

WPMA News Magazine Summer 2018 – WOMA

WASHINGTON ENERGY AND C-STORE CONFERENCE:

Washington Energy and C-Store Convention is JUST AROUND THE CORNER and I'm so excited to share with you our new schedule! It's going to be a great new line up!

We are tweaking the schedule again, to make it better for all of YOU. We listened to your critiques last year, and we are trying to find the perfect groove that suits the marketer, vendor, and suppliers in a way that gives the maximum benefit!

Highlights of the changes:

- TRADE SHOW WILL OPEN on Monday, June 18th at 4 p.m. during the President's Reception! Hours on Monday will be 4 to 7 p.m.
- TRADE SHOW WILL BE OPEN again on Tuesday morning from 8 to 10 a.m., before the Energy Policy Summit, with breakfast in the foyer!
- General Business Session and Energy Policy Summit will be from 10 a.m. to 3 p.m. on TUESDAY, June 19th.
- US Oil Reception will be held in the Great Lobby on Tuesday from 4:30 to 6:30 p.m.
- Dinner and Silent Auction will be held at the Lodge at 7 p.m.
- Texas Hold 'Em Experience to begin at 8 p.m. and last throughout the evening!
- Moving golf to Wednesday, but bringing back the HORSE RACE! Golf will be played on Prospector Golf Course on Wednesday at 10:30 am.!
- NEW Premium Table Top Trade Show Options on the GOLF COURSE!
- LIMITED to 9 holes/spaces @ \$1000 each.
- NEW – Supplier Golf Opportunity on Thursday morning, June 21st. This is where your supplier can take Marketers and Customers out to golf on the courses! We have revised this schedule to give ample opportunity for Marketers to connect with Exhibitors/Suppliers, offer Exhibitors/Suppliers exclusive time with their customers, and still provide entertainment time for our Major Oil Companies to take care of their customers!

The new schedule of the show has been sent out to everyone via mail, but is also on the website at www.wpma.com/washington/convention.

PMAA CONFERENCE IN WASHINGTON, DC:

Our trip to Washington DC is just two weeks away at the time of this writing, but sadly you won't see it until after the trip is final. Change is definitely in the air in Washington DC, and it promises to be a GREAT trip this year.

I want to send out a special thank you to the participants who have chosen to travel with us to DC this year, as it takes time from their businesses and family to represent our entire membership. They are: Todd Shaw, President; Steve Clark, Past President and PMAA Director; Chris Eerkes, Vice President; Steve Snider, 2nd Vice President, Brad Bell, Past WPMA President/PAC Co-Chair and myself, Lea McCullough.

In addition, it should be noted that Steve Clark (Genesee Energy) has also taken on the role of Chairman of the Heating Oil Committee for PMAA! We are proud of Steve, as he is a super strong leader, and we look forward to supporting him in his new role.

Now onto the juicy stuff...

WASHINGTON LEGISLATURE – Final Legislative Report

For the first time in several years the Legislature concluded its business on time, adjourning the 2018 regular legislative session on March 8th. With the democrats holding narrow majorities in both the House and Senate this year's session saw an onslaught of dangerous bills unlike anything in recent memory. As one can only imagine, the petroleum industry found itself again in the cross-hairs of the Seattle-centric progressive agenda fighting to defeat new carbon taxes, 100% "clean" energy mandates, low carbon fuel standards and greenhouse gas reduction targets, among others. We were fortunate in being able to defeat all of these bad bills for the time being, but the political climate in Washington State is leaning towards giving democrats larger majorities following the 2018 general elections. Should this happen, the petroleum industry will, again, have its work cut out for itself.

In addition to defeat of a carbon tax, the 2018 session saw no new taxes passed at all despite a record number of bills to do just that. With \$1.3 billion in additional unanticipated revenues in state coffers, pro-tax legislators did not have the votes to pass any new tax measures including a highly controversial capital gains tax and an increased business and occupation gross receipts tax.

