue from vehicles that do not otherwise pay the fuel tax. This fee is significantly less than what the average driver of a gasoline powered vehicle pays annually. We support legislation that increases this fee and indexes the fee to keep up with inflation as well as a new fee on hybrid electric vehicles.

As of January, 2025, 39 states collect an electric vehicle registration fee as a proxy for the traditional fuel tax. Twelve states charge \$200 or more annually for the electric vehicle registration fee. Twenty-eight states charge a hybrid electric vehicle annual fee. Of those states, 25 states charge \$50 or more for the hybrid electric vehicle fee.

Most states charge an annual fee because it is easier and more cost-efficient to administer but more states are considering a per-kilowatt-hour fee, especially at public charging stations. In the State of Wisconsin, a 3 cent per-kilowatt-hour fee went into effect in January at public charging stations. The state continues to collect the \$175 annual fee for all electric vehicles and \$75 fee for hybrid vehicles. A fee collected at charging stations allows states to collect revenue from drivers who don't live in the state and are using the roadways.

We urge the committee to take action this year to help stabilize funding in the Highway User Tax Distribution fund by increasing the EV fee as we move into a future with more electric vehicles so that the state does not fall further behind in meeting our highway maintenance needs.

Sincerely,

Margaret Donahoe
Margaret Donahoe
Executive Director