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### **Senate Debate Over E15 Heats Up, Then Fizzles Out**

Today, PMAA learned that the Senate Environment and Public Works Committee (EPW) has decided to pull a bill that was to be considered in mark-up next week due to lack of votes. The bill, S. 517, known as the "Consumer and Fuel Retailer Choice Act," would extend the Reid vapor pressure (RVP) waiver to ethanol blends above 10 percent which would allow retailers across the country to sell E15 year-round.

Prior to the June hearing on S. 517, PMAA sent a *letter* to Senate Environment and Public Works Committee Chairman John Barrasso (R-WY) and Ranking Member Tom Carper (D-DE). The letter argued that before Congress proceeds any further on granting a RVP waiver to blends above E10, it must first hold a hearing on the effects of ethanol blends on existing underground storage tank (UST) system infrastructure. The introduction of ethanol blends higher than 10 percent (including E15) present significant economic and legal impediments to many gasoline retailers, as well as, consumer awareness issues that go beyond the price of the fuel. Extending the RVP waiver to E15 at this point further exacerbates these concerns and could force many retailers to invest considerable time and money on an accelerated schedule to switch to an alternative fuel storage and distribution system to remain competitive.

(See <http://www.pmaa.org/nfch/attachments/RVP%20Waiver%20Letter%20to%20Senate%20EPW0617.pdf> for a copy of the letter.)

### **Results from NCWM Annual Meeting**

This week, the National Conference on Weights and Measures (NCWM) held its annual meeting in Pittsburgh, Pennsylvania. PMAA was successful in finally convincing NCWM officials to withdraw the 10-micron diesel fuel dispenser filter mandate for good. Also on the agenda were items regarding ethanol flex fuel labeling and tightening the acceptable UST water acceptance level from 1 inch to ¼ inch.

#### *10 Micron Filter Mandate*

PMAA saved petroleum marketers over \$200 million a year when the 10-micron diesel fuel dispenser mandate was withdrawn from the NCWM agenda. PMAA has argued from the start that diesel fuel can be contaminated from many parts of the supply chain starting with the refinery, through a pipeline, in terminal storage tanks, in barges and ships in a retail storage tank. Solving this problem requires a comprehensive examination of the entire supply chain and it was unfortunate that much of the blame has fallen on petroleum marketers -- the last step in the supply chain -- without recognizing that upstream measures beyond retailers' control contribute to diesel cleanliness issues. PMAA argued that this should be a total industry effort and should not just fall on the petroleum marketer, and therefore, the 10-micron filter diesel fuel dispenser mandate should be withdrawn.

#### *Ethanol Flex Fuel Labeling*

There were two items relating to ethanol flex fuel labeling at the dispenser that were changed from a voting item to an information item. PMAA was concerned with the ethanol industry's attempt to only cite the Federal Trade Commission (FTC) labeling requirements for E10 plus blends in NCWM Handbook 130 instead of both the FTC and the EPA approved E15 label. If dispensers are not labeled in accordance with the EPA E15 labeling requirements, retailers would be in violation of the Clean Air Act with possible fines. To this end, PMAA urged that references to both the FTC and EPA information be included in Handbook 130 to ensure that retailers have all available E15 dispenser labeling information to meet Federal Regulations.

#### *UST Water Tolerance Level*

Another item on the agenda was aimed at reducing the water tolerance level in USTs from 1 inch to ¼ inch. The item was left as an informational meaning that it did not move forward. PMAA is in the process of collecting additional information on this issue.

PMAA would like to thank marketing representatives Brian Parnell (Mapco Express and TFCA member), Brian Kernke (Love's Travel Stops) and PMAA Kansas Director Scott Zaremba for attending the NCWM meeting.

