Mr. Chairman, thank you for the opportunity to submit testimony on the impact of the coronavirus pandemic on the trucking industry on behalf of the Modernize the Truck Fleet coalition. The coalition is led by the American Truck Dealers (ATD), a division of the National Automobile Dealers Association. As a result of government-ordered closures, truck manufacturing plants and truck dealers have either had to suspend or scale back operations. Truck sales in the U.S. are predicted to decline by 50% in 2020 due to the coronavirus pandemic, and trailer sales decreased by 51% compared to the same time last year.

To protect trucking-related jobs, provide environmental benefits by replacing older trucks with newer cleaner trucks, and boost the economic recovery, the coalition respectfully requests that Congress temporarily suspend the 12% federal excise tax (FET) on heavy duty trucks and trailers in the next coronavirus economic recovery bill.

The Trucking Industry is United Behind FET Suspension to Protect Trucking-Related Jobs

The current economic climate has united the trucking industry in support of FET suspension through 2021 in the next coronavirus economic recovery legislation. The FET on heavy-duty trucks was first imposed in 1917 to help pay for World War I and has grown to 12% today. As the highest excise tax on a percentage basis that Congress levies on a product, the FET, on average, adds approximately $21,000 to the price of a new heavy-duty truck and discourages the purchase of new trucks and trailers.

With Class 8 truck orders stalled due to coronavirus pandemic and Congress considering initiatives to revive our economy, suspension of the FET would immediately spur the purchase of newer, safer and cleaner heavy-duty trucks and trailers and help support the 1.3 million jobs related to Class 8 truck and trailer manufacturing and the 7.8 million Americans in trucking-related jobs.

In a June 17 letter, the UAW called on House and Senate Democratic leadership to suspend the FET until 2021. In part, the letter read “Working people need solutions and suspending the FET could help get heavy duty trucks back on the roads and help save jobs.”

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1 The Modernize the Truck Fleet coalition is a broad coalition of trade groups, equipment manufacturers and businesses representing broad sectors of the trucking industry that have come together to suspend the FET. There are six official members of the Modernize the Truck Fleet Coalition: the American Truck Dealers, National Tank Truck Carriers, National Trailer Dealers Association, The Association for the Work Truck Industry, The Truck Renting and Leasing Association, and the Truck and Engine Manufacturers Association.
2 ATD represents over 1,800 franchised commercial truck dealerships, who employed more than 125,000 people nationwide in 2019.
3 Since its inception at 3%, the tax has been briefly eliminated, raised twice prior to World War II, increased again and rolled into the Highway Trust Fund in 1956, repealed by the Senate in 1975, and increased to 12% in 1982. That was the last time Congress had any substantive debate or made any changes to this tax. See The History of the Federal Excise Tax on Heavy-Duty Trucks, AMERICAN TRUCK DEALERS (January 2019), https://www.nada.org/WorkArea/DownloadAsset.aspx?id=21474858078.
truck manufacturing and supplier parts assembly lines moving again. A suspension of the FET provides the incentive that truck fleets want and could give heavy-duty truck and trailer sales a boost.”

On April 28, ATD, joined by 116 other industry organizations, such as the American Trucking Associations (ATA) and UPS, led a letter to congressional leaders urging suspension of the 12% FET on new heavy-duty trucks and trailers through 2021 in response to the economic turmoil caused by the pandemic. The letter, Attachment A, was updated on July 2 and now includes 174 groups.

Heavy-duty trucks and trailers are nearly entirely made in North America, and these trucks and trailers are designed, tested, and assembled across the U.S. Suspension of the FET would help protect manufacturing, dealership and supplier jobs nationwide for this important domestic industry during this challenging economic time.

The impact of the economic contraction caused by the pandemic on the trucking industry has been rapid, severe and without parallel. The Wall Street Journal reported an estimated 73% decline in Class 8 truck orders from April 2019 compared to April 2020. According to Freight Transportation Research Associates, a transportation intelligence firm, this figure is the lowest since 1996, the year in which they first tracked truck orders. This year, truck sales are expected to decline by 50%.

FET suspension would provide economic stimulus. According to a survey by the ATA, almost 60% of fleets responded that they were either somewhat or very likely to buy additional trucks or trailers if the FET was suspended.

