



American Truck Dealers



ATD SUPPORTS EFFORTS TO ENCOURAGE THE PURCHASE OF IDLING REDUCTION EQUIPMENT

Issue Summary

Idling reduction devices allow truck drivers to rely on smaller, more efficient units to provide the air conditioning, heat, or power for cab comfort. Idling reduction devices save considerable amounts of fuel and reduce emissions when used instead of the power of the idled main engine.

NADA supported legislation that passed in 2008 exempting idling reduction devices, which also help reduce carbon emissions, from the heavy vehicle excise tax. However, the legislation as written did not cover all idling reduction devices, and NADA is seeking a legislative correction so all idling reduction devices are exempt from this tax. NADA is also supporting a legislative effort to provide a tax credit for idling reduction devices.

Background

NADA/ATD successfully obtained an exemption for certain idling reduction devices from the retail FET if the unit is sold on or after October 4, 2008 and appears on a list of approved idling reduction devices approved for the credit by the Environmental Protection Agency, was passed as part of the Emergency Economic Stabilization Act of 2008 (P.L. 110-343). The list is available at EPA's website at: <http://www.epa.gov/otaq/smartway/transport/what-smartway/idling-reduction-fet.htm>.

In July 2009, Reps. Earl Blumenauer (D-Ore.) and Kay Granger (R-Tex.) introduced [H.R. 3383](#), which would provide a tax credit of 50 percent, up to \$3,000, for the purchase of an idling reduction device. NADA supports this legislation.

However, as written, the 2008 law and H.R. 3383 only apply to idling reduction devices attached to a highway tractor. NADA/ATD is seeking a legislative correction both for the excise tax exemption and to the proposed tax credit to provide the same tax treatment for idling reduction devices affixed to all taxable highway vehicles.

Key Points

- Because truck dealers sell and install idling reduction devices on taxable vehicles, they are responsible for paying this tax.
- NADA/ATD believes that placing an excise tax on idling reduction devices is contrary to sound energy and environmental policy as it penalizes the purchase of idle reduction technologies.
- As a matter of fairness, all idling reduction devices should be exempt from the excise tax no matter what type of truck they are attached to.

Suggested Language

In 26 U.S.C. section 4053(9)(A): strike the words "a tractor" and replace them with "an article described in IRC § 4051(a)".

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Suggested Language (cont'd)

In 26 U.S.C. section 4053(9)(A): strike the words "a tractor" and replace them with "an article described in IRC § 4051(a)".

Section 26 U.S.C. section 4053:

9) Idling reduction device. — Any device or system of devices which –

(A) is designed to provide to a vehicle those services (such as heat, air conditioning, or electricity) that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary using one or more devices affixed to *a tractor*, and;

(B) is determined by the Administrator of the Environmental Protection Agency, in consultation with the Secretary of Energy and the Secretary of Transportation, to reduce idling of such vehicle at a motor vehicle rest stop or other location where such vehicles are temporarily parked or remain stationary.