FOCUS

SPRING 2018

ConSite

Consolidated solutions for construction sites

- Introducing Hitachi Construction Machinery Loaders America Inc.
- Meet the Hitachi Construction Machinery Loaders America Inc. executive team
- Digging into the new tax law

HITACHI

Reliable solutions

Welcome to our new *Focus*

FOCUS magazine, first published in 2003, was inspired by a team of Kawasaki dealer personnel, satisfied customers and an eager Kawasaki marketing team who wanted to bring compelling stories, tips and industry news to wheel loader users throughout North America. Fifteen years later, our goals remain the same, *our focus renewed with the global vision of Hitachi.*

Hitachi Construction Machinery's (HCM) full acquisition of KCM (Kawasaki Construction Machinery) will reshape the loader market, and no one understands the impact better than our executive team. You'll find their insights on **page 11.**

ConSite is more than telematics. ConSite is a precise asset management tool to help owners of Hitachi wheel loaders extract maximum value and peak productivity from their equipment. Learn more about this essential tool on **page 3.**

The most sweeping tax reform in a generation passed at the end of 2017, and the impact will be profound for many businesses that use wheel loaders. Business owners need a basic understanding of these changes. Our primer on the new tax laws begins on **page 7.**

We have built a reputation of engineering and manufacturing excellence resulting in today's Hitachi wheel loaders. Combine that expertise with journalistic excellence and this newly designed issue of Focus will continue to deliver relevant news and information you have come to expect.

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Reliable solutions

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Reliable solutions

Hitachi Construction Machinery (HCM)

was established in 1970, when Hitachi, Ltd. spun off its construction machinery division. Currently, there are 44 companies that comprise the HCM Group providing total solutions for customers in the heavy construction equipment industry. HCM continues to grow as a strong, global, competitive enterprise.

Fast forward to 2010. A joint venture with Hitachi Construction Machinery Group and Kawasaki Heavy Industries was entered into to further develop the global scope of the wheel loader product line. This relationship combined the huge technological and manufacturing resources of Kawasaki Heavy Industries and Hitachi Construction Machinery Group. This effort has resulted in a very productive, reliable, and cost effective product.

In 2016 Hitachi Construction Machinery bought 100% of KCM Corporation's stock transitioning to KCMA Corporation. In 2018 HCM took the reins transitioning KCMA Corporation to Hitachi Construction Machinery Loaders America Inc., furthering their commitment to the North American market by introducing the HITACHI brand wheel loader line, offering outstanding parts availability, an unmatched factory component exchange program, customer and dealer training programs, and a wide range of services and programs.

With manufacturing facilities in Banshu, Japan; Ryugasaki, Japan, and Newnan, Georgia Hitachi Construction Machinery Loaders America has the experience and technology to design, engineer, manufacture, and service your next wheel loader. The Hitachi Construction Machinery Loaders America Inc. team is focused on wheel loaders. As a subsidiary of one of the largest construction machinery companies in the world, Hitachi Construction Machinery Loaders America Inc. is securely poised as your go-to source in the North American wheel loader market.