Because our economic recovery depends in large part on maintaining a flow of goods provided by trucks, we urge Congress to provide a catalyst to restart domestic truck factories and bring back the jobs of those who maintain and manage America’s trucking fleet. We believe that the fastest and most direct way for Congress to aid jobs in the trucking industry is to suspend the 12% FET on heavy-duty trucks and trailers.

**FET Suspension Would Help Modernize the Fleet and Put Cleaner Trucks on the Road**

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. Since the FET significantly increases the cost of new heavy-duty trucks, and discourages the replacement of older, less environmentally clean and less fuel-efficient vehicles, FET suspension would introduce cleaner, greener heavy-duty trucks into the nation’s fleet. Over the past two decades, the trucking industry has made strong environmental gains, and today’s heavy-duty trucks are cleaner than ever before.

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6 The letter highlighted that FET suspension could save jobs amidst an historic decline in truck sales. In part, it read, “During this crisis, our nation has been more dependent than ever on our trucking fleet for delivery of goods and critical medical supplies … We believe the suspension of the FET can help both in keeping the nation well supplied and in rebuilding America’s vital trucking industry and related employment.”


9 See Attachment B: Survey response data, American Trucking Associations.
Cleaner fuel and engines utilizing advanced technology have combined to reduce nitrogen oxide (NOx) emissions by 97% and particulate matter (PM) emissions by 98%.10 To put that in perspective, it would take 60 new trucks to generate the same level of emissions as a single truck manufactured in 1989. Diesel engine improvements to trucks manufactured since 2010 and those on the road today have reduced carbon dioxide (CO2) emissions by 43 million tons, NOx emissions by 21 million tons, and PM emissions by 1.2 million tons. Since 2010, more efficient diesel trucks have saved 101 million barrels of crude oil and 4.2 billion gallons of diesel fuel.11

However, the investments in new technologies required to fulfill these new environmental and regulatory mandates have added nearly $40,000 to the price of a new truck, and these regulatory costs are also subject to the FET.12 In this way, the FET’s demand-suppressing effect delays fleet turnover and deprives society of the benefits of environmental gains, as truck owners decide to hold onto their older less environmentally clean and less fuel efficient trucks for longer periods of time.

Trucking fleets and other businesses purchase new Class 8 trucks only when that investment will provide a return on their capital. If investing in a new truck will not improve the bottom line, a trucking business can simply maintain its existing equipment longer. Because of their high fuel efficiency and exceptional durability, 97% of Class 8 trucks on the road today are powered by diesel engines. A heavy-duty diesel engine in a Class 8 truck can operate up to 1,000,000 miles before an overhaul, and afterward potentially operate another 1,000,000 miles.

Suspending the 12% FET that applies to the purchase price of a Class 8 truck can help tip the profitability scales so a fleet can justify purchasing new, instead of investing more in maintaining its oldest trucks. For additional information on how suspending the FET would speed the deployment of cleaner trucks, please see Attachment C, “Help Save Jobs that Put Newer, Cleaner Trucks and Trailers on the Road, Suspend the Federal Excise Tax.”

FET Suspension Would Spur the Sale of New Safer Trucks and Increase Highway Safety

Roadway safety and crash avoidance are top priorities for the trucking industry. While new commercial trucks and trailers are the safest they have ever been, deployment of new safety equipment can be delayed due to the high cost of a new truck, which includes the 12% FET that Congress levies on new trucks and trailers. New trucks and trailers have several mandated safety features to help the driver maintain control of the vehicle and prevent a collision, such as anti-lock braking systems and electronic stability control. Additionally, new truck buyers can choose from an array of innovative, new safety technologies like adaptive cruise control, automatic emergency braking systems, and other advanced driver assistance systems that help reduce crashes.