### **Numerous Bills Moved in the House This Week**

#### *Onerous Ozone Standards Under the Chopping Block*

On Tuesday, by a vote of 229-199, the House passed H.R. 806, known as the "Ozone Standards Implementation Act of 2017." The bill, which is sponsored by Energy and Commerce Committee Vice Chairman Pete Olson (R-TX), Rep. Bill Flores (R-TX), and House Majority Whip Steve Scalise (R-LA), would phase in implementation of the 2008 and 2015 ozone standards, extending to 2025 the date for final designations; and align permitting requirements under the phased schedule.

The bill would also change the review of the standards from 5 to 10 years, consider technological feasibility and potential adverse effects relating to implementation, ensure that states may seek relief, and direct EPA to report on the impacts of foreign emissions on air quality compliance. Further, the legislation would limit the applicability of fees if States demonstrate the reason for nonattainment is for emissions beyond the States' regulatory control.

PMAA again communicated its support for the legislation via this [\*letter\*](#) to Congressional leadership because the bill would avert the spread of more RFG and lower RVP motor fuels from hitting the market.

(See <http://www.pmaa.org/nfch/attachments/Industry%20Ozone%20Support%20Letter%202017.pdf> for a copy of the letter.)

In another route to minimize the hardship the 2015 standard created, yesterday, the House Appropriations Committee passed the FY 2018 spending bill for the EPA which included a provision that would delay the revised EPA standards limiting ozone until 2025.

#### *Legislation Introduced to Delay ELD Mandate*

Also on Tuesday, Rep. Brian Babin (R-TX) introduced the "ELD Extension Act of 2017," which would delay the compliance date of the electronic logging device (ELD) mandate two years, to

December 2019. The mandate requires owner-operators to switch from paper logs to an electronic logging device. Rep. Babin's introduction of the bill follows the Appropriations Committee report on DOT funding which recommends a study on whether a full or targeted delay of the mandate is needed. Federal Motor Carrier Safety Administration's (FMCSA) would be required to produce the findings of the study within 60 days. PMAA fully supports this legislation.

On June 12, the Supreme Court announced it would not hear a lawsuit challenging the DOT ELD rule, leaving in place a lower court ruling upholding the mandate and its December 18, 2017 compliance deadline.

#### *Tax Reform and Introduction of Biodiesel Blender's Tax Credit Legislation*

Earlier this week, PMAA sent a [\*letter\*](#) to Senate Finance Committee Chairman Orrin Hatch (RUT) regarding his request for stakeholder comments on overhauling the tax code. Specifically, PMAA raised its concerns with the House GOP tax reform "blue print" which calls for a border adjustment tax ("BAT").

(See [http://www.pmaa.org/nfch/attachments/Letter\\_Tax\\_Reform\\_July\\_2017.pdf](http://www.pmaa.org/nfch/attachments/Letter_Tax_Reform_July_2017.pdf) for a copy of the letter.)

Meanwhile, PMAA applauded Reps. Diane Black (R-TN) and Ron Kind (D-WI) for introducing bipartisan legislation that would extend the \$1 per gallon biodiesel blenders' tax credit and ultimately phase it out over five years. The \$1 per gallon biodiesel blender's tax credit has been part of U.S. energy tax policy since 2005, but recently expired on December 31, 2016. The bill would retroactively renew the biodiesel blender's tax credit for 2017 and extend it through 2018, then the credit would gradually phase out from \$0.75 per gallon in 2019 to \$0.50 per gallon in 2020 and 2021 to zero cents in 2022 and later. Rob Underwood, President of PMAA, said, "The legislation introduced by Representatives Black and Kind will enable PMAA's members to charge customers less money for heating and motor fuels. We applaud Representatives Black and Kind for introducing this important legislation."

