WPMA
News and Information for the Petroleum Marketers Industry
weekly update

June 28, 2019 Visit us online at **www.wpma.com** WP-06-28-19

BENNY HODGES WINS PMAA'S DISTINGUISHED SERVICE AWARD

This past week, PMAA Distinguished Service Award Committee Chair Steve Clark (Genesee Energy, Seattle, Washington) announced that Benny Hodges, President and CEO of Hodges Oil Company, Inc. has won PMAA's prestigious 2019 Distinguished Service Award.

Hodges Oil Company, Inc., is a third-generation owned petroleum business located in Belen, NM that specializes in wholesale fuel deliveries. It all began in 1923 when Frank Trainer (Benny's maternal grandfather) began as a commissioned agent for Continental Oil Company. After WWII, Benny Hodges (Benny's dad) took over the business and ran it until his passing in 1969. Benny attended the University of Oklahoma until he was drafted into the United States Army in 1966. He was deployed to Vietnam after graduating from Officer Candidate School as a 2nd Lieutenant. He returned home when his father became gravely ill and was Honorably Discharged in 1969. At that point, he took over the business to "keep it going." In 1978, Benny incorporated the business into Hodges Oil Company, Inc. Fifty years later, he has more than just "kept it going," evolving it into the flourishing business it is today.

For over 25 years, Benny has served on the Boards of the New Mexico Petroleum Marketers Association and the Western Petroleum Marketers Association, as a member of the Executive Committee for each association, and as President of both NMPMA and WPMA. He has also served in numerous PMAA positions, including PMAA Chair, Brands Chair, Chair of the Western Regional Nominating Committee, and member of the PMAA Motor Fuels Committee and Executive Committee.

Benny is also on the Board of Directors for Spirit® Petroleum and the WMI Mutual Insurance Company. In the past, he served on the Belen Consolidated Schools Board of Education, the University of New Mexico Valencia Campus Advisory Board, New Mexico Environmental Storage Tank Board, Ranchers Bank Board, and the Governor's Excise Tax Force Committee.

Benny is the father of six children, has twelve grandchildren and a great-grandchild on the way. His youngest daughter Alexandra is the Operations Manager at Hodges Oil Company, Inc. and will eventually become the fourth-generation business owner. Benny and his wife Mary Ellen have been married for thirty-six years and work in the business together.

Benny will receive the PMAA Distinguished Service Award at a luncheon to be held in his honor on Tuesday, October 1, 2019 at the Hyatt Regency Atlanta during the PMAA Fall Meeting at the NACS Show.

PMAA COMPLIANCE BULLETIN: EPA COMPLIANCE REQUIREMENTS FOR SALE OF E15 GASOLINE BLENDS

On May 30, 2019, EPA finalized regulatory changes to allow gasoline blended with up to 15 percent ethanol (E15) to take advantage of the 1-psi Reid Vapor Pressure (RVP) waiver that currently applies to E10 during the summer months. Previously, E15 could only be sold during the winter driving season. With the EPA's latest rule, E15 may now be sold year-round beginning June 5, 2019, subject to certain regulatory requirements. Petroleum marketers who wish to sell E15 to retail or wholesale purchaser consumers must comply with the following requirements. PMAA Contact: Mark S. Morgan, PMAA Regulatory Counsel.

PMAA REMINDS PETROLEUM MARKETERS TO OBJECT TO THE INTERCHANGE FEE SETTLEMENT

PMAA General Counsel advises that all branded marketers and branded c-store operators object to the pending $6.24 billion settlement in the consolidated payment card interchange fee class action case (In Re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, MDL-1720) by July 23, 2019. The settlement class is comprised of all merchants that accepted Visa and Mastercard payment cards from January 1, 2004 to January 25, 2019. The settlement fund is designed to compensate class members for the interchange fees they paid, which were allegedly inflated as a result of certain violations of the antitrust laws by Visa and Mastercard and their participating banks.

Please understand that objecting to the settlement is different from opting out of the settlement. **PMAA DOES NOT recommend opting out of the class**. If you do so, you will not be able to participate in the settlement. If you do nothing, you will remain in the class (if you are, in fact, a member of the class) and if, and when, the settlement is finally approved in November 2019, you will be sent a claim form to fill out. If you object to the settlement (which is what we recommend), you will remain in the settlement class and receive a claim form if and when the settlement is finally approved. There are no adverse consequences associated with objecting. Please note: Any Valero marketer who received a notice of ineligibility to participate in the settlement, please contact PMAA General Counsel at aalfano@bmalaw.net. Finally, PMAA has no reason to recommend that unbranded motor fuel marketers, heating fuels marketers, or unbranded c-store operators object to the proposed settlement.

