

Motor Fuel Marketing Act Reauthorization

The Utah Petroleum Marketers and Retailers are pleased that the Legislature's Business and Labor Interim Committee voted in September to reauthorize the Motor Fuel Marketing Act for an additional five years. Senator VanTassell noted the declining number of independently owned fueling stations in rural Utah, and the importance they play in the rural marketplace.

The Association is pleased that legislature recognizes that petroleum is a strategic and finite natural resource that should not be used as a short-term loss leader to sell non-strategic goods. Association members are not looking for guaranteed profits, only an opportunity to fairly compete in the marketplace. We believe Utah's MFMA benefits consumers by promoting competition, which in turn keeps gasoline prices down.

State Legislators Seek Shift in Federal Gas Tax

Some Utah lawmakers were in Washington (October 2011), arguing for a plan aimed at eliminating virtually all of the federal gas tax and letting states keep the money within their own borders. Their proposal hinges on Congress letting states take the lead in maintaining federal interstates and keeping the billions of dollars in gas tax revenues in order to pay for the maintenance and repair.

In 1932, the federal government imposed its first gasoline tax (1 cent per gallon) in order to balance the federal budget. During the 1950s, the gas tax was used to start building the interstate system. The majority of the interstate system was completed by the mid-80s. Following meetings with Utah's Congressional Delegation, House Speaker Becky Lockhart said "most of the states are beginning to accept the responsibility to maintain the interstate because the revenues we are receiving from the federal government to do the maintenance aren't adequate." An example of inadequate federal funds for Utah's interstate project is the expansion of I-15 through Utah County. The \$1.3 billion used for reconstruction and expansion of this segment of I-15 was paid entirely by Utah without using federal funds.

The federal gas tax is now \$.184, with the revenues collected going into a highway trust fund. The tax has been extended several times and is currently scheduled to expire in March

2012. HR1737, co-sponsored by Utah's Rob Bishop and Jason Chaffetz, would eliminate all but 2 cents of the federal gas tax if states raise the difference for road projects. Currently Utah imposes a separate state fuel tax of 24.5 cents per gallon.

| Gas and Diesel Taxes in the Rocky Mountain Region | | |
|--|---------------------|-------------------|
| | Gasoline Tax | Diesel Tax |
| Wyoming: | 32.4 cents | 38.4 cents |
| New Mexico: | 37.3 cents | 43.4 cents |
| Arizona: | 37.4 cents | 52.4 cents |
| Colorado: | 40.4 cents | 44.9 cents |
| Utah: | 42.9 cents | 48.9 cents |
| Idaho: | 43.4 cents | 49.4 cents |
| Nevada: | 51.5 cents | 49.0 cents |

Higher state gasoline taxes affect demand and damage C-store sales near state borders. In theory, the higher the taxes, the lower the per capita gasoline consumption. However, in the western United States, rural residents have to travel more miles annually than urban drivers, so they don't have an option of reducing their consumption to compensate for the higher prices.

UST Operator Training

In May 2009, Utah's Solid and Hazardous Waste Board adopted new employee training rules for Underground Storage Tank (UST) operators. Retail owners and managers now have to take a 6-hour training course on monitoring underground storage tanks, and then pass a state certification exam by January 1, 2012. Store clerks must also be trained to identify alarms from the store's UST leak detection system and to turn off the system and call a manager to handle an emergency.

Debit Card Fees

Bank of America, the nation's second-largest bank, recently abandoned its plan to charge customers a \$5 fee to use their debit cards for purchases. Only a month earlier (October 2011), the bank had announced the new charge, immediately setting off a huge uproar from consumers.

Despite an outpouring of complaints online and at branch offices, the bank had remained steadfast in its plans but after two major competitors — Wells Fargo and the nation's largest bank, JPMorgan Chase — said they were backing away from their plans to levy similar charges, Bank of America elected to drop the fee.

Chip and PIN Technology Coming to the USA?

Currently Europeans handle credit card transactions with chip and PIN technology that requires sliding a card's magnetic strip through a card reader, and then typing in a PIN number on a PIN pad. Chip and PIN was devised to combat face-to-face retail fraud.

VISA announced that as of 2013, all U.S. Merchant Acquirers (3rd party processors) must be certified in Chip and PIN technology. The big banks are hesitant to move forward after analyzing the cost benefit to reissue all bank cards, which is expected to cost billions, and criminals are already circumventing the technology. Retailers would also be required to invest in Chip card readers with PIN pads and new computer software by 2015.



Neighbors Serving Neighbors

Convenience stores sell more than 80 percent of the gasoline purchased in the U.S. In addition to offering convenient locations, long hours, pay at the pump technology and easy in-and-out access, convenience stores are small businesses, with owners who live and work in their neighborhoods and provide significant and continual investment to their communities.

Industry Information Available

If you would like additional information about petroleum related issues, please contact our state Director John Hill at (801) 521-8340, or by Email: HillMgmt@aol.com, or Lobbyist Gary Thorup at (801) 598-6810, or by Email: Gthorup@djplaw.com, or Rolayne Faircloth at (385) 628-9937, or by Email: rolaynefairclough@gmail.com.