WPMA
News and Information for the Petroleum Marketers Industry
weekly update

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TAX EXTENDERS STILL IN LIMBO

Congress has yet to address tax extenders legislation, S. 2256, which includes a retroactive one-year extension of the biodiesel blender's tax credit as well as the 9 cents per barrel oil spill liability fee extension through 2018. It is likely that extenders may hitch a ride on a government spending bill, but the timing is still unknown because of the hold up on immigration talks. The federal government is currently operating under a Continuing Resolution which expires on February 8th and its uncertain if Congress will kick the can further down the road to give them additional time to cut a deal on immigration. PMAA is concerned about the retroactive extension of the oil spill liability fee. Click here to read PMAA's issue brief on the oil spill liability fee. Stay tuned.

RESULTS FROM NCWM INTERIM MEETING

This week, the National Conference on Weights and Measures (NCWM) held its interim meeting in St. Pete Beach, Florida. On the agenda were items regarding ethanol flex fuel labeling, tightening the acceptable UST water acceptance level from 1 inch to ¼ inch and skimming issues.

Ethanol Flex Fuel Labeling

There were two items relating to ethanol flex fuel labeling at the dispenser. PMAA was concerned with the ethanol industry's attempt to only cite the Federal Trade Commission (FTC) labeling requirements for E10 plus blends in NCWM Handbook 130 instead of both the FTC and the EPA approved E15 label. If dispensers are not labeled in accordance with the EPA E15 labeling requirements, retailers would be in violation of the Clean Air Act with possible fines. To this end, PMAA urged that references to both the FTC and EPA information be included in Handbook 130 to ensure that retailers have all available E15 dispenser labeling information to meet Federal Regulations. The proposed revision includes requirements for both the EPA and FTC requirements for labeling. These revisions were moved to a voting item by the Laws and Regulation committee. In addition, to inclusion of EPA labeling requirements PMAA expressed concern as part of these discussions over the confusion created by the lack of specific requirements for the labeling of E-15 as well as other higher ethanol blends. This is an issue that PMAA will continue to pursue as part of several other proposed changes that are being considered by the Fuels and Lubricants subcommittee.

UST Water Tolerance Level

Another item on the agenda was aimed at reducing the water tolerance level in USTs from 1 inch to ¼ inch. There are several studies currently underway related to water in diesel tanks. Issues were raised as to the benefits of trying to remove water less than 1 inch from a diesel tank. The item was withdrawn pending the results of these studies. PMAA is in the process of collecting additional information on this issue.

Skimming Devices

There were several presentations by the Florida Department of Agriculture and consumer services on their efforts on inspections and strategies to protect against skimming. In addition, Phillips 66 presented their anti-skimming toolkit which is provided to their fuel suppliers. The NCWM Specifications and Tolerances Committee reviewed a proposed revision for upgraded security measures on measuring devices such as fuel dispensers that would require an event logger to record certain information about each transaction. This was proposed as a development item and will be further developed in the coming months. There were substantial comments presented relative to this proposal; in particular related to the costs that may be incurred by petroleum marketers to upgrade their equipment to meet these requirements. PMAA will continue to follow this issue.

DRAFT PRINCIPLES INCLUDE REST AREA COMMERCIALIZATION

Although there has not been official verification, PMAA is taking seriously a draft version of the White House's infrastructure "Funding Principles" that was leaked on Monday. Like the President's FY17 budget, this document includes commercialization of interstate rest areas as a funding mechanism.

Commercializing rest areas could jeopardize private businesses that have operated under the current law for the past 50 years at established locations at highway exits. Due to their convenient locations for motorists, state-owned commercial rest areas have established virtual monopolies on the sale of services to highway travelers.

The ban on the commercialization of rest areas has resulted in a strong, competitive economic environment with over 60,000 businesses developing along U.S. interstate highways. Prohibiting publicly-run rest areas from competing with private sector businesses has been an undeniable success, resulting in industries that provide valuable services such as gas stations, travel plazas, truck stops, restaurants, and hotels.

PMAA has been a strong opponent of rest stop commercialization and PMAA members were a critical voice in fighting back Senator Portman's attempts to pass pro commercialization language years ago and we continue our efforts with the Rest Area Commercialization Coalition now. We will continue to actively fight efforts to commercialize rest areas.

