

## **2015 Washington Energy and C-Store Conference Just Around the Corner!**

Mark your calendar for the upcoming WOMA Convention. Dates are June 22-24<sup>th</sup>, and we promise to deliver another great convention. Golf this year will be played on Rope Rider Golf Course and our Welcome Dinner will be at Swiftwater Winery again this year for convenience.

We are proud to announce that we will be adding a WOMA Memorial Scholarship Winner to the mix this year, in honor of Tony Reinhard who has done so much for this industry during his lifetime. We also have created the "Tony Reinhard Memorial Silent Auction" in honor of Tony and as a way to fund future years of the WOMA Memorial Scholarship.

We have an intense lineup of great speakers this year! Sadly, our original Keynote Speaker (Rob McKenna) will be unable to join us, but we have filled his void with the gregarious and fun Senator Doug Ericksen from Bellingham, WA district. Senator Ericksen is a great friend our industry and is well versed on all matters important to us including Transportation, Crude by Rail, Carbon Emission Legislation, LCFS and any state budgetary questions we can throw at him. Other speakers that will fill our morning will include:

- Tim Hamilton - Native American Tribal Lawsuit Update
- Mike Russell – Distracted Driving from Federated Insurance
- Doug Milner – "Is Your Banking Relationship a Limitation to Growth and Acquisition?"
- Michael Davis – Enslavement by MC and Visa
- Senator Doug Ericksen – State of the State Address to Petroleum Marketers

For the tradeshow, we made some key changes to the tradeshow floor in the Owen's room to address concerns from vendors last year. We believe we heard your concerns and make the right adjustments to create a better tradeshow floor for our vendors who support us! AND, we are improving our tradeshow lunch as well.

And to finish the week off with style, we have invited back "Soul Siren", the very popular band that performed last year at Suncadia Inn. It was a hit, and we look forward to having them back at our event to rock out to all the most popular hits from the last three decades! There will be something for everyone!

Lots of great surprises in store this year, so don't miss out. Make your hotel reservations soon! The block closes on May 16<sup>th</sup>. Convention registrations can be found online at [www.wpma.com](http://www.wpma.com).

## **Washington Legislature Finishes Normal 105-day session - Into Special Session**

The Washington Legislature adjourned the 2015 regular legislative session on Friday, April 24 two days prior to its scheduled conclusion. This occurred when it became clear the democrat controlled House and republican controlled Senate could not reach agreement on biennial operating and capital budgets, as well as a proposed \$15 billion transportation revenue package that hinges upon an 11.7 cent fuel tax increase. Governor Jay Inslee called a 30 day special session that began on Wednesday, April 29 where the focus has been on reaching agreement on these budget matters prior to the end of the fiscal year on June 30.

The primary dispute in the two-year operating budget is proposed spending levels. Despite having over \$3 billion in additional revenue over the previous biennium, House democrats have proposed raising an additional \$1.5 billion in new taxes representing a 15% spending increase. Revenue options have included a new capital gains tax, an increase in gross receipts taxes on businesses and a cap and trade carbon marketing program; all of which WOMA has strongly advocated against. In contrast, the Senate budget proposal includes no new taxes, yet still fully funds all state obligations including state Supreme Court mandated spending increases in K-12 education. The key difference between the two proposals is very generous pay increases the House budget provides to public employee who are their primary constituents. It remains to be seen how the budget negotiations will shake out, but it is anticipated there might be slight revenue enhancements that will not include the proposals described above.

#### WOMA Efforts Focus on Carbon Reduction Proposals

For WOMA, much of the legislative session has been spent pushing back against various carbon emission reduction proposals pushed by the governor and the environmental community. Early on, House Bill 1314 was introduced as governor request legislation that would create a cap and trade carbon marketing program where the state's top 130 carbon emitting entities would have to purchase carbon credits at a state run auction. The governor proposed to use the money generated to fund education and transportation claiming the costs would be borne entirely by these "major polluters" (also known as "The dirty 130") with no downside to the general public. At public hearings WOMA members representing gas and home heating oil fuel suppliers as well as Teamsters that deliver the fuel, made it very clear that any cost increases resulting from the proposed cap and trade legislation would be borne by the end consumer. Thus far we have been very successful in keeping this legislation bottled up in the House and no budget proposals assume its revenue projections as a source of expenditures. However, it has been a topic of conversation during the special session where all but refineries and fuel suppliers would be removed, leaving us holding the bag. It goes without saying that this will remain a high priority.

