WPMA
Western Petroleum Marketers Association
News and Information for the Petroleum Marketers Industry
weekly update

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PMAA KEY PRIORITIES APPROVED BY SENATE!

Thank Senators Who Supported Bill Passage

The Restoring American Financial Stability/Wall Street Transparency Act, S. 3217, was passed by a vote of 59-39 last night! The measure contains two top PMAA legislative priorities: it will advance critical futures market reforms and debit card interchange reforms.

The debit card interchange reform language that is in S. 3217 would direct the Federal Reserve to ensure that debit interchange fees are “reasonable and proportional.” The language also allows retailers to offer discounts to customers based on payment type.

The derivatives title of the bill includes everything marketers have asked for: aggregate position limits on speculative oil traders, mandated clearing of OTC commodity derivatives, exemption of end-users like PMAA member companies from clearing and margin requirements if they are doing so for commercial purposes, and Commodity Futures Trading Commission (CFTC) authority to regulate swaps, OTC, energy-related, and electronically-traded transactions by closing the so-called “Enron,” “Swaps,” and “London” or “Foreign Exchange” loopholes. Passage of tough derivatives reform language (title VII) will help to restore the fundamentals of supply and demand in the oil futures markets.

PMAA and NEFI have led efforts to pass strong derivatives reform language for the past several years. The House passed a financial reform bill last year and now the Senate and House will meet and come to agreement on a final bill. We will continue to lead efforts to ensure strong reform of the energy derivatives market through conference negotiations and we will reach out to you again in the near future to ask for your help in communicating your commitment to reform to the congressional conferees.

In the meantime, please contact Senators who supported S. 3217 and thank them for their critical vote. The vote roster is available at http://bit.ly/bbbx7U. You can reach your Senators by calling the Capitol Switchboard (202-224-3121).

SENATORS INTRODUCE CLIMATE BILL TO REGULATE CARBON EMISSIONS

On Thursday, May 13, Senators John Kerry (D-MA) and Joe Lieberman (I-CT) introduced the American Power Act, legislation that is designed to curb carbon emissions and offset the dramatic rise in energy prices to the consumer with discounts on energy bills and rebates.

Unlike the Waxman-Markey climate bill (H.R. 2454), this bill regulates carbon emissions from transportation, utilities and manufacturing differently. Under the Kerry-Lieberman (K-L) bill, businesses that emit more than 25,000 tons of carbon annually would be required to participate in a cap-and-trade scheme to curb their carbon output. It should be noted that the Environmental Protection Agency (EPA) has adjusted its threshold to regulate facilities that emit at least 100,000 tons of carbon annually. If the EPA is to regulate a pollutant under the Clean Air Act, the law sets the threshold at 250 tons. It is not up to the discretion of the EPA Administrator.

Carbon emitters in the transportation sector would purchase allowances from a fixed pool each quarter to cover emissions based on estimates from the EPA and the Energy Information Administration inside the Department of Energy. The legislation does not permit the banking, trading or selling of these allowances.

From the beginning of the program, after deficit reduction, two-thirds of any money raised would be returned to consumers, and by 2035, 100 percent of revenue is refunded to consumers, again, after deficit reduction. Because the federal deficit has grown so large, the refunds to consumers could actually be quite small.

Considering the Senate schedule and mid-term elections in November, it is unlikely Congress will pass any climate legislation this year. Any legislation not enacted before December 31, 2010 will expire with the end of the 111th Congress and would need to be reintroduced during the 112th Congress.

PMAA is concerned this legislation unfairly burdens liquid fossil fuels such as gasoline, diesel and heating oil. Additionally, gasoline and diesel are already scheduled for new restrictions in carbon emissions in the next few years under measures already enacted into law. Federal fuel mileage standards approved for new cars and light-duty trucks require them to be able to go an average of 36 miles on a gallon of fuel by 2016.

PMAA's Climate Change Task Force is carefully reviewing this 987 page bill and all legislation that would regulate carbon emissions.

