WPMA
News and Information for the Petroleum Marketers Industry
weekly update

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WE'VE GOT A NEW LOOK!
AT WPMA WE HAVE RECENTLY UPDATED OUR SOCIAL MEDIA CHANNELS

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LIFTING THE BAN ON US CRUDE EXPORTS GAINING MOMENTUM

More and more lawmakers have recently come out in support of legislation that would lift the crude oil export ban, including Speaker Boehner (R-OH), who said recently that "Republicans remain focused on advancing common-sense solutions that address Americans' top priorities. We've passed jobs bills to increase energy and lower gas prices, expand markets for American-made goods and services, and cut red tape to help small businesses and manufacturers grow. We'll continue that progress by working to lift the oil export ban and create an estimated one million new American jobs."

In the 1970s, the U.S. government banned crude-oil exports in reaction to OPEC driving oil prices, mile-long gas lines, rising inflation, a depreciating dollar and growing trade imbalances. However, the oil markets have changed dramatically in recent years. Last month, U.S. oil production reached 9.6 million barrels per day, its highest level since the early 1970s while crude inventories reached 455 million barrels, its highest level ever. Record U.S. inventories have sent the West Texas Intermediate (WTI) crude oil contract plunging to $44 per barrel, which is now priced at a $6 discount, to the Brent crude oil contract. Some refiners are concerned that this WTI-Brent spread would disappear if Congress repeals the crude oil export ban allowing cheaper WTI priced crude to be sold in the world's oil market. However, some oil analysts believe ending the crude oil ban would lower worldwide crude oil prices and diminish OPEC's market share. A study by Columbia University found that lifting the ban could save consumers as much as 12-cents-per-gallon at the pump. Meanwhile, a Wall Street Journal article argued this week that segregating U.S. crude oil from the world market has created price distortions that skew investment decisions and give foreign producers a leg up, which is the opposite of the intended consequences. Lifting the ban will undoubtedly have a positive effect on gas prices and the U.S. economy, the article said.

Before Congress left town for August recess, the Senate Energy and Natural Resources Committee passed the OPENS Act that would end the 40-year U.S. crude oil export ban, and allow for greater lease sales and revenue sharing for coastal Alaska development, offshore exploration in the southern Atlantic, and drilling in the Gulf of Mexico. The Offshore Production and Energizing National Security Act (OPENS Act) was deliberately left out of the Committee's markup of the bipartisan Energy Policy Modernization Act because eliminating the ban is considered to be controversial. The panel accepted Joe Manchin's (D-WV) language that would allow the president to cut off oil exports if they raise gasoline prices or cause job losses.

While PMAA is neutral on ending the crude oil export ban, Congress could have an immediate policy impact by reforming the Jones Act to allow cheaper and more abundant foreign flagged ships to transport the light sweet crude oil to Mid-Atlantic refineries. The 94-year-old Jones Act only allows U.S. flagged and manned vessels to ship crude and refined product between U.S. ports. Forty-five Jones Act compliant tankers can haul crude domestically out of a global fleet of about 2,400. Reforming the Jones Act would alleviate the Gulf Coast supply glut and bring cheaper motor and heating fuels prices to consumers. It will also give refiners the needed time to make the necessary adjustments to meet the crude oil production boom.

VOICE YOUR OPPOSITION TO WEAKENING DEBIT REFORM

Senator Richard Shelby (R-AL) is trying to weaken debit card interchange fee reform "the Durbin amendment", which was included in the "Dodd-Frank Act." Following passage of Dodd-Frank, the Fed ultimately provided some consumer relief by capping debit interchange fees at 21 cents per transaction and 0.05 percent of the transaction plus an extra penny for card issuers for fraud prevention. Banks and credit unions with $10 billion or less were exempted under the law.

Sen. Shelby's language is included in the Senate Appropriations Committee FY 2016 Financial Services and General Government Appropriations bill which passed out of committee on July 23 by a 16 to 14 party line vote. The language would exempt more banks from the fee reform by indexing the $10 billion asset threshold to the national Gross Domestic Product (GDP) which will harm consumers and retailers by making fewer banks subject to the fee caps. PMAA, along with the Merchants Payments Coalition (MPC), is adamantly opposed to any weakening of the Durbin amendment.

Please contact your Senators and ask that they oppose the Shelby language change to debit card interchange fee reform that is in the appropriations bill.

VOICE YOUR OPPOSITION TO MOVING BIODIESEL TAX CREDIT FROM BLENDERS TO PRODUCERS

Before Congress left town for August recess, the Senate Finance Committee approved a bill by a vote of 23 to 3 that would extend fifty-two tax provisions that expired on December 31, 2014. Unfortunately, the Senate Finance Committee adopted an amendment sponsored by Senators Grassley (R-IA), Maria Cantwell (D-WA) and Thune (R-SD) that would move the credit from the blender to the producer level. PMAA is opposed to the amendment because the credit will not likely be passed on to the marketer if it is taken at the production level. The language would also disconnect the credit from biodiesel consumption and simply be a subsidy for domestic production, which is contrary to the original intent of the biodiesel tax credit to promote the use of biodiesel in the marketplace. Finally, the change will likely violate several U.S. World Trade Organization (WTO) obligations. PMAA is working closely with NATSO and SIGMA to maintain the biodiesel credit at the blender level. We would also appreciate writing your members of Congress..

