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PMAA REPRESENTS MARKETERS AT ASTSWMO CONFERENCE

Yesterday, PMAA UST Task Force member Bruce Garrett of Volta Oil Company (Plymouth, Massachusetts) represented PMAA before the national Association of State and Territorial Solid Waste Management Officials' (ASTSWMO) conference regarding PMAA's alternative sump testing method and ULSD corrosion concerns. The EPA's Office of Underground Storage Tanks (OUST) approved PMAA's low liquid level integrity test as an alternative method for containment sump testing that is required under the 2015 federal UST regulations. The 2015 regulations require liquid testing every three years of all containment sumps used for interstitial monitoring of piping. However, the test method cited in the rule requires filling sumps with water above the penetration points in the sump wall. This sump test method would be prohibitively expensive for tank owners. Instead, the PMAA UST Task Force developed an alternative test for containment sumps.

The alternative requires filling sumps only to the level of a liquid sensing device equipped with a positive shutdown that is mounted below penetration points in the sump wall. PMAA's alternative test method will significantly reduce reoccurring sump testing compliance costs for tank owners while being equally protective of the environment as filling the sump to the top, according to the OUST. This is an important victory for petroleum marketers that builds on previous cost saving flexibility won by the PMAA UST Task Force during the rulemaking process.

PMAA is continuing to work with OUST on additional flexibility measures for compliance with the 2015 UST requirements. In June, PMAA submitted comments to the EPA's Regulatory Reform Task Force requesting a 3-year compliance extension of the 2015 underground storage tank regulations.

Meanwhile, Mr. Garrett highlighted PMAA's concerns with ULSD corrosion studies to date. PMAA believes that the focus of accelerated corrosion studies on retail sites alone is misguided and could result in unfairly shifting responsibility for all corrective action to petroleum marketers. PMAA supports fuel quality studies along the entire petroleum production and distribution chain to determine the cause of accelerated corrosion. Until a broader study is undertaken, PMAA will refrain from funding studies that focus solely on finding causes downstream of the terminal rack.

RFS DEBATE TURNING INTO THE BIGGEST POLITICAL FOOTBALL IN TOWN

After an uprising from Midwestern Senate Republicans regarding potential reductions in biofuel quotas for the RFS, EPA Administrator Scott Pruitt responded in a [letter](#) assuring them that he would no longer consider cutting biofuel quotas in the RFS. In the letter, Pruitt first states that he would not be moving the point of obligation. Secondly, Pruitt states in the letter that EPA will meet the statutory deadline to issue a final Renewable Volume Obligation (RVO) rule by November 30, 2017, and suggests that the final RFS should have at least 2.1 billion gallons for biomass-based diesel in 2018 and 2019. Furthermore, Pruitt says that the EPA is exploring whether the agency has the authority to issue a waiver to the Reid Vapor Pressure (RVP) requirements that would allow the sale of E15 year-round. Finally, Pruitt states that EPA will not pursue amendment regulations to modify treatment of Renewable Identification Numbers (RINs) associated with ethanol exports.

Given the letter, now Senators outside of the Midwest are fighting back. Nine Senators led by Senator Cruz (TX) sent a letter to President Trump insisting that he meet them within the next three weeks to consider changes to the RFS. The Senators also request that their "Senate colleagues who previously lobbied you on behalf of the ethanol industry" be included in the meeting in order to work out an agreement on the best path forward for the RFS. Other signers on the letter are Senators Cornyn (TX), Lee (UT), Toomey (PA), Enzi (WY), Barrasso (WY), Flake (AZ), Inhofe (OK) and Lankford (OK). Also in reaction to the Administration's response to the Midwestern senators, Senator Cruz put a hold on Agriculture Department nominee Bill Northey in order to better leverage negotiations.

PMAA is disappointed with the EPA Administrator's letter to Midwestern Senators because higher ethanol blends may lead 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. 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.

The battle is not over and PMAA will continue to support efforts to reduce the RFS's impact on small business petroleum marketers.

BUDGET RECONCILIATION IN PLAY ALLOWING CONGRESS TO MOVE FORWARD WITH TAX REFORM

Wednesday night House Republicans passed the Senate's budget by a 216-212 vote. In doing so, a critical obstacle toward a major rewrite of the tax code was removed as the budget reconciliation procedural power allowing the Senate to pass a tax bill with just 51 votes is now in play.

In July, PMAA sent a [letter](#) to Senate Finance Committee Chairman Orrin Hatch (R-UT) regarding his request for stakeholder comments on overhauling the tax code. One of PMAA's most critical issues in the tax reform debate is how to treat pass-through businesses. The "framework" for tax reform released a few weeks ago calls for a reduction in the corporate income tax rate from 35 percent to 20 percent, and the creation of a new business tax for pass-through businesses of 25 percent (rather than having their business income taxed at the top individual rate of 39.6 percent) and PMAA strongly supports this change.

