



Owner-Operator Independent Drivers Association

**National Headquarters: 1 NW OOIDA Drive, Grain Valley, MO 64029
Tel: (816) 229-5791 Fax: (816) 427-4468**

**Washington Office: 1100 New Jersey Ave. SE, Washington, DC 20003
Tel: (202) 347-2007 Fax: (202) 347-2008**

**Testimony of Collin Long
Director of Government Affairs
Owner-Operator Independent Drivers Association (OOIDA)
before the
United States House of Representatives Committee on Science, Space and Technology –
Subcommittee on the Environment and Subcommittee on Oversight
“Examining the Underlying Science and Impacts of Glider Truck Regulations”
September 13th, 2018**

Chairmen Biggs and Abraham, Ranking Members Bonamici and Beyer, and Members of the Committee, thank you for providing me the opportunity to testify today. My name is Collin Long and I am the Director of Government Affairs for the Owner-Operator Independent Drivers Association (OOIDA). OOIDA represents more than 160,000 small business truckers across the United States. As the largest national association devoted exclusively to promoting the interests of owner-operators and professional drivers, OOIDA advocates for policies that protect the viability of small-business motor carriers, which comprise roughly 96% of the trucking industry. Because our members make their livings behind the wheel, we also advocate for improved road safety and greater responsibility among all highway users.

OOIDA members have experienced firsthand how changes to federal trucking policies can dramatically reshape our industry. These policies always place the heaviest burden on small-business truckers and rarely benefit their operations in regards to safety or economics. Too often, Washington pursues regulations with little regard for their practical implications or understanding of how they will affect hundreds of thousands of small businesses. I welcome the opportunity to testify today because the current discussion surrounding refurbished trucks, known as glider kits, perfectly encapsulates this decades-old problem.

Since 2002, federal emission reduction standards have increased the cost of new trucks between \$50,000 and \$70,000 as additional environmental components and systems have become mandatory. As a result, purchasing a new truck has become prohibitively expensive for small businesses, with owner-operators finding it more and more difficult to remain competitive because of such excessive federal regulations. One of the ways small-business truckers can manage their costs while operating at a high level of efficiency is the through the purchase of glider kits. While others will debate the scientific merits of the internal study of the Environment Protection Agency (EPA) and whether the vehicles are a threat to our environment, I am grateful for the opportunity to explain why gliders are becoming an increasingly popular business decision for owner-operators.

What is a Glider Kit?

A “glider kit” is a group of new, assembled truck or tractor parts that typically includes a chassis frame, front axle, cab, and brakes. The truck-buyer combines a remanufactured powertrain (engine and transmission) with the newer parts in the glider kit, producing a fully operational vehicle. Glider kits have been a staple in our industry for decades, favored for their dependability and consistent performance records.

Cost Efficiency

Small trucking businesses safely transport millions of tons of cargo each year. Despite playing such a critical role in our strengthening economy, many owner-operators struggle to be competitive and remain solvent. Unfortunately, the cost of operating a small trucking business escalates every year as the government has mandated more environmental regulations, safety standards, screening and licensing requirements and fees. Because of these compounding costs, owner-operators are extremely sensitive to any cost increases that do not improve their efficiency or enhance highway safety.

Glider kits are appealing to our members because they are at least 25 percent less expensive than new commercial motor vehicles. These savings translate to tens of thousands of dollars when you consider the cost of a new truck can approach \$250,000. Unlike large, corporate motor carriers, who typically purchase new trucks in bulk and enjoy reduced prices, single truck operators have little to no leverage in negotiating prices when purchasing new vehicles. Operating on the slimmest of margins, owner-operators have turned to glider kits as a means to remain competitive and solvent. These cost savings allow the industry’s safest drivers to remain viable and stay on the road.

One reason why glider kits overall upfront cost are less is because of a statutory safe harbor passed by Congress related to the first sales tax on heavy-duty trucks since the truck has already been taxed once. Under federal law, a 12 percent tax applies to the first retail sale of, among other things, heavy-duty trucks and highway tractors.