An official infrastructure plan is expected to be released by the White House a few weeks after the President mentions the issue in Tuesday's State of the Union address. The plan would reduce the time for the average federal permitting process for projects to two years and stimulate $1 trillion in infrastructure spending, but will not contain details about how to pay for the infrastructure. That issue will be left to lawmakers to determine. One potential funding solution is increasing the gasoline tax, which is dividing Republicans and conservative interest groups who are waiting to see where the administration falls on the issue. The motor fuels tax; 18.4 cents per gallon on gasoline and 24.4 cents on diesel, hasn't been increased since 1993.

TRUMP CALLS FOR SNAP REFORM

USDA Denies Maine Petition to Restrict SNAP Purchases

On Wednesday, the U.S. Department of Agriculture (USDA) released a four-page administration statement of principles regarding Supplemental Nutrition Assistance Program (SNAP), to serve as a guide to Congress for farm legislation that would tighten job requirements (but didn't specify how) and job training requirements. The current Farm Bill authorization is set to expire September 30, 2018, so it is necessary for Congress to pass a new Farm Bill before the current funding expires.

The outline that is meant to guide legislation to be proposed in Congress, contains these primary points: Harness America's agricultural abundance to support nutrition assistance for those truly in need; Support work as the pathway to self-sufficiency; Strengthen the integrity nutrition programs to protect American taxpayers by reducing waste, fraud and abuse.

Last week, the USDA rejected a petition by the state of Maine to restrict the purchase of sugary drinks and candy under SNAP. A similar petition was also rejected in 2015 by the Obama Administration. Maine's Governor LePage has been a strong supporter of President Trump, leaving some to believe that the new administration would be favorable to the request.

Secretary Sonny Perdue denied the petition because restrictions in the program would be problematic for retailers and for beneficiaries, and the plan was likely to make administering SNAP more expensive, for both the government and for grocery stores.

CADILLAC TAX DELAY INCLUDED IN CR

On January 22, after a three-day shutdown of the federal government, Congress passed a short-term continuing resolution (CR) to fund the government through February 8. Included in the CR was a two-year delay to Obamacare's 40 percent excise tax on high-value healthcare plans provided by employers to their employees, known as the "Cadillac tax." The Cadillac tax will now be delayed until 2022, rather than 2020.

The Cadillac tax was included in Obamacare to reduce employer incentive to overspend on health plans and employee incentive to overuse services encouraged by the high-cost plans. Starting in 2018, employers were supposed to begin paying a 40% tax on costs of health plans that are above $10,200 per individual and $27,500 for family coverage. The idea was that many buy unnecessarily expensive plans, since they are not taxed on those earnings applied to premium costs. However, many employers and members of Congress on both sides of the aisle oppose the tax.

PMAA is a member of the Stop the HIT (healthcare insurance tax) coalition that has been fighting this tax and we are pleased that Congress delayed the Cadillac tax until 2022 because the tax could cause companies to cut some benefits and increase worker out-of-pocket costs to pay for it.

FMCSA EXPANDS CDL DRUG TESTING PANEL TO INCLUDE SYNTHETIC OPIOID AND BENZODIAZEPINES

The U.S. DOT's Federal Motor Carrier Safety Administration (FMCSA) has adopted new CDL drug testing requirements that include opioids and benzodiazepines; two very addictive medications used to treat pain and anxiety. The rule is important to petroleum marketers because it could increase the number of CDL drivers who fail FMCSA required drug screening panels. The new drugs added to the FMCSA test panel include four synthetic opioids: hydrocodone, hydromorphone, oxycodone and oxymorphone. In addition, FMCSA will add ethylenedioxyamphetamine (MDA) as an initial test analyte and remove methylenedioxyethylamphetamine (MDEA) as a confirmatory test analyte. The new guideline was approved by the FMCSA's Medical Review Board after the U.S. Food and Drug Administration issued a warning in August that the combined use of opioid pain medications and a variety of common benzodiazepines for anxiety, insomnia and seizures can induce "extreme sleepiness, slow or difficult breathing, coma or death". The combination of the two classes of prescription medications dangerously depress the central nervous system. It is not uncommon for doctors to prescribe the two medications safely, but the addition of the synthetic opioid drugs is intended to address the nationwide epidemic of prescription painkiller abuse. Hydrocodone, hydromorphone, oxycodone and oxymorphone are Schedule II controlled substances and are more commonly known as Vicodin, OxyContin, Lortab, Norco, and Dilaudid, among others. The four new synthetic opioids will be added to the FMCSA opioid testing panel which already includes heroin, morphine and

codeine. The new drug testing requirements took effect on January 1, 2018. FMCSA-regulated employers should revise their drug and alcohol testing policies to conform to the new requirements. The FMCSA rule may be downloaded here (https://www.transportation.gov/odapc/frpubs).