All things considered, WOMA had a very good year in the state Capital. In addition to working successfully to defeat many bad bills, we also had several priority pieces of legislation that passed. The following are some of the key pieces of legislation that WOMA actively engaged in and how they fared in the process:

SB 6462 – Providing Notice to Homeowners of PLIA’s Oil Insurance Program (Passed) This bill adds a reference to PLIA’s heating oil insurance program to the seller disclosure form that is provided to property purchasers by the seller at closing. The current disclosure form does not contain any references to PLIA. Adding a reference to PLIA’s heating oil insurance program to the seller disclosure form will result in increased awareness of the program and will ensure that new owners of heating oil tanks are alerted to the opportunity to obtain coverage.

SB 6159 - Reauthorizing Ecology’s UST Program and Establishing a Cap of \$15 Million on Claim Expenditures from the Heating Oil Insurance Program (Passed) This bill was a merger between SB 6159, which will keep the UST program required under federal law to remain with ecology and not revert to EPA jurisdiction. In addition, HB 2872, which didn’t survive a critical cut-off date in the legislative process, was amended onto SB 6159 providing a cap on heating oil insurance program expenditures to ensure the long-term viability of the program should external pressure create unsustainable demand.

HB 2735 – Exempting Loan and Grant Application Information from Public Disclosure (Did Not Pass) This bill, designed to limit the scope of financial information of Loan and Grant Applicants from public disclosure passed the House unanimously but got caught up in a log jam of bills in the Senate and was lost for lack of time. This PLIA executive request bill will be reintroduced in 2019.

SB 6095 – Supplemental Capital Budget In addition to the policy measures that passed as referenced above, PLIA received \$1.1 million in bond money from the Department of Ecology through the 2018 supplemental capital budget to continue the implementation of Model Remedies for petroleum underground storage tank cleanups.

SB 6203 – Establishing a Carbon Tax (Did Not Pass) This bill, opposed by WOMA, would have imposed a carbon pollution tax equal to \$12 per metric ton of carbon dioxide on the sale or use of fossil fuel within the state and the sale or use of electricity generated using fossil fuels, beginning July 1, 2019. It would have increased the tax rate by \$2 per metric ton per year, beginning July 1, 2021, until reaching \$30 per metric ton of carbon dioxide. Sixty-seven “energy intensive trade dependent industries,” including refiners, were exempted from coverage. Immediate gas tax increase was projected at .10 cents/gallon reaching .30 cents/gallon at \$30 per metric ton.

HB 2995 – Imposing 100% Clean Energy Target (Did Not Pass) This bill, opposed by the MBA contained the following significant provisions: Electric utilities and market customers must demonstrate that they have reduced the total number of megawatt-hours from fossil fuel generating resources used to serve the utility’s load and delivered to Washington customers, compared to a 2017 baseline, according to the following schedule:

- At least a 25-percent reduction from 2017 levels by January 1, 2030, and each year thereafter through December 31, 2034.
- At least a 50-percent reduction from 2017 levels by January 1, 2035, and each year thereafter through December 31, 2039.
- At least a 75-percent reduction from 2017 levels by January 1, 2040, and each year thereafter through December 31, 2044; and 100-percent reduction by January 1, 2045, and each year thereafter.

HB 2338 - Imposing a Low Carbon Fuel Standard (Did Not Pass) Directs the Department of Ecology to adopt a rule establishing a program (Clean Fuels Program) to limit the greenhouse gas emissions per unit of transportation fuel energy to 10 percent below 2017 levels by 2028. Requires the Clean Fuel Program to include processes for the tracking of compliance obligations and bankable, tradable credits.

HB 2757/SB 6226 – B5 Mandate on Diesel Fuels Used for Transportation Purposes (Did Not Pass) This bill required a B2 volumetric standard for each gallon of diesel sold after January 1, 2019, increasing to B5 after July 1, 2021. Requires Washington State Department of Agriculture to determine if there are adequate feedstocks produced in Washington to meet the B5 standard.

HB 2879 – Amending the State Clean Air Act (Did Not Pass) This bill would have granted the governor statutory authority to direct the Department of Ecology to adopt a Clean Air Rule. Specifically, it authorizes Ecology to require persons who produce or distribute fossil fuels to comply with emission standards or emission limits on emissions of greenhouse gases from those fossil fuels when the fossil fuels are used in Washington State. This bill was introduced in response to the currently successful challenge of the governor’s Clean Air Rule.

