

Clean Diesel Retrofit Tax Credit

Reduce emissions from your diesel engine by over 90%, making it run as cleanly as those on alternative fuels, and the state of Oregon will pay for 35% of the cost of the retrofit.

Diesel Engines and Air Quality

Over 94 percent of all freight moved in the United States is transported in a diesel powered vehicle. Diesel engines are used extensively throughout the United States because of their well-founded reputation for reliability, durability, power and fuel efficiency. Diesels are also known for their smoky and odorous exhaust. Increasing scientific evidence, however, indicates that



diesel exhaust is more than just a nuisance concern. Health assessments have listed it as a probable carcinogen. In addition, diesel exhaust is known to contribute to chronic respiratory problems such as asthma. Scientists have also identified the soot in diesel exhaust as a significant factor in visibility impairments and global warming.

Refitting existing vehicles with pollution control devices is a viable strategy because these vehicles remain on the road for many years. Relying solely on fleet turnover to achieve the benefits of the rigorous EPA 2007 diesel engine standards will take a long time; most estimates project over 20 years.

Significant air pollution reductions from the existing fleet of diesel vehicles can be obtained with currently available pollution treatment technologies and through the use of ultra low sulfur diesel fuel. Emissions tests indicate that diesel-powered vehicles fitted with these newer emission controls can run as cleanly as those powered by compressed natural gas and at a much lower cost.

The Clean Diesel Pollution Control Tax Credit

Oregon recognizes that a comprehensive approach to protecting air quality and human health must include pollution reductions not only from factories and other large facilities but also from smaller, widespread sources that may be mobile as well. To assist in the prevention and control of pollution from these sources the state provides tax credits.

Similar to Other PCTCs

The diesel retrofit tax credit is no different than the other air, water or noise pollution tax credits. All other pollution control facilities tax credit rules apply to the diesel retrofitting as well.

To apply for the credit the applicant must

- be an Oregon taxpayer; and
- be the owner and operator of the facility.

The investment must be for machinery or equipment, like oxidation catalysts and catalyzed soot filters, or other similar devices and can include installation costs.



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Quality

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Eligibility for Filing

Diesel engine emission controls became eligible for the pollution control facilities tax credit certification on January 1, 2000. Diesel engine pollution control devices on EPA's Verified Technology List are deemed eligible without further review. An applicant with a device not on EPA's list may file a preliminary application before installation to obtain assurance that the device will qualify.



Scope of Eligibility

This tax credit is intended to cover expenditures for the cost of the retrofit. Ongoing expenditures, like fuel or fuel additives, are not eligible. Expenditures must be documented including vehicle identification numbers and the proportion of time the vehicle operates in Oregon in order to qualify for this tax credit.

Important Information to Know

- Approved devices are eligible for a 35% credit against Oregon income taxes. To qualify for the full amount the use must be in Oregon at all times.
- The credit may be used in a single year but the term is tied to typical accounting practices for

expensing this equipment. Consult with your tax preparer for more information.

- Each year's available credit can be carried forward up to 3 years if there is insufficient tax liability.
- More than one engine or vehicle can be on an application. Application fees are 1% of the project cost.
- An applicant with an eligible installation has one year after the construction completion date to file an application with the Department of Environmental Quality.

Retrofit of diesel engines includes the installation of pollution control equipment on in-service diesel engines, for both highway and non-road vehicles, to improve the emissions performance. Information about retrofits and the list of verified technologies can be obtained at EPA's website, <http://www.epa.gov/otaq/retrofit>. For more information on Oregon's efforts in promoting diesel retrofit, contact Kevin Downing at (503) 229-6549.



Alternative Formats

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