10 Help Save Jobs that Put Newer, Cleaner Trucks and Trailers on the Road, AMERICAN TRUCK DEALERS (May 2020).
11 Ibid.
12 The FET is on top of the nearly $40,000 on average per truck cost of these regulatory mandates, which include since the early 2000s tailpipe emissions rules, greenhouse gas emissions standards and fuel efficiency standards. The aggregate costs of these mandates results in an additional $4,700 FET, on average, yet the industry never received any tax credits or incentives to absorb these higher costs. The Environmental Protection Agency’s (EPA) Model Year (MY) 2004–2010 tailpipe emissions rules account for $20,000 of the average price of today’s new heavy-duty trucks. See Patrick Calpin and Esteban Plaza-Jennings, “A Look Back at EPA’s Costs and Other Impact Projections for MY 2004–2010 Heavy Duty Truck Emissions Standards,” NATIONAL AUTOMOBILE DEALERS ASSOCIATION (February, 2012). The 2011 EPA/NHTSA “Final Rulemaking to Establish Greenhouse Gas Emissions Standards and Fuel Efficiency Standards for Medium and Heavy-Duty Engines and Vehicles,” and the MY 2014–2018 EPA/NHTSA fuel efficiency rules will add up to approximately $6,683 to the price of new heavy-duty trucks. The 2016 EPA/NHTSA Final Rule entitled “Greenhouse Gas Emissions and Fuel Efficiency Standards for Medium and Heavy-Duty Engines and Vehicles—Phase 2”, MY 2021–2027 fuel economy rules will add up to approximately $12,500 to the price of new heavy-duty trucks.
The FET constrains the ability of businesses to afford new trucks and deters the selection of additional safety features that could be purchased with a new truck because the tax is applied to the cost of each safety feature the customer may decide to add to the vehicle at the point of sale.

Suspending this 12% tax through 2021 will help spur the sale of new trucks, which offer the latest safety options, such as: automatic emergency braking; 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, automatic tire inflation; automatic wipers and headlamps; and side airbags for rollovers.

Including suspension of the FET in economic recovery legislation would also help the trucking industry update its fleet and adopt safety equipment at a faster pace. Accelerating the purchasing cycle for heavy-duty truck fleets will result in a faster replacement rate and turnover that will have a significant impact on highway safety. Since more than half of the Class 8 trucks on the road are over 10 years old many trucks in service today lack the benefits offered by nearly a decade of technological advancements in safety. Congress should encourage the sale of new heavy-duty vehicles, which utilize the significant improvements from earlier generations in safety technology.

By temporarily suspending the FET, which is an affordability barrier that inhibits the adoption of the latest trucks and available safety features, it would help modernize the fleet and deploy newer, safer trucks that will help reduce roadway crashes and related injuries and fatalities.13

**FET Suspension Would Boost the Economic Recovery in Communities Across the Nation**

The trucking industry has been hard hit by this unprecedented crisis, with shutdowns that have taken a severe toll on the trucking industry and affected communities. Government-ordered closures have compelled truck manufacturing plants and truck dealers to either suspend or scale back operations. During this time, trucks have continued to provide a lifeline to the nation, supplying it with essential goods. Many Americans, who are unaccustomed to bare shelves, now realize the vital role the trucking industry plays in keeping our nation supplied and our commerce moving.

FET suspension would provide clear and immediate relief to the trucking industry and its employees because it would remove a costly barrier to demand for heavy-duty trucks.14 As previously mentioned, the FET at 12% is the highest percentage rate of any excise tax. This is in addition to the nearly $40,000 in recent federal emissions and fuel-economy mandates that already make it harder for small businesses and fleets to afford new trucks.15

The uncertainty caused by the pandemic has led to a 50% decline in Class 8 sales and orders are being delayed. Incentives are needed to help this slow and uneven recovery. In May, Class 8 retail sales declined 62.5% compared with a year earlier.16 Additionally, “In response to the current negative business environment, many carriers canceled truck (23%) and/or trailer (17%) orders and are unlikely to re-file

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14 Jessica Boggs, Ten things to consider before buying your next Class 8 truck, FREIGHTWAVES (August 13, 2019), https://www.freightwaves.com/news/ten-things-to-consider-before-buying-your-next-class-8-truck. The average cost of a Class 8 truck and trailer is approximately $113,000 and a sleeper variant is approximately $125,000. Considering the average cost of a trailer, $50,000, included, the FET on a truck would be approximately $21,000.
15 Ibid.
16 Roger Gilroy, Class 8 Sales in May Fall to Lowest Point Since 2011, Transport Topics (June 10, 2020).
those orders in 2020,” according to a survey conducted by CCJ, sister publication of Trucks, Parts, Service, that measures the coronavirus’ impact on motor carriers. Approximately 60% of the companies who canceled truck and trailer orders reported they do not plan to order those assets this calendar year.”

We are confident that suspending the FET would provide an immediate incentive for truck sales and economic stimulus. The FET is an even greater millstone on the trucking industry and its employees during this extraordinary time, and its temporary suspension would provide an immediate and beneficial effect on a vital industry and the overall economy.

