

IDAHO Petroleum Marketers & Convenience Store Association State Report

LEGISLATIVE UPDATE

Raising new money for roads and bridges is a priority issue in the 2015 legislature. After many years on the back burner, proponents believe the time is now to raise the needed revenue for Idaho's transportation infrastructure. Supporters include Governor Otter and legislative leadership, in addition to a number of industry advocates. IPM&CSA is in the thick of the discussion and our objective is to protect the industry's interests as these proposals advance – chief among which is to ensure that these proposals don't disrupt the current tax collection framework we have operated in successfully for many years. This includes not only motor fuel tax collection, but also protecting the integrity and financial solvency of the Petroleum Clean Water Trust Fund, also known as PSTF (Petroleum Storage Tank Fund).

Here are a few of the proposals being discussed in the Idaho Statehouse:

Transportation Funding: -Gaseous Special Fuels decal repeal, LNG, CNG energy equivalent tax – **H132** (Sponsored by IPM&CSA). IPM&CSA is sponsoring H126 to ensure a level playing field with respect to taxation of LNG and CNG. This bill eliminates the gaseous fuel decal, defines Gaseous Special Fuel, defines the gasoline gallon energy equivalent of LNG and CNG, and makes them subject to taxation when used as motor fuel.

-Transportation Funding Package – Several concepts are on the table to raise money for roads and bridges. House Republicans are seeking a proposal that can pass the House floor – 36 votes. Transportation advocates want \$262 million/year to keep up with maintenance, and \$542 million/year for full funding of transportation infrastructure. Some of the ideas being discussed include:

- Increase the fuel tax (+8 cents on gas to 33 cents/ gallon, and +12 cents on diesel to 37 cents/gallon, with an additional one cent per gallon per year in perpetuity (raises \$9 million/cent)
- Transfer fee (+2 cents) (Raises \$12 million/cent)
- Dyed fuel enforcement / Gaseous Special fuel taxation (LNG/CNG)
- Vehicle registrations 25-50% increase/Electric & Hybrid car fees (\$140 / \$75 respectively)
- Sales tax 1 cent increase dedicated to transportation \$/eliminate sales tax on groceries (Nets \$141 million for highways)
- 6.6% flat income tax rate corporate & individual rather than the current income tax rate system which is graduated based on income levels.

Other transportation funding concepts floating around the Statehouse include a long-standing idea from Tax Commissioner Ken Roberts to move a portion of fuel tax to the wholesale level and tax fuel as a percentage of the price. IPM&CSA has strongly opposed such proposals and will likely do so again. This is bad tax policy. The volatility of fuel prices would result in wildly unpredictable revenues to the state, and this approach would create a huge competitive advantage for the Tribes in fuel sales.

Other Legislative Issues: - Unfair Sales Act repeal with an exemption for motor fuel – **H193** Sen. Burgoyne/Rep. Monks. This proposal has returned again in 2015 after we managed to get it sidelined in 2014. IPM&CSA believes that this act is important to our industry by providing a legal tool to fight "below cost" sales of motor fuel. We convinced the sponsors our argument was valid, and this year they propose repealing the act but exempting the retail sale of motor fuel. While not an ideal approach, we appreciate the sponsor's consideration in repealing what they see as an antiquated and unused portion of Idaho Code.

- **E-Cigarettes** – Taxation and Regulatory Controls – Sen. Werk - We will be watching closely for proposals to tax and regulate E-Cigarettes. This new and growing product line is attracting legislative attention nation-wide. IPM&CSA will engage on behalf of our members in this effort.

- **Lottery repeal** - Rep. Perry – This proposal is one of many in this year's gaming battle over "historic horse racing." Although we are not directly impacted by this heated legislative controversy, we may be caught up in broader discussions of lottery and gaming in Idaho. Stand by for more information on this volatile issue.

- **ABC Growler Beer** - An emerging issue from the Idaho State Police – they are developing rules for the sale of growlers that will relate to how containers are secured after purchase.

- **Minimum Wage Increase** – **S1111** – Rep. Erpelding. This bill would increase the minimum wage from \$7.25 to \$9.25 by July 1, 2016 and index the rate going forward. This bill also changes the rates for tipped employees. S1111 was introduced but is unlikely to get a hearing this session.

OTHER INDUSTRY ISSUES AND UPCOMING EVENTS

DEQ - Environmental Covenants – Standardized Template – IPM&CSA has been working on behalf of industry to define a more structured and consistent template for Environmental Covenants, which are provided for under Idaho law, as a tool in cleaning up contaminated sites. We have been meeting with Orville Green, Manager of the Waste Division at the Department of Environmental Quality, and hope to reach a mutual agreement on a template that will provide more certainty to industry in UST clean-ups.

UPCOMING EVENT REMINDERS:

IPM&CSA Board Meeting April 16, 2015

– IPM&CSA Board members will meet April 16 in Boise to review the legislative session and plan for the upcoming convention in Sun Valley.

PMAA Day on the Hill – WDC May 12-14, 2015

– Marriott at Metro Center - IPM&CSA will make our annual pilgrimage to Washington D.C. to visit the Idaho Congressional Delegation. We welcome any and all Idaho members who can join us for PMAA board meetings and the Day on the Hill with PMAA.

IPM&CSA Convention and Trade Show – August 5-8, 2015, Sun Valley Resort.

Lock in those dates for your summer vacation! The Sun Valley Lodge will be newly remodeled for our 2015 Convention and Trade Show. Please get your rooms reserved now, because our room block always fills up early at this historic Idaho resort. Call Sun Valley Reservations at 1-800-786-8259 and ask for the IPM&CSA room block!



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