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TRUMP RELEASES FY 2018 BUDGET BLUEPRINT

This week, President Trump released his proposed \$1.1 trillion FY 2018 budget blueprint which involves a \$54 billion increase in defense spending and corresponding cuts to non-defense spending. The Pentagon would have a 10 percent (\$52.3 billion) increase, and the Department of Homeland Security would have a seven percent (\$3 billion) increase.

The "America First" blueprint does not provide the tax revenue, mandatory spending and detail that will be available when the President releases his final full budget request in May.

Of relevance for petroleum marketers, EPA took the biggest hit with a proposed 30 percent reduction in funding. \$100 million dollars would be saved by defunding climate change research, regulatory activities and international programs. The Global Climate Change Initiative would be eliminated entirely. The White House plan would reorient EPA's air program to protect the air, "without unduly burdening the American economy." The proposal would also stop funding for the Clean Power Plan and the Energy Star program.

The Department of Transportation funding would be decreased by 12.7 percent and the Department of Energy funding by 5.4 percent. The Advanced Research Projects Agency-Energy, which funds clean energy research would be eliminated entirely, as would the Advanced Technology Vehicle Manufacturing loan program, and the energy loan guarantee operation. DOT would see elimination of funding for commercial flights to rural airports.

PMAA will strongly push back on the proposals to eliminate funding for the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program. Both programs are vital in serving low income consumers of home heating fuel.

Much of Trump's blueprint is strongly criticized, even by members of his same party. Like all presidential budgets, ultimate passage of the blueprint is not likely, especially provisions such as the elimination of LIHEAP which will not be supported by a majority in the Senate. In both chambers, most domestic programs have bipartisan advocates. And in the Senate, bipartisan support will be imperative because it takes 60 votes to move spending bills past delaying tactics.

FMCSA PERMANENTLY SUSPENDS 2013 AMENDMENTS TO DRIVER 34-HOUR RESTART PROVISIONS

The U.S. Department of Transportation's (DOT) Federal Motor Carrier Safety Administration (FMCSA) is permanently suspending amendments to the 34-hour restart provisions issued in 2013 under U.S. DOT driver hours of service (HOS) regulations. PMAA has been fighting the 2013 restart amendments since they were imposed because they remove much needed flexibility in driver scheduling by requiring longer rest periods between restart of drivers' work week. The amendments required any 34-hour work week restart to include two consecutive 1 a.m. to 5 a.m. rest periods; limited driver's use of restart to once per 168 hours; and required a 30 minute rest break period within the first 8 hours from the time a driver comes on duty. Only the 30 minute rest period remains in effect for long-haul drivers only. The 30 minute break period does not apply to petroleum marketers qualifying for the short-haul driver exception from keeping written hours of service log books. The written log book exception applies if drivers stay within a 100-air mile radius (115.08 statute miles) of their normal reporting location and return to that location at the end of their shift after a maximum 12 hour period on duty.

In response to industry pressure, Congress temporarily suspended the controversial restart amendments in December 2014 as part of the Consolidated and Further Continuing Appropriations Act, 2015. The suspension was to remain in place until the FMCSA conducted a new study to determine whether the 2013 restart amendments actually provided any additional benefits related to driver operation, safety, fatigue and health. The [Commercial Motor Vehicle Driver Restart Study](#), released by the FMCSA last week, concluded that the 2013 restart amendments offered no additional benefits in any of these categories. As a result, the U.S. DOT's Office of Inspector General informed Congress in a [letter](#) last week of the study findings and the FMCSA posted a [notice](#) on its web site announcing the permanent suspension of the 2013 amendments.

The FMCSA announcement means that the 34-restart provisions in effect before the July 1, 2013 amendments were finalized now apply. Drivers have been operating under those regulations since the Congressional freeze was imposed. The pre-2013 regulations now in effect allow drivers to invoke the 34-hour restart as often as they like without waiting 168 hours between restarts or including two consecutive rest periods between 1:00 a.m. and 5:00 a.m. before returning to duty. A more detailed explanation of the 34 hour restart provision changes will be discussed in a PMAA compliance Bulletin issued later this week.

E15 NOT SAFE FOR OUTDOOR POWER EQUIPMENT

Yesterday, the Outdoor Power Equipment Institute (OPEI) released the results of their nationwide Harris Poll survey of 2,000 Americans showing that most are confused about fuel choices at the pump, and more consumers have incorrectly used an E15 or higher ethanol fuel in an engine not designed for it (five percent this year) compared to three percent in 2015.

In 2014, OPEI launched a "[Look Before You Pump](#)" program to help educate consumers on proper fueling and, although more people (44 percent) are paying attention to fuel type than in past years (35 percent in 2015), price continues to drive consumer choice when purchasing gas. In 2016, 69 percent of survey respondents reported choosing the least expensive gas whenever possible (up from 63 percent in 2015).

