

TESTIMONY BY
THE
AMERICAN TRUCK DEALERS DIVISION
OF
NATIONAL AUTOMOBILE DEALERS ASSOCIATION
BEFORE THE
U.S. ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, DC
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Good afternoon, I'm Jodie Teuton speaking today on behalf of the American Truck Dealers, a National Automobile Dealers Association division. ATD represents more than 1,800 franchised commercial motor vehicle dealers nationwide who sell new and used trucks, tractors, and trailers and engage in service, repair, and parts sales. Together we employ more than 125,000 Americans. I'm the owner of 7 truck dealerships and employ 360 people. Most truck dealerships are small businesses, as defined by the Small Business Administration.

ATD's dealer members are on the front line working with medium- and heavy-duty truck owners and operators every day. We sell, lease, and service commercial trucks and trailers. Regarding alternative fuel and innovative technology vehicles, truck dealers are cautiously optimistic about the new technology and alternative-fueled products manufacturers are bringing to market, including plug-in electrics and hybrids, hydrogen and hydrogen fuel cells, and natural gas. We are investing millions in the infrastructure, training, and equipment to sell and service these vehicles. At the same time, we recognize that these trucks are too costly for most customers and unsuitable for most applications, even with the Inflation Reduction Act's (IRA) tax incentives. In addition to price, the greater obstacles to adoption are range and weight. Trucking is a for-profit business, and commercial viability is crucial for acceptance.

At Kenworth of Louisiana, we have a Class 8 electric truck in stock. The dealer cost was nearly half a million dollars as compared to 180,000 for diesel power. The range is about 150 miles.

This is compared to the current range of most Class 8 trucks at between 500-600 miles. While customers are curious about the technology, the price, and range are usually met with everything from disbelief to laughter. As truck dealers, we will sell what the market demands in our free market economy. We have had no customer interest despite our zealous attempts to push this very costly truck. We trailer our EV truck to shows, open houses, and any event where we might have a chance to generate interest in a sale, but the only positive comment we ever get is, "It runs quietly." Servicing the truck has been a nightmare. We have ninety-plus technicians. Our highest-ranking master technician was the only volunteer to train to work on it because of the danger and difficulty. While working an EV, another technician must watch the person working and be ready to hold a hook in case something goes wrong and he has to be pulled off the truck. This safe measure doubles the repair costs because two technicians are required. Our industry is already in crisis with technician shortages. We do not have the capacity to work on Diesel, let alone EV.

Reducing emissions requires more than just setting new standards; we must recognize the importance of turning over the legacy fleet to achieve environmental benefits. And EPA must provide adequate lead times across all market segments to decrease the cost of innovative technologies and allow customers and governments to make critical infrastructure investments.

The fact is that more than half of Class 4-8 trucks on the road today are more than ten years old, with truck operators holding onto older trucks longer and purchasing used trucks rather than investing in new equipment with the latest environmental and safety technologies. Prospective new truck buyers are businesspeople who rationally consider the up-front cost of vehicle features, especially when credit is relatively tight and/or freight rates and profit margins are relatively low. My customers have options. Instead of buying new, cleaner/greener equipment, they can pay for my service and parts operations to help them keep their existing vehicles on the road. Alternatively, they can buy used trucks that meet their needs at costs lower than the equipment covered by new EPA mandates.

Further, commercial vehicles must be reliable as prospective customers will only accept trucks that they know or perceive will be less reliable, have high downtime rates, or require expensive service, maintenance, and repair. Besides, trucks that don't move don't make money. Therefore, vehicles must be affordable and reliable to succeed in the marketplace and further the Administration's clean air goals.

Several provisions in the IRA will help to promote cleaner and greener trucks. But the IRA's tax incentives will likely incentivize the purchase of smaller vehicles, such as cargo vans or box trucks used for short-haul package delivery in urban areas, rather than long-haul trucks. For now and the foreseeable future, the cost difference between a long-haul EV and a comparable ICE vehicle can be *hundreds of thousands of dollars*, with new heavy-duty electric trucks costing \$400,000 and up. The maximum \$40,000 IRA tax incentive is just a fraction of the cost differential and will not significantly help to achieve EPA's goals, particularly for certain sectors of the marketplace. In addition, ATD is concerned about the need for more public refueling infrastructure to support new technology and alternative-fueled commercial vehicles.

Delayed fleet turnover will undermine the anticipated environmental benefits and cause market disruptions that will harm jobs and the economy, which relies on long-haul trucking. Notably, the human health and other benefits of EPA's proposed Phase 3 standards will only occur when customers buy, lease, and use the new vehicles. Dealers are experts at selling and leasing new, cleaner, greener vehicles to replace dirtier and less efficient vehicles in for-hire, private, or government fleets. And dealers are excited to put that expertise to work. But standards that restrict the marketplace to unaffordable and unsupported new commercial vehicles will only undermine ATD dealers' efforts to get new vehicles on the road.