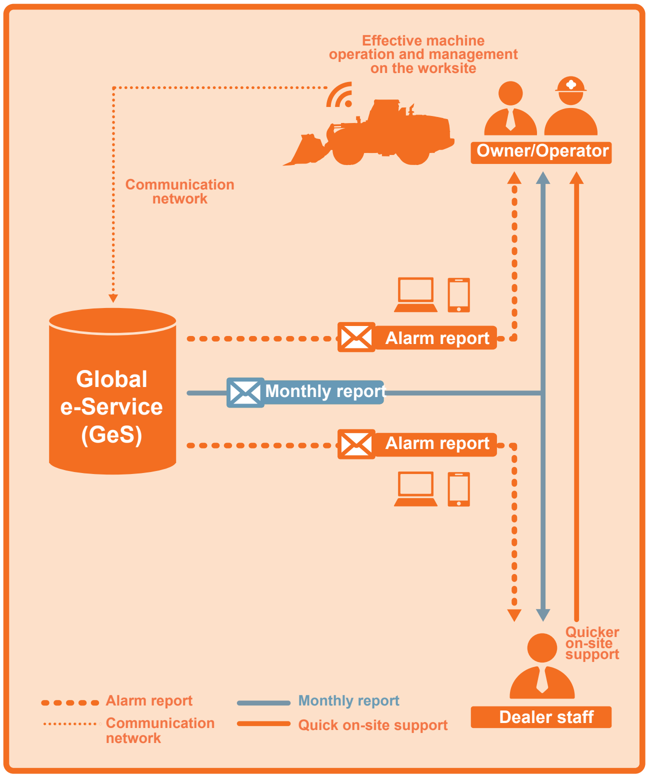
ConSite deciphers data

After more than a decade of development, telematics deliver huge volumes of data. Understanding all that information requires the right tool, and ConSite is that right tool.

Modern construction equipment plays host to electronic sensors — dozens of sensors harvesting megabits of data. That's a million bits of data. Per second. Modern telematics transmit all this information to someone, somewhere, and oftentimes multiple someones in multiple somewheres. The equipment OEM, the dealer who sold the machine and the fleet manager for the customer who bought the machine all get a torrent of data even if they're working thousands of miles apart from each other and even if each is thousands of miles distant from the machines in question. Whew!

It wasn't always this way. It was the introduction and subsequent evolution of electronic controls that eventually led to this flood of data.

In the early days, engines were the sole beneficiaries of electronic controls. The controller area network (CAN) bus was used to control fuel injection. The intent was to replace mechanical fuel injectors with more precise electronic fuel injection to clean up the combustion process in order to meet emerging emissions standards. Along the way someone realized operation data could be gathered and used to assess machine and operator performance, such things as fuel consumption, running hours and idle time. Although once gathered by connecting a laptop to the CAN bus, it wasn't long before telematics delivered this information wirelessly and remotely.



ConSite is a consolidated solution service that links you to your machines on the construction site.

KEY FEATURES

- Receive monthly operation reports with advice via e-mail
- Receive emergency notifi cations via e-mail

These two reports allow you to visualize the operation status of your machine, improve the efficiency of machine management, and work closer with us.

These days every part of a machine is a tributary to the data stream, and telematics distributes it all.

British science fiction author Arthur C. Clarke famously said, “Any sufficiently advanced technology is indistinguishable from magic,” and telematics does indeed seem magical at first. But when a fleet manager sets out to make sense of all that data the magic can become a nightmare. That manager needs help, and ConSite provides it.

General and specific

ConSite provides information in both general overview and highly specific forms. The program issues reports which, if printed, would be 11 pages long.

ConSite Insight

Al Quinn,
Vice President Of Operations

“ConSite to me is an incremental improvement. But while there is some enhancement for sure, it is still doing business in much the same way. I don’t think of it as a structural change; it’s more of an incremental change. It’s part of the fundamentals, the basics, like having pricing in line and striving to always improve product support.”

The reports are automatically generated and distributed on the sixth of each month and can also be retrieved on demand.

A report is generated for each machine and if the fleet has multiple KCM loaders, a summary report for all of them is included. The backbone of the system, Global eService, holds data from similar machines so comparisons can be made between the performance of a specific machine and the industry norm for that machine.

The first part of the report is a summary with basic information such as the number of operating days and hours, fuel consumption and idle time. Letter grades of A, B, C or D are assigned to performance categories so the fleet manager can quickly spot areas of concern and areas of high efficiency.

The reports become increasingly specific as the pages go on. There's a calendar view showing machine operation for each day of the month. Another page yields insights into factors that affect fuel consumption, such as idle time ratio and percentage of time running with power mode off. Each compartment reports operating temperatures and there's an overlay of

ambient temperature, as well. As the manager gets deeper into the report, insights into operating data get more and more exact.

What's the benefit? The manager can get as much or as little information as is required. "Of our three loaders, our 90Z7 had the highest hours last month," or "Operator Smith had the highest overall fuel efficiency and the lowest idle time of all our operators last month. Operator Smith's rear axle housing was in the upper range of operating temperature for several days, but on those days the air temperature was above 90 degrees; we will monitor that axle housing but there's no indication that immediate service is required."