PMAA SBC PAC – WINNERS AND STATES THAT MET GOALS

PMAA PAC Chairs **Brad Bell** and Tim Keigher would like to thank Gary Harris and Doug Howey of the North Carolina Petroleum Marketers Association in honor of their efforts which raised the Most PAC Dollars ($12,279) **and Lea Wilson and Steve Clark of the Washington Oil Marketers for raising the Highest Percentage (202%)** for the PMAA Small Business Committee PAC for 2017.

They also would like to thank the following states for reaching or exceeding their PAC goal: Bart Fletcher with Petroleum & Convenience Marketers of Alabama, Jimm Cross & Ryan Hanretty with California Independent Oil Marketers Association, Scott Paulson & Grier Bailey Colorado Petroleum Marketers and CSA, **Brett Adams & Suzanne Budge with Idaho Petroleum Marketers,** David Coyne & Mark Griffin with Michigan Petroleum Association/Michigan Association of Convenience Stores, Vern Kelley & Kevin Thoma with Minnesota Petroleum Marketers Association, Rex Gillis & Philip Chamblee with Mississippi Petroleum Marketers & CSA, Wayne Baker & Ron Leone with Missouri Petroleum Marketers & CSA, **Kary Tonjum & Brad Longcake with Montana Petroleum Marketers and CSA, Robert Flippo & Peter Krueger with Nevada Petroleum Marketers & CSA, Ruben Baca with New Mexico Petroleum Marketers Association**, Mike Rud with North Dakota Petroleum Marketers Association, Ron Tyree & Genoa Ingram with Oregon Fuels Association, Michael Fields with South Carolina Petroleum Marketers Association, Steve Isaacs & Emily LeRoy with Tennessee Fuel & CSA**, Larry Hansen & John Hill with The Utah Petroleum Marketers Retailers Association**, Mike O'Connor with Virginia Petroleum Convenience and Grocery Association, Mike Bailey & Grier Bailey with Wyoming Petroleum Marketers & CSA. Congratulations to all who made their goal. PAC co-chairs **Brad Bell** and Tim Keigher hope that more states will exceed their goals in 2018.

ZIP CODE INFORMATION WILL BE REQUIRED IN AFD AUTHORIZATION MESSAGES FOR U.S. FUEL MERCHANTS IN HIGH-FRAUD GEOGRAPHIES U.S.

Acquirers, Issuers, Processors, Agents

Overview: Visa is requiring acquirers to ensure that their U.S. fuel merchants in areas identified as high-fraud geographies include Address Verification Service ZIP code (AVS) information in all automated fuel dispenser authorization messages.

The rule took effect: January 20, 2018.

This requirement applies to acquirers of fuel merchants in these high-fraud geographies:

- Atlanta, Georgia
- Brooklyn, New York
- Detroit, Michigan
- Fresno, California
- Greater Los Angeles, California (as defined by the U.S. Census Bureau)
- Houston, Texas
- Kingman, Arizona
- Las Vegas, Nevada
- Louisville, Kentucky
- Florida (all cities and counties)

Acquirers must also ensure that their U.S. fuel merchants include cardholder billing ZIP code information (AVS ZIP) for all AFD authorization messages for locations identified by the Visa Fraud Monitoring Program—AFD.

Fuel merchant customers should be directed to pay for fuel inside the service station when a "no-match" response is received on an AVS ZIP Code authorization response at the
AFD.

These changes do not apply to acquirers of U.S. fuel merchants that sell AFD fuel on basis of a membership.

PLAN TO ATTEND THE 2018 WPMAEXPO

Mark your calendars for February 20-22, 2018. Make plans now to attend the 2018 WPMAEXPO.
It will be held once again at the Mirage in Las Vegas, Nevada.

#wpmaexpo18

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MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 20-22, 2018 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, Nevada
May 3-4, 2018 – NPM&CSA Big Dogs – Red Rock Casino – Las Vegas, Nevada
June 5-7, 2018 – MPMCSA Convention & Expo – Fairmont, MT
June 18-21, 2018 – Washington (WOMA) Convention – Suncadia Resort – Cle Elum, Washington
August 8-10, 2018 – Idaho (IPM&CSA) Convention – Coeur d'Alene Resort – Coeur d'Alene, Idaho
August 20-22, 2018 – New Mexico (NMPMA) Convention – Sandia Resort & Casino, Albuquerque, NM
September 12-14, 2018 – Utah (UPMRA) Convention – Doubletree by Hilton, Park City, UT

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Petro Pete: ***"Don't be afraid to stand for what you believe in, even if that means standing alone."***