Finally, the House Budget Committee marked up their FY 2018 plan that would set a maximum discretionary spending level and set up a reconciliation process to make it easier for Congress to pass a tax overhaul and entitlement cuts. Furthermore, the White House "hopes" to start rolling out their tax blueprint in August and in the meantime the "Gang of Six" on taxes including the President's chief economic advisor Gary Cohn, Treasury Secretary Steven Mnuchin, Senate Majority Leader Mitch McConnell (R-KY), Speaker of the House Paul Ryan, Senate Finance Chairman Orrin Hatch (R-Utah), and Ways and Means Chairman Kevin Brady (RTexas) continue to meet weekly to work out their differences on taxes. Also of note, in order to avoid the same fate as health care, big business groups such as the Business Roundtable are planning to invest heavily in promoting tax reform around the country starting in August. Their media campaign will focus on lowering the corporate rate and changing the way international earnings are taxed.

#### *Oil and Natural Gas Pipeline Bills Passed by the House*

On Wednesday, the House passed two bills that would significantly alter how federal agencies evaluate and approve energy pipeline infrastructure.

The House passed H.R. 2910 by a vote of 248-179, which specifies timeframes and procedures for FERC and other federal agencies as they review natural gas pipelines. The "Promoting Interagency Coordination for Review of Natural Gas Pipelines Act," would boost interagency cooperation when siting interstate natural gas pipelines. The House also passed H.R. 2883 by a vote of 254-175, which would significantly alter the permitting process for oil and gas pipelines and electric transmission facilities that cross international borders by removing the need for them to obtain a presidential permit. The Keystone XL pipeline was held up under President Obama, therefore, H.R. 2883 would streamline this process. Instead, FERC would grant permits for oil and natural gas pipelines and DOE would issue them for electric transmission facilities. Under the "Promoting Cross-Border Energy Infrastructure Act," the Federal Energy Regulatory Commission (FERC) would be required to approve or deny an application for certificate of crossing for the border-crossing facility consisting of oil or natural gas pipelines within 120 days of an environmental review. While both bills easily passed the House, they face an uphill battle in the Senate.

### **House Appropriations Committee Passes Spending Bills**

On Monday, the House Appropriations Committee voted along party lines to pass the FY 2018 Transportation, Housing, and Urban Development (THUD) funding bill. The bill would fund the Department of Transportation (DOT) at \$17.8 billion which is \$646 million less than the current fiscal year, but \$1.5 billion more than President Trump requested. Of significance for marketers, the bill includes trucking riders: federal preemption of state meal and rest break requirements, and a prohibition on FMCSA from writing a new safety fitness determination rule until the DOT inspector general makes certifications required under the FAST Act. PMAA Board voted in October to work on a federal preemption of state and mean rest break requirements.

On Tuesday, the House Appropriations Committee passed its Interior-EPA spending bill for FY 2018 largely along party lines by a vote of 30-21. The bill would fund EPA at \$7.5 billion, the lowest level in a decade, but not as stringent of a reduction than the \$2.6 billion cut sought by the White House. Funding for the Leaking Underground Storage Tank (LUST) Program is consistent with past years at \$92 million for FY 2018. In June, PMAA sent a joint *letter* to House Committee on Appropriations Chairman Rodney Frelinghuysen (R-NJ) and Ranking Member Nita Lowey (D-NY) urging them to reject President Trump's FY 2018 budget request of \$47 million for the LUST Trust Fund Program because that funding amount is inadequate. That could be problematic because if states do not receive funding, then they will find other ways to cover their costs including increasing tank fees. In previous years, Congress has appropriated between \$90 - \$100 million each year; an amount PMAA would like Congress to continue to appropriate. Finally, language that would shield EPA's effort to withdraw the Waters of the U.S. (WOTUS) regulation from legal challenges is included in the bill, as is language that would delay implementation of the 2015 ozone standard until 2025. The WOTUS rule is important to petroleum marketers because it defines how far federal clean water regulations extend into local land use and permitting decisions including the construction of new gasoline stations and surface water runoff from parking and fueling areas. Many petroleum marketers with bulk storage could also be adversely affected by the revised 2015 definition from the Obama Administration. (See [http://www.pmaa.org/weeklyreview/attachments/LUST\\_Fund\\_Letter\\_June\\_2017.pdf](http://www.pmaa.org/weeklyreview/attachments/LUST_Fund_Letter_June_2017.pdf) for a copy of the letter.)