HIGHWAY OFFICIALS AND BUILDERS OPPOSE KERRY-LIEBERMAN CLIMATE BILL

This week 25 trade associations from the transportation industry sent a letter to Senators John Kerry (D-MA) and Joe Lieberman (I-CT) urging them to reconsider how revenue from petroleum refiners would pay for transportation projects in their climate legislation. These associations believe that the funds from refiners would make it difficult to move forward on a highway reauthorization bill. Projects funded through the reauthorization bill would likely be financed with an increase in the federal gasoline tax. The coalition is specifically concerned that Congress would be reluctant to approve an increase in the federal gasoline tax after creating a “carbon tax” on the transportation sector.

The Kerry-Lieberman (K-L) climate bill could raise almost $20 billion from fees paid by refiners but only permit $6.25 billion to go to transportation projects. The coalition is concerned that not enough revenue from the transportation sector will be invested to improve the national transportation system. The associations write, “Of particular concern, the bill limits new investment in the Highway Trust Fund to $2.5 billion per year, far below the amount the bill raises from system users.”

A copy of the letter is available at http://pmaa.org/weeklyreview/attachments/2010/wr/Kerry-Lieberman%20transportation%20letter.pdf.

EPA ISSUES RULE TO REGULATE GREENHOUSE GAS EMISSIONS FROM LARGE SOURCES

The U.S. EPA issued a final rule last week that signals the agency’s intentions to move forward on comprehensive greenhouse gas (GHG) regulations. The EPA rulemaking is important to heating oil dealers and petroleum marketers because it will likely lead to prohibitively high prices for petroleum based fuels and lead to their eventual replacement with lower GHG emitting alternative fuels. Under the final rule, large stationary sources, such as power plants and refineries, will be required to control and reduce GHG emissions. Large stationary sources that must currently comply with prevention of significant deterioration (PSD) requirements under the Clean Air Act for other pollutants, such as nitrogen oxides or particulate matter, will be required to include greenhouse gas emissions in their permit if they increase those emissions by 75,000 tons per year.

Starting in July 2011, the rule will apply PSD requirements to new sources that emit more than 100,000 tons per year of carbon dioxide-equivalent and to modified sources that emit more than 75,000 tons per year. PSD requirements will apply to sources that emit 67 percent of the nation's greenhouse gas emissions from stationary sources. The rule will result in about 900 additional sources subject to PSD permitting each year. Currently, about 300 stationary sources are required to undergo PSD permitting each year. While the new rule imposes GHG control requirements on the largest stationary sources, the EPA is prepared to focus on small stationary sources in a future rulemaking.

The EPA will undertake another rulemaking by July 2012 to address GHG PSD requirements for sources with emissions totaling less than 75,000 tons a year. In that rulemaking, EPA will impose permitting requirements on sources no smaller than 50,000 tons per year of emissions, the agency said. EPA also will conduct a study on the burdens that would apply to even-smaller sources if they were required to undergo PSD permitting.

The agency plans to issue a rule by the end of April 2016 to determine what, if any, Clean Air Act permitting would be required for these facilities. Senator John Kerry (D-MA) said the EPA GHG rule underscores the importance for Congress to pass legislation addressing climate change. “The Obama Administration has again reminded Washington that if Congress won't legislate, the EPA will regulate,” said Kerry, who along with Sen. Joseph Lieberman (I-CT), released draft GHG legislation last week.

MARKETERS COULD BEAR BRUNT OF OIL SPILL TAX INCREASE

PMAA has learned that Congressional negotiators are moving quickly to increase the Oil Spill Liability Tax. Currently, the tax is eight cents per barrel and is often passed on to marketers on their rack invoices. The tax increase is being analyzed today by the Joint Committee on Taxation. However, the specific amount of increase has not been revealed.

In advocating the increase, analysts expect the cost of cleanup in the Gulf of Mexico could surpass $14 billion and the oil spill liability fund only has $1.5 billion on hand. The tax increase could be added to the tax extension bill which contains the retroactive extension of the biodiesel tax credit.

PMAA will report more as details are released.

MEMORIAL DAY BIODIESEL TAX CREDIT EXTENSION POSSIBLE

The Chairmen of the Senate and House tax committees, Senator Max Baucus (D-MT) and Representative Sandy Levin (D-MI), are in serious negotiations to complete a bill to extend the $1-per-gallon excise tax credit for biodiesel and biomass diesel until January 1, 2011. The Chairmen plan to settle on how to offset the bill and hope to bring the final bills to a vote next week.
The bills would also revive a 50-cent-per-gallon excise tax credit for natural gas and propane used as a transportation fuel and a low sulfur diesel production credit for small refiners.