ConSite Insight

Gary Bell,
Advisor To The President

"Some of the early resistance to telematics was the fear that an OEM would use the data to disallow warranty claims. In truth, that is part of the purpose. If you abuse or neglect the machine and break something, why should we pay for it and then have to pass those costs along to other customers in the form of higher prices? Most customers are pretty good about this. They'll say, "Here's what we want covered under warranty and here's the what's on us, the part we'll pay for."

The uh-oh view

In a perfect world we'd have perfect equipment, but those expectations are unrealistic. So what happens when a problem arises? ConSite notifies the appropriate parties.

Who are the appropriate parties? For emergency alarms, which include notifications for conditions that may have implications for safety or the risk of machine damage, both the dealer and the owner-operator are notified. Maintenance reports also go to both the dealer and the customer who can then work together to ensure scheduled maintenance occurs with minimal downtime.

One of the great advantages of ConSite is that it facilitates the partnership between the dealer and the customer. Both have a vested interest in the customer's success, but each has different means for ensuring that success. The dealer can make recommendations drawn from a nationwide database, relay information from the manufacturer that is specific to the customer's models of equipment, inform the customer of industry trends and help orchestrate service activity and PM tasks. The customer can share information and objectives specific to his or her operation. ConSite makes this two-way sharing far easier and more accurate.

Data from mixed fleets

One huge issue with telematics has been the inability of different manufacturers' systems to play nice together. If a customer had a mixed fleet — and most do — information was sent via an API (application program interface) to third-party data integrators so that the information could be standardized. Customers had to gather data for each brand of equipment independently, known as portal hopping, and have the data manipulated by another firm before putting it to use.

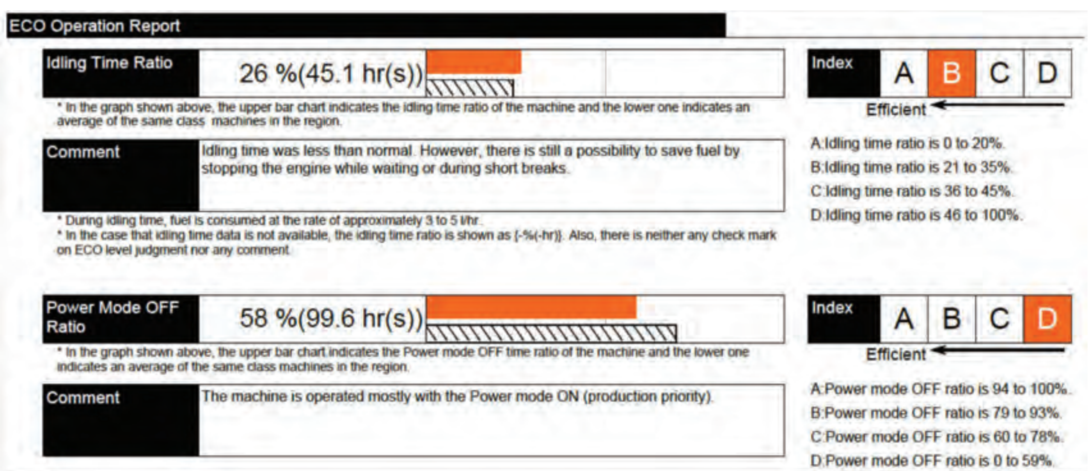
The Association of Equipment Manufacturers and the Association of Equipment Management Professionals worked out a standard so that different brands of equipment could all report their data in the same way. In July 2016 this system was approved by the International Organization for Standardization (ISO; the acronym reflects the French name of the organization, which is headquartered in Switzerland). The standard, ISO 15143-3, was published late in 2016. ConSite complies with this standard.

ConSite Insight

Wayne Powell,
Advisor to the VP Operations

"ConSite has been in other markets since 2013 and its functionality has been well established. The key concept behind the system is that it is proactive. The whole FOF [fix on failure] mindset to equipment management went away a decade or more ago and ConSite supports customers' and dealers' efforts to be proactive in their asset management and in their relationships with each other."

