



The National Association of Small Trucking Companies

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Dear Senator:

The National Association of Small Trucking Companies (NASTC), representing 15,000 small commercial motor carriers, strongly urges you to **oppose the budget reconciliation bill**.

This legislation will risk the viability of Main Street USA enterprises, including small trucking companies such as NASTC members, along with the livelihoods of entrepreneurs across the country. First, the bill's 15% alternative minimum corporate tax on C corporations will fall heavily on manufacturers, the Joint Committee on Taxation reports.<sup>1</sup> These are trucking's customers. Every cost that manufacturers bear, including new taxes, have adverse financial ramifications for trucking. Truckers pay more while losing net revenue or income as a result of upstream taxes. Consumers end up paying higher prices—i.e., ***the corporate tax will exacerbate inflation***.

Also, the alternative minimum corporate tax is counterproductive, given the efforts of the past few years to shorten supply chains, onshore domestic manufacturing, and boost both manufacturing jobs and products made in the United States. In fact, this tax increase undermines the taxpayer subsidies for microchip makers Congress just enacted. The corporate tax on book earnings also deprives companies of certain tax deductions and expensing of bonus depreciation—important tools and incentives for making significant capital investments here instead of overseas.<sup>2</sup> ***The budget reconciliation bill is detrimental to supply chains and stunts growth of domestic manufacturing capacity***.

Further, Joint Tax finds that ***the reconciliation bill will raise taxes across income levels***. The tax hikes in budget reconciliation will dip into the pockets of NASTC member companies' employees across the nation, starting next year.

While we're for catching tax cheats, we expect the bill's mandate for ramping up ***IRS audits and enforcement will snag far more average taxpayers and entrepreneurs than hard-core tax evaders***. We fear the IRS will view small businesses and the self-employed as well as low-income families that take tax credits as low-hanging fruit. IRS bureaucrats will harass untold thousands of unsuspecting taxpayers just trying to make a living. This will get ugly fast. And NASTC members and their employees will suffer.

***The larger economic context is critically important***. The hidden tax of inflation, measured by CPI, has already skyrocketed 9.1% to a 41-year high. A broader measure, the Personal Consumption Expenditures price index, reached 6.8% in June.<sup>3</sup> The Fed is hiking

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<sup>1</sup> <https://www.finance.senate.gov/imo/media/doc/CAMT%20JCT%20Data.pdf>

<sup>2</sup> [https://www.wsj.com/articles/the-schumer-manchin-tax-increase-on-everyone-wages-manufacturers-jct-democrats-income-salaries-corporate-rate-11659300317?st=q33rrvp5oycxz0b&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/the-schumer-manchin-tax-increase-on-everyone-wages-manufacturers-jct-democrats-income-salaries-corporate-rate-11659300317?st=q33rrvp5oycxz0b&reflink=desktopwebshare_permalink)

<sup>3</sup> <https://www.tnews.com/articles/key-inflation-gauge-reaches-68-prices-keep-surgin>

interest rates at a torrid pace. The U.S. economy is skidding, now entering recession after the first two quarters posted contractions. ***The reconciliation bill will contribute to inflation's rise and the economy's slowdown—that is, to stagflation.*** The partisan budget bill will heavily tax America's productive sectors, increase government spending, impose government price controls, and give questionable "climate" initiatives, while "reinstat[ing] and increas[ing] a long-lapsed tax on crude and imported petroleum products to 16.4 cents per gallon,"<sup>4</sup> that together will further destabilize our energy sector that's central to U.S. transportation, logistics, and the supply chain. The assault on owner-operators by California's AB5 jeopardizes some 70,000 home state truckers and all out-of-state interstate carriers that drive into California.<sup>5</sup> And the federal Labor Department seeks to outlaw all independent contractors.<sup>6</sup>

Budget reconciliation's taxing, spending, and inflationary effects will impose great difficulties upon the predominant long-haul trucking segment: for-hire, interstate motor carriers with fewer than 100 trucks. The Senate reconciliation bill threatens the livelihoods and family finances of NASTC's member motor carriers, their employees, and their working-class families. These people provide jobs, keep our communities' store shelves stocked, and are the glue that holds our economy together.

Truck drivers are hit twofold by higher taxes and higher inflation. They are paid the same rate as before to move products, but must pay substantially more for fuel, bills, and store purchases. Higher prices for fuel and vehicles (new or used) affect every business in trucking. A combination of rising inflation, higher interest rates, a slowing economy, heavier taxes, and wasteful government spending will hurt working Americans, including truck drivers. To the extent trucking can pass along extra costs, customers and consumers will pay more for what the government, its lagging economy, and its inflationary policies put on trucking's back.

Thus, ***we can only conclude that piling these inflationary policies on businesses and American families is really about increasing government revenue—not deficit reduction, not paying down the national debt, not Medicare solvency.*** NASTC believes the monies collected and spent under this misguided legislation would be better spent by the families and businesses hit by this tax-and-spend measure, rather than given to unelected government bureaucrats and politicians to spend. We believe tax increases and more government spending are especially ill-timed and unnecessary.

**We feel strongly that those supporting this short-sighted, ill-timed bill should be held accountable** by the families, entrepreneurs, small companies, and blue-collar workers who work tirelessly to fund a federal government that's working hard against their and our country's best interests.

Sincerely,



David Owen  
President

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<sup>4</sup> <https://www.bgov.com/next/news/RFXO22DWLU6A>

<sup>5</sup> <https://www.truckinginfo.com/10177672/port-of-oakland-reopens-following-ab5-trucker-protests>

<sup>6</sup> <https://freebeacon.com/biden-administration/biden-labor-secretary-grins-for-trucker-photo-op-while-pushing-nominee-opposed-by-truckers/>