Last December, PMAA filed objections to the settlement over concerns that branded marketers would not receive notice or payment because their major oil company suppliers are the only entity known to credit card processors. Although Judge Brodie of the US District Court for the Eastern District of New York addressed this issue by saying, "Class Counsel assured the court that Branded operators would in fact receive notice," PMAA does not count on Visa and MasterCard sending settlement notices to branded jobbers even though jobbers ultimately paid the excessive interchange fees that will fund the settlement. A Court hearing will be held on November 7, 2019 to decide whether to approve the settlement.

PMAA plans to file another objection to the settlement before the July 23rd deadline.

SENATORS URGE TRUMP ADMINISTRATION TO PRESERVE RFS SMALL REFINERY WAIVERS

This week, Senators Jim Inhofe (R-OK), Ted Cruz (R-TX), Pat Toomey (R-PA), along with six other GOP Senators, said that the small refinery hardship waivers are working and there is no need to stop issuing them. The GOP Senators were responding to a June 11th letter from Democrat presidential hopefuls Sens. Amy Klobuchar (D-MN), Kristen Gillibrand (D-NY) and Michael Bennet (D-CO) urging the Trump Administration to cease issuing the waivers because it undermines the future of E15 growth which helps rural America. Sen. Toomey said in a statement that "The waivers simply diminish the burden of this terrible mandate on refineries least able to afford it, and therefore allow them to continue doing business."

Last week, Senators Deb Fischer (R-NE) and Tammy Duckworth (D-IL) introduced legislation known as the "RFS Integrity Act of 2019" which would require small refineries to petition for RFS hardship exemptions by June 1st of each year to ensure that the EPA accounts for exempted gallons in the annual Renewable Volume Obligations (RVOs) it sets each November. The bill also seeks to increase transparency by ensuring that certain information surrounding the exemptions is made available to the public through freedom of information laws. Furthermore, the bill would require the EPA to notify Congress on the methodology it uses when granting small refinery exemptions and provide some information on the companies applying for the waivers.

Under the RFS, refiners must blend certain volumes of biofuels into their fuel each year or purchase credits from those that do. Small refineries with a capacity of less than 75,000 barrels per day can receive waivers if they prove that compliance with RFS would cause them significant economic harm. The EPA has granted over 40 SREs for 2016 and 2017 compliance years and has indicated that it has received 40 petitions for SREs for 2018. Midwestern Senators have criticized the Trump Administration for granting the refinery waivers and not reallocating them to other obligated parties to make up for the lost gallons. Additionally, biofuel groups have argued that the numerous refinery waivers from 2016-2017 have indirectly reduced the ethanol mandate which have driven down RIN values and, therefore, weakened the market for E15.

The Trump Administration has come under fire for issuing the waivers because corn growers argue that the SREs undermine the growth of E15 since it lowers RIN values. The Wall Street Journal reported recently that the Trump Administration may be inclined to limit the number of SREs it grants for 2018 to improve ethanol sales and chances for reelection.

WAYS AND MEANS CHAIRMAN SAYS TECHNICAL CORRECTIONS BILL WILL GET DONE THIS YEAR

At a markup of three tax bills last Thursday, House Ways and Means Committee Chairman Richard Neal (D-MA) stated that a "technical corrections" bill for the 2017 tax reform law is coming this year. His comments came after Rep. David Schweikert (R-AZ) tried to attach several provisions fixing errors in the Tax Cuts and Jobs Act, including the "retail glitch" that makes retailers (who do not sell fuel) ineligible for the benefit of 100 percent bonus depreciation for qualified improvement property acquired and placed into service after September 27, 2017. Congress could likely merge a technical corrections bill with a tax extenders package later this year which would include a short-term extension of the biodiesel blender's tax credit along with a prospective renewal of the oil spill liability tax (OSLT).

The Qualified Improvement Property (QIP) coalition, in which PMAA supports, has made this a top priority to fix the retail glitch. Section 168 of the old tax law had three individual categories of qualified improvement property: leasehold improvement property; retail improvement property; and restaurant improvement property. Each category had a 15-year Modified Accelerated Cost Recovery System (MACRS) recovery period, meaning property could depreciate over the course of 15 years.

To simplify the tax code, tax writers combined the three above categories into one category called "qualified improvement property" in the new bill and meant to designate it with a 15-year recovery period. The intent to designate this 15-year recovery period was explicitly stated in the conference agreement. However, when the final bill was written, the 15-year recovery period was accidentally omitted from the text by tax writers, and the recovery period then defaulted to 39 years. This omittance is a serious mistake because to benefit from 100 percent bonus depreciation, there must be a MACRS recovery period of 20 years or less.

Without the inclusion of the 15-year recovery period:

- Recovery period increases from 15 years to 39 years
- Retailers no longer qualify for bonus depreciation
- In the old law, retailers qualified for 50 percent bonus depreciation.