### Conclusion

Mr. Chairman, relief from FET suspension would be simple and immediate. Unlike some other economic stimulus programs, suspension of this tax would require no additional bureaucracy or new paperwork requirements. Furthermore, temporary suspension of a federal excise tax is neither novel nor unprecedented. In the recently enacted Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress suspended certain aviation taxes through January 2021.

In addition, over the past two decades, the trucking industry has made significant strides in green technology and safety - 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 the assembly lines moving and for truck buyers to increase their orders this year.

To immediately stimulate the economy, temporary suspension of the FET is needed to support manufacturing, dealership and supplier jobs across the nation during this critical time for our nation. In the long term, the coalition stands ready to work with Congress to modernize infrastructure, and the truck fleet, and to enact reliable and sufficient user-based funding options to replace the FET that will provide long-term solvency and stability for the nation’s highway funding needs.

We urge Congress to include FET suspension through the end of 2021 in future coronavirus related legislation to retain jobs in the trucking industry and spur immediate economic recovery during this pandemic. Thank you again for the opportunity to submit testimony.

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18 FET suspension would also reduce costly compliance burdens on small businesses during these difficult economic times. Because the FET is a complicated tax to administer, compliance is difficult and costly. Truck dealers, who are responsible for collecting and remitting the tax, incur considerable expenses when navigating the complex IRS regulations that apply to this tax. Contemporary heavy-duty trucks are highly customizable. As each modification is made to a truck or trailer, dealers must, on a part-by-part basis, determine whether the FET applies, and assess the tax for every truck sold. These custom purchase options require careful calculations and create additional burdens for dealers and truck buyers during the sales process.

19 P.L. 116-136

20 FET suspension and FET repeal have bipartisan support in Congress. Reps. Doug LaMalfa (R-Calif.) and Collin Peterson (D-Minn.) introduced H.R. 2381, the “Modern, Clean, and Safe Trucks Act of 2019,” which would repeal the FET. This bill currently has 32 bipartisan cosponsors. And on December 19, 2019, Rep. Chris Pappas (D-N.H.) sent a letter signed by 22 House Democrats to the leaders of the House Ways and Means Committee requesting consideration of FET phase-out/repeal in infrastructure legislation. And a Senate companion FET repeal bill (S. 1839) was introduced by Sen. Cory Gardner (R-Colo.), and Sen. Joe Manchin (D-W Va.) sent a letter on December 21, 2019 to the leadership of the Senate Finance Committee asking that FET repeal be considered as infrastructure funding issues are deliberated in the context of reforming the Highway Trust Fund.
ATTACHMENT A

April 28, 2020 (UPDATED July 2, 2020)

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

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

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

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

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

As Congress considers legislation to respond to the coronavirus pandemic and assist with economic recovery, we are writing to request Congress suspend the 12% federal excise tax (FET) on the purchase of new heavy-duty trucks and trailers until the end of 2021. As representatives of the trucking industry and other important sectors of the economy, we believe that the suspension of the FET would serve as an extremely effective and immediate policy to spur the sales of newer cleaner trucks, which would retain jobs in the trucking sector and help rebuild our economy.

Truck sales in the United States are now predicted to decline by 50% in 2020 due to the pandemic. In March, Class 8 truck orders dropped by 52% compared to 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 economy after the pandemic, a suspension of the burdensome FET, which increases the cost of new heavy-duty trucks and trailers by $22,000 on average, would immediately spark the purchase of heavy-duty trucks and trailers. In turn, this would help save or bring back the livelihoods of the 7.8 million Americans employed in jobs related to trucking.

In addition to saving jobs, 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 strong environmental gains, and today’s heavy-duty trucks are cleaner than ever before. Cleaner fuel and engines utilizing advanced technologies have combined to reduce nitrogen oxide emissions by 97% and particulate matter emissions by 98%. Since

21 Dey, Esha. “U.S. Truck Retail Sales May Decline 50% This Year, Citi Predicts,” Bloomberg (March 2020).
2010, more fuel-efficient diesel trucks have saved 101 million barrels of crude oil and reduced CO₂ emissions by 43 million tons. Suspension of the tax would also encourage the sale of newer trucks, which have the latest safety technologies that help reduce roadway crashes and related injuries and fatalities.