More features will be added to ConSite soon. ConSite Pocket will make reports available on mobile devices. ConSite Shot will make it easy to generate reports using a mobile device and data stored in ConSite. A little farther out is the release of ConSite OIL, a program for managing sampling and analysis results for both engine and hydraulic oil.



The report has tremendous detail available, but is meant to be scanned and only the highlights acted upon. The machine performance is graded from "A" to "D" and compared to similar machines. For instance, the fuel economy can be graded a "C" and suggestions are made to improve the fuel economy to an "A." Reducing the use of the "Power Mode" can be considered as a way to cut fuel use.

THE NEW TAX LAW AND YOUR COMPANY

Tax reform passed in the closing days of last year can have profound effects on your business and may provide big benefits — if you have a basic understanding of the changes.

"Peculiar." That's how Steven Rosenthal, senior fellow at the Urban-Brookings Tax Policy Center in Washington, D.C., describes last year's tax reform bill, the Tax Cuts and Jobs Act of 2017. He says the bill is unlike typical tax code and understanding its implications requires a somewhat different approach. On top of that, passage of the bill was rushed and there's much yet to be worked out; situations will doubtless arise for which there is no specific answer and not even general guidance in the bill as it was finalized.

One major effect of the new act is on pass-through entities. These include S corporations, sole proprietorships, partnerships and some limited liability companies. A high percentage of owners of wheel loaders operate as one of these.
A pass-through entity is a business where the tax liability "passes through" to the business principals and other investors. Whereas a C corporation pays its own taxes, pass-throughs pass the tax liability to individuals.

There are different tax obligations for businesses that are not a "specified business firm;" mainly, they don't qualify for the 20 percent deduction detailed below. The definition of a specified business firm is essentially any pass-through business for which the principal asset is the reputation or skill of one or more of its employees.

There are lists of specified trades and businesses and most businesses on the list are what you'd expect: law and medical firms, consultancies, performing artists. (Section 1202(e)(3)(A) of the tax code.) Could your business be considered a "specified trade or business"? Maybe. If your marketing focuses on your experience and expertise, the IRS could make that argument. *See the sidebar for more information.*

Threshold for 20 percent

Every pass-through business investor is potentially able to take advantage of the section 199A deduction of 20 percent of income. This is just what it sounds like, the ability to deduct 20 percent of your qualified business income (QBI) from a pass-through business. If you had $100,000 in QBI, you pay taxes on only $80,000.

The math is easier if income is below $157,500 for single tax filers and $315,000 for joint filers. Above that there are a couple of what Rosenthal refers to as "guardrails" that constrain what a tax filer can do. Both set upper limits on the dollar amount of the deduction.

The first is that the deduction cannot exceed 50 percent of the total payroll. The second is that the deduction cannot exceed 25 percent of wages plus 2.5 percent of the unadjusted basis of depreciable property. Why two methods? The first accommodates businesses that have a high percentage of business costs in payroll. The second helps businesses that have a lower percent of payroll expense but high value holdings in depreciable assets. Lawmakers were thinking of real estate holding companies when they came up with this alternative, but any contractor with a fleet of expensive equipment may also benefit. The filer can use whichever deduction is greater.

It's not quite this simple. There is a graduated conversion of applicable math between $157,500 and $207,500 for single filers and between $315,000 and $415,000 for joint filers, spreads of $50,000 and $100,000, respectively. Explaining this phase-in is beyond the intent of this article; we just want our readers to know it exists.

"The real challenge will be to manage tax liabilities under these constraints," Rosenthal says. "There may be work-arounds required, such as joint ventures or other arrangements with other business firms."

You need a tax professional

This article is not intended to give tax advice but rather an overview of the 2017 tax reform bill so that our readers can speak from a position of knowledge with their tax professional. And you do need a tax professional. It helps if you understand the concepts of tax liability, but your main contribution to the discussion will be knowledge of your business and your accounting information.