The bills now move to the House floor for a full vote.

### **Proposed WOTUS Rewrite Expected in December**

On Thursday, in a notice posted by the White House, EPA announced its plan to release its proposed rewrite of the Waters of the U.S. (WOTUS) rule based on Supreme Court Justice Antonin Scalia's much narrower interpretation of which streams and wetlands warrant federal protection by December.

In the meantime, House EPA Appropriations bill language that would shield EPA's effort to withdraw the WOTUS regulation from legal challenges, as is language that would delay implementation of the 2015 ozone standard until 2025. The WOTUS rule is important to petroleum marketers because it defines how far federal clean water regulations extend into local land use and permitting decisions including the construction of new gasoline stations and surface water runoff from parking and fueling areas. Many petroleum marketers with bulk storage could also be adversely affected by the revised 2015 definition from the Obama Administration.

### **Now That Healthcare is Likely Dead, It's Time to Move on to Tax Reform and Infrastructure**

After it became evident that the revised version of the Better Care Reconciliation Act that Republican leadership released last week would not pass, Senate Majority Leader Mitch McConnell decided to announce on Tuesday that the Senate would be "moving on to comprehensive tax reform and to infrastructure."

Congressional Republicans unveiled a FY 2018 budget plan as a first step to major U.S. tax reform on Tuesday. However, there are likely to be disagreements between conservative and moderate Republicans in the House, just as there were during the healthcare debate. Senate Republicans are expected to start tax reform discussions before they leave for the August recess.

### **Electric Vehicle Growth to Take Off Beginning in 2030**

The Fuels Institute released a report this week which indicated that despite a push by governments and auto manufacturers, electric vehicles are unlikely to gain 2 percent of market share in the U.S. by 2025. However, consistent growth rates in new vehicles sales puts electrified vehicles in an advantageous position beginning in the 2030s. The report and summary of "Tomorrow's Vehicles" can be downloaded here (<http://www.fuelsinstitute.org/research.shtm>).

### **FEDERATED RISK MANAGEMENT ACADEMY SEPTEMBER 11-13**

Federated's Risk Management Academy provides a unique opportunity for businesses to learn best practices and network with industry peers through 2 ½-day risk management seminars. These seminars are designed for individuals in positions of risk leadership including owners, operations management, service management, risk management, or human resources. The key to a successful business is implementing and leading a strong risk management culture, so attendees should be in a position to take action!

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- Underwriting Your Business
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- Disaster Planning

The 2½-day seminar will be held at Federated's corporate headquarters in Owatonna, Minnesota. There is no charge to attend the training, however, attendees are responsible for air and ground transportation to and from Owatonna, as well as lodging.

Register today at [federatedinsurance.com](http://federatedinsurance.com) or by contacting Royetta Spurgeon at 507.455.5604 [rlspurgeon@fedins.com](mailto:rlspurgeon@fedins.com)

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Our hotel block for the 2018 WPMAEXPO is open and available.

You have two ways to book rooms:

- Through our website here: <http://www.wpma.com/national-convention/hotel>
- Or call The Mirage directly at 800-627-6667 using WPM18A for the early bird rate.

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## **PLAN TO ATTEND THE 2018 WPMAEXPO**

# WPMA EXPO

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**

**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

**August 30, 2017** – Idaho (IPM&CSA) PAC Golf Tournament, Huntsman Springs GC, Driggs, Idaho

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

**October 5, 2017** – Hawaii (HPMA) Golf Tournament – The King Kamehameha GC, Wailuku, Hawaii

**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: “Some people say, "If you can't beat them, join them". I say, "If you can't beat them, beat them", because they will be expecting you to join them, so you will have the element of surprise.”**

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