Promote the Adoption of Cleaner and Greener Advanced Technology Trucks
Repeal the Federal Excise Tax on New Heavy-Duty Trucks – S. 2435

ISSUE
Congress should repeal the 12% federal excise tax (FET) on new trucks and trailers. New trucks today are much more energy efficient compared to trucks manufactured as recently as a decade ago, and these new trucks are helping to drastically reduce the transportation sector’s environmental footprint. FET repeal would help modernize America's truck fleet by incentivizing the purchase of newer, cleaner trucks to replace older trucks.

BACKGROUND
New trucks and semi-trailers are not reaching the road fast enough to reap the benefits of emerging green technologies. More than half of the Class 8 trucks on the road today are over 10 years old. According to a 2020 survey conducted by the American Trucking Associations, over 60% of fleets were somewhat likely or very likely to purchase additional trucks and trailers beyond their scheduled buy if the FET was eliminated.

Today’s new trucks are extremely energy efficient. This is due, in part, to a 2011 program by the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) to reduce greenhouse gas (GHG) emissions and improve fuel efficiency (FE) in all new trucks. Phase 1 of the program established standards for model-years 2014 through 2018, which alone was expected to save 530 million barrels of oil and reduce carbon dioxide (CO₂) emissions by 270 million metric tons. Phase 2 focuses on model-years 2021 and beyond. This phase will further improve upon advancements made in Phase 1, while also establishing standards that will rely upon the adoption of currently available technologies as well as those not yet developed or widely deployed. The GHG/FE program mandates apply to all new trucks on an increasingly more stringent basis through 2027.

In addition, since 2007, emissions of nitrogen oxides (NOx) and particulate matter (PM) are down by 18 million metric tons and 1 million metric tons, respectively. Emissions reductions and efficiency improvement standards can be found on the next page.

KEY POINTS

- **FET repeal would accelerate fleet turnover of aging trucks, which would lead to significant reductions in CO₂ emissions and fuel efficiency improvements.** Since 2010, new trucks have achieved significant CO₂ and fuel efficiency improvements. A new heavy-duty truck saves about 960 gallons of fuel per year more than a model year 1998 truck. As more than half of the Class 8 trucks on the road today are over 10 years old, repealing the FET would incentivize the purchase of new trucks that incorporate the latest emission-reduction technology to modernize America's trucking fleet.

- **The commercial truck fleet on American roads today has an outsized impact on the overall environmental footprint of the transportation sector.** Trucks consume over 20% of the nation’s transportation fuel or approximately 22 billion gallons of diesel fuel every year while traveling over 200 billion miles annually. Small improvements in the fuel economy of the truck fleet can yield large results. Furthermore, trucks subject to EPA/NHTSA's GHG/FE Phase 2 standards are expected to reduce oil consumption by up to two billion barrels over the lifetime of the vehicles sold under the program.

- **Repealing the 12% FET would quicken the deployment of newer, cleaner trucks on the road which have dramatically reduced criteria air pollutants.** For three decades, cleaner fuel and advanced engines have combined to reduce NOx emissions by 97% and particulate matter emissions by 98%. To put that in perspective, it would take 60 of today's new trucks to generate the same level of emissions as a single truck manufactured in 1988. In fact, the American Lung Association has credited fleet turnover as an integral factor in helping to improve U.S. air quality.

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CO$_2$ and Fuel Efficiency Improvements From Medium- and Heavy-Duty Vehicle Standards

Graph courtesy of the International Council on Clean Transportation