PMAA members have been encouraging Congress to extend the $1-per-gallon excise tax credit for biodiesel and biomass diesel retroactively to the beginning of the year, which is included in the final bills.

Potential offsets include a fee increase in the oil cleanup trust fund or a $1.9 billion provision to eliminate the qualification of "tall crude oil" for a $1.01-per-gallon cellulosic biofuels tax credit. A proposal that has been given much focus is higher taxes on income paid to investment fund managers, trial lawyers and pension funding requirements.

NEW 1099 MANDATE NEEDS TO BE REPEALED

To help fund the new health care law, Congress covertly included a new business tax compliance statute that will be a paperwork nightmare for small businesses. PMAA has joined with other business associations in urging Congress to repeal this provision before it goes into effect in 2012.

Section 9006 of the health care bill mandates that beginning in 2012 all companies will have to issue 1099 tax forms not just to contract workers but to any individual or corporation from which they buy more than $600 in goods or services in a tax year.

The change radically alters the nature of 1099s and means businesses will have to issue millions of new tax documents each year. Right now, the IRS Form 1099 is used to document income for individual workers other than wages and salaries. Freelancers receive them each year from their clients, and businesses issue them to the independent contractors they hire. But under the new law, if a canopy contractor buys new tires at Goodyear, he will have to send Goodyear a 1099. A retailer that buys soap for the carwash each week from a local distributor will have to send the supplier a 1099 at the end of the year tallying up their purchases.

The bill makes two key changes to how 1099s are used. First, it expands their scope by using them to track payments not only for services but also for tangible goods. Plus, it requires that 1099s be issued not just to individuals, but also to corporations. Leading the repeal effort is Congressman Dan Lundgren (R-CA) and he has introduced H.R. 5141, the Small Business Paperwork Mandate Elimination.

PMAA urges petroleum marketers to contact their members of Congress asking them to co-sponsor HR 5141. Additionally PMAA has joined the Coalition for Fairness in Tax Compliance.

2010 WASHINGTON CONFERENCE A BIG SUCCESS FOR MARKETERS

The 2010 Washington Conference was a huge success. Over 200 marketers from around the country met with more than 300 House and Senate offices to talk about our industry.

Two important developments occurred on Thursday, May 13. Earlier in the day Senators Joe Lieberman (I-CT) and John Kerry (D-MA) introduced the American Power Act, legislation to curb carbon emissions and offset higher energy costs with financial relief for consumers. That evening the Senate adopted the Durbin debit amendment to S. 3217, the Wall Street Reform bill.

The debit card interchange reform language that is in S. 3217 would direct the Federal Reserve to ensure that debit interchange fees are “reasonable and proportional.” The language also allows retailers to offer discounts to customers based on payment type. Furthermore, retailers can set purchase minimums. Until now, merchant agreements with the major credit card companies did not allow retailers to set minimums taking a loss on small purchases. Interchange fee reform remains a top priority. It is important to preserve the Durbin debit amendment and strong derivatives reform language in the Wall Street Reform bill.

PMAA continues to work with Congress on a number of issues including repealing Stage II at retail stations, reauthorizing NORA, and extending the biodiesel tax credit. After the conference, many Congressional offices request meetings with PMAA staff to learn more about the issues you discussed with them. From these conversations, PMAA is optimistic that EPA will soon release its definition of widespread use that would allow states to regulate air quality without requiring stage II equipment. Your meetings do spur action on the issues important to our industry. Thank you for making the 2010 Conference a great success.

PERMANENT FIX TO ESTATE TAX STILL UP IN THE AIR

An attempt this week by Senate Minority Whip Jon Kyl (R-TX), Senate Finance Committee Chairman Max Baucus (D-MT), Ranking Member Charles Grassley (R-IA) and Senate Agriculture Committee Chairwoman Blanche Lincoln (D-AR) to permanently set the estate tax or so called “death tax” exemption at five million dollars, indexed for inflation, and top estate tax margin rate at 35 percent, was unsuccessful. Senate Democrats failed to reach a consensus during their policy luncheon earlier this week on the exemption and tax rate.

