WPMA
News and Information for the Petroleum Marketers Industry
weekly update

October 6, 2017 Visit us online at **www.wpma.com** WP-10-06-17

TREASURY RECOMMENDS WITHDRAWING REGULATIONS THAT WOULD HARM FAMILY BUSINESSES

Good news! The Treasury Department has formally recommended withdrawing the Section 2704 regulations on family business valuation. PMAA has pushed back against the proposed regulations as they would have increased the death tax burden on family businesses.

Earlier this year, President Trump issued Executive Order 13789 (Identifying and Reducing Tax Regulatory Burdens) which was designed to reduce burdensome tax regulations. In August, PMAA along with other members of the Family Business Estate Tax Coalition (FBETC) submitted a letter to the Internal Revenue Service (IRS) regarding implementation of President Trump's Executive Order. The Executive Order calls for the Secretary of the Treasury to review all significant tax regulations issued on or after January 1, 2016 that "impose an undue financial burden on United States taxpayers; add undue complexity to the Federal tax laws; or exceed the statutory authority of the IRS."

In response to the Executive Order, the Treasury Department identified eight sets of regulations for review and asked the public to comment on how these regulations should be fixed. Pursuant to the requests of PMAA and the Small Business Legislative Council (SBLC), IRS identified the proposed regulations under Section 2704(b) of the Internal Revenue Code for consideration. Section 2704(b) would minimize the number of estates that would be eligible for valuation discounts and avoidance of double taxation via the estate, gift or transfer taxes. Treasury's final report issued in accordance with the President's Executive Order 13789 lists Sec 2704 under proposed regulations to be withdrawn entirely.

After reviewing these comments, Treasury and the IRS now believe that the proposed regulations' approach to the problem of artificial valuation discounts is unworkable. In particular, they agree with commenters that taxpayers, their advisors, the IRS, and the courts would not, as a practical matter, be able to determine the value of an entity interest based on the fanciful assumption of a world where no legal authority exists.

In light of these concerns, Treasury and the IRS have decided that these proposed regulations should be withdrawn in their entirety and will publish a withdrawal of the proposed regulations shortly in the Federal Register.

PMAA has opposed the regulations since their introduction because it is fundamentally unfair to single out family-owned small businesses for worse treatment under the tax laws than non-family-owned businesses. PMAA has maintained that the proposed regulations should simply be withdrawn and not replaced.

PMAA SIGNS LETTER OPPOSING PROCESSING FEES FOR SNAP

Earlier this week, PMAA joined eight groups involved in food retailing, including NACS, NATSO and SIGMA, in sending a letter to the House and Senate Agriculture Committees opposing recent proposals to impose new processing and swipe fees on Supplemental Nutrition Assistance Program (SNAP) retailers. The transition from paper food stamps to the Electronic Benefits Transfer (EBT) system has benefited both SNAP customers and retailers by achieving new efficiencies at the checkout counter and in the administration of the program. However, there have recently been attempts to undermine the EBT system in a way that unjustifiably benefits payment processors and card networks at the expense of retailers and their customers.

PMAA will continue to urge Congress to oppose any efforts to impose new processing fees that would lead to at least $1.3 billion in costs per year for SNAP retailers.

URGE EPA TO REDUCE THE ETHANOL MANDATE

Given that EPA is taking additional comments on possible reductions to the total renewable fuel volumes under the 2018 Renewable Fuel Standard (RFS) program, PMAA is asking you again to highlight your concerns with the corn ethanol mandate. Although EPA does not single out the corn ethanol mandate, it is considering reducing the total renewable fuel requirement by 2.5 percent, from 19.24 billion gallons under the proposed 2018 standard to 18.77 billion gallons.

The RFS is important to petroleum marketers because it ultimately determines whether E15 gasoline is mandated to meet annual refiner blending mandates. The existing RFS ethanol blending mandates have already pushed E10 blends into virtually every gasoline market in the country. Any significant increase in the ethanol blending standard will force refiners to move to E15 blends unless gasoline demand rises to offset new blending mandates. The vast majority of the nation's retail outlets, 95 percent of which are owned by independent petroleum marketing businesses, cannot legally store and dispense blends of gasoline over 10 percent ethanol. Existing equipment is certified for a maximum E10 blend. Currently, there is no viable way for UST system operators to demonstrate that existing equipment is compatible with gasoline blends over E10.

PMAA believes the best path forward to fix the E10+ compatibility issue and inflated RIN problem is to immediately set the ethanol mandate at 9.7 percent of projected gasoline demand as determined by the Energy Information Administration (EIA). Reducing the ethanol mandate may likely prevent obligated parties from turning to large scale introduction of E15 blends nationwide to shore up sagging margins. This would amount to a de facto E15 mandate and set off a chain of events, resulting in a significant disruption of the nation's gasoline distribution and supply chain and skyrocketing prices at the pump.