25 million changes

While the 20 percent deduction has been basking in the spotlight, the Act has a lot of other significant changes, says Matthew Turkstra, director of tax, fiscal affairs and accounting, Associated General Contractors of America. One of those is the increase from $10 million to $25 million for a number of tax situations. The $10 million threshold was set in 1986 and was not adjusted for inflation. The new $25 million threshold will be adjusted for inflation.

One item dictated by this threshold is the required accounting method. Below the cutoff (using a running average of the current tax year and the past two tax years), companies can choose to use the completed contract method of accounting, and taxes are due for the year in which a project is completed. Above the cutoff, companies are required to use percent of completion accounting; tax liability for a year is equivalent to the percent of completion of a project. If a multi-year project were 50 percent complete at the end of the year, 50 percent of the taxes would be due.

Is mine a 'specified trade or business'?

Ostensibly, construction contractors, scrap-waste-recycling firms, landscapers and other wheel loader customers are not considered specified trades or businesses. But if you've promoted your business based primarily on your experience or expertise, the argument could be made that your business is such a firm. This is one of those situations for which no guidance is given in the bill as it was finalized and may not be decided until there's a court case on the matter.

Depending on payment terms they set up with their customers, companies could find themselves with cash flow trouble. The same procedures are in place except at the much higher threshold.

The $25 million threshold also applies to uniform capitalization, which deals with the production of real or tangible personal property and the acquisition of real and tangible property for resale. For our readers, this is most likely to affect dealers and distributors of parts and equipment. Below $25 million, companies can use cash accounting and they can use cash accounting even if they have inventory. It used to be that if you had inventory it precluded you from using cash accounting.

The cap on interest deductions also changes at $25 million earnings (again, a three-year running average). Below that threshold there is no limit on the interest deduction. At or above $25 million, the limit is 30 percent of earnings before interest, taxes, depreciation and amortization through the 2021 tax year. Starting in 2022 the cap is 30 percent of earnings before interest and taxes.

NOL backwards and forward

There are also important changes to the way net operating losses can be used. Under the old law, NOLs could be carried back two years and carried forward 20 years. The carry-back provision has been eliminated and the carry-forward period has been changed from 20 years to indefinitely. In addition, the amount of NOL that can be used in a tax year is limited to 80 percent of earnings.

These changes affect NOLs in tax years beginning after Dec. 31, 2017, so businesses should track 2018 and later NOLs separately from those of 2017.

There are other considerations and it's not clear how NOLs from tax years before and after the Dec. 31, 2017, cutoff can be allocated to offset future earnings.

These rules apply to non-farm income, and there are other considerations. For example, one-year NOL carryback is allowed under certain disaster situations.

By and large these changes should make life easier for most pass-through businesses, Turkstra says. "The threshold increase from $10 million to $25 million is a huge relief to small- and mid-size contractors. The other provisions also come with benefits. The key is to be aware of the changes, discuss them with your tax professional and be sure to keep accurate, complete records."

Check your dates

If you do an online search on this topic, note that the bill was rushed through Congress and the results you find online may not have the language of the final bill, even if those results are from the weeks and days immediately preceding passage. For example, architecture and engineering were on the initial list of specified trades and businesses and therefore ineligible for the 20 percent deduction, but they were stripped out of the final version. This is one more reason to rely on your tax professional, who should have all the latest information.

Boost Your Business with Equipment Financing

Benefits of Equipment Financing

Your business needs equipment to operate and make a profit. Expanding your equipment fleet or even just replacing an old machine is a large investment. However, equipment is necessary to continue to take on more projects and boost profitability.

Nearly 80% of businesses in the United States use some form of financing when acquiring equipment, including those within the construction industry. Some of the benefits of equipment financing include:

Maintain cash – Instead of paying the full purchase price upfront, equipment financing is a source of funding that allows you to use cash for other revenue-generating activities.

Low monthly payment – Equipment financing allows you to have a fixed, low monthly payment over a term.

Increase purchasing power – Have the ability to purchase more or higher-end equipment with a monthly payment versus needing cash to pay for everything upfront.

