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Massachusetts Trucking Tax Break Hinges on Environmental Bill

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The trucking industry is seeking to repeal a Massachusetts sales and use tax on interstate commercial freight trucks through a provision in the Mass Ready Act, a sweeping environmental policy measure.

The tax is assessed based on the full purchase price of the individual vehicle, which deters carriers from sending their cleanest and most fuel-efficient trucks through the state, according to Kevin Weeks, executive director of the Transportation Association of Massachusetts.

A rolling stock tax exemption could cost the state about $25 million to $60 million annually, but supporters point to a study that estimated the tax's elimination would generate $16 million in net tax revenue from the growth of the trucking industry.

The trucking industry is pinning its hopes for repealing a long-standing Massachusetts sales and use tax on interstate commercial freight trucks in an unlikely place: a sweeping environmental policy measure under debate in the state legislature.

State lawmakers are weighing an exemption to the tax for “rolling stock” as one provision of the Mass Ready Act (SB 3064), a $3.6 billion environmental bond bill that would authorize the state to borrow money to fund community efforts to fight climate change and pollution. Under legislative rules, a conference committee has until the end of the year to reconcile House and Senate drafts of that bill. The rolling stock exemption was included in the House version passed in June (H. 5518).

A bill funding climate resilience and proposing to ban single-use plastic bags from retail checkout counters might seem like an odd place for the sales tax provision. But the rolling stock tax deters carriers from sending their cleanest and most fuel-efficient trucks through the state. That is because the 6.25% tax is assessed based on the full purchase price of the individual vehicle, clogging the state's highways with dirtier vehicles from decades ago, said Kevin Weeks, executive director of the Transportation Association of Massachusetts.

"It's not just a tax issue," Weeks said. "It's about the environment, big-time."

The trucking industry and business interests, which have fought the tax for many years along multiple fronts, see the environmental bill as perhaps the best shot yet to finally win an exemption from the Democratic-controlled legislature.

"When we had the opportunity to get attached to the environmental bond bill, I was like, yeah, that's where we need to go," Weeks said. "That backs up our argument even more."

Taxes on Rolling Stock

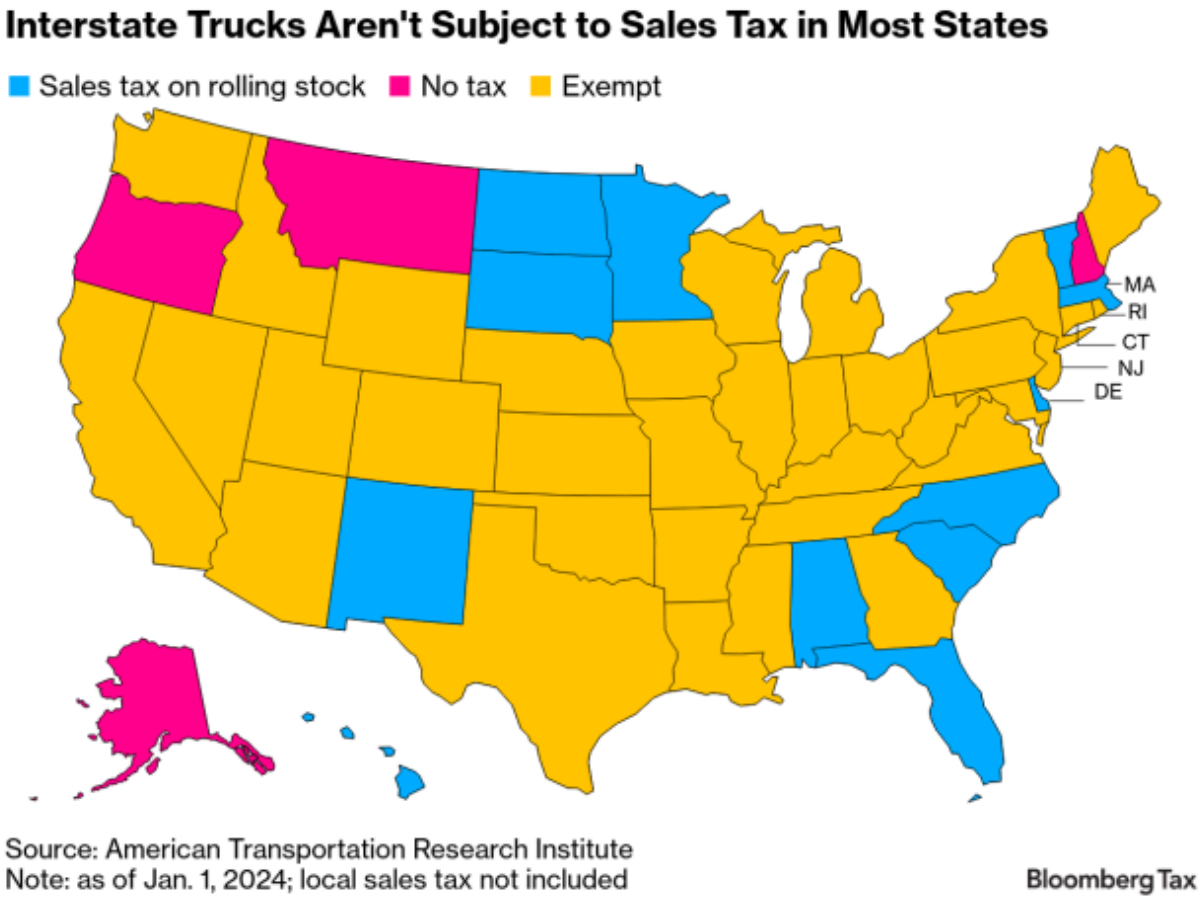
Massachusetts is one of a dozen states — and the only Northeast state except Vermont — that tax rolling stock, according to the most recent data from the American Transportation Research Institute.

