



Help the Economy Recover and Save Jobs in the Trucking Industry Suspend the Federal Excise Tax on Heavy-Duty Trucks

ISSUE

Due to the coronavirus pandemic, truck sales in the U.S. are predicted to decline by 50% in 2020, and trailer sales decreased by 51% compared to the same time last year. As a result of government-ordered closures, truck manufacturing plants and truck dealers have either suspended or scaled back operations. To jump start the vital trucking sector and save trucking jobs, Congress should suspend the 12% federal excise tax (FET) on new heavy-duty trucks and trailers. A suspension of the FET would immediately spur the purchase of heavy-duty trucks and trailers and help support the livelihoods of the 7.8 million Americans employed in trucking-related jobs. **Congress should suspend the FET until the end of 2021 in the next coronavirus economic recovery bill.**

BACKGROUND

The FET on heavy-duty trucks was first imposed in 1917 to help pay for World War I. This tax on most new heavy-duty trucks, tractors and trailers was originally 3% and has grown to 12% today. As the highest excise tax on a percentage basis that Congress levies on a product, the FET often adds as much as \$22,000 to the price of a new heavy-duty truck.

A suspension of the FET would spur sales of today's cleaner and safer heavy-duty trucks and trailers by making them more affordable during this difficult economic time. Over the past two decades, the trucking industry has made significant strides in safety and green technology making new heavy-duty trucks cleaner and safer than ever before. With more than half the Class 8 trucks on the road over 10 years old, FET suspension would effectively replace older trucks with newer, cleaner, and safer trucks.

The trucking industry is playing a vital role during this crisis by moving freight and providing critical supplies for medical workers, individuals, and essential businesses. Yet the orders of new Class 8 trucks, which had already slowed due to weak demand in the trucking sector, have sunk even further due to the pandemic. Suspension of the FET is the quickest way to get assembly lines moving and enable buyers to purchase trailers and trucks with the newest emission reduction and crash avoidance technology.

KEY POINTS

- **FET suspension would spur new truck sales, help restart the trucking industry, and save jobs.** With sales on heavy-duty trucks projected to sharply decline in 2020, suspension of the FET would serve as an effective policy to retain the 7.8 million jobs in the trucking sector and help rebuild our economy.
- **Accelerating the purchase of new trucks with the latest safety improvements would improve highway safety.** More than half of the Class 8 trucks on the road are over 10 years old. That means that many trucks in service today lack the benefits offered by nearly a decade of safety technology advancements.
- **Suspension of the FET would benefit the environment by ensuring quicker deployment of cleaner and more fuel-efficient trucks.** New trucks have made significant environmental gains due to recent federal emissions and fuel-economy mandates and industry innovation. 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%.

STATUS

Congress is expected to consider a Phase 4 economic recovery bill this summer. **Members are urged to include FET suspension in future coronavirus related legislation to retain jobs in the trucking industry, spur new truck sales, and promote the deployment of cleaner, safer trucks.**

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