



MODERNIZE THE TRUCK FLEET CLEANER • SAFER

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

ISSUE

During the pandemic, truck-manufacturing, dealership and supplier jobs in the U.S. have been hard hit by government-ordered closures and the economic uncertainty, causing fleets to delay or cancel truck orders. Heavy-duty truck sales are predicted to decline nearly 50% in 2020 due to the economic fallout. In July, Class 8 truck sales declined by 42.5% compared to the same time last year. The 12% federal excise tax (FET) on heavy-duty trucks and trailers is a costly barrier to new purchases, further depressing sales and hurting the 1.3 million U.S. workers in Class 8 truck and trailer manufacturing jobs. **In the pending economic recovery legislation, Congress should temporarily [suspend the FET](#) until the end of 2021 to help save jobs, modernize the truck fleet and boost the economy.**

BACKGROUND

While the trucking industry is vital to moving freight and delivering critical food and medical supplies during the pandemic, the orders for new Class 8 trucks, which had already slowed due to weak demand in the trucking sector, have sunk even further. Suspension of the FET until the end of 2021 would be the quickest and most efficient way to keep workers employed and help buyers purchase today's cleaner and safer heavy-duty trucks and trailers by making them more affordable during this time of economic difficulty.

The FET on heavy-duty trucks was first imposed in 1917 to help pay for World War I. This tax on new heavy-duty trucks 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.

FET suspension has broad support, including from the Modernize the Truck Fleet coalition and [200 groups](#). Suspension of the FET would have significant benefits by immediately incentivizing the purchase of new trucks and trailers, which have more stringent environmental and safety requirements, and supporting the livelihoods of the 1.3 million Americans workers in Class 8 truck and trailer manufacturing jobs. The coalition recommends that the FET on new trucks and trailers should be temporarily suspended until the end of 2021, with any diminishment of Highway Trust Fund revenue replaced by transfers from the General Fund.

KEY POINTS

- **FET suspension would protect U.S. jobs.** With sales of heavy-duty trucks projected to decline by 50% in 2020, suspension of the FET would help retain the 1.3 million workers in Class 8 truck and trailer manufacturing. The [UAW](#) is backing FET suspension to support workers in heavy-duty truck and supplier parts manufacturing.
- **Fleet turnover would be accelerated as older trucks are replaced with the newest generation of greener and safer trucks.** More than half of the Class 8 trucks on the road are over 10 years old, lacking a decade of technological advancements in environmental efficiency and safety. FET suspension would help replace older trucks, modernize the truck fleet and speed the purchase of new trucks with the latest technology.
- **A temporary suspension of the FET would boost the economy.** FET suspension would eliminate a barrier to truck sales, which have been hit hard by the pandemic. A recent American Trucking Associations [survey](#) showed that 60% of fleets were likely or very likely to purchase new trucks if the FET were eliminated. Suspension of the FET would immediately stimulate the vital trucking sector, local communities and the U.S. economy.

STATUS

On July 21, Rep. Chris Pappas (D-N.H.) led 54 Democrats in a [letter](#) to House leadership requesting suspension of the FET through 2021. **Members are urged to include FET suspension in pending economic stimulus legislation to retain jobs in the trucking industry, spur new-truck sales, and replace older trucks with newer, cleaner and safer trucks.**