

Congressman Tim Ryan Introduces Legislation to Encourage Use of Natural Gas Vehicles

Washington, DC — Congressman Tim Ryan introduced the *Natural Gas Trucking Parity Act of 2016* today, a bi-partisan and bi-cameral bill. This legislation would amend the Internal Revenue Code of 1986 to create a partial exclusion for alternative fuel trucks from the excise tax imposed on heavy-duty trucks sold at retail. United States Senator Bill Cassidy, MD (R-LA) also introduced companion legislation in the U.S. Senate.

The tax code currently imposes a 12 percent Federal Excise Tax (FET) on the sale of heavy-duty trucks. Alternative fuel trucks, like natural gas vehicles (NGV), include new technology and are sold in limited quantities, and, therefore have a much higher first cost or incremental cost than conventional trucks. The 12 percent tax rate is assessed not only on the base cost of the truck but also on the incremental cost, acting as a penalty by unnecessarily adding to the already higher cost of these vehicles.

“This month has been the hottest September in recorded history, and that has been the case for the past 11 months. Climate change is real, and we are seeing its effects firsthand. That is why I am introducing legislation to get greener trucks onto our roads. Natural-gas fueled trucks will help reduce greenhouse gas emissions, decrease our dependence on foreign oil and move us eventually towards a future that runs on clean energy. The time to act is now and this bill is a necessary step,” said **Congressman Tim Ryan**.

“The Federal Excise Tax is making it more expensive for businesses that want to buy cleaner, safer, and more fuel efficient trucks that run on natural gas to do so,” said **Dr. Cassidy**. “Reducing this burdensome tax on alternative fuel trucks, to match taxes on conventional trucks, will encourage the use and production of domestic natural gas—benefitting Louisiana’s economy and workers.”

The higher tax payment increases natural gas truck prices, extends the required payback period for these trucks and makes it harder for many businesses that may be considering natural gas trucks to justify that initial purchase. Some states have recognized this inequity and exempt portions of the vehicle cost from their state imposed taxes (SC: 30%; NM: 18%)

The following organizations offered statements in support of the Senate legislation:

“NGVAmerica commends Senator Bill Cassidy (R-LA) and Congressman Tim Ryan (D-OH) for introducing legislation that would result in cleaner and greener trucks on America’s highways. This common-sense legislation would help level the playing field when it comes to the taxation of alternative fueled trucks and remove another barrier to the greater utilization

of clean-burning, low-cost, domestic natural gas in transportation. **“said Matthew Godlewski, President of NGVAmerica.**

"TRALA members purchase more than 25% of all heavy-duty trucks on the road today and are increasingly looking to put environmentally-friendly, alternative fuel vehicles on America's highways. For our customers that wish to enter into the natural gas truck market, this legislation will help facilitate the purchase of cleaner and more fuel efficient trucks by reducing the onerous tax burden caused by the FET" **said Jake Jacoby, President and CEO of the Truck Renting and Leasing Association (TRALA).**"

“Cummins Westport Inc. supports the introduction of this important legislation which, if enacted, would remove a significant barrier for our customers to choose clean natural-gas powered trucks. Greater utilization of natural gas among heavy-duty truck fleets means cleaner air, reduced greenhouse gas emissions and proven economic benefits that accrue across the supply chain at the local and state level.”

“Trillium CNG supports the elimination of the Federal Excise Tax (FET) on the incremental cost of heavy duty natural gas trucks. The current FET presents an added tax burden to customers who want to buy new, cleaner, compressed natural gas trucks, thereby discouraging investment in this domestically produced alternative fuel. Eliminating this burden will help foster heavy duty fleets transition to cleaner burning natural gas and assist in commercializing a market which enhances our national security and cleans the air.”

“It is well established that while natural gas vehicles provide superior performance and economy on a life cycle basis, their initial costs are higher and have made them less affordable to some fleets. Our business is price sensitive. Any way to drive cost from our products, including a reduction in excise taxes, will make natural gas vehicles more attractive and help our business, **“said David Benner, co-founder of Mainstay Fuel Technologies**

“Natural gas is a much cleaner, and a more cost effective domestic alternative fuel for on-road and off-road vehicles, and this year with introduction of new natural gas engine technology we have a game-changing reduction in emissions with natural gas engines reaching “near zero” NOx levels or 90% below EPA requirements **“said Kathleen Ligocki, Chief Executive Officer, Agility Fuel Systems.** “Due to all these economic and environmental reasons Agility strongly supports legislation that would provide alternative fuel trucks with a partial exclusion from the excise tax imposed on heavy duty trucks sold at retail.”

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