"Hundreds of millions of pieces of legacy outdoor power equipment products are in use today that are designed and warranted to run on E10 or less fuel. Remember E15 is unlawful to use, according to the Environmental Protection Agency. With higher ethanol blends available for sale, such as E15, E30 and E85, it's up to all of us to educate consumers about selecting the right fuel for the right product. Consumers can no longer assume that what goes in their truck or car is right for their lawn mower, snow blower, chainsaw, generator or other piece of outdoor power equipment," said Kris Kiser, president and CEO of OPEI.

Alarmingly, three in five Americans assume that any gas sold at fueling stations is safe for all of their cars as well as non-road engine products, like boats and mowers (63 percent in 2017, compared to 60 percent in 2016 and 57 percent in 2015).

TRUMP ORDERS REVIEW OF FUEL ECONOMY STANDARDS

On Wednesday, while speaking to a crowd of union workers in Detroit, President Trump said that he would be ordering a review of tough U.S. vehicle fuel-efficiency standards put in place by the Obama administration. Trump stated that he would "ensure that any regulations we have protect and defend your jobs, your factories," and promised he would encourage growth in the U.S. auto sector. Trump added that the White House is "setting up a task force in every federal agency to identify and remove any regulation that undermines American auto production."

Auto industry executives have said they are hopeful the Trump administration will pursue tax and regulatory policies that would benefit U.S. manufacturers. Reopening the fuel efficiency rules put in place by President Obama days before he left office is one of the top items on the auto industry's agenda. Automaker groups have said the Obama rules were too expensive and could cost American jobs.

It could take nearly a year for the review process to play out, so Wednesday's event was essentially a starting point for auto manufacturers to strategize over how government policy will drive technology investment decisions in the auto sector.

TRUMP NOMINATES CFTC CHAIRMAN

This week, President Trump announced his intent to nominate J. Christopher Giancarlo as Chairman of the Commodity Futures Trading Commission (CFTC). Giancarlo has served as a Commissioner at the CFTC since 2014. In January, he was designated as Acting Chairman of the Commission.

Giancarlo received his law degree from the Vanderbilt University School of Law and later served as a corporate partner in the New York law firm of Brown Raysman Millstein Felder & Steiner and then as the Executive Vice President of GFI Group Inc., a financial services firm.

PMAA has met with Giancarlo while he served as commissioner to discuss the importance of position limits in the commodities market.

SENATE HOLDS HEARING ON MODERNIZING AMERICA'S INFRASTRUCTURE

On Tuesday, the Senate Energy and Natural Resources Committee held a hearing to receive testimony from seven different witnesses with ties to the energy industry. The witnesses highlighted the importance of U.S. energy systems, such as pipelines, to the creation of jobs and economic prosperity, as well as the need to streamline the slow permitting processes the nation currently faces for infrastructure projects.

Committee Chairman Lisa Murkowski (R-AK) pointed to the Keystone XL pipeline as an example of a project that was caught up in an excessively long review by the State Department. Chairman Murkowski stated that "energy infrastructure is central to our way of life and our standard of living, but it is almost always an afterthought, until it breaks down." She added that the nation "has seen too often in recent years, making this a perfect time to look at our options to either rebuild, or in many cases build energy infrastructure for the first time."

One witness, Terry O'Sullivan, general president of the Laborers' International Union of North America (LIUNA), discussed LIUNA's support for the development of all domestic energy resources, particularly in offshore Alaska and in the Arctic

National Wildlife Refuge (ANWR), and stated how energy infrastructure projects are necessary and can be undertaken while protecting the environment. O'Sullivan said that he appeared at the hearing "to urge Congress and President Trump to reopen the key Arctic and Atlantic offshore areas recently closed off to future leasing."

President Trump has said that he plans on implementing a \$1 trillion infrastructure plan that would build/repair roads, bridges, airports and other infrastructure projects. Furthermore, he plans for these projects to be partially financed through tax credits to investors and construction companies. President Trump also signed executive orders on pipeline infrastructure in January, calling for expedited reviews of the Keystone XL and Dakota Access pipelines.

ANNOUNCING NEW WPMA MEMBER SERVICE

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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.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

May 4-5, 2017– Nevada (NPM&CSA) Big Dogs Shootout – Las Vegas, Nevada

June 6-8, 2017 – Montana (MPMCSA) Convention – Northern Hotel – Billings, Montana

June 19-22, 2017 – Washington (WOMA) Convention – Suncadia Resort – Cle Elum, Washington

June 22, 2017 – Utah (UPMRA) Summer Classic PAC Golf Outing – TBD, Utah

August 2-4, 2017 – Idaho (IPM&CSA) Convention – Sun Valley Resort – Sun Valley, Idaho

August 21-23, 2017 – New Mexico (NMPMA) Convention – Sandia Resort – Albuquerque, New Mexico

September 13-15, 2017 – Utah (UPMRA) Convention – Zermatt Resort – Midway, Utah

February 20-22, 2018 – WPMA Convention & Expo – Mirage Hotel – Las Vegas, Nevada

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

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Petro Pete: "I'm not going to wear green today, but I am wearing blue pants and a yellow shirt, so pretty much the same thing."

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