

June 24, 2016

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WP-06-24-16

### **SMALL BUSINESS HEALTHCARE RELIEF PASSES HOUSE**

On Tuesday night the House passed the PMAA supported bipartisan Small Business Healthcare Relief Act. In 2013, the Treasury Department issued a guidance prohibiting the use of Health Reimbursement Arrangements (HRAs) for purchasing health insurance on the individual market, stating these arrangements did not satisfy the Affordable Care Act's minimum benefit and annual dollar cap requirements for health insurance plans offered by employers. Under this guidance, employers who continue to offer HRAs are subject to a \$100 per day, per employee penalty totaling up to \$36,500 per year. These penalties went into effect on July 1, 2015. H.R. 5477, the Small Business Healthcare Relief Act would ensure that small businesses and local municipalities with fewer than 50 employees are allowed to continue using pre-tax dollars to give employees a defined contribution for healthcare expense; allow employees to use HRA funds to purchase health coverage on the individual market, as well as for qualified out-of-pocket medical expenses if the employee has qualified health coverage; and protect employers from being financially penalized for providing this cost-sharing option to employees. PMAA has been working with the Small Business Legislative Council (SBLC) on this issue and is pleased that it passed.

### **LIFO WILL BE PRESERVED UNDER SPEAKER RYAN'S NEW TAX PLAN**

House Republicans have been working on a series of six issue blueprints to set forth a policy agenda. The final blueprint, their tax proposal, will be publicly released today, but some information about the plan has been reported. Among the information that has been released, PMAA is particularly pleased that the proposal specifically calls for the retention of LIFO. The blueprint states: "With respect to inventory, the Blueprint will preserve the last-in-first-out (LIFO) method of accounting. The Committee on Ways and Means will continue to evaluate options for making the treatment of inventory more effective and efficient in the context of this new tax system." This is a significant reversal of previous GOP tax reform proposals which have called for LIFO repeal. and it is a result of the effort the business community has made to educate legislators on the issue over the past decade. PMAA remains an active participant in the LIFO Coalition (SaveLifo.org) which has clearly and consistently communicated to Congress on the need to preserve the LIFO method of accounting. LIFO is an inventory accounting method used by many PMAA member companies to determine tax liability. Primarily, LIFO is used to manage the costs of inflation. If inventory costs are rising, LIFO is a more accurate way of measuring financial performance and calculating tax. LIFO takes into account greater costs of replacing inventory, thereby, giving a more conservative measure of the financial condition of the business and the economic income to which tax should apply. Repealing LIFO would force PMAA member companies currently using this method to report their LIFO reserves as income, resulting in a massive tax increase for small business petroleum marketers across the country. Additionally, repealing LIFO would mean potentially higher future tax bills and would make it harder for PMAA member companies to manage inflation. The House GOP plan is also expected to set the top individual income tax rate at 30 percent; include a 20 percent corporate rate; allow for 100 percent business expensing; and eliminate the interest deduction. Furthermore, the plan aims to push the tax system closer to a consumption tax, and will call for lower taxes on capital gains and dividends by offering a partial exclusion for that income.

### **NEW LAW REQUIRES RULEMAKING ON PLACARDING**

On Wednesday, President Obama signed into law the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA) reauthorization bill, the Securing America's Future Energy: Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016 (S. 2276). The three-year reauthorization of PHMSA includes language of particular importance to PMAA. The PIPES Act requires PHMSA to open a rulemaking addressing regulations that allow placarding to the lowest flash point for mixed loads of gasoline, diesel fuel and mid-level ethanol blends. PMAA believes that the language is broad enough for PHMSA to also consider PMAA's request to restore the ability to placard to the lowest flashpoint for both straight and mixed loads of gasoline and diesel fuel. PMAA's interest in having a rulemaking arose with the issuance of a June 2015 Interpretative Guidance on placarding on cargo tank trucks. The guidance put an end to placarding to the lowest flash point for alternating straight loads of diesel fuel and gasoline. Marketers may still ship diesel fuel, gasoline and heating fuel in different compartments of the same cargo tank vehicle under a gasoline placard, but may no longer do the same for alternating straight loads of gasoline and diesel fuel. Some states have already begun enforcing the Interpretative Guidance and it is only a matter of time before all states do so. PMAA is working to fix the problem before other states begin to enforce the placarding change. The penalty for a violation is \$2,500. Under the rulemaking process, PMAA will seek a fix so that drivers will be able to resume placarding only to the lowest flashpoint for straight loads of gasoline and diesel. Otherwise the industry will incur an \$84 million cost the first year and \$80 million every year thereafter (\$3,450 per cargo tank truck, per year) in material and primarily labor costs. PMAA has worked with the Department of Transportation (DOT) since the Interpretative Guidance was released in June 2015, and began working with Congress once it was clear that DOT was not going to issue a rulemaking without a mandate to do so from Congress.