For decades, disputes arose over how substantial repairs to a previously taxed truck or tractor had to be for the vehicle to become taxable again. Congress resolved the issue in the 1980s by adopting a bright-line math test: if the cost of repairs does not exceed 75 percent of the retail price of a comparable new truck or tractor, then the repaired vehicle cannot be taxed a second time. The language was codified in 1997 as section 4052(f) of the Internal Revenue Code. After the creation of the safe harbor but before its codification, the Internal Revenue Service (IRS) issued Revenue Ruling 91-27, 1991-1 C.B. 192, and specifically adopted Congress’s safe harbor. The ruling confirmed, among other things, that the restoration of a used tractor where one “uses a glider kit to repair the vehicle” will not give rise to a second excise tax if “the cost of the restoration of the worn tractor did not exceed 75 percent of the price of a comparable new vehicle.”

Reliability

A professional driver's livelihood depends upon a reliable truck that rarely breaks down and can handle the demands of long-haul trucking. If a truck becomes a liability by routinely being inoperable, the owner must absorb the cost of lost productivity, while paying for the necessary repairs.

Today's new trucks utilize increasingly complicated and expensive technology, which requires the expertise of specialized technicians with proprietary machinery, who are only found at that truck manufacturers' authorized dealerships. Before repairs even commence, owner-operators typically have to pay hundreds of dollars just to get these technicians to diagnose the problem. For drivers based in remote areas, the task of even finding an authorized dealer can be challenging and expensive.

Our members who do not operate gliders consistently complain that what would have otherwise been a routine fix for a driver familiar with their engine now consumes countless working hours and costs potentially thousands of dollars. In fact, drivers typically purchase glider kits with remanufactured engines similar to their previously owned trucks because it allows them to more easily diagnose and repair any mechanical issues without the need for a dealer technician or specialized equipment. When it comes to minor repairs and maintenance for their truck, 73 percent of our members prefer to do the work themselves.

A glider kit's reliability extends beyond routine maintenance, as fuel efficiency is either closely matched, or in some cases, exceeds a new truck's. Glider kits do not utilize unproductive mechanisms to eliminate remaining soot in a diesel engine. Rather, they are designed to achieve the best miles per gallon (mpg) performance possible. Because an owner-operators largest expense is fuel, the maximized efficiency of a glider kit provides significant financial benefits.

Additional Benefits

When you consider that the average long-haul trucker will drive anywhere between 100,000 and 120,000 miles in a year, any improvements to a vehicle's fuel mileage performance can have a significant impact on overall fuel consumption. Our members who operate glider kits have generally reported better fuel economy rates than those driving newer vehicles. While others will debate the environmental impacts associated with emissions reductions, it is important to consider how the use of glider kits affects our industry's consumption of fossil fuels. The average truck driver purchases approximately 19,500 gallons of fuel per year. An increase in fuel efficiency by just 1 mpg would save almost 3,000 gallons of fuel. It is also important to remember that as vehicles using refurbished equipment, glider kits recycle millions of pounds of steel each year.

Real World Experience

I'd like to share with you the experience of an OOIDA member named Loren Hunt, who was able to remain in business after replacing new trucks with refurbished glider kits. Loren's family has been operating LHT Enterprises since the early 1960s, when his father started the business in Bois D'Arc, Mo.

Loren has purchased dozens of dependable trucks over the years but started to experience performance and reliability issues once the EPA's 2007 and 2010 heavy-duty truck standards were implemented. When the 2007 standards were first launched, manufacturers began using diesel particulate filters (DPF) in a truck's exhaust filters to trap unburned particulates. The DPF systems needed to regenerate (regen) at regular intervals, meaning the truck had to run at high revolutions per minute (rpm) for about 25 minutes in order for the DPF to burn out the trapped particulates. This process meant that LHT Enterprises' drivers would have to pull off the road and sit idling, wasting fuel and time, to allow the DPF to regen. Further, the DPF would need to be cleaned every 30,000 to 40,000 miles and replaced at 100,000 miles, with a cost between \$3,500 and \$5,000. The DPF also required additional sensors and wiring. The system's inclusion in the engine meant that fuel economy dipped 15 to 20 percent.

