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House File 2754 (Acomb)

Dear Chair Olson and Members of the House Ways & Means Committee,

The National Federation of Independent Business (NFIB) represents over 10,000 members in every corner of Minnesota and our mission is to advocate for the best interests of Main Street.

Respectfully, NFIB opposes House File 2754. Energy affordability and reliability are top concerns for small businesses in Minnesota: 84% of our members believe they should be the top concerns of policymakers and regulators.

This bill will make energy more expensive and less reliable for small businesses. Select concerns are detailed below.

Art. 3, Secs. 5, 7: Transportation Electrification Plans. NFIB Minnesota members overwhelmingly oppose electric vehicle (EV) subsidies. Government or utility-funded incentives for EVs or EV infrastructure benefit the few at the expense of many, and EV rebates often result in giving a subsidy to those who would have bought one without it.¹

This bill provides over \$17 million in direct subsidies for the purchase or lease electric vehicle (EV). And it puts all utility customers on the hook for potentially hundreds of millions more in utility subsidies for EV purchase, lease, and infrastructure subsidies.

If international auto manufacturers or the shareholder-owners of investor-owned utilities (IOU) see EVs as a business opportunity, they should pursue that strategy without forcing small businesses and hardworking families to subsidize their business plan.

The Minnesota Public Utilities Commission (PUC) and others have aptly noted that monopoly IOUs could provide these incentives without charging ratepayers. If IOUs and multinational car makers see EV adoption as a business opportunity, they do not need to increase the energy bills of hardworking small businesses to pursue it.

Art. 4, Sec. 7: Commercial Energy Goal. This provision opens the door to new ratepayer-funded spending with no guardrails. Minnesota electric rates have grown rapidly over the past

¹ Xing, Leard, Li, "What Does An Electric Vehicle Replace" (Working Paper 25771), National Bureau of Economic Research, April 2019 (Revised February 2021), <http://www.nber.org/papers/w25771>

15 years, far more than the national average increase for all customer classes.² Given current conservation and emissions reduction spending – as well as the need for significant new customer-funded investments to meet the 100% by 2040 requirement – we are concerned that the creation of new utility customer-funded programs without clear direction, cost controls, or guardrails will add to ratepayer pain.

Energy conservation is already at the forefront of energy policy in the state, with utility customers funding well over \$100 million per year in energy reduction efforts through the Conservation Improvement Program (CIP) and its successor.

In addition, lawmakers recently approved two new customer-funded programs aimed at reducing energy consumption and emissions: the Natural Gas Innovation Act (NGIA) and the Minnesota Efficient Technology Accelerator (META). The latter two programs could add over \$100 million to utility customer bills once fully implemented.

Art. 4, Sec. 27: Commercial Energy Code. This radically alters the purpose of the residential and commercial energy codes for existing and new properties. The inclusion of ambiguous and undefined terms like “improving resiliency” and “optimizing energy efficiency” open the door to controversial and impractical rules that are at odds with the needs and best interests of Minnesotans.

Since “energy resiliency” is synonymous with building electrification for some, this authority could lead to the prohibition of fossil fuel combustion equipment for space heating, hot water, cooking, and other appliances. Rulemaking is an inappropriate tool for making such momentous changes to the living and working conditions of every person in this state.

We urge the committee to reject this proposal. Protect small businesses from higher utility bills and less reliable energy.

Sincerely,



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² U.S. Energy Information Administration, “Table 5.6.B. Average Price of Electricity to Ultimate Customers by End-Use Sector, by State, Year-to-Date through December 2008-2020.”