Match expenses with cash flow – If your business is seasonal, equipment financing can provide low or no payments during the slow season. If your business is expected to have more cash flow in the future, you can have lower payments for the first few months before stepping up to full payments. There are several other ways equipment financing can match your cash flow, just contact Blake or Ryne to see what they can do.

Equipment Financing Partner

Finding an equipment financing partner is a big decision. Each equipment financing company specializes in certain markets, has different documentation requirements and provides different levels of service.

Hitachi Capital America Vendor Services (HCAVS) has specialized in equipment financing since 1999 and is a sister company of Hitachi Construction Machinery Loaders America. HCAVS has experience within the construction industry. Some of the advantages of working with them include:

Non-bank owned – HCAVS is a public company that has the big company expertise and experience without the bureaucracy. They look at each deal and each customer individually. Being non-bank owned allows HCAVS to have their own credit authority and ability to be more flexible in their financing solution offerings.

Dedicated point of contact – Customer service is important to HCAVS. You have one dedicated point of contact to connect with regarding questions, obtaining a payment quote and for status updates on your transaction.

100% financing – Obtain financing for the entire cost of your new equipment with little or no money down.

Solutions for challenged credits – HCAVS focuses on reasons to approve transactions. They approve customers based upon their knowledge of the markets and not just based on what the regulations allow.

Flexible payment structures - Through their consultative approach, HCAVS listens to customer's specific financial needs and structures a financing solution to match those needs. Providing customized financial payment solutions is something they do every single day.

Quick turnaround – HCAVS responds promptly to all questions. Credit Applications for app-only transactions (under $250k) are decisioned typically within four business hours.

Simple documents – Nobody likes pages upon pages of documents. That's why HCAVS keeps it simple with a one-page Credit Application and two-page Lease Agreement.

Equipment financing has been used by many businesses to boost their profitability. Don't let funding keep your business from reaching it's highest potential. Call Blake or Ryne at HCAVS to learn about a financing solution that will help take your business to the next level.

Gary Bell Masaaki Hirose Al Quinn

INSIGHTS FROM THE

HITACHI LOADERS AMERICA

EXECUTIVE TEAM

In our last issue we introduced our three-member executive team: Masaaki Hirose, president; Al Quinn, vice president of operations; and Gary Bell, adviser to the president. In this issue they expand on the knowledge they shared with additional insights into the industry and HCMA's place in it. With each having more than 20 years' experience in the industry, our executive team members provide not only experience, but wisdom.

What is a trading company structure?

GARY BELL

In Japanese business, there's what are called trading companies, which are like brokers. They take manufacturing companies like Hitachi or Kawasaki and say, "We will put you in business in this or that country because we have all the political and business connections and we know how to do export and import, paper work and all the stuff that needs to be done for a company to do business offshore." Manufacturing companies many times don't have that expertise, but these trading companies specialize in knowing how to do business in many different countries. And the Japanese are experts at operating the trading companies and they can operate them at minimal margins. Despite the small margins they are immensely profitable because they handle such huge volumes.

When American companies have tried to mimic Japanese trading companies, they haven't been able to compete because they can't operate at a thin enough margin as to make it competitive, and they can't get the volume to make the margins come out. So the Japanese are probably the best in the world at that kind of business. Mitsubishi is a trading company. Sumitomo is a trading company. There are many big trading companies.

Sumitomo is the trading company that we started with here. They owned 65 percent of this company originally. Their downtown New York office handled east of the Mississippi and their downtown Houston offices handled west of the Mississippi. And we had six dealers in each region.

Of the original 12 of us who started the company, there are only two of us left: Ray Guerra in our parts department, and me. Ray started a week before me, so he has seniority.

What is the challenge of bringing a Japanese wheel loader manufacturer to the U.S. market?

MASAAKI HIROSE

Hitachi Construction Machinery includes compact wheel loaders while KCM offers large wheel loaders, so with this merger we cover both ends of the market. In Japan, most of the demand for the wheel loaders is for compact machines and Hitachi has almost 40 percent of that market. In the U.S., nearly 80 percent of unit sales are large size and compact loaders are only 20 percent of units sold. Therefore, when Hitachi got into this market, we needed KCM technology for the larger size wheel loader. That's when Hitachi sought to acquire KCM.