The DPF system's cost and inefficiencies foreshadowed looming problems with the 2010 heavy-duty truck standards when engines that once relied upon sound mechanical build and assembly were replaced by engines that relied more on integrated computer systems, increased technology and proprietary programming – all at a dramatically increased cost of ownership and operation. New emissions systems, like a diesel exhaust fluid injection, required urea injection and incorporated dangerous high-temperature burners (1,300 degrees Fahrenheit) to burn particulates. These systems have been blamed for numerous truck fires as a result of the high temperatures required to operate. Additionally, the newer trucks continue to sacrifice fuel efficiency in order to achieve maximum-burned particulates, while utilizing more toxic and caustic fluids, like urea, than older engines. Due to the higher cost and complexity associated with these engines, Loren encountered overwhelming maintenance costs – nearly \$35,000 in a 10-month span in 2014 – for just three new trucks. To make matters worse, these trucks were not generating any revenue while routinely down for repair.

With their new trucks faltering, Loren's business diminished and he had to decide whether to utilize alternative vehicles, or terminate his operations altogether. LHT Enterprises decided purchasing glider kits was the best business decision because they would reduce maintenance and operation costs, while minimizing non-productive time. The sticker price of the glider kits saved the company over \$20,000 alone. Meanwhile, Loren saw the gliders outperform the newer trucks by 1 mpg, which means thousands of dollars saved on fuel over the course of a year. Maintenance costs decreased due to the glider kits' simple build and proven assembly. LHT Enterprises is so pleased with the performance of its glider kits that they hope to maintain a fleet of the vehicles indefinitely.

Loren's experience mirrors that of countless other owner-operators whose businesses have remained viable through the purchase of glider kits. Because of the availability of glider kits in today's marketplace, small businesses are no longer faced with the decision to cease operations or blindly purchase a used truck with no guarantee of its performance or reliability. LHT Enterprises continues to safely operate and grow because of the availability of gliders. Stories like these must be considered when bureaucrats develop new regulations that will threaten the viability of small businesses.

Growing Popularity

A substantial increase in glider kit ownership and appeal has developed among OOIDA in recent years. In a 2018 survey of owner-operators, 14 percent of respondents who planned to purchase a commercial motor vehicle in the next several years favored glider kits, while only 12 percent indicated they would buy an entirely new truck. These figures illustrate a dramatic growth in the glider kit market, as just 3 percent of 2003 respondents indicated a preference for the vehicles. This trend will likely continue as the cost and burden of new truck ownership soars and owner-operators more closely evaluate their operating expenses when acquiring new vehicles.

Conclusion

Chairman Biggs and Chairman Abraham, thank you again for the opportunity to testify today. I hope I've been able to give you a new perspective on why OOIDA supports the EPA's proposal to reconsider the emission requirements for glider vehicles, glider engines and glider kits. Exempting these vehicles from Phase 2 regulations will continue to provide our members affordable and reliable options when purchasing new or used trucks. While glider kits provide appealing cost savings for drivers, they are also reliable, efficient, and meet all of the required safety standards necessary for operation. We encourage Members of Congress to join us in supporting the agency's efforts to repeal this harmful regulation. In addition to this testimony, I also submit OOIDA's comments to the Phase 2 rule reconsideration docket, which was submitted to the EPA earlier this year.

I look forward to hearing my fellow panelists' testimony and answering your questions.



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Collin Long, Director of Government Affairs

Collin Long is the Director of Government Affairs for the Owner-Operator Independent Drivers Association. He joined the Association in 2016 and is responsible for advancing the legislative and regulatory agenda of small trucking businesses in Washington, DC.

Collin is originally from Allentown, Pa., and graduated from Syracuse University with a B.A. in international relations.

He began his career in Washington in 2005 as a transportation staffer for U.S. Representative Charlie Dent, R-Pa. He subsequently served as senior director of government affairs for the Portland Cement Association, representing America's cement manufacturers on Capitol Hill. During his time in D.C., Collin has worked on a variety of transportation issues.