## **RFS UNDER FIRE**

On Wednesday, the House Energy and Commerce Subcommittee on Energy and Power held a hearing regarding the proposed 2017 RFS volume of 18.8 billion (14.8 billion gallons of corn ethanol). Witnesses testifying before the Committee included: Acting Assistant EPA Administrator Janet McCabe; Howard Gruenspecht, deputy administrator of the U.S. Energy Information Administration; Chet Thompson, president of American Fuel and Petrochemical Manufacturers; Bob Dinneen, president and CEO of the Renewable Fuels Association; Todd Teske, chairman, president, and CEO of Briggs & Stratton Corporation; Brooke Coleman, executive director of the Advanced Biofuels Business Council; Collin O'Mara, president and CEO of the National Wildlife Federation; Anne Steckel, vice president of federal affairs for the National Biodiesel Board; and Tim Columbus, general counsel of the National Association of Convenience Stores and Society of Independent Gasoline Marketers Association of America. EPA acting assistant Janet McCabe told the Subcommittee that the proposed 2017 RFS volume of 18.8 billion is "achievable," however she indicated that if the RFS were repealed, ethanol volumes would likely remain at 10 percent. More importantly, EIA Deputy Administrator Howard Gruenspecht said that increasing ethanol volumes will remain difficult due to lack of infrastructure and the regulatory challenges. PMAA applauded Mr. Gruenspecht's statement. House Energy and Commerce Committee member John Shimkus, who has expressed his intention to run for the House E&C Committee Chairmanship next year, reiterated his support of Rep. Bill Flores' bill known as "The Food and Fuel Consumer Protection Act," (H.R. 5180) which would cap the corn ethanol mandate at 9.7 percent. Meanwhile, some refiners continue to push the EPA to shift the point of obligation to the terminal level. Unfortunately, petroleum marketers who blend ethanol would be forced to meet Renewable Volume Obligations (RVOs). This would have a detrimental impact on the retail market and likely result in higher prices at the pump. Overall, PMAA continues to urge the EPA to lower the 2017 proposed volume to 13.5 billion which still maintains ethanol in our nation's fuel supply, but it also will allow marketers to continue to sell E0 because motorists prefer it. Recently, PMAA specifically highlighted a petroleum marketer, Matt Bjornson, a third generation partner in a North Dakota based family owned petroleum marketing business, Bjornson Oil Company, and former Chairman of PMAA, who told his personal story about how he invested in UST system infrastructure to sell E10 plus blends and its dismal return on investment.

## **CONGRESS REVIEWS SNAP ONCE AGAIN**

On Wednesday, the House Agriculture Committee held its 15th hearing on "Past, Present, and Future of SNAP: Evaluating Effectiveness and Outcomes in Nutrition Education." Witnesses included education, health care, and nutrition experts who laid out methods that have resulted in healthier eating habits of Supplemental Nutrition Assistance Program (SNAP) recipients while also highlighting challenges in access to stores that participate in SNAP. The purpose of the hearing was to evaluate the effectiveness of nutrition education programs (particularly SNAP-Ed) in promoting positive long-term health outcomes within the SNAP. As we continue our review of SNAP, it is important we look into all aspects of the program, including SNAP-Ed, to ensure federal dollars are being used effectively. For many Americans, obesity and chronic disease are major health concerns. Programs like SNAP-Ed are working to combat these health risks by promoting healthy lifestyles and educating SNAP recipients on how to purchase and cook nutritious food options. Today, we discussed the importance of measuring outcomes and evaluating effectiveness of nutrition education programs to see where improvements can be made in promoting health and improving the diets among families across the country, said Chairman Conaway (R-TX). The farm bill reauthorized the mandatory spending for SNAP through FY 2018, and reduced spending for the program, while the FY 2016 omnibus spending law provided \$80.8 billion for SNAP, \$393.9 million less than in fiscal 2015. Congress has debated reducing benefits or modifying eligibility to reduce spending which would affect retailers. Because retailers could be adversely harmed by any program changes, PMAA will continue to be active in the SNAP policy process. The debate on a new farm bill (and SNAP) could begin as early as next year, and PMAA will begin preliminary discussions about the program soon.

