



February 22, 2023

The Honorable Charles Schumer  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Kevin McCarthy  
Speaker  
United States House of Representatives  
Washington, D.C. 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Hakeem Jeffries  
Minority Leader  
United States House of Representatives  
Washington, D.C. 20510

**RE: Federal Excise Tax for Heavy-Duty Trucks and Trailers**

Dear Majority Leader Schumer, Speaker McCarthy, and Minority Leaders McConnell and Jeffries:

We write to you today as a diverse group of stakeholders committed to modernizing transportation. As the heavy-duty vehicle industry looks to modernize fleets and meet more stringent fuel economy standards, the federal tax structure needs to evolve to reflect the rapidly changing infrastructure and heavy-duty vehicle markets. The Federal Excise Tax (FET) on heavy-duty trucks is an outdated revenue source that disproportionately burdens small businesses and dampens demand for emerging technologies like electric vehicles. **We urge you to repeal the FET for heavy-duty vehicles and equipment to deploy clean trucks and modernize the truck fleet.**

The FET for heavy-duty trucks, which was enacted in 1917 to help defray the costs of World War I, is an antiquated tax and barrier to investment in the cleanest and safest trucks and equipment available on the market. Since its inception, this burdensome tax has increased from 3% to 12%. The FET applies to vehicles with a gross weight of 33,000 pounds, with trailers of 26,000 pounds, or tractors with a gross weight of 19,500 or a gross combined weight of 33,000 pounds. The tax is applied on the first sale of the heavy-duty truck, truck trailer, or semitrailer chassis and body, for which the motor carrier purchaser is responsible, which will ultimately increase the cost of goods for consumers.

Excise taxes increase the taxed commodity's price, resulting in reduced interest from potential customers<sup>1</sup>. Additionally, over 90 percent of the nation's trucking fleets operate six or fewer trucks, and the regressive nature of the FET makes it disproportionately hard for these small businesses, many of which are family-owned and operated, to purchase new equipment. Larger fleet operators take longer to modernize their vehicles due to price increases from the onerous excise tax. Although the increased model availability of low-emission and zero-emission options will decrease the base price for these vehicles over time, the FET can include more than \$50,000 in *additional* tax burden to purchasers as these vehicles are already more

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<sup>1</sup><https://crsreports.congress.gov/product/pdf/R/R43189/4#:~:text=Excise%20taxes%20tend%20to%20be,tend%20to%20lower%20consumer%20demand>.

than twice the price of internal combustion engine trucks<sup>2</sup>. As retailers continue to work to meet the growing market demand, the FET hinders fleet operators from transitioning to advanced technology trucks.

The FET increases costs for new vehicle purchasers of all fleet sizes and makes it more difficult for the transportation industry to improve highway safety and achieve new, demanding fuel economy and emissions standards. Repealing the FET will spur investments in cleaner and more fuel-efficient trucks to turnover America's aging truck fleet, support American workers in manufacturing and sales, benefit small businesses, and improve highway safety. Bipartisan, bicameral legislation led by Senators Todd Young and Ben Cardin and Representatives Doug LaMalfa and Chris Pappas in the 117<sup>th</sup> Congress would achieve the important goal of repealing the federal excise tax on heavy-duty vehicles. We urge the 118<sup>th</sup> Congress to reintroduce these measures and take swift action.

Thank you for your consideration.

Sincerely,



Laura Perrotta, CAE  
President  
American Truck Dealers



Chris Spear  
President & CEO  
American Trucking Associations



Albert Gore  
Executive Director  
Zero Emission Transportation Association

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<sup>2</sup> <https://theicct.org/wp-content/uploads/2022/02/purchase-cost-ze-trucks-feb22-1.pdf>