

June 10, 2011

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RETAILERS WIN, SWIPE FEE REDUCTIONS WILL MOVE FORWARD

On Wednesday, by a [vote of 54-45](#), the Senate failed to garner the 60 votes necessary to pass Senator Tester's amendment to delay the Federal Reserve's proposed rule to reduce swipe fees. Thank you to the multitude of PMAA members, who met with their Senators and staff, made numerous calls and sent emails urging their senators to support retailers and consumers. Your communications matter! The vote sent a message to the big banks and their allies that the Senate is prepared to support Main Street by protecting these critical reforms.

The Federal Reserve can now proceed with its rulemaking to curb swipe fee abuse, and we look forward to seeing the final rule so that Main Street retailers and consumers can start seeing some relief from out-of-control debit fees on July 21. Please call your senators to thank them for standing with us. You can reach them through the US Capitol Switchboard at 202-224-3121.

PMAA TO TESTIFY ON HOURS OF SERVICE RULE

On Tuesday, June 14, Paul James, president of Rex Oil Company in Colorado, will testify before the House Committee on Small Business' subcommittee on Oversight, Investigations, and Regulations to discuss the impact of the Federal Motor Carrier Safety Administration's (FMCSA) proposed Hours of Service (HOS) rule.

In March, PMAA filed comments opposed to the proposed rule. The rule would apply to short haul and long haul drivers. PMAA urged FMCSA to consider the diversity of the trucking industry and not apply the proposed HOS changes to short haul drivers.

COBURN REVIVES EFFORT TO REPEAL ETHANOL SUBSIDIES

On Tuesday, Senator Tom Coburn (R-OK) revived an effort from earlier in the year to repeal the 45 cents-per-gallon ethanol blender's tax credit before the credit expires on December 31, 2011. Sen. Coburn and cosponsor Dianne Feinstein (D-CA) offered the amendment (Amendment #436) to an economic development bill, S. 782, pending on the Senate floor. The amendment will need 60 votes to pass. Coburn's offices stated that it's "cautiously optimistic" that they have the 60 votes to pass the amendment which is now up for a vote next Tuesday, June 14. If the amendment passes, the ethanol tax credit and the 54 cents-per-gallon ethanol tariff will expire on June 30, 2011. Even if the amendment passes, it faces an uncertain future because S. 782 would need to pass the House and then be sent to the President for his signature. It is still too early to tell if Sen. Coburn will be successful. There have been several amendments offered to the economic development bill, S. 782, including Sens. Jon Tester (D-MT) and Bob Corker's (R-TN) failed amendment to delay debit swipe fee reform.

PMAA continues to support the 45 cents-per-gallon ethanol tax credit until it expires on December 31, 2011. Small businesses have planned for the tax credit to be available until the end of this year, so Senators must take into account how the tax credit does affect small businesses. PMAA's Motor Fuels Committee understands that the credit will likely go away at the end of this year and now supports Senator Chuck Grassley (R-IA) and Kent Conrad's (D-ND) "Domestic Energy Promotion Act of 2011" (S. 884). S. 884 would extend the 45 cent-per-gallon ethanol blender's tax credit for two years (falls to 20 cents-per-gallon in 2012 and 15 cents in 2013). After 2013, the credit would be linked to the price of oil. If WTI crude oil were over \$50 a barrel, the credit would be 24 cents. It would fall six cents for every \$10 rise in crude until the credit is wiped out at \$90 a barrel. To obtain the level of tax credit, the average price of WTI crude oil will be tied to the previous three-month futures price set on the New York Mercantile Exchange (NYMEX). S. 884 also extends the alternative refueling infrastructure tax credits through 2016 and amends the dual-use issue with IRS. Currently, blender pumps only qualify for a portion of the refueling property tax credit. Under S. 884, the legislation would allow blender pumps to qualify for 100 percent of the alternative refueling tax credit. Finally, S. 884 would extend the ethanol import tariff through 2016, reducing to 20 cents for 2012 and 15 cents for 2013 through 2016.

SENATE ENERGY COMMITTEE REVIEWS ALTERNATIVE FUEL VEHICLE BILL

On Thursday, the Senate Energy and Natural Resources Committee held a hearing to examine Senator Ron Wyden's (D-OR) and Debbie Stabenow's (D-MI) "Alternative Fuel Vehicles Competitiveness and Energy Security Act of 2011" (S. 1001) which seeks to allow the free market to decide which alternative fuel and vehicle technology combinations are better fit to replace traditional motor fuels. S. 1001 builds upon the "Energy Independence and Security Act of 2007" (Pub. Law 110-140) which established an incentive program, the Advanced Technology Vehicles Manufacturing (ATVM) Loan Program, to provide manufacturers and suppliers direct loans to expand vehicle technologies to improve energy efficiency for different types of vehicles for different parts of the country. The bill is fuel neutral which will allow only alternative fuel vehicles that reduce consumption of conventional motor fuels by 25 percent or more to qualify for loan guarantees. The legislation expands upon existing alternative fuel vehicles to include electric vehicles (EVs), plug-in hybrid electric vehicles (PHEVs), compressed natural gas (CNG) and hydrogen. The bill is paid for by selling millions of barrels from the Strategic Petroleum

Reserve (SPR) which could impact markets in the short term. Proceeds from the sale would go towards expanding the ATVM loan program.