## **SENATE SUBCOMMITTEE HOLDS HEARING ON OZONE STANDARD**

This week, the Senate Environment and Public Works Committee held a hearing to consider bipartisan air quality legislation sponsored by Senators Orrin Hatch (R-UT) and Claire McCaskill (D-MO), and co-sponsored by Senators John Boozman (R-AR) and Joe Donnelly (D-IN). S. 2072 would require the establishment of Early Action Compact Programs for ozone control by allowing local communities to enter into voluntary cooperative agreements with the EPA. These agreements would utilize locally crafted solutions to improve air quality so that they can comply with federal standards. In a statement, Hatch said, "This legislation will allow areas in or near non-compliance with federal air quality standards to have the option of taking early action to improve air quality at the local level, utilizing local solutions. Under this program, if enacted, our communities could actually improve air quality and altogether avoid a non-attainment designation and the negative economic job killing consequences that come with it." Andrew Chesley, executive director of the San Joaquin Council of Governments; Kurt Karperos, deputy executive officer of the California Air Resources Board; Glenn Hamer, president and CEO of the Arizona Chamber of Commerce and Industry; Mark Raymond, Commissioner and Chair of Uintah County, Utah; and Dr. Mary B. Rice MD, Vice-Chair of ATS Environmental Health Policy Committee American Thoracic Society testified during the hearing. The hearing comes weeks after the House passed a bill that would delay implementation of the Environmental Protection Agency's 2015 ozone standards. H.R. 4775, known as the Ozone Standards Implementation Act of 2016, would allow states to implement the 2008 National Ambient Air Quality Standards issued in early 2015 (set at 75ppb), while delaying implementation of EPA's 70ppb standard.

## NPM&CSA VOTE FOR NEW OFFICERS AND DIRECTORS

Nevada marketers have voted for new officers and directors effective July 1st for a two year term:

President: Bob Prary . Flyers Energy, Sparks, NV

Vice President: Jeremy Bautista . River City Petroleum, Sacramento, CA

PMAA Director: Gregg Benson . Rebel Oil, Las Vegas NV

Directors: Kristi Cotrell . Morton's Truck Stop, North Las Vegas, NV  
Robert Flippo . Pilot Thomas Logistics, Las Vegas, NV  
Chris Kemper . Terrible Herbst Oil, Las Vegas. NV  
Joe McGinley . McGinley & Assoc., Reno, NV

## 2017 WPMAEXPO - LAS VEGAS, NEVADA



Mark your calendars for **February 21-23, 2017**. Make plans now to attend the **2017 WPMAEXPO**. It will be held once again at the Mirage in Las Vegas, Nevada.

### MARK YOUR CALENDARS FOR UPCOMING EVENTS

**June 29, 2016** . Idaho (IPM&CSA) Magic Valley PAC Golf Outing . Blue Lakes Country Club . Twin Falls, Idaho

**August 3, 2016** . Idaho (IPM&CSA) Circling Raven GC PAC Golf Outing . Coeur d'Alene, Idaho

**August 3-5, 2016** . Idaho (IPM&CSA) Convention . Coeur d'Alene Resort . Coeur d'Alene, Idaho

**August 22-24, 2016** . New Mexico (NMPMA) Convention . Sandia Resort & Casino, New Mexico

**August 26, 2016** . Hawaii (HPMA) Golf Tournament . Honolulu Country Club . Honolulu, Hawaii

**September 8, 2016** . Idaho (IPM&CSA) Teton Valley PAC Golf Outing . Huntsman Springs GC . Driggs, Idaho

**September 14-16, 2016** . Utah (UPMRA) Convention - DoubleTree Hotel by Hilton . Park City, Utah

**December 8, 2016** . Washington (WOMA) Christmas Party . SAFECO Field . Seattle, Washington

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**February 21-23, 2017** . WPMA Convention & Expo . Mirage Hotel. Las Vegas, Nevada

**March 1, 2017** . Utah (UPMRA) Day on Capitol Hill . Salt Lake City, Utah

**May, 2017**. Nevada (NPM&CSA) Big Dogs Shootout . TBD, Nevada

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

**June 18-22, 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

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

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**June 17-21, 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 think my iPhone is broken. I pressed the "Home" button and I am still at work."**

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## **Classified Ads**

### **FOR SALE**

1982 Trinity 10,500 gallon propane trailer; hydraulic Blackmer pump; new brakes and s-cams; 11:24.5 low pro tires; Very good condition; For more information or pictures, please call 406-654-2331 or 1-800-892-6874; \$52,000.00



### **FOR SALE**

Have taken a PetroVend C/OPT Card lock and 4 mechanical dispensers down, all in good condition  
2 Terminals, all the hardware, punch for making your own optic cards, ETC  
Lots of miscellaneous parts, 406/580-7630