SENATE GOP BUDGET PAVES WAY FOR OIL DRILLING IN ARTIC REFUGE

Yesterday, the Senate Budget Committee approved its fiscal 2018 budget resolution that contains a provision to permit drilling in northeastern Alaska's Arctic National Wildlife Refuge (ANWR). The budget resolution contains instructions for the Senate Energy and Natural Resources Committee to develop policies that would save at least $1 billion in revenue over the next decade, which is the first legislative step necessary for Congress to approve drilling in the ANWR without the threat of a Democratic filibuster. The Senate Budget Committee passed the measure by a vote of 12-11 along party lines.

Conservatives in Congress have been pushing for years to allow energy exploration in a 1.5 million-acre section of the ANWR, where billions of barrels of oil lie beneath its coastal plain. However, most democrats have blocked those efforts twice in the past. Although the Senate is set to use the budget process of reconciliation to avoid a filibuster by Democrats, Republicans must convince Sen. John McCain (R-AZ) and Sen. Susan Collins (R-ME), who have voted against past efforts to open the refuge for drilling, to change their minds and vote in favor of the provision. Senate Energy and Natural Resources Committee Chairwoman Lisa Murkowski (R-AK) and Sen. Dan Sullivan (R-AK) pressed to get this provision in the budget and have previously backed legislation that would allow oil and gas development on the ANWR. President Trump is also in favor of opening up parts of the refuge for oil and gas development.

HOUSE COMMITTEE PASSES REVERSAL OF JOINT EMPLOYER RULING

On Thursday, the House Education and the Workforce Committee approved the "Save Local Business Act" by a vote of 23-17. H.R. 3441 would limit the extent to which businesses can be held liable for labor violations committed by their franchisees or contractors. This would reverse the National Labor Relations Board's (NLRB) 2015 Browning-Ferris decision by narrowing the circumstances under which businesses can be classified a joint employer. Under Browning-Ferris, companies that exert only "indirect" control over franchisees may still be joint employers. The bill would revert to a standard of "direct" control.

In June, Labor Secretary Alexander Acosta announced that the Department of Labor (DOL) was withdrawing the Obama Administration's informal guidance on joint employment. The DOL's Wage and Hour Division issued the "administrator's interpretation" less than six months after the NLRB issued the controversial ruling in the Browning-Ferris Industries case that broadened a business's potential liability for the labor practices of third-party business partners. The Wage and Hour Division's January 2016 interpretation attempted to expand the concept of joint-employer liability under federal wage and hour laws as well.

PMAA applauds Congress for moving forward to change the actual ruling and we applaud Secretary Acosta for withdrawing the guidance.

ANNOUNCING NEW WPMA MEMBER SERVICE

NACM BUSINESS CREDIT SERVICES INTERMOUNTAIN
National Association of Credit Management
Driving results

WPMA has partnered with NACM-BCS to provide its members with enhanced economic success with professional risk management tools and the finest credit products, services, and education. For more information, visit http://nacmint.com/

BOOK YOUR ROOM NOW FOR THE 2018 WPMAEXPO

Our hotel block for the 2018 WPMAEXPO is open and available at $149/night until November 16, 2017.

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.

We do not have a company representing us for room booking. Please do not book hotel rooms with a third-party company. Booking with a third-party company is at your own risk. You should only book your room through the WPMA web site or by calling the Mirage directly using the WPMA code above.

PLAN TO ATTEND THE 2018 WPMAEXPO

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.

#wpmaexpo18

Thank You WPMAEXPO 2018 TOP SPONSORS

Presidential

ExxonMobil Chevron FEDERATED INSURANCE Sinclair

MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 20-22, 2018 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, Nevada
June 5-7, 2018 – MPMCSA Convention & Expo – Fairmont, MT
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
August 20-22, 2018 – New Mexico (NMPMA) Convention – Sandia Resort & Casino, Albuquerque, NM
September 12-14, 2018 – Utah (UPMRA) Convention – Doubletree by Hilton, Park City, UT

WPMA MEMBER SERVICES

STAPLES ups WPMA Scholarship Foundation FEDERATED INSURANCE WMI Mutual Insurance Company Spirit

American Fidelity a different opinion National Purchasing Partners npp Hertz NACM Business Credit Services Intermountain

Be sure to subscribe to all of our social channels for great tips, industry trends, and insider information about association activities and upcoming events!

Petro Pete: ***"We can't help everyone, but everyone can help someone."***