Help Save Jobs that Put Newer, Cleaner Trucks and Trailers on the Road
Suspend the Federal Excise Tax (FET)

ISSUE

As Congress considers economic recovery legislation in response to the coronavirus pandemic, it should suspend the 12% federal excise tax (FET) on new trucks and trailers until the end of 2021. During these challenging economic times, FET suspension would encourage the order and sales of newer, cleaner trucks and support the 7.8 million trucking-related jobs in the U.S. Modern heavy-duty trucks and trailers are cleaner and more fuel-efficient than ever before, but due to the coronavirus pandemic, new truck sales in the U.S. are now predicted to decline by 50% in 2020.

The trucking industry has made strong environmental gains over the past decade to reduce fuel consumption and greenhouse gas emissions. Implementing these new standards, however, adds approximately $40,000 to the price of a new truck. In addition, the expense of the FET acts as a further disincentive to sales. While new commercial trucks and trailers are the cleanest that they have ever been, they are not reaching the road fast enough to reap the benefits of emerging green technologies.

Technology is making new trucks cleaner and more efficient. Vehicle, fuel, and powertrain technologies are advancing rapidly. Over the past three decades, cleaner fuel and advanced engines have combined to reduce nitrogen oxide (NOx) emissions by 97% and particulate matter (PM) emissions by 98%. To put this in perspective, it would take 60 of today’s new trucks to generate the same level of emissions as a single truck manufactured in 1989.

New trucks have contributed significantly to environmental quality improvements. Diesel engine improvements on trucks manufactured since 2010 have reduced carbon dioxide (CO2) emissions by 43 million tons, nitrogen oxide (NOx) emissions by 21 million tons, and particulate matter (PM) emissions by 1.2 million tons. Since 2010, new, more efficient diesel trucks have saved 101 million barrels of crude oil and 4.2 billion gallons of diesel fuel. Additionally, new Environmental Protection Agency and the National Highway Traffic Safety Administration mandates governing greenhouse gas emissions and fuel efficiency (GHG/FE) become steadily more stringent through 2027.

KEY POINTS

• Suspending the 12% FET that Congress levies on new trucks and trailers would help support jobs in manufacturing that put newer, cleaner trucks and trailers on the road. During the pandemic, the FET has become an even greater barrier to the sales of newer, cleaner trucks. Suspending the tax would spur sales and stimulate the economy in thousands of communities across the country where these trucks and trailers are manufactured and distributed.

• A temporary suspension of the FET would encourage purchasers to order truck and trailers with the latest fuel efficiency and emissions-reducing technology and equipment. The FET is currently a disincentive for sales, as it taxes each new green feature and routinely adds another $10,000 - $22,000 to the price of a new truck or trailer.

• FET suspension will assist fleet turnover and accelerate environmental progress in the commercial truck fleet which has an outsized impact on the transportation sector. Since 2010 new trucks have achieved significant CO2 and fuel efficiency improvements, and small improvements to the truck fleet can yield large results to improve America’s air quality. More than half of the class 8 trucks on the road today, however, are over 10 years old.

STATUS

Members are urged to include FET suspension in future coronavirus related legislation because it would support jobs in the trucking industry, spur new truck sales, and promote the deployment of cleaner trucks. To learn more, please contact David Bell at 202.547.5500 or dbell@nada.org.

May 26, 2020
CO₂ and fuel efficiency improvements from the medium- and heavy-duty vehicle standards.

* Courtesy of International Council on Clean Transportation, under a Share Alike license of Creative Commons.