PMAA also continues to urge Congress to repeal the Estate Tax, but not to repeal the step-up in basis. Under the current law, family members who inherit a business take the business at its value as of the date of the original owner's death. However, if the step-up in basis were eliminated, the family members would be required to pay capital gains taxes on the original owners' gains in the business. In short, rather than bequeathing his or her descendants a legacy, a successful small business owner who grew his or her business from scratch, would be bequeathing his or her descendants a large tax burden, which many families may be unable to pay without selling the business. There is absolutely no reason for the repeal of the estate tax and the repeal of the step-up in basis to go hand in hand. PMAA urges Congress to reject any proposal to eliminate the step-up in basis as doing so would be extremely detrimental to a large number of America's small businesses.

WHITE HOUSE CONSIDERING SUPPORT FOR GAS TAX INCREASE IN INFRASTRUCTURE PACKAGE

On Wednesday, White House director of the National Economic Council Gary Cohn told moderate Republican and Democratic members of the Problem Solvers Caucus, that "they will have a chance to vote to hike the gas tax as part of an infrastructure package in early 2018." Rumors are that the President is considering 7 cents increase in the federal gasoline tax.

Transportation Secretary Elaine Chao reported this week that work on President Trump's \$1 trillion infrastructure plan would have to wait until work on a tax overhaul is complete. The likelihood that a gas tax increase would happen next year are slim as conservatives would be reluctant to raise the gas tax during an election year.

DOE RELEASES REGULATORY REVIEW REPORT

On Wednesday, Secretary of Energy Rick Perry released the Department of Energy's (DOE) Regulatory Review Report to the President. Perry stated that, "As Secretary of Energy, and in line with the President's Executive Order to promote energy independence and economic growth, I directed Departmental staff to review and reduce regulatory burdens on the American people. Through our ongoing efforts, we will promote job creation and economic growth, unleash American energy dominance, and advance the energy security of our international trading partners. From our review, we have identified several hurdles to domestic energy development and use, and offered recommendations to eliminate those burdens."

These recommendations are to: 1) streamline natural gas exports; 2) review national laboratory policies; 3) review National Environmental Policy Act (NEPA) regulations; and 4) review the DOE Appliance Standards Program.

In closing, Secretary Perry said that he looks forward to the President's review of the DOE recommendations, and to freeing the energy sector from unnecessary regulatory burdens.

MASTERCARD SIGNATURE REQUIREMENTS TO END IN APRIL

Starting in April, all in-person purchases for MasterCard credit and debit card customers in the U.S. and Canada will no longer require a signature.

MasterCard states that its secure systems, along with digital payment methods such as card chips, tokenization, biometrics and digital platforms, provide more secure methods to prove a person's identity and the signature simply is not required for security.

Earlier this year MasterCard announced that they are working on a tool to allow cardholders to register and enroll their fingerprint, which is then encrypted and stored on the card. Cardholders will then be able to insert their chip card into a standard reader and place their thumb on the biometric reader, which will scan the fingerprint and authorize the purchase — no PIN required. That is expected for release later this year.

SECOND TRADE ACTION TO REQUIRE ARGENTINIAN AND INDONESIAN BIODIESEL IMPORTERS TO PAY CASH DEPOSITS

Earlier this week, the U.S. Commerce Department announced its affirmative preliminary determinations in the antidumping duty investigations of biodiesel imports from Argentina and Indonesia. As a result, importers of Argentinian and Indonesian biodiesel will be forced to pay cash deposits on biodiesel imported from the two countries. The cash deposit rates range from 50.29 percent to 70.05 percent for Argentinian biodiesel, and 50.71 for biodiesel imported from Indonesia. The cash deposit requirements will be imposed when the preliminary determination is published in the Federal Register sometime soon. This is the second trade action relating to biodiesel. Antidumping and countervailing duties go hand in hand as both seek to remedy the same issue.

In August, the Commerce Department made a preliminary determination in a countervailing duty case that found that Argentina and Indonesia have been unfairly subsidizing their production of biodiesel. Because of the preliminary countervailing duties of as much as 64.17 percent that were applied in August, Argentina's Foreign Ministry indicated that the new duties would have little impact because the countervailing duties already made access to the U.S. market impossible.

Argentinian biodiesel currently accounts for two-thirds of the U.S.'s biodiesel imports. PMAA is concerned that the cash deposits on biodiesel will likely force fuel prices to rise because the U.S. must satisfy the biodiesel quota under the RFS and will have to find a way to replace nearly 250 million gallons of biodiesel per year. The Commerce department is scheduled to announce its final determinations on or about January 3, 2018, unless the statutory deadline is extended. A final determination by the International Trade Commission will follow within 45 days. If the antidumping finding is upheld, duties would be in place for five years.

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

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.

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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

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Petro Pete: "I thought growing old would take longer."

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