During this crisis, our nation has been more dependent than ever on our trucking fleet for delivery of goods and critical medical supplies, yet the average age of a truck on the road today is almost 10 years old. We believe the suspension of the FET can help both in keeping the nation well supplied and in rebuilding America’s vital trucking industry and related employment. The organizations below are united in urging Congress to suspend the FET in any upcoming coronavirus legislation. Thank you for your consideration.

Sincerely,

**National Organizations/Companies**
- American Truck Dealers – a division of the National Automobile Dealers Association
- Cummins Inc.
- Daimler Trucks North America
- Mack Trucks
- Navistar Inc.
- PACCAR Inc
- Volvo Trucks North America
- Agility Fuel Solutions
- Agriculture and Food Transporters Conference of the American Trucking Associations
- Allison Transmission Inc.
- American Iron and Steel Institute
- American Trucking Associations
- ArcelorMittal USA
- Automobile Carriers Conference of the American Trucking Associations
- Baker Commodities Inc.
- Central Transport LLC
- Diesel Technology Forum
- Eaton
- Environmental Solutions Group
- Hexagon Composites
- Intermodal Association of North America
- Knight-Swift Transportation
- McNeilus Companies, Inc.
- Momentum Fuel Technologies
- Motor & Equipment Manufacturers Association
- NAFA Fleet Management Association
- National Association of Chemical Distributors
- National Association of Trailer Manufacturers
- National Association of Truckstop Operators
- National Beer Wholesalers Association
- National Industrial Transportation League
National Private Truck Council
National Ready Mixed Concrete Association
National Retail Federation
National Tank Truck Carriers
National Trailer Dealers Association
National Waste & Recycling Association
NGVAmerica
North American Renderers Association
NTEA – The Association for the Work Truck Industry
Old Dominion Freight Line, Inc.
Oshkosh Corporation
PAM Transport Services, Inc.
Recreation Vehicle Dealers Association
Republic Services, Inc.
Schneider National, Inc.
Specialized Carriers & Rigging Association
Transportation Intermediaries Association
Truck and Engine Manufacturers Association
Truck Mixer Manufacturers Bureau
Truck Renting and Leasing Association
Truck Trailer Manufacturers Association
Truckload Carriers Association
Universal Logistics Holdings, Inc.
UPS
Volumetric Mixer Manufacturers Bureau
WCA Waste
Werner Enterprises
Western States Trucking Association
Women in Trucking Association, Inc.

