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New Nonroad Diesel Emissions Rule **Advocacy's Letter to the U.S. Environmental Protection Agency**

On August 20, 2003, the U.S. Small Business Administration's Office of Advocacy (Advocacy) filed a comment letter on a rule proposed by the U.S. Environmental Protection Agency (EPA). EPA's proposed rule would set more stringent emissions limits for particulate matter (PM) and oxides of nitrogen (NOx) from all nonroad diesel engines (e.g., construction equipment or agricultural equipment, among others). These new emissions limits would require the addition of aftertreatment devices such as PM filters and NOx adsorbers to engines, which would substantially increase production costs on engine and equipment manufacturers. Advocacy urges EPA not to require PM aftertreatment for engines below 75 horsepower, consistent with the less burdensome regulatory options identified in the Small Business Advocacy Review (SBAR) panel report. A complete copy of Advocacy's comments may be accessed at <http://www.sba.gov/advo/laws/comments/>. A summary of Advocacy's specific comments follows.

Advocacy monitors compliance with a law that requires agencies to work with small businesses.

- The Regulatory Flexibility Act (RFA) requires EPA to convene a panel with Advocacy and the Office of Management and Budget to solicit input from small entity representatives (SERs) on draft proposed rules that may have a significant economic impact on a substantial number of small entities. EPA estimates the proposed rule will cost approximately \$17 billion over the next 25 years.
- The SERs from the engine and equipment manufacturers informed the panel that the costs for the draft approach were too high and the emission reductions were not technically feasible for smaller nonroad equipment with diesel engines under 75 hp. Small equipment manufacturers informed the panel that they would be forced to absorb engine manufacturers' increased costs due to more stringent emissions controls.
- The less burdensome regulatory options from the SBAR panel report are discussed in EPA's proposal as Options 5a and 5b. They would achieve emissions reductions similar to EPA's proposed approach, without requiring expensive PM aftertreatment for engines below 75 horsepower. This approach would save affected entities nearly *\$4 billion* over the next 25 years. Advocacy believes that requiring PM aftertreatment on engines below 75 horsepower would not significantly reduce PM emissions, but could cause irreparable harm to a large number of small nonroad diesel equipment manufacturers. Advocacy encourages EPA to adopt the less burdensome regulatory approaches in Options 5a and 5b.

For more information, visit Advocacy's Web page at <http://www.sba.gov/advo> or contact Michael See at (202) 619-0312.