Meanwhile, included in the package is a two year extension of the 30 percent investment tax credit for alternative fuel pumps, an extension of the 50 percent bonus depreciation to qualified property purchased and placed in service before January 1, 2017 and Section 179 expensing. The bill would also amend the Section 179 expensing limits so that, for the first time, the maximum deduction and phase will be indexed for inflation. In addition, the bill extends the $0.50 per gallon alternative fuel tax credit and alternative fuel mixture tax credit through 2016. This credit can be claimed as a nonrefundable excise tax credit or a refundable income tax credit for the blending and sale of alternative fuel mixtures, including compressed or liquefied natural gas, ethanol, biofuels, and liquefied hydrogen.

The bill would cost $96 billion over 10 years. House Ways and Means Committee Chairman Paul Ryan (R-WI) plans to consider tax extenders after the August recess. PMAA strongly supports these extensions and has worked with Congress on the renewals.

API URGES EPA TO MAINTAIN CURRENT OZONE STANDARD

This week, a letter spearheaded by API and signed by industry groups in 34 states (including several PMAA state associations) was sent to White House Chief of Staff Denis McDonough regarding EPA's proposed ozone standards. The letter urged the EPA to retain the standards currently in place. Specifically, the letter stated: "If finalized, EPA's proposed stringent ozone standards could limit business expansion in nearly every populated region of the United States and risk the ability of U.S. companies to create new jobs. Standards in EPA's proposed range would immediately add red tape to companies seeking to grow even in areas that can attain those standards. The Clean Air Act carries even stiffer consequences for nonattainment areas, directly impacting economic vitality of local communities and making it difficult to attract and develop business."

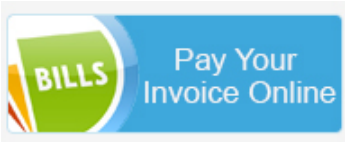
EPA plans to issue a final rule on a new national ozone standard by the court-ordered deadline of October 1, 2015. Last year, EPA issued a proposed rule on ozone to tighten the standard to 65 to 70 parts per billion (ppb), down from the 75 ppb set by a George W. Bush-era rule. EPA is also seeking comment on possibly setting it as low as 60 parts per billion or maintaining it at its current standard.

If EPA succeeds in adopting this new standard, it will have a significant negative consequence for gasoline refiners and retailers. The United States could see over 200 new counties impose RFG and/or lower RVP requirements for gasoline which would increase the cost of gasoline and stifle economic growth.

PMAA is opposing this controversial proposed rule and supports legislation maintaining the current ozone standard. PMAA will also be following up with its own letter next week to the White House.

PAY YOUR MEMBERSHIP DUES AND OTHER PAYMENTS ONLINE

Watch for your dues invoice coming soon. You can now make your dues payment as well as other payments online. Look for the payment icon below on the WPMA home page.



2016 WPMAEXPO - LAS VEGAS, NEVADA

Mark your calendars for February 16-18, 2016. Make plans now to attend the 2016 WPMAEXPO. It will be held once again at the Mirage in Las Vegas, Nevada.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

August 17-19, 2015 – New Mexico (NMPMA) - Marriott Pyramid North – Albuquerque, New Mexico
September 15-17, 2015 - Utah (UPMRA) Convention - Park City Marriott - Park City, Utah
February 16 – 18, 2016 - WPMA Convention & Expo – Mirage Hotel, Las Vegas, Nevada
May 19-20, 2016 – Nevada (NPM&CSA) Big Dogs Shootout – Red Rock Resort & Casino – Las Vegas, Nevada
August 3 – 5, 2016 - Idaho (IPM&CSA) Convention - Coeur d'Alene Resort - Coeur d'Alene, Idaho

NPP WPMA MEMBER SERVICE

WPMA has partnered with NPP to provide members discounts on many products and services. NPP negotiates the rates, and makes them available to WPMA members. Membership with NPP is free, and there is no obligation to purchase. Discounts through Verizon, Expedia, Fastenal, Cradlepoint, and more.
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WPMA MEMBER SERVICES

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Petro Pete: "Ever notice how the lottery officials always pick the wrong numbers?"

Classified Ads

FOR SALE:

Idaho Petroleum Equipment Inc. has two new Containment Solutions fiberglass fuel tanks for sale with warranty

One of each *12,000 Gallon and **6,000/6,000 Split 12,000 gallon double wall tanks
dry interstitial, 42" sump, non-water tight lid and includes deadmen straps
*12,000 Tank- $9,5000.00 ** 6,000/6,000 Split Tank - $14,500.00 or best offer

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