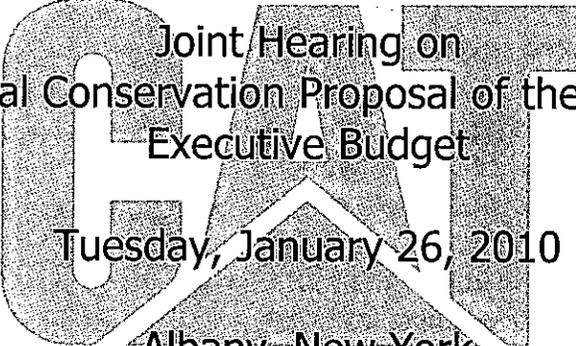


**\*\* TESTIMONY \*\***

Presented to the  
Assembly Ways & Means Committee  
&  
Senate Finance Committee



Joint Hearing on  
Environmental Conservation Proposal of the FY 2010-2011  
Executive Budget   
Tuesday, January 26, 2010  
Albany, New York

**NYSDEC Regulations/6NYCRR Part 248** - Regulations were necessary to implement the requirements of Chapter 629/2006. After many months of development, NYSDEC promulgated a draft rule, and filed a Notice of Adoption with the Department of State on June 30, 2009. The effective date of this rulemaking was July 30, 2009; 6NYCRR Part 248 and attendant amendments to Part 200.

Part 248 and the attendant amendments to Part 200 implement requirements for the use of ultra low sulfur diesel (ULSD) fuel, best available retrofit technology (BART), and low NOx rebuild kits on certain heavy duty vehicles owned by, operated by, on behalf of, or leased by state agencies and state and regional public authorities.

**"Diesel Emissions Reduction Fund" Needed in New York State** - This law represents a positive first step towards improving public health and reducing pollution from diesel exhaust. Caterpillar is concerned that this mandate may be difficult for private diesel machine operators to implement without incentives at the State level.

More specifically – in that the practical effect of these new requirements will largely fall upon contractors bidding on construction projects around the State – workable incentives are needed for retrofit of affected diesel machines. The creation of a "***Diesel Emissions Reduction Fund***" to help municipal and private fleet owners retrofit their engines will not only ease the implementation of this law, but create a new mechanism to fund additional retrofitting of diesel fleets across New York State.

Other states and jurisdictions around the U.S. – pursuing similar policy goals as those set forth in Chapter 629 – have implemented financial incentives to assist diesel machine owners and operators in the acquisition of technologies to reduce tailpipe emissions. Several states -- including Texas, California, and Oregon – have instituted programs of grants and/or tax credits to support various projects, including the cost of emission reduction retrofits, idle reduction retrofits, engine replacement (repower) and purchase of new cleaner vehicles.

The retrofit mandate demonstrates need to assist small and medium-size contractors with incentives to retrofit and repower their fleets. An estimated 80+ percent of Milton Cat's (Upstate NY Caterpillar dealer) customers own 10 machines or less. Hence, Chapter 629 impacts a large percentage of fleets in the state, and imposes a real hardship on a small company's ability to compete for public works contracts.

The construction machine fleet in New York State (heavy-duty vehicles weighing 8,500+ lbs. or more) is estimated at 30,000+ machines in private fleets alone (excluding machines owned by the Thruway Authority, New York Department of Transportation and other public fleets). It's estimated that up to 50,000 CAT machines in New York are eligible for retrofit or repower (not including those that were traded or replaced prior the retrofit requirement dates).

**Diesel Emissions Retrofit Technology & Green Jobs** - Studies and analyses of other states' financial incentives to assist diesel machine owners and operators in the acquisition of technologies to reduce tailpipe emissions have shown retrofits to also be a great economic development generator. The most significant benefits have been in the auto parts manufacturing and heavy duty truck manufacturing sectors, which have sustained job losses at nearly 9-times and 7-times the national rate.

In a study entitled "Green Stimulus: The Economic Impact of Funding the Diesel Emissions Reduction Act" Robert Westcott of the Keybridge Research LLC concluded that the impacts of spending on diesel reduction technology are similar to the multipliers for the automotive industry. They concluded that for every \$1 million dollars invested in:

- ◆ Diesel Retrofit Manufacturing - 18 jobs were created
- ◆ Diesel Retrofit Installation - 26.3 jobs were created
- ◆ Diesel Truck and Off-Road Equipment Replacement - 15.6 jobs were created.

These new green jobs are just the beginning, because when people go back to work they start once again to spend money, which translates to \$13 of economic benefit generated for every \$1 invested by the State.

**Conclusion** - Caterpillar has invested more than one billion dollars in clean diesel technology. Since the late 1980's, we've reduced emissions in new on-highway engines by more than 98 percent... And, in large construction machines that have tough duty cycles, moving tons of earth to build New York's roads and infrastructure, we've reduced emissions by 50 percent or more.

We appeal to the Legislature and Governor Paterson to join us in fashioning a workable incentive program for the retrofit of affected diesel engines during the 2010 Legislative Session. For more information, please feel free to contact James Carr @ 518-436-0751 or [jcarr@hinmanstraub.com](mailto:jcarr@hinmanstraub.com).

Respectfully submitted,

HINMAN STRAUB ADVISORS, LLC  
On behalf of Caterpillar, Inc.