



## **DIESEL ENGINE RETROFIT**

The U.S. Environmental Protection Agency (EPA) continues to set and enforce tighter emissions standards for new nonroad engines, including those used in construction equipment. In May 2004, EPA finalized its most stringent set of emissions standards for new construction equipment. Currently, EPA does not require contractors to reduce emissions from their existing construction fleets. Instead, the agency has adopted the “Voluntary Diesel Retrofit Program” to encourage contractors to voluntarily reduce emissions from such equipment by installing advanced emissions control technologies. At this point, EPA’s diesel retrofit initiative remains a non-regulatory, incentive-based, voluntary program.

Given the prevalence and longevity of diesel engines—and the fact that EPA’s nonroad rules will not be fully implemented until 2014—there is increasing interest by government and environment/citizen groups in reducing emissions from existing fleets of construction equipment. EPA is encouraging state and local government air quality planners to create effective retrofit programs and to identify potential funding sources.

### **VOLUNTARY DIESEL RETROFIT BILL**

The Associated General Contractors of America (AGC) is in favor of amending the federal income tax code to allow firms to immediately write-off or expense the cost of purchasing and installing diesel retrofit equipment. Under current federal law, firms depreciate the cost of this type of equipment over several years. AGC’s proposed tax deduction would reduce the amount of taxable income that firms would show in the year that they purchase and install retrofit equipment.