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Repeal FET to 'Modernize the Truck Fleet'

By **Jodie Teuton**
Chairwoman
American Truck Dealers

More than 100 commercial truck dealers, trade association executives and trucking industry stakeholders will descend on Washington this week to urge members of Congress to co-sponsor the Modern, Clean and Safe Trucks Act of 2019 (HR 2381), a bipartisan bill in the U.S. House of Representatives to repeal the 12% federal excise tax on the sale of most new heavy-duty trucks and trailers.

Members of American Truck Dealers and the Truck Renting and Leasing Association will host fly-ins with their members for meetings on Capitol Hill. These meetings will be accompanied by a press conference on the Capitol grounds, where a modern Class 8 truck will be parked alongside a World War I-era truck to highlight the year — 1917 — when the federal excise tax was first enacted.

In January, ATD and TRALA joined other industry groups to form the Modernize the Truck Fleet coalition, which supports repeal of the federal excise tax and identification of more viable revenue streams for the Highway Trust Fund, which the FET currently supports. The coalition also includes NTEA — The Association for the Work Truck Industry, the Truck and Engine Manufacturers Association, the National Trailer Dealers Association and National Tank Truck Carriers Association.

The MTF coalition is off to a strong start; in April, HR 2381 was introduced by Reps. Doug LaMalfa (R-Calif.) and Collin Peterson (D-Minn.). The bill has secured 14 bipartisan co-sponsors and was referred to the House Ways and Means Committee. A Senate companion bill is expected to follow, with the ultimate goal of incorporating FET repeal into a larger infrastructure bill.

Congressional support for repeal of the excise tax is gaining steam because lawmakers recognize that the outdated FET impedes deployment of the next generation of commercial trucks. Newer trucks incorporate the latest in efficiency and safety technology. Repeal of the excise tax would give businesses more money to invest in cleaner, safer and more fuel-efficient equipment, including adoption of technologies such as lane departure and collision mitigation systems, as well as idle reduction systems and aerodynamic equipment.

The FET has increased by 300% since it was first enacted and is now the highest tax that Congress levies on a percentage basis. The tax can add as much as \$22,000 to the price of a new heavy-duty truck, on top of the nearly \$40,000 in additional costs from recent federal emissions and fuel-economy mandates that make it harder for small businesses to afford a new truck.

Plus, it is a complicated and difficult tax to administer, and commercial truck dealers incur substantial compliance costs when navigating IRS regulations that

apply to the tax. To help dealers stay in compliance, ATD authored a 104-page book on when and how to apply the tax.

Perspective



The federal excise tax has since 1956 supported the Highway Trust Fund, which is itself in dire need of reform. Since excise tax receipts are tied to annual heavy-duty truck sales, the amount it generates for the fund can vary greatly, causing further instability for this vital revenue source.

Now is the time to modernize our infrastructure, modernize the Highway Trust Fund and modernize the truck fleet. And all week long, leaders in the trucking industry will be carrying that message to leaders on Capitol Hill.

Jodie Teuton is vice president of Kenworth of Louisiana and chairwoman of American Truck Dealers, a division of the National Automobile Dealers Association, which represents more than 1,800 medium- and heavy-duty truck dealerships.