It is still not clear on how the Senate plans to move forward. PMAA continues to strongly support the efforts of the Small Business Legislative Council (SBLC) who is asking for a higher exemption and a lower rate.

NEW STUDY EVALUATES TARP’S IMPACT ON SMALL BUSINESS CREDIT MARKETS

The Congressional Oversight Panel today released its May oversight report, "The Small Business Credit Crunch and the

Impact of the TARP." Although the Troubled Asset Relief Program (TARP) has launched several initiatives aimed at restoring general credit availability, the Panel found little evidence that the TARP has spurred small business lending. Instead, small businesses have seen their access to credit shrink dramatically and, in some cases, disappear altogether. Small business capital availability is crucially important to many heating oil and propane dealers who rely on lines of credit to purchase product during the winter heating season.

The Panel found that:

Small business credit remains severely constricted. Data from the Federal Reserve show that lending plummeted during the 2008 financial crisis and remained sharply restricted throughout 2009. Although Wall Street banks had been increasing their share of small business lending over the last decade, between 2008 and 2009 their small business loan portfolios fell by nine percent, more than double the four percent decline in their overall lending portfolios.

TARP has done little to restore stability to the smaller banks that provide the bulk of small business credit. With Wall Street banks pulling back, some small business borrowers looked to community banks to pick up the slack. Many of these banks, however, continue to struggle with their exposure to commercial real estate loans and other liabilities constraining their ability to lend.

Treasury's new lending program for small banks, even if enacted by Congress, could have only limited success. The proposed Small Business Lending Fund (SBLF) would provide $30 billion in low-cost capital to small and mid-sized banks along with incentives to increase lending. The SBLF's prospects are far from certain. The program requires legislative approval, and even if Congress acts immediately, the program may not be fully operational for some time. Moreover, banks may shun the program for fear of being stigmatized by its association with the TARP or banks may wish to avoid taking on SBLF liabilities at a time when their existing assets, such as commercial real estate, remain in jeopardy. To the extent that the lending contraction reflects a shortfall of demand rather than of supply, a supply-side solution like the SBLF may fail to gain traction. The Panel called on Treasury to consider creative solutions that engage banks, state-based lending consortia, and other market participants as well as to take active steps to gather more detailed and dependable data on small business lending. The full report is available at http://cop.senate.gov/.

NFPA CONSIDERING FIRE CODE CHANGE ALLOWING E-15 BLENDS IN E-10 EQUIPMENT

The National Fire Protection Association (NFPA) is considering an amendment to a key fire code standard that would remove some of the impediments for retail gasoline marketers to dispense E-15 product from existing equipment. This is welcome news since the EPA is currently deciding whether to authorize for use in conventional fueled vehicles gasoline blends with ethanol content greater than 10 percent. The problem with the impending E-15 waiver is that existing UST systems and dispensers are not certified for gasoline blends over E-10. Placing E-15 in E-10 certified equipment raises a host of legal, warranty and insurance issues that will significantly increase liability for retail marketers – not the least of which is that current fire codes adopted by most jurisdictions prohibits E-15 use in E-10 tanks.

Specifically, an amendment to NFPA 30A: Code for Motor fuel Dispensing Facilities and Repair Garages would provide local authorities - most notably - fire marshals, the power to authorize the use of E-15 product in equipment certified for a maximum E-10 gasoline blend. However, the amendment requires that all equipment subject to E-15 service must undergo periodic inspection to determine whether it is functioning properly with the higher ethanol blend. Hanging hardware, such as nozzles and hoses, would be required to undergo weekly inspection while internal dispenser parts would be inspected monthly.

2011 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA

Start planning now to attend the 2011 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 22-24, 2011.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2010

June 8-10, 2010 – MPMCSA Convention – Billings Hotel and Convention Center – Billings, Montana
June 22-24, 2010 – WOMA Convention – Suncadia Lodge – Cle Elum, Washington
August 1-3, 2010 – IPM&CSA Convention – Coeur d'Alene Resort – Coeur d'Alene, Idaho
August 31-September 1, 2010 – NMPMA Convention – Embassy Suites, Albuquerque, New Mexico
September 8-10, 2010 – UPMRA Convention – Park City Marriott – Park City, Utah

Petro Pete: "What happens if you get scared half to death twice?"

