



# American Truck Dealers



## Proposal to Stimulate “Clean and Green” New Commercial Truck Sales

### Heavy-Duty Trucks Class 8 (33,000 lbs. and above)

- Investment Tax Credit (ITC) for 12 to 18 months for qualifying truck engines
  - 10% for 2010 engines
    - Average total purchase price of Class 8 truck exceeds \$100,000
- Estimated Cost – \$2.0 billion

### Medium Duty Trucks Class 6-7 (19,500 lbs. and above)

- “Green Voucher” for 12 to 18 months for qualifying truck engines
  - \$6,000 for 2010 engines
    - Average total purchase price of Class 6-7 truck is approximately \$60,000
- Estimated Cost – \$1.0 billion
- Chronological order of voucher redemption:
  1. Dealer submits customer truck order to factory
  2. At same time, dealer facilitates/assists customer with voucher application (incl. customer name, engine serial number) and submits application to government agency.
  3. Government agency verifies application prior to final delivery and sets aside appropriate amount of funds.
  4. After truck delivery at dealership, customer applies to government for reimbursement.

### Benefits

- Stimulates new domestic truck manufacturing, supplier and dealer employment – 7.3 million people work in U.S. trucking industry;
- Enhances Highway Trust Fund (HTF) – Federal Excise Tax (FET) of \$1.4 billion generated into HTF from the incremental sale of Class 8 trucks;
- New 2010 engines provide significant environmental benefits including reduced NOx over 2007 engines;
- ITC geared primarily towards fleet customers which have largest truck fleets;
- “Green Voucher” provides immediate “cash on the hood” financial benefit to fleets and independent owner/operators;
- Treats all truck manufacturers and dealers equally regardless of franchise nameplate;
- Covers approximately 70-75% of all commercial trucks sold in the U.S.

### Conditions

- Limited time period of only 12 to 18 months;
- Managed through a federal government agency (TBD);
- Caps must be instituted on the number of vouchers per customer



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## Dealers Support Incentives for “Clean and Green” New Commercial Trucks

### Summary

Sales of new commercial trucks (greater than 14,000 lbs.) have reached historically low levels. Truck dealers are concerned about the impact that higher costs resulting from clean engine mandates will have on truck sales. Slow sales of the new technology will further delay the intended environmental benefits and could result in additional domestic manufacturing and dealership layoffs. ATD strongly supports incentives for “clean and green” commercial truck purchases.

### Background

Beginning in January 2010, significantly higher costs of at least 5-10% will be added to the price of commercial trucks due primarily to clean engine mandates from the EPA. On average, the technologies required to meet the new emission standards will increase the price of a Class 8 Heavy-Duty truck up to \$13,000 over 2007 standards. These costs will likely force existing individual truck and fleet operators to postpone the purchase of cleaner trucks.

### **Sales of Commercial Trucks (Greater than 14,000 lbs. GVWR)**

<b>CY 2006</b>	<b>544,000</b>	<b>CY 2008</b>	<b>298,000</b>
<b>CY 2007</b>	<b>371,000</b>	<b>CY 2009</b>	<b>190,000 (est.)</b>

The Highway Trust Fund (HTF) generates significant funds based on the sale and use of commercial trucks. A federal excise tax of 12% is added to the final cost of each heavy-duty truck (greater than 33,000 GVWR) as well as some highway tractors and such funds are deposited into the HTF. Historically low sales of trucks over the past four years have accounted for the biggest cause of the shortfalls seen recently in the HTF.

### Key Points

- Without a significant sales incentive, truck sales are likely to crater further in 2010, shuttering domestic manufacturing plants and crippling dealers, at the cost of tens of thousands of jobs.
- The average truck on the road today is approximately ten years old and carries engine technology that is outdated and does not reflect the environmental improvements that have been made in recent years. The benefits of mandates for better emissions in trucks will not be achieved unless there are incentives to purchase the new equipment.
- Incentives to sell more efficient trucks can achieve multiple policy goals, including preserving manufacturing jobs, stabilizing the HTF, and providing a more stable base for infrastructure development in the U.S.

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