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2017 Fleet Management Trends: Donald Trump

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Donald Trump's swearing in as the nation's 45th president on Jan. 20 should usher in an era of economic growth, lower taxation, and fewer regulations that will benefit the commercial fleet industry, according to fleet management company experts.

"At least for the near term, there will be a focus on growing the economy," said Tom Callahan, president of Donlen. "This will be done by reducing taxes, repatriation of corporate profits, closing loop holes and lessening burdensome regulations, and this will provide stimulus to the economy and drive expansion, which means more fleet orders."

Repealing and replacing Obama's health-care plan, tax reform, reversing regulations, immigration, and infrastructure spending should appear on Trump's to-do list during his first 100 days, reports The Hill.

Within days of Trump's Nov. 8 election victory over Hillary Clinton, the Alliance for Auto Manufacturers submitted a letter asking the president-elect to review corporate average fuel economy (CAFE) standards that had been tightened by President Obama.

Callahan

The Trump administration is opposed to the Paris Agreement climate accord ratified in April that seeks to reduce greenhouse gas emissions, and Energy Department secretary pick Rick Perry once called for the elimination of the agency.

Coffey

"If Trump eventually rolls back regulations in the automotive sector, he would likely stimulate growth," said Tom Coffey, vice president of sales and marketing with Merchants Fleet Management. "We believe increased growth could come if regulations are relaxed, especially in the automotive sector, but hopefully not at the expense of safety and the environment."

Through a series of tweets and a Jan. 11 press conference, Trump has indicated a desire to reduce regulations.

Trump and House Republicans will need to reach consensus on plans to revamp the international tax code.

Trump has said a GOP plan to create what experts call a "border adjustable" business tax is too complicated. The proposal would essentially tax imports but not exports. It's projected to raise more than $1 trillion, and is one of the main ways they intend to finance an overhaul, reports Politico.

Facets of tax reform could affect fleet management companies.

"The lowering of corporate taxes and possible one-time lower taxation of repatriated profits could be paired with limitations on deductions including deductibility of interest expense," said Callahan. "This can potentially impact financial services companies including FMCs."

Trump has already made his presence felt in the weeks leading up to his inauguration with a series of Twitter updates mentioning companies, including automakers, who produce vehicles in Mexico. This month, automakers have made a flurry of announcements about new manufacturing investments in the U.S., including Ford canceling its $1.6 billion Mexico plant, Fiat Chrysler expanding Jeep production in Ohio and Michigan with $1 billion, General Motors investing $1 billion in U.S. manufacturing and shifting axle production to Michigan, and Hyundai-Kia spending $3.1 billion over five years, which may include a new SUV plant.

"The President elect’s desire to bring more manufacturing back to the U.S. could drive up vehicle prices through both higher production costs and import tariffs," Coffey added.

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