SB 6269, SB 6463, HB 2182 – MTCA Tax Increases (Did Not Pass)

HB 2940 – Capital Gains Tax (Did Not Pass) This bill, opposed by WOMA, would have taxed capital gains exceeding \$25,000 for individual

and \$50,000 for joint filers at a rate of 7%.

HB 2940 – Modifying the B&O Tax ((Did Not Pass) This bill, opposed by WOMA, contained the following significant provisions:

- Beginning January 1, 2020, the filing threshold for B&O taxes is raised to \$125,000 for all businesses, and each taxpayer must calculate their margin in order to determine their eligibility for a B&O credit or a surcharge:
- If a taxpayer's margin is less than \$250,000, the taxpayer is eligible for a credit equal to the B&O tax otherwise owed.
- If a taxpayer's margin is \$1,000,000 or more, a surcharge of 6 percent is imposed on the B&O tax otherwise owed.
- If the taxpayer's margin is equal to or greater than \$250,000, but less than \$1,000,000, no credit is allowed and no surcharge is imposed on the B&O tax otherwise owed.

Looking Ahead ...

Carbon Tax Initiative Filed with Secretary of State Immediately following the governor's acknowledgment that his carbon tax measure would not pass the legislature in 2018, a group of environmental and tribal interests filed Initiative 1631 with the Secretary of State's office. Its proponents must submit approximately 260,000 petition signatures by July 6, 2018 for it to qualify for the November general election ballot. Should the initiative qualify for the November ballot, WOMA will develop a strategy for its defeat and advise the membership as to recommended actions that need to be taken.

For general information, Jason Mercier of the Washington Policy Center outlined five things that people should understand about this initiative proposal:

- 1)** It will increase gas taxes by 15 cents a gallon and add another 2 cents a gallon every year. The initiative calls for a starting price of CO₂ of \$15 per metric ton (MT). It would increase by \$2 per MT plus inflation annually. Assuming a three percent inflation rate, it would increase to 43 cents per gallon of gasoline by 2030.
- 2)** Households will pay an estimated \$260 more a year in 2020, rising to \$750 a year in 2030. Since the initial cost is higher than what was proposed in the legislature, the cost is higher as well.
- 3)** Funding goes to special interests, with CO₂ emissions taking a back seat. Although the proposal claims to be about reducing CO₂ emissions, the money is spent on a wide range of left-wing causes. For example:
 - The initiative requires a report on the effectiveness of expenditures, but there are no metrics for what "effectiveness" means.
 - Money can be spent on things that have nothing to do with cutting CO₂ emissions, including funding highway tolling, online job training, money to help with job transitions for fossil-fuel workers, and public relations campaigns regarding government assistance.
 - The board that oversees the money can approve any expenditure if it determines the spending is "critically important to achieve the purposes" of the initiative.
 - All projects give preference to unions. The projects should support "high quality labor standards, prevailing wage rates determined by local collective bargaining, apprenticeship and pre-apprenticeship utilization and preferred entry standards..."

There are many other requirements and preferences that actually make it more difficult to reduce CO₂ emissions.

- 4)** They can't keep their own political language straight. The initiative calls for creating an "Environmental and Economic Justice Panel." Other times, however, it refers to that panel as the "Economic and Environmental Justice Panel." Whatever.
- 5)** It provides funding for several government agencies and new panels. The initiative requires plans from several agencies, including the Department of Natural Resources, the Department of Agriculture, the Department of Commerce, the Recreation and Conservation Office, the Utilities and Transportation Commission, and the Department of Ecology, among others. Additionally, it creates four new boards and panels: the Public Oversight Board, the Clean Air and Energy Panel, the Clean Water and Health Forests Panel, and the Environmental and Economic Justice Panel (or vice versa). There is administrative funding provided for all these efforts.

WOMA Interim Legislative Activities Legislative Elections

In addition to facing a potential ballot initiative battle, in November, all 98 seats in the House of Representatives and 24 of 49 seats in the Senate will be up for election. WOMA staff will handicap races and make recommendations to the Board for endorsements and political support. As always, we encourage member participation in this process and any input that can be provided to facilitate these efforts.