

**Office of Chief Counsel
Internal Revenue Service
memorandum**

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POSTN-1118964-09

UILC: 4483.08-00

date: July 1, 2009

to: W. Ricky Stiff
Chief, Excise Tax Program

from: Stephanie N. Bland
Senior Technician Reviewer, CC:PSI:7

subject: Section 4483(e) Logging Vehicles

This responds to your request for non-taxpayer specific legal advice regarding whether § 4483(e) of the Internal Revenue Code (Code) applies to certain vehicles described in the scenario you provided. This advice may not be used or cited as precedent.

LEGEND

State X =

SCENARIO

The “typical” State X logging operation is a small family business with three to five trucks, each delivering two to three loads of harvested wood per day to a consuming mill. There are operations that can run as many as 40 trucks with multiple crews, as well as small crews with just a single truck.

These trucks, in State X are registered as “logging vehicles” by a check off on the annual State registration form. This provision was enacted by the State X General Assembly at the request of the forestry community, specifically to meet the requirement of the HVUT provision, that “the truck is registered (under the laws of the State or States in which such vehicle is required to be registered as a highway motor vehicle used exclusively in the transportation of harvested forest products.”

Forest timberland in State X is primarily owned by private individuals (80%). A small amount is owned by forest industry (4%) and there is Federal ownership, but harvest off Forest Service land is minutely small. None of the State X consuming mills are located on forestland property available for commercial harvesting. Given this ownership pattern it would be impossible for a logger hauling harvested wood to be able to

“transport, to and from a point located on a forested site.”

A “typical” logging truck travels from a home or shop location to the harvest site for loading each day. This truck will travel 20 – 50 miles on public roads then enter the forest where it will travel a few hundred feet to several miles to reach the harvest or loading location. This vehicle is empty and has a gross vehicle weight (GVW) of 25,000 to 28,000 lbs. The truck is then loaded with wood or it switches out with a pre loaded trailer and travels to the consuming mill on public roads at a GVW of 76,000 to 80,000 lbs. The typical haul to the mill is 50 to 75 miles. After unloading at the mill the empty truck returns to the woods on public roads, again at the empty GVW or 25,000 to 28,000 lbs. At days end the truck will return to home or shop empty.

On an average “three load day” at a 50 mile haul, this truck will travel 200 miles at the lower GVW, 25,000 – 28,000 lbs, and 150 miles above the 55,000lb HVUT weight threshold. Given an average of four days per week, 50 weeks per year, this truck will travel 40,000 miles at below the HVUT threshold and 30,000 miles above the threshold.

State X loggers are aware that if a truck is used to move equipment, haul wood from a secondary facility such as a wood yard, or is used for any other purpose than hauling forest products from the site this disqualifies that particular truck from the HVUT 25% reduction. For this reason loggers typically have a designated truck for moving equipment that is not claimed for the reduction, or make other arrangements through contract or other methods.

LAW and ANALYSIS

Section 4481 provides that a tax is imposed on the use of any highway motor vehicle which (together with the semitrailers and trailers customarily used in connection with highway motor vehicles of the same type as such highway motor vehicle) has a taxable gross weight of at least 55,000 pounds at the rate specified in the following table:

Taxable gross weight:	Rate of tax:
At least 55,000 pounds, but not over 75,000 pounds	\$ 100 per year plus \$ 22 for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds.
Over 75,000 pounds	\$ 550

Section 4483(e) provides that the tax imposed by § 4481 shall be reduced by 25 percent with respect to any highway motor vehicle if-- (1) the exclusive use of such vehicle during any taxable period is the transportation, to and from a point located on a forested site, of products harvested from such forested site, and (2) such vehicle is

registered (under the laws of the State in which such vehicle is required to be registered) as a highway motor vehicle used in the transportation of harvested forest products.

Section 4483(e) was enacted in P.L. 98-369, § 902 (“The Deficit Reduction Act of 1984”) as part of a general strategy to reduce the heavy vehicle use tax and increase the diesel fuel tax. The Joint Committee Report explains the reason for the change as follows.

Congress believed that the highway excise taxes needed to be restructured to reduce the effect of the heavy vehicle use tax. Congress concluded that the higher rates scheduled to take effect under the Highway Revenue Act of 1982 would have imposed a large tax on trucking operations which did not necessarily relate to the amount of business they might do, and that an alternative form of highway excise taxation should be devised which is more definitely correlated with the use of trucks. Therefore, Congress decided to substitute a higher diesel fuel tax for a lower use tax.

However, Congress did not believe that the heavy vehicle use tax should be eliminated. One objective of highway excise taxation is to impose taxes on highway users that are proportionate to the public highway costs which are allocable to their respective uses. These costs generally depend not only on mileage but also on vehicle weight. Taxes that correlate only with mileage are insufficient for satisfying the objective of cost allocation. Thus, Congress decided to retain so much of a heavy vehicle use tax that varies with vehicle weight as is necessary (when taken in combination with increases in the diesel fuel tax) to approximately maintain the prior law relation between highway taxes and allocable costs for various types of highway vehicles. Joint Committee on Taxation Staff, General Explanation of the Revenue Provisions of the Deficit Reduction Act of 1984, 98th Cong., JCS-41-84 (1984).

The original Senate amendment of the bill proposed a fifty percent reduction of the use tax for “logging vehicles used exclusively to haul harvested forested products from the forested site and registered for that purpose.” The Conference Agreement provided for a twenty-five percent reduction for logging vehicles that are used exclusively to haul harvested forested products to and from the forested site and are registered for that purpose. See H.R. Conf. Rep. 98-861 (1984). Section 4483(e) tracks the language of the Conference Agreement.

The statutory language, when combined with the legislative history, indicates that Congress intended to apply a reduced tax rate to registered logging vehicles used exclusively to haul forested products from a forested site.

CONCLUSION

In the scenario presented, the vehicle is used exclusively for transporting forested products from a point located in a forested site. It is not used to move equipment, to haul wood from a secondary facility, or for any purpose other than transporting forested products from the forested site. Furthermore, it is registered as a logging vehicle under the laws of State X. Therefore, it qualifies as a "logging vehicle" under § 4483(e).

If you have any questions concerning this memorandum, please contact Charles J. Langley, Jr. at (202) 622-3130.