

MPR News | Minnesota Now Electric vehicle sales in Minnesota are losing steam. Could gas prices change that? 01KRH6CARK18Q2P3ZEWFEWDTW

INTERVIEWER: Gas prices are continuing to climb. Right now, according to AAA, the average price in Minnesota sits at \$4.15. It's averaging even higher in the seven county metro at \$4.24. You may be looking at the price at the pump and wishing you had an electric car. But data shows the number of Minnesotans buying electric dropped by 50% in the last few months of 2025.

Joining us now with a check on the electric vehicle industry is Scott Lambert, President of the Minnesota Automobile Dealers Association. Thanks for being with us, Scott.

SCOTT Well, thanks for having me on here. Good to be here.

LAMBERT:

INTERVIEWER: Let's start with the latest data that your association has been tracking. What are you seeing when it comes to people buying electric vehicles? Sounds like there's been a dip.

SCOTT Yes, there was a notable decrease in the sales of electric vehicles when the federal tax subsidies were removed

LAMBERT: and the mandates, the California mandates were all removed by Congress last year. Vehicle sales went from-- electric vehicle sales went from over 6.5% to 3%, So Just a bit over half.

Interestingly enough, hybrids continue to be popular. And that increases. That actually increased from 14% to just a bit over 15%. Hybrids are a good alternative if you want to try and take advantage of the electric vehicle technology. And it's a good transitional vehicle for a lot of people.

INTERVIEWER: Yeah, that's interesting. Part of the idea with the rebates that were in place was to garner more excitement about this because not a lot of people have electric vehicles yet. Are you concerned that something like this may lead to stalling the industry? Because I have to say, driving around, I see some charging stations. I'm seeing more. But I'm not seeing a ton. So I wonder if this has ripple effects on just the growth of the industry?

SCOTT It absolutely does. No, that's a great observation. The lack of infrastructure is an ongoing struggle for the electric car. The infrastructure in Minnesota is-- I would characterize it as minimal. And there really hasn't been any investment. The state, for all of its attempts to leverage people into electric cars, has not put a dime into electric vehicle infrastructure. So charging stations outside of your own garage are hard to find.

INTERVIEWER: As automobile dealers, how do people have to change, their pitches to customers over something like this when they have this inventory, I imagine, of electric vehicles on their hands?

SCOTT Well, I think the dealers have right sized their inventory. There was a surge of buying last fall when the federal tax deduction was scheduled to come off. So dealers were able to unload a lot of the inventory that they had. And I don't hear about inventory problems right now. Overall, car vehicle-- vehicle sales are down significantly compared to last year. And the electric vehicles have been no exception to that.

INTERVIEWER: Do you see generally because of gas prices, do you think they're down or what factors?

SCOTT Gas prices don't really affect-- there's no evidence that they affect electric vehicle sales. Electric vehicle sales have always been propped up by the federal subsidies. And now, they have to make it on their own. There's nothing out there that's going to entice people to buy an electric vehicle. They're going to have to stand on their own technology and their own worth.

INTERVIEWER: Do you have a sense for how Minnesota compares to other states? I mean you mentioned the infrastructure still really being built to be able to have this going on a large scale. Is Minnesota doing further along than other states, maybe, in the Midwest? Or does it compare a certain way to the East or the West Coast?

SCOTT LAMBERT: Well, we're low. We're very low compared, especially, to the West Coast, where the electric vehicle really had a better shot to taking hold in Southern California. But Minnesota is a cold state. And in the 14 or 15 years we've been marketing electric vehicles, really the technology hasn't changed. And I think that's one of the big problems. You still lose about 40% of your battery range in cold weather. And that's been a big hurdle for successfully marketing electric vehicles in a cold state like Minnesota.

INTERVIEWER: That's fascinating. Can you just repeat that? You said since 2014-- or there hasn't-- since they came out?

SCOTT LAMBERT: Yeah, we're still basically driving the same technology. There's been no huge upgrade to the technology for electric vehicles. There are a lot more models being produced. But it's an expensive entry point to get into electric vehicle compared to its gas-powered like vehicle. So it's more expensive. And charging is hard to find. They lose battery range in cold weather.

There's just too many things that are working against it. And ultimately, the American public just decided they weren't going to buy all these vehicles, even though the industry was building up to sell a lot and to produce a lot. The buyers just weren't there. And there's been significant write-offs of investments by the manufacturers who are retrenching and getting back to what consumers want, which is efficient, gas-powered vehicles.

INTERVIEWER: I understand there's another challenge too with taxes locally for EVs. Can you describe some of the challenge there?

SCOTT LAMBERT: Yeah, there used to be a surcharge because, obviously, an electric vehicle doesn't pay a gas tax. So there used to be a \$75 surcharge. And everybody agreed that that wasn't fair anymore, that they needed to pay a little bit more to help keep up roads and bridges and pay into the trust fund, the Highway Trust Fund.

But the legislature has surprised a lot of electric vehicle owners. They didn't just increase the flat fee surcharge. They added a surcharge that sort of mimics the depreciation schedule for your registration, for your annual registration. It's not the same. But people are now paying hundreds of dollars in a surcharge in addition to their registration. And you buy one of-- the reasons to buy an electric vehicle is to save money on gas. But it's eating into that a little bit. And people are upset about that now.

INTERVIEWER: Sure. OK, we've talked a lot about some of the challenges here. But what do you think it would take to alleviate that and just make the market more accessible?

SCOTT LAMBERT: Well, if they can produce an electric vehicle that can go over 400 miles on a single charge and they can produce one that is a truck-- because Minnesotans buy a lot of trucks. We buy about 85%, 95% trucks in Minnesota-- and if they can produce one that can tow something-- the electric vehicles are very low towing capacity. They can't tow anything heavy. It drains the battery quickly. If they can produce a car that overcomes those hurdles, you won't need mandates or subsidies to sell these. I think these will sell themselves. But right now, that car doesn't exist.

INTERVIEWER: OK, that's good to. And just lastly, Scott, what should people consider if they are thinking about getting an electric vehicle or maybe even a hybrid vehicle? Which you said, there seems to be more interest in.

SCOTT Well, hybrids, most hybrids take the charge there for their electric vehicle motor right from their gas engine in the vehicle. That's already in the vehicle. In fact, my wife just bought one. And we like it very much. But you really need how to live with these. At the auto show, Xcel always has a display where you can walk up.

And they will tell you what you got to do to your living space, your garage. How do I maintain and charge my electric vehicle? And it's going to be a little bit different for everyone. So I would encourage people to get in touch with their energy provider and see what they might need to do and talk to your dealership about it as well. The dealers can always point you in the right direction.

INTERVIEWER: All right, Scott, thanks so much for stopping by. I learned a lot. Really appreciate your time.

SCOTT I appreciate all the good questions. Thank you so much.

LAMBERT:

INTERVIEWER: Thank you. Scott Lambert is the president of the Minnesota Automobile Dealers Association.