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January 19, 2021

Senate Environment and Natural Resources Finance Committee
Senate Environment and Natural Resources Policy and Legacy Finance Committee

Dear Senators:

Thank you for the opportunity to provide comment on the Minnesota Pollution Control Agency's proposed adoption of California's motor vehicle emissions standards. It has been almost a year since I provided oral testimony to the committees on this same topic. Over the ensuing eleven months, the opposition of Minnesota's 375 franchised new car and truck dealers has not lessened but intensified – especially as so many new developments have occurred.

1. We are now amid a pandemic that is still months away from subsiding. COVID caused sales of new vehicles to drop 20% in 2020, and they are expected to take several years to rebound to 2019 levels. Major disruptions to the automotive supply chain have also occurred, causing ongoing vehicle shortages despite reduced demand. "Business as usual" is a thing of past. This is the wrong time for the state to interject more uncertainty into the marketplace. While the earliest the standards would go into effect is 2024, the MPCA is proposing early adoption credits for electric vehicles to encourage "investing early" in the necessary infrastructure (page 59 of SONAR.) Those costs don't fall on the manufacturers, as the SONAR portrays, but on Minnesota dealerships, who must buy the cars and so bear the brunt of the financial risk when the manufacturers deliver vehicles to accumulate those early credits.
2. On January 20, a new administration will take office in Washington, D.C. President-Elect Biden has been very clear that one of his top priorities is addressing climate change and that his administration will "reinstate and advance more stringent fuel economy standards that were implemented during the Obama administration but rolled back by Trump."¹ The MPCA has touted that "avoiding backsliding" by the federal government is one of the primary reasons for moving forward with California Car Rules (page 19 of SONAR). If the federal government plans to restore the stringent vehicle emission standards the MPCA has relied on, why is it still moving forward with a disruptive plan to follow California instead of waiting for the Biden Administration to reinstate the previous standards?
3. Lastly, under MPCA's timeline, the rules would go into effect in 2024. The following year, California will institute updated rules for model years 2026. We don't know what they look like yet, but we do know that they will "increase stringency"² and begin a phase-out of the sale of gas-powered passenger vehicles by 2035.³ Why the Walz Administration wants to commit us to following California when the rules are going to immediately change and incorporate a ban "that isn't part of Governor Walz's plan"⁴ makes no sense.

Minnesota's auto dealers continue to request that the Walz Administration drop this ill-conceived plan and work with our legislators and stakeholders on homegrown solutions to address climate change and advance cleaner vehicles.

Sincerely,

A handwritten signature in blue ink that reads "Amber L. Backhaus".

Amber L. Backhaus
Vice President of Public Affairs

¹ Reuters. "[Factbox: What impact would a Biden Administration have on the auto industry?](#)" October 30, 2020

² California Air Resources Board. "Advanced Clean Cars (ACC) II Workshop." September 16, 2020

³ Governor Gavin Newsom. "[Executive Order N-79-20](#)," September 23, 2020.

⁴ Commissioner Laura Bishop. "[How Minnesota Can Lead on Transportation Electrification in 2021](#)." December 3, 2020