If you do not wish to receive information via fax or e-mail, please contact WPMA at: (801) 263-9762, Fax: (801) 262-9413, or e-mail: janr@wpma.com. Thanks.

Classified Ads

FOR SALE
1985 KENWORTH CONVENTIONAL CAB

- 13 SPEED FULLER TRANSMISSION
- 400 CUMMINS ENGINE
- TRUCK COMPARTMENTS: 2400 GAL, 2600 GAL (BEALL)
- PUMP OFF ABILITY
- ONE OWNER, LESS THAN 410,000 ACTUAL MILES
- EXCELLENT CONDITION
- 1972 BEAL TRAILER – 2 AXLE
- TRAILER COMPARTMENTS: 2500 GAL, 2500 GAL (BEALL)
- EXCELLENT CONDITION
- TRUCK AND TRAILER SOLD TOGETHER

BAIRD OIL COMPANY (208) 375-7767

FOR SALE
1990 LN 8000 (DIESEL)

- 5 SPEED WITH 2 SPEED
- 1979 BROWN TANK 2000 GAL. COMPARTMENTS: 500 GAL, 500 GAL, 400 GAL, 300 GAL AND 300 GAL
- 1 PUMP, 2 METERS, 2 HOSE REALS, REAR DELIVERY
- 239,000 MILES
- EXCELLENT CONDITION

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TANKER TRAILER FOR SALE

- 2008 Heil 11,000 gallon
- 3 axle trailer with lift able rear axle
- 4 compartments 4500-2100-1400-3000
- Street side/curbside unloads
- 6 hose tubes and large box for fittings
- All Tests and Certs are current
- Trailer located in Ogden, Utah
- Trailer Available July 2010
- Pictures Available upon request

Asking $85,000.00 of Best Offer

Ryan Murdock
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****FLATBED FOR SALE****
2002 GMC flatbed C6500
Engine Model # 3126 CAT, 161,821 miles
Chelsea Parker Pump w/PTO
Single 1" 100 ft. Electric Hose Reel GVWR-25,950
5 Speed Trans, AC/AM, FM radio

****FLATBED FOR SALE****
1996 F-350 Ford Flatbed
5 Speed Manuel Trans
7.3 LTR Powerstroke DSL, 198,784 miles
AC/Power Steering, Cassette
15,000 G.V.W.R. - Lift Gate

****PETE TANKER FOR SALE****
2003 Pete Tanker, 573,935 miles
C12 Motor
18 1/2 ft.Wheel Base, Blackmen Pump

****SEMI TRUCK FOR SALES****
1977 Bealle Semi
80,000 GVWR
Fuller 10 Speed
4 Compartments - 2500/2500/2000/1000

Call for Prices - 928-669-2617 ask for Rick

FOR SALE
1996 FL 70 FREIGHTLINER BOBTAIL (DIESEL)

- 5 SPEED FULLER EATON TRANSMISSION WITH 2 SPEED
- 1996 BEAL TANK (COMPARTMENTS: 1000 GAL, 500 GAL, 500 GAL, 800 GAL)
- 2 – PUMPS, HOSE REALS, AND METERS, REAR DELIVERY
- 285,000 MILES
- EXCELLENT CONDITION

BAIRD OIL COMPANY (208) 375-7767

Help Wanted:

Looking for your dream job in Arches and Canyonlands Country? Petroleum Marketer in need of a Bookkeeper/Office Manager. Send your questions or resume to resume@frontier.com!!

For Sale:

1997 Ford F-700

- 146,000 miles
- 429 Gasoline engine with 6 speed transmission
- 2800 Gallon propane tank with neptune meter and veeder-root register
- Remote shutdown.

Contact: Byron Wood - 435-257-5107/435-730-4555

TANKWAGON FOR SALE

- 2003 Freightliner M2106 with 160,000 miles
- 3126 Cat Motor with Eaton Fuller 7 speed transmission
- 2003 Almac Tank 2700 gallons
- 5 compartments 700-600-500-500-400
- Dual Pumping system with 3 reels
- All Test and Certs are current
- Truck is located in Ogden, Utah
- Pictures available upon request

Asking $60,000.00 or Best Offer

Ryan Murdock
Kellerstrass Oil Company
801-392-9516 ext 26