SUPREME COURT RULES THAT STORE-LEVEL SNAP DATA IS EXEMPT FROM FOIA

On Monday, following a year-long legal fight, the Supreme Court ruled 6-3 to prevent the release of store-level data related to the Supplemental Nutrition Assistance Program (SNAP).

Under the Freedom of Information Act (FOIA), in 2011, the Sioux Falls newspaper, the *Argus Leader*, demanded USDA provide the names and addresses of all retail stores that participate in SNAP, along with each store's annual SNAP redemption data.

The Food Marketing Institute and the National Grocers Association protested that the release of such data would be detrimental to stores. After hearing oral arguments on April 22, the Supreme Court concluded that store-level data is confidential and exempt from FOIA.

Justice Neil Gorsuch explained that the release of the information would be harmful, saying "...retailers use models of consumer behavior to help choose new store locations and to plan sales strategies. Competitors' estimated sales volumes represent an important component of these models and can be time-consuming and expensive to generate. And a model's accuracy and utility increase significantly if it includes a rival's actual sales data rather than mere estimates. So disclosure of store-level SNAP data could create a windfall for competitors; Stores with high SNAP redemptions could see increased competition for SNAP customers from existing competitors, new market entrants could use SNAP data to determine where to build their stores, and SNAP-redemption data could be used to discern a rival retailer's overall sales and develop strategies to win some of that business too."

LABOR UNIONS AND ENVIRONMENT ASSOCIATIONS SEEK NET-ZERO CARBON BY 2050

The BlueGreen Alliance, a coalition of labor unions and environmental associations, is campaigning for policies that would reduce net U.S. greenhouse gas emissions to zero by 2050. Their platform also calls for investment in clean-tech infrastructure, investing in workplace training and improving workplace safety.

"We've allowed the forces driving both crises to create a wedge between the need for economic security and a living environment," the groups says in the platform that was released this week. "We know this is a false choice—we know that we can and must have both, and we need a bold plan to address both simultaneously."

The group would also like to grow labor union membership. "This historic moment in labor and environmental cooperation is the culmination of more than a decade of work," said Leo W. Gerard, International President of the United Steelworkers (USW). "The platform we are unveiling today is a roadmap to address both the climate crisis and growing income inequality in a way that leaves no workers or communities behind. The USW is proud to be a part of this effort, and I urge leaders at every level of government to help us make this plan a reality."

The goal of net-zero emissions has become popular among some Democrats, especially since The Intergovernmental Panel on Climate Change reported last year that global emissions must reach net-zero by 2050 to have a chance at avoiding the worst effects of rising temperatures. The Green New Deal also endorses a goal of global net-zero emissions by mid-century.

Several democrats spoke of their support for net-zero by 2050 during this week's democratic presidential debates.

BE VIGILANT! HOUSING POACHERS AND DATA SCAMMERS ARE TARGETING YOU.

WPMA will **NOT** call you on the telephone regarding rooms for the WPMAEXPO. We do **NOT** work with outside companies to provide housing or book rooms for the show. Be aware of housing companies that will market to you either through email or telephone calls to book your room at supposed substantial discounts. Unfortunately, some of our past attendees and exhibitors have found that these companies are not what they appear. Some have lost their deposit amounts, did not receive a room reservation, and/or have been relocated to a different hotel without notice.

Our room block opens September 1st and a link for booking a room will be available on our website at that time. We have an early bird rate between September 1 and November 15. Rooms are not running out, and they are not in short supply at this time.

Also, WPMA will not release any "official" or "verified" attendee lists. Please don't be deceived and pay for that information. Truly "authorized" information concerning the WPMAEXPO will come directly from WPMA.

PLAN TO ATTEND THE 2020 WPMAEXPO

Mark your calendars for February 18-20, 2020. Make plans now to attend the 2020 WPMAEXPO.
It will be held once again at the Mirage in Las Vegas, Nevada.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

August 5-7, 2019 – Idaho (IPM&CSA) Convention – Sun Valley Resort, Sun Valley, ID
August 19-21, 2019 – New Mexico (NMPMA) Convention – Sandia Resort & Casino, Albuquerque, NM
September 11-13, 2019 – Utah (UPMRA) – Convention – Zermatt Resort, Midway, UT
October 14, 2019 - Hawaii (HPMA) - Golf Tournament - Oahu Country Club, Honolulu, HI
February 18-20, 2020 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, NV

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Petro Pete: "*My opinions may have changed, but not the fact that I'm right.*"

CLASSIFIED ADS

MARKETING DIRECTOR OF CONVENIENCE STORES
Story Distributing Company is an award winning MT branded wholesaler, located in Bozeman, MT, seeking a Marketing Director to manage all aspects of the company operated stores. Call Donna at 406-587-0702 or send resume to DonnaM@StoryDist.com.