



TRALA

TRUCK RENTING AND LEASING ASSOCIATION

February 11, 2010

Via email to: munozgeo@gmail.com

Honorable George Munoz
P.O. Box 2679
Gallup, NM 87305

Dear Senator Munoz:

I am writing on behalf of the members of the Truck Renting and Leasing Association (TRALA) that purchase, own, lease and rent vehicles in the State of New Mexico regarding your legislation, Senate bill 240. In SB 240 you propose to raise the vehicle excise tax from three to four percent of the price paid for a vehicle. TRALA understands that the State of New Mexico – much like every other state – is facing a significant drop in taxpayer revenue due to the prolonged economic downturn. However, TRALA believes that increasing taxes such as the state vehicle excise tax by 33% in this type of economic climate will produce negative results for the state and for businesses operating there.

TRALA members are annually responsible for purchasing up to 35% of the new trucks manufactured in North America and put into commercial service each year. New medium and heavy-duty trucks are expected to be as much as \$10,000 more expensive than earlier models due to the added costs of new clean diesel technologies in trucks with 2010 engines. However, Environmental Protection Agency (EPA) mandates driving these technologies will result in a 90% reduction in diesel NOx and particulate emissions from trucks with 2010-compliant engines. These new trucks will also run on new ultra-low sulfur diesel fuel containing 96% less sulfur than regular diesel fuel.

Diesel-powered trucks manufactured and sold in 2010 will be the cleanest and most technologically advanced trucks ever driven on our nation's roads. Further increasing the cost of new trucks through tax and fee increases will not only slow sales and endanger jobs at truck dealerships and at truck manufacturers, it will slow the introduction of clean diesel technologies onto New Mexico's highways.

Commercial truck renting and leasing has always been on the leading edge of economic recoveries. Leasing offers companies the opportunity to meet their growing transportation needs without tying up precious capital in a tough credit market. This leaves more cash in the hands of employers and available for job creation. Discouraging the purchase of new trucks by lessors through higher taxes and fees not only hurts jobs and slows the introduction of clean air technologies, it ultimately raises the costs of commercial transportation and hurts consumers forced to pay more for goods in an already tough economy.

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Page Two

Please reconsider your proposal to raise the New Mexico vehicle excise tax. If you would like to learn more about the truck renting and leasing industry in the State of New Mexico and the negative impact of excise tax increases on our industry, jobs, the environment and New Mexico consumers, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom James", written in a cursive style.

Thomas M. James
President & CEO

Cc: Vic Sheppard
Managing Director, New Mexico Trucking Association