State and Local Organizations/Companies (HQ Location)
Automobile Dealers Association of Alabama, Inc.
Alabama Trucking Association
Alaska Trucking Association
Arizona Automobile Dealers Association
Arizona Trucking Association
California Trucking Association
California New Car Dealers Association
Orange County Automobile Dealers Association
Colorado Automobile Dealers Association
Colorado Motor Carriers Association
X3CNG Colorado LLC (Colo.)
Connecticut Automotive Retailers Association
Motor Transport Association of Connecticut
Delaware Motor Transport Association
Florida Automobile Dealers Association
Florida Trucking Association
Peterson Industries, Inc. ( Fla. )
Georgia Automobile Dealers Association
Georgia Motor Trucking Association
Hawaii Transportation Association
Idaho Automobile Dealers Association
Idaho Trucking Association
Illinois Automobile Dealers Association
Illinois Trucking Association
Best Way Disposal ( Ind., Mich. and Ky. )
Automobile Dealers Association of Indiana
Decatur Hills Landfill ( Ind. )
Indiana Motor Truck Association
Randolph Farms ( Ind. )
South Side Landfill ( Ind. )
Iowa Automobile Dealers Association
Iowa Motor Truck Association
McLaughlin Family Companies ( Iowa )
New Way Trucks ( Iowa )
Scranton Manufacturing, Inc. ( Iowa )
Sparta Waste Services ( Iowa )
Kansas Motor Carriers Association
Kentucky Trucking Association
Greater Louisville Automobile Dealers Association
Louisiana Automobile Dealers Association
Louisiana Motor Transport Association
Maine Automobile Dealers Association
Maine Motor Transport Association
Maryland Automobile Dealers Association
Maryland Chamber of Commerce
Maryland Motor Truck Association
Massachusetts State Automobile Dealers Association Inc
Trucking Association of Massachusetts
Detroit Automobile Dealers Association
Michigan Automobile Dealers Association
Michigan Trucking Association
Minnesota Automobile Dealers Association
Minnesota Trucking Association
Mississippi Trucking Association
Missouri Automobile Dealers Association
Automobile Dealers Association of Kansas City
St. Louis Auto Dealers Association
Missouri Trucking Association
Motor Carriers of Montana
Nebraska Trucking Association
Nevada Franchised Auto Dealers Association
Nevada Trucking Association
New Hampshire Motor Transport Association
New Jersey Coalition of Automotive Retailers
New Jersey Motor Truck Association
New Mexico Trucking Association
Eastern New York Coalition of Automotive Retailers
Greater New York Automobile Dealers Assn.
Trucking Association of New York
North Carolina Chamber
North Carolina Trucking Association
North Dakota Motor Carriers Association
Columbus Automobile Dealers Association
Dayton Area Auto Dealers Association
Ohio Automobile Dealers Association
Ohio Trucking Association
Toledo Automobile Dealers Association
Rumpke Consolidated Companies, Inc. (Ohio)
Oklahoma Trucking Association
Oregon Automobile Dealers Association
Oregon Trucking Associations
Pennsylvania Automotive Association
Pennsylvania Chamber of Business and Industry
Pennsylvania Motor Truck Association
Rhode Island Automobile Dealers Association
Rhode Island Trucking Association
South Carolina Automobile Dealers Association
South Carolina Trucking Association
South Dakota Automobile Dealers Association
South Dakota Trucking Association
Tennessee Automotive Association
Tennessee Trucking Association
Texas Automobile Dealers Association
Texas Trucking Association
Austin Automobile Dealers Association
North Texas Automobile Dealers
AAL Enterprises (Utah)
New Car Dealers of Utah
Ogden Financial Group (Utah)
Ogden Polar Group (Utah)
Utah Trucking Association
Vermont Automobile Dealers Association
Vermont Truck & Bus Association
Virginia Automobile Dealers Association
Virginia Manufacturers Association
Virginia Trucking Association
Washington State Auto Dealers Association
Washington Trucking Associations
West Virginia Automobile Dealers Association
West Virginia Trucking Association
Wisconsin Automobile and Truck Dealers Association
Wisconsin Motor Carriers Association
Manitowoc Disposal and Recycling (Wis.)
Wyoming Automobile Dealers Association
Wyoming Trucking Association

c:
Hon. Charles Grassley, Chairman, Senate Committee on Finance
Hon. Ron Wyden, Ranking Member, Senate Committee on Finance
Hon. Richard Neal, Chairman, House Committee on Ways and Means
Hon. Kevin Brady, Ranking Member, House Committee on Ways and Means
Hon. John Barrasso, Chairman, Senate Committee on Environment and Public Works
Hon. Thomas Carper, Ranking Member, Senate Committee on Environment and Public Works
Hon. Peter DeFazio, Chairman, House Committee on Transportation and Infrastructure
Hon. Sam Graves, Ranking Member, House Committee on Transportation and Infrastructure
Hon. Roger Wicker, Chairman, Senate Committee on Commerce, Science, and Transportation
Hon. Maria Cantwell, Ranking Member, Senate Committee on Commerce, Science, and Transportation
Hon. Frank Pallone, Chairman, House Committee on Energy and Commerce
Hon. Greg Walden, Ranking Member, House Committee on Energy and Commerce
ATTACHMENT B

Federal Excise Tax (FET) Suspension Would Provide Economic Stimulus

An American Truck Associations (ATA) Survey, "Will Suspending the Federal Excise Tax (FET) Create Orders for New Equipment?" demonstrates that nearly 60% of fleets were somewhat or very likely to buy additional trucks and/or trailers beyond their scheduled buy if the FET were eliminated.

Were Congress to enact in future COVID legislation incentives to buy new trucks and/or trailers, like the elimination of the 12% Federal Excise Tax, how likely are you to purchase additional new equipment beyond what you would have bought anyway without an incentive?

- Wouldn't Change Buying: 35.8%
- Not Likely: 23.4%
- Somewhat Likely: 12.6%
- Very Likely: 28.2%

Nearly 60% of fleets said they were somewhat or very likely to buy additional trucks and/or trailers beyond their scheduled buy if the FET was eliminated. Nearly 25% said they were "very likely".

n = 517

ATA Survey of Carriers (May 2020)
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

- **Suspend 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.

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