

# Transport Topics

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## Industry Supports Repeal of Federal Excise Tax

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Not every centennial is a cause for celebration. Last year, the federal excise tax (FET) reached the 100-year mark, and America's truck dealers can all agree that this onerous tax has outlived its usefulness.

The FET was originally imposed in 1917 for a noble cause — to help pay for World War I. Although the last American veteran of that conflict, Cpl. Frank Buckles of Charles Town, W.Va., died in 2011, the FET is still in place. In fact, this tax on new heavy-duty trucks, tractors and trailers has grown from 3% to 12%, and adds \$12,000 to \$22,000 on the price of a new heavy-duty truck. It is also the highest excise tax Congress levies on a percentage basis on any product, including alcohol and tobacco. It's time for a change.

The American Truck Dealers' (ATD) top legislative priority is to repeal the FET, and truck dealers and automotive trade association executives will converge on Capitol Hill this month to support this important effort.

A bill introduced last year in the U.S. House of Representatives, the "Heavy Truck, Tractor, and Trailer Retail Federal Excise Tax Repeal Act," (HR 2946) would abolish the FET. It was introduced by U.S. Rep. Doug LaMalfa (R-Calif.) and has since drawn the support of 16 bipartisan co-sponsors. The language in the bill stressed the need for Congress to consider a more reliable and consistent revenue source to fund the Highway Trust Fund instead of the FET.

On May 21, LaMalfa sent a letter to Speaker of the House Paul Ryan (R-Wis.), Chairman of the Ways and Means Committee Kevin Brady (R-Texas) and Chairman of the Transportation and Infrastructure Committee Bill Shuster (R-Pa.) to urge Congress to include repeal of the 12% FET in any infrastructure legislation it may consider.

It's important for Congress to revisit the FET because the economic harm of this tax is being exacerbated by other regulations. For example, the Environmental Protection Agency (EPA) has mandated that new trucks reduce greenhouse gas emissions through installation of expen-

sive new technologies. These recent regulations could add as much as \$40,000 to the price of a new heavy-duty truck. The FET compounds these regulatory burdens, because customers must pay the FET on top of the price increases brought about by these regulations. Moreover, truck dealers spend considerable resources just to comply with the complex IRS regulations associated with collecting the tax.

While ATD is working to garner support for HR 2946, it's time for the entire industry to push for the repeal of the FET. In addition to ATD, other industry supporters of the FET repeal include Baker Commodities, Bendix Commercial Vehicles, Daimler Trucks North America, Mack Trucks, National Trailer Dealers Association, Navistar, NTEA - The Association for the Work Truck Industry, Recreation Vehicle Dealers Association, Truck & Engine Manufacturers Association, Truck Renting and Leasing Association, Truck Trailer Manufacturers Association and Volvo Trucks North America.

The commercial truck industry is undergoing a remarkable transformation despite the pressures of new federal regulations, rapidly evolving technology and the challenges of recruiting and retaining the best trained staff. This outdated and burdensome tax may have made sense in 1917, but today it simply stands in the way of our progress.

Truck manufacturers, suppliers and industry stakeholders — along with dealers — stand a better chance of repealing the FET if we do it together. One hundred years from now, I hope that future truck dealers talk about how our generation was able to abolish the FET and clear the path for their success — that would be a true cause for celebration.

*Teuton is ATD chairwoman and vice president of Kenworth of Louisiana, a full-service dealership group with locations in seven cities throughout the state, and Hino of Baton Rouge, a full-service dealership. ATD, a division of the National Automobile Dealers Association, represents more than 1,800 medium- and heavy-duty truck dealerships.*



Opinion