Regarding a proposed 11.7 cent motor vehicle fuel tax increase to fund transportation, it appears the major sticking points don't include the tax portion in and of itself. Instead, there is concern over specific policy measures related to the delivery of transportation projects as well as a looming threat that the governor will attempt to implement a California-style low carbon fuel standard (LCFS) by executive order. As we have seen with California, an LCFS would necessarily result in increased fuel prices with no net benefit to transportation projects. This being the case, the Senate transportation proposal contains a provision that all transit related appropriations would be transferred to highway/road projects should the governor and the state Department of Ecology initiate an LCFS rulemaking.

WOMA has been at the forefront of the LCFS debate. On the legislative side, Board member Rod Smith (RH Smith Distributing) testified before the House Transportation Committee delivering a strong message that WOMA would aggressively work to kill any transportation revenue package that left open the possibility that fuel prices could soar well beyond the proposed 11.7 cent increase through an LCFS. Additionally, Rod has represented WOMA at a press conference where he joined representatives from the trucking industry and small business where they delivered the same firm message.

On the legal front, WOMA president Steve Clark (Genesee Fuel and Heating, Co.) has joined a class of plaintiffs including farmers, truckers and others, that are prepared to sue the state should an LCFS rulemaking process begin. At this time, the Department of Ecology has only released a "discussion"

paper on the potential adoption of an LCFS. Steve and the other named plaintiffs have responded through their council, former attorney general Rob McKenna, that the process now being undertaken is an unconstitutional violation of separation of powers, among other claims disputing this particular path. At this time it is uncertain where this will all fall out. However, the governor and the Department of Ecology are on notice that they are in for a big fight.

Other WOMA Priorities Issues:

As though defending against the governor's radical environmental agenda weren't enough, WOMA has also been working hard to defeat several pieces of legislation harmful to our industry and others. On the tribal fuel tax compact front, WOMA worked to defeat House Bill 1631 which would have allowed non-reservation tribes to open fuel stations on federally recognized tribal trust land. Existing tribal fuel tax compacts are so far out of hand here in Washington that the state is now remitting tens of millions of dollars to tribes annually while other, non-treaty tribes, are importing tax free fuel from out of state. WOMA will not give up the fight against these ill-conceived compacts and will continue to support litigation and work with the legislature to bring this gift of state resources to an end.

Regarding other fuel tax proposals, WOMA was able to defeat both House Bill 1837 and Senate Bill 5490 that would extend a local option fuel tax to all jurisdictions within a 25 mile radius of the Canadian border. WOMA never has and never will support a local option fuel tax.

In addition to industry specific legislation, WOMA also worked to defeat a number of bills which, had any one of them passed, would have been detrimental to small business. The following are a few examples of what we faced and defeated: House Bill 1006 – Increasing Damages for Wage Violations; House Bill 1273 – Establishing Family and Medical Leave Insurance; House Bill 1355 – Increasing the Minimum Wage to \$12/Hour; House Bill 1356 - Establishing Sick and Safe Employment Leave.

Pollution Liability Insurance Agency

The Pollution Liability Insurance Agency (PLIA) provides secondary insurance coverage for underground storage tanks. In addition to tanks that are currently insured there are several thousand UST's that are failing or nearing the end of useful life where there is no viable insurance or financing available to bring owners into compliance with state and federal law. WOMA is working with PLIA to get a \$1.8 million budget appropriation to develop and implement a revolving loan program designed to bring these sites up to date. At the time of this writing we are provided for in the House Operating and Capital Budgets and are working to get support from the Senate as the two bodies negotiate the final budget agreements.

In general, they are intended to address several thousand underground storage tank facilities that are failing or nearing the end of useful life, where there is no viable insurance or financing available to owners to bring them into compliance with state and federal law.

As far as the transportation budget is concerned, the parties continue to negotiate over key sticking points relating to reforms associated with the delivery of transportation projects. However, even if they reach an agreement (which is very possible), House democrat leaders have said there will be no final

transportation vote until an operating budget is passed, which would likewise push the transportation budget into a special session.

**Save the Date:**

We have more great events coming up in Washington

**WOMA PAC Fundraiser – Triple Crown Suites at Emerald Downs Race Track**

September 19<sup>th</sup>, 2015 – 1:00p to 7:00p

You can expect to be treated like royalty for the day by joining us in the Triple Crown Suites for a day of horse racing at the track! Package includes valet parking, luxury suite, open bar, heavy Hors d'oeuvres, Dinner Buffet, official program, daily racing form, official tip sheet and handicapping class! More details to follow soon!

**WOMA Holiday Party – SAFECO Field – Home of Mariner Baseball**

December 10, 2015 – 6:00p to 10:00p

There is always something special happening at WOMA, and this year will be no different. Join us for a magical evening at Safeco Field/Mariner Baseball in the Diamond Club for our Holiday Party. The fun will include Ballpark Tours, a chance to hit in the batting cage, Speed Pitch, raffle and much much more! Bring the family and enjoy Safeco field in lights just for WOMA Members.