AL QUINN

More than anything the merger puts another top tier supplier into the product mix for the customers. Kawasaki was a great product, but very much a niche player. Now that we are part of Hitachi, we're a clear market leader in the construction industry. It's clear that loaders are going to continue to be a big part of that business, and it gives a top brand option to the customers that are looking for an alternative to Caterpillar and John Deere, for example.

To me the biggest thing is stability. Suddenly, you're a market leader with a strong commitment to being in the wheel loader industry. So, there is really no doubt about the long term future of Hitachi wheel loaders. And that's a big improvement over what we had as Kawasaki.

GARY BELL

When Kawasaki had an opportunity to sell their loader business, they sold it. Transitions can be challenging, and from 2008 this transition was tough. Kawasaki had control, but they didn't have any real interest in the business. Hitachi had interest in the business, but they did not have any control. We were kind of in this kind of limbo where we couldn't do much because the guy that was in control didn't want to spend the money or take the risk because he wanted to get out. And the guy that was in it for the long pull couldn't make any demands because he didn't own enough of the company to make demands. In October 2015, Hitachi bought out 100 percent of the company and it's been much smoother since.

What important developments are affecting the industry and how can we benefit from them?

MASAAKI HIROSE

Employee motivation is very important for any company. As management we need to think about and pay attention to each employee's motivation. Motivation is one by one, done on an individual basis.

AL QUINN

I think the biggest challenge is to recognize that we need to change and then to have the willingness to do so. I think the environment in the construction industry has been very stable and the situation at Kawasaki was very stable; we are entering a new phase where a lot of change will be required. The expectations are much higher and that also drives change.

So the critical steps are to get everybody to buy into the need to change and then make sure we understand the need for what must be done. Putting those two together is a real challenge.

GARY BELL

Years ago, someone predicted that the Internet would put dealers out of business, that people would just go online and order like they do on Amazon.com. That's never even come close to happening. I don't see any movement in that area any time soon. With a capital good like ours you're not just buying the product; you're buying a 10-year relationship with a supply chain that's going to keep you running efficiently and treat you fairly. It's not something you want to buy off the Internet and hope you can get service later. It may evolve that way. It's been predicted almost since I started in the business that it would happen, but it hasn't happened yet.

With the introduction of Hitachi brand wheel loaders, how will you support Kawasaki wheel loaders?

AL QUINN

There will be no change. The population is big…we have a lot of machines out there. The fundamental structure of the machine is not changing radically so we expect to continue to support [Kawasaki and KCM loaders] for as long as customers want to own them.

GARY BELL

We will support the Kawasaki loaders that are out there that we've sold over the last 35 or 36 years as well as or better than we ever have. The introduction of the Hitachi brand loader doesn't affect how we would support the old loaders.

How will the KCM/ HCM merger affect the construction loader industry?

MASAAKI HIROSE

HCM has distributors all over the world, but most of them are our subsidiaries. We own up to 100 percent of the distributorship. The U.S. market is unique for Hitachi because the dealers are not our subsidiaries. Sometimes we need to compromise and it's very important to have win-win situations. If they are not interested, they can walk away which would not be an option for a subsidiary.

AL QUINN

For too long there have been the same players, not a lot of innovation, so I think the biggest opportunities are that it's an industry that's crying out for a little bit of innovation either from a product perspective or from a business process perspective. We have been doing business with the same kind of products, with the same kind of business structure for a long time, so I believe there is going to be an opportunity to shake things up. A good example could be Tesla in the automotive [industry?], where they are going to market a different way. We see a lot of different kind of breakthroughs in industries and we haven't seen that yet in the construction equipment, so I think something will come.