Testifying before the Committee was Shane Karr, Vice President, Federal Government Affairs of the Alliance of Automobile Manufacturers, who supported several sections in the bill to expand upon existing law to include additional alternative fuel vehicles. However, his group did not lend full support for the bill arguing for certain sections to be modified to improve deployment of alternative fuel vehicles.

Additionally, Kevin Book from Clearview Energy Partners, LLC, argued that sales from the SPR to expand upon the ATVM loan program could have unintended consequences in the short-term for highly leveraged commercial buyers of crude oil.

OMB RELEASES FINAL RULE ON E15 MITIGATION PLAN

On Thursday, the White House's Office of Management and Budget (OMB) cleared EPA's E15 misfueling mitigation label and sent the rule back to EPA. Approval by OMB is the final regulatory hurdle in the rulemaking process and indicates the EPA is close to publishing a final E-15 mitigation rule.

It's unclear when EPA will release the details on the E15 label. EPA approved E15 for cars made after 2007 in mid-October 2010 and for 2001 – 2006 vehicles in January 2011. Currently, E15 is allowed in Flex fuel vehicles (FFVs) only. Although the misfueling mitigation plan has cleared OMB, several barriers remain before E15 can be sold to the public. E15 still needs to be registered (meet ASTM D4806-10) and certified as a fuel under Clean Air Act requirements regarding Reid Vapor Pressure (RVP) being limited to 9.0 psi during the summertime. EPA must also finalize a misfueling mitigation rulemaking to prevent consumers from using E15 in Model year 2000 and older conventional fueled vehicles. OMB's release of the E15 rule only covers the misfueling mitigation rulemaking. Furthermore, before E15 can be sold by retailers, other legal and regulatory certainty will be required in order to avoid liability issues.

LAWMAKERS INTRODUCE OPEN FUEL STANDARD ACT

Last week, Chairman John Shimkus (R-IL) of the House Subcommittee on Environment and the Economy, along with Rep. Elliot Engel (D-NY), introduced the "Open Fuel Standard Act of 2011" (H.R. 1687) which would require 50 percent of new vehicles be capable of running on non-petroleum based fuels by 2014. By 2016, 80 percent of new automobiles must run off non-petroleum based fuels, and by 2017, that percentage would rise to 95 percent. The Renewable Fuels Association (RFA), Growth Energy and the American Coalition for Ethanol (ACE) support H.R. 1687 while Advanced Biofuels USA opposes. The legislation promotes the use of flex fuel vehicles (FFVs), hydrogen, electric plug-in, biodiesel and natural gas vehicles.

While the legislation may initially have bipartisan support, it still faces an uphill battle in the House given budget hawks and environmentalists' concerns. Many conservatives will have problems with imposing a mandate on the auto industry while environmentalists argue against providing more subsidies to the ethanol industry. PMAA's Motor Fuels Committee will be reviewing the legislation.

WPMA CANADA AND NEW ENGLAND CRUISE

Join us October 15 – 22nd on a 7-day Canada and New England Fall Colors cruise! Destinations, Inc. has put together a great trip, which will enable us all to enjoy our rich American history and the grandeur of the autumn foliage aboard Royal Caribbean's Jewel of the Seas. One of Royal Caribbean's newest cruise ships, Jewel of the Seas offers the ultimate "at sea" experience by combining speed, added comfort, greater space, sweeping ocean vistas and an exceptional staff committed to serving your every whim.

We will be leaving from Boston, Massachusetts, and have port stops at Portland, Maine; Halifax Nova Scotia; St John, New Brunswick; and Bar Harbor, Maine. Optional pre-cruise tours of Boston are available for those arriving a day or two before the cruise departs.

You may access information on the WPMA Fall Colors Cruise by visiting the web site:

<http://www.groupsandincentives.com/wpma>.

Destinations, Inc. is now taking deposits of \$300 per person, and full payment is due by July 2nd. If you have any questions, please give me a call at (888) 252-5550, or you can call Destinations, Inc. at (801) 446-5000.

2012 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA

Start planning now to attend the 2012 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 21-23, 2012.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2011

July 19, 2011 – IPM&CSA Golf Tournament – Clear Lake Country Club – Buhl, Idaho

June 20-23, 2011 – WOMA Convention – Suncadia Lodge – Cle Elum, Washington

June 23, 2011 – UPMRA Summer Golf – Stonebridge Golf Course – West Valley City, Utah

August 3-5, 2011 – IPM&CSA Convention – Sun Valley Resort – Sun Valley, Idaho

August 30-31, 2011 – NMPMA Convention – Embassy Suites, Albuquerque, New Mexico

September 12, 2011 – IPM&CSA Convention – Teton Springs-Headwater Golf Course – Victor, Idaho

September 14-16, 2011 – UPMRA Convention – Rainbow Hotel and Casino – Wendover, NV

September 21, 2011 – NPM&CSA – Tanker Yanker – Reno, NV

Petro Pete: *“Do not argue with an idiot. He will drag you down to his level and beat you with experience.”*

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