

July 26, 2019

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230, The Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Charles E. Schumer
Minority Leader
U.S. Senate
H-221, The Capitol
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-222, The Capitol
Washington, D.C. 20515

Dear Leader McConnell, Leader Schumer, Speaker Pelosi and Leader McCarthy:

As you consider comprehensive infrastructure legislation, we are writing to urge your support for repeal of the burdensome 12% federal excise tax (FET) on the purchase of heavy-duty trucks and trailers. Repealing the tax would deploy new, cleaner and safer heavy-duty trucks and trailers by making them more affordable – particularly for small businesses. In addition, the FET has been the most inconsistent revenue source for the highway trust fund (HTF) over the past 20 years. We respectfully urge your support for legislation to repeal the outdated FET, modernize the truck fleet and provide a more consistent revenue source to fund the HTF.

First imposed in 1917 to help fund World War I, the FET is the highest excise tax, on a percentage basis, levied by the federal government. The FET has risen 300% since then and now increases the cost of new heavy-duty trucks and trailers by \$22,000 on average. This tax, coupled with an estimated \$40,000 in new federal environmental and safety mandates per vehicle, discourages the purchase of new, cleaner and safer heavy-duty trucks and trailers.

Modern heavy-duty trucks and trailers are cleaner and more fuel efficient than ever. Although medium and heavy-duty trucks account for only 4% of all vehicles on the road, they haul 70% of domestic freight, consume over 22 billion gallons of diesel and travel over 200 billion miles per year. This activity means small improvements to the truck fleet can yield large results. Over the past three decades, cleaner fuel and advanced engines have combined to reduce emissions of oxides of nitrogen (NOx) by 97% and particulate matter (PM) emissions by 98%. And trucks manufactured since 2010 have reduced carbon dioxide emissions by 43 million tons, NOx emissions by 21 million tons, and PM emissions by 1.2 million tons. It would take 60 of today's new trucks to generate the same level of emissions as a single truck manufactured in 1989. Since 2010, new, more efficient diesel trucks have saved 101 million barrels of crude oil.

Furthermore, America's heavy-duty trucking fleet is nearly 10 years old on average. The trucking industry, over the past decade has developed sophisticated new technologies to keep drivers and other road-users safe. New truck buyers can choose from an array of high-tech safety technologies, such as

automatic emergency braking (AEB); adaptive cruise control with braking; lane departure warning, and lane-keeping assist (with intervention); forward collision mitigation; blind spot warning; traction control; tire-pressure monitoring, and automatic tire inflation; automatic wipers and headlamps; and side airbags for rollover.

While new commercial trucks are the safest they have ever been, these new safety systems are expensive. And the 12% federal excise tax (FET), levied on certain trucks and trailers at the point of sale, is a major disincentive for new truck buyers looking to adopt these advanced safety technologies.

One measure Congress should consider in the infrastructure debate is legislation, namely H.R. 2381/S. 1839, introduced by Reps. LaMalfa (R-Calif.), Peterson (D-Minn.) and Sen. Gardner (R-Colo.), that would repeal the FET. This legislation is a good step forward. In place of the FET, Congress should adopt funding alternatives that are user-based and provide more consistent revenue to fund the HTF.

As an industry, we strongly urge you to end the burdensome FET in a potential infrastructure bill or reauthorization of the surface transportation act (FAST Act). Repeal of the FET will spur the deployment of cleaner and safer trucks.

We stand ready to work with you to modernize infrastructure and the truck fleet and to enact reliable and sufficient funding options to replace the FET.

Thank you for your consideration.

Sincerely,

Agriculture and Food Transporters Conference of the American Trucking Association
American Highway Users Alliance
American Trucking Associations
Associated Equipment Distributors
American Road and Transportation Builders Association
American Truck Dealers – a division of the National Automobile Dealers Association
Automobile Carriers Conference of the American Trucking Associations
Baker Commodities Inc.
Motor and Equipment Manufacturers Association
NAFA Fleet Management Association
National Association of Chemical Distributors
National Private Truck Council
National Renderers Association
National Retail Federation
National Tank Truck Carriers
National Trailer Dealers Association
Recreation Vehicle Dealers Association
RV Industry Association
The Association for the Work Truck Industry (NTEA)
Truck and Engine Manufacturers Association
Truck Renting and Leasing Association

Truck Trailer Manufacturers Association

cc:

The Honorable Charles Grassley, Chairman, Senate Committee on Finance

The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance

The Honorable John Barrasso, Chairman, Senate Committee on Environment and Public Works

The Honorable Thomas Carper, Ranking Member, Senate Committee on Environment and Public Works

The Honorable Richard Neal, Chairman, House Committee on Ways and Means

The Honorable Kevin Brady, Ranking Member, House Committee on Ways and Means

The Honorable Peter DeFazio, Chairman, House Committee on Transportation and Infrastructure

The Honorable Sam Graves, Ranking Member, House Committee on Transportation and Infrastructure