GARY BELL

Because Hitachi is 100 percent construction equipment, we've gone from this kind of conglomerate heavy industry company of Kawasaki to this very focused Hitachi Construction Machinery. They are both about the same size, but we're a substantial part of a substantial construction equipment company instead of being a small construction equipment division in a conglomerate. Hitachi understands exactly what we are up against, what the market requires. We don't have to explain to them who our competitors are, what the market is like. They have worked their whole life in this business too, so we don't have to convince anybody what's needed and that's a big strength in this situation. They know what's needed, they just need to get it done.

INDUSTRY BRIEFS

Kawasaki 95 Series wins Lowest Cost of Ownership Award

Compared to other large wheel loaders, the Kawasaki 95 Series offers the lowest five-year total cost of ownership at $140,933, according to EquipmentWatch, a provider of heavy-equipment data and intelligence.

EquipmentWatch presented 2017-18 Lowest Cost of Ownership Awards to machine models in 15 categories.

“We’re excited to launch the Lowest Cost of Ownership Award, with the goal of helping equipment buyers objectively understand the best-performing machines,” says Garrett Schemmel, vice president of EquipmentWatch. “The LCO Award provides clarity to a critical question that owners of equipment have long wanted answered.”

EquipmentWatch calculated ownership costs using established Rental Rate Blue Book numbers and methodologies, along with its own residual-value and utilization data. In addition to average annual use hours and residual values, analysts used original price and other standard cost factors for each model. They ran this calculation for each model within a series, once for each of the first five years of the machine’s economic life.

The Kawasaki 95 Series includes: the 95Z7, with a bucket capacity of 7.3-8.1 cubic yards, operating weight of 75,570 pounds, 388 horsepower engine and breakout force of 53,730 pounds; and the 95Z7 XT, with a bucket capacity of 9.0-9.8 cubic yards, operating weight of 79,080 pounds, 388 horsepower engine and breakout force of 68,120 pounds.

New tax law lowers rates for construction firms, protects project financing and credits

In addition to lowering the corporate tax rate from 35 percent to 21 percent, the new tax law offers a plethora of benefits for construction firms – but it didn’t start out that way.

“Initially, the tax reform bill provided little relief for many construction firms organized as pass-throughs, such as S-corps, limited liability corporations and partnerships,” says Stephen E. Sandherr, chief executive officer of the Associated General Contractors of America.

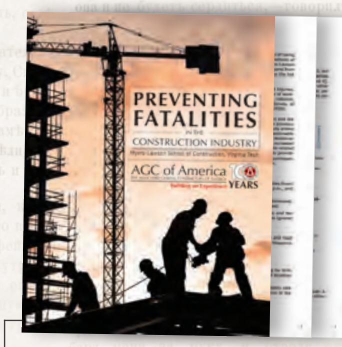
Under the final version of the bill, pass-through entities will be able to deduct up to 20 percent of their net business income, with some restrictions.

Early versions of the bill eliminated private activity bonds, which are important to the financing of transportation infrastructure, low-income housing and other public construction and public-private partnership projects, and repealed the Historic Tax Credit, a 20-percent tax credit that applies to historic-building rehabilitation and renovation projects. The final bill protects both private activity bonds and the Historic Tax Credit.

The new law, which takes effect with the 2018 tax year, also doubles the estate and gift tax exclusion to $11 million. Heavy equipment manufacturers and dealers will see advantages under the new tax system as well, which industry experts say should spur growth across the construction sector.

Construction safety report: Age, region, trade and time of day are major accident factors

A study of construction-industry accidents can help company owners, supervisors and safety officers better target training and other safety-related activities.



The Myers-Lawson School of Construction at Virginia Tech conducted the research and created the 30-page report, titled “Preventing Fatalities in the Construction Industry.” With a goal of helping the industry develop strategies to reduce workers’ injury risks, researchers analyzed detailed fatality reports from three recent years.

To view the report for free, search “Preventing Fatalities in the Construction Industry” at agc.org.

AEM’s ‘Behind Every Product’ campaign spotlights economic impact of heavy equipment industry

The off-highway equipment manufacturing industry contributes $159 billion to the United States’ gross domestic product and supports approximately 1.3 million jobs, according to a 2017 report by IHS Markit.

To watch the video, search “Behind Every Product” at YouTube.com.

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