It is also the only state that doesn't allow companies to apportion their mileage, meaning the carriers pay taxes on the full purchase price of their fleet if they spend at least six days a year in the state, according to Revenue Department guidance issued in 2023.

The trucking industry has sought unsuccessfully to overturn the tax in court. A 2016 Massachusetts Supreme Judicial Court ruling backed the rolling stock tax, rejecting arguments the tax violated the Commerce Clause of the US Constitution.

But that *Regency Transportation* case involved a company based in the state, while the tax also applies to out-of-state companies that drive through Massachusetts. At least 10 interstate trucking companies are challenging the tax at the Massachusetts Tax Appellate Board this year.

The trucking industry has even raised objections in comment letters asking the US Justice Department to find the tax violates interstate commerce law. The department hasn't responded.



A rolling stock tax exemption could cost the state about $25 million to $60 million annually, according to an estimate the Massachusetts Department of Revenue recently provided the legislature, said Nathalie Dailida, the agency's director of legislative and external affairs.

Dailida said the estimate should be used with caution because the department doesn't have guidance yet on the degree of interstate commerce that would qualify for a Massachusetts rolling stock exemption. Many states offering such exemptions require that vehicles be used "exclusively" or "substantially" in interstate commerce or require that a certain percentage of miles are driven out of state, she said.

The exemption's supporters point to a Northeastern University study that estimated the tax's elimination would generate $16 million in net tax revenue from the growth of the trucking industry, which pays other taxes, including on income and fuel purchases.

"We're losing potential new revenue from trucking growth and the activity that freight carriers bring to our state," said Andrew Mikula, who co-authored a 2025 report for the Pioneer Institute, a pro-business group, that named the rolling stock tax one of the state's top anti-competitive policies.

The state's regime is also a tax on a business input instead of end consumption, which "violates the tax policy principles of neutrality, equity, simplicity, and transparency and causes economic distortion," the Council On State Taxation wrote in a July 23 letter to the legislative committee.

Environmental Considerations

New trucks today produce 99% fewer nitrogen oxide and particulate matter emissions than previous generations and 40% fewer carbon emissions compared to a truck manufactured in 2010, the American Trucking Association found. It takes 60 of today's trucks to emit what just a single truck emitted in 1988, the organization estimated.

"Negotiations have begun, and the House and Senate are actively trying to agree on details of a very expansive and complex environmental policy," state Rep. Michael Finn (D) said in a statement. "The conference committee is reviewing all items contained in the versions of the bill and hopes to reach final agreement soon."

Weeks, from the transportation trade group, said he has regular meetings with state elected officials, arguing that the environmental benefits should erase any lingering doubt about the exemption's value.

He shared photos of bumper stickers instructing truck drivers "Do Not Load This Trailer to Any Massachusetts Terminal Until" — with a space to write the date after which the equipment would not be taxable in the state.

"The newest, cleanest vehicles, safest vehicles aren't coming into Massachusetts," Weeks said. "Why are out-of-state companies going to drive their trucks through Massachusetts if they're going to have to pay a tax?"

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