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OIL SPILL LIABILITY TAX EXPIRES***Partial Government Shutdown Remains in Effect***

The Oil Spill Liability Tax (OSLT) expired at midnight December 31, 2018.

The 9 cents per barrel OSLT tax is imposed on crude oil at the refinery gate. The OSLT has no tax related impact on downstream marketers, it is simply a cost passed through on finished product. The OSLT is paid by the refiner upstream. Unfortunately, some terminals break out the OSLT as a separate line item on bills of lading and invoices. This practice causes confusion downstream because the tax is paid by refiners on crude oil at the refinery gate. The OSLT is not imposed, remitted or refunded downstream. There are no OSLT floor stock taxes or OSLT tax exempt parties downstream. However, breaking out the OSLT as a separate line item gives it a perception of importance downstream.

The impact of the OSLT on wholesale petroleum marketers below the terminal rack is a miniscule increase in the rack cost of finished motor fuel and heating oil. Terminal operators break out the OSLT on invoices, not because wholesale petroleum marketers need to know, but for their own accounting purposes and no other reason. There is no OSLT notice requirement for downstream parties. Some downstream wholesale petroleum marketers who break out the OSLT on invoices to their end user customers may need to adjust their accounting practices and software to reflect the expiration. However, there is no regulatory requirement to breakout the OSLT downstream of the terminal rack on invoices in the first place. To prevent this confusion now, PMAA urges jobbers to contact their suppliers to ensure that the OSLT is not listed on invoices. PMAA plans to work with Congressional tax writing committees early this year to ensure that the tax isn't applied retroactively.

Meanwhile, a partial government shutdown remains in effect with no end in sight. There was some discussion over the last few weeks of 2018 to attach a tax extenders package which would include the biodiesel blender's tax credit, the OSLT and a host of additional tax related measures to the spending bill called "tax extenders," but Congress decided to punt the issue into early 2019. Other credits normally included in tax extenders legislation are the credits for the installation of qualified alternative fuel vehicle refueling property in a home or business; the Alternative Fuels Excise Tax Credit for the use of propane as a transportation fuel, known as the "propane autogas tax credit;" and the Section 25C tax credit for the installation of qualified high-efficiency residential HVAC systems and certain energy-saving home retrofits. PMAA will continue to push for these credits along with a retroactive renewal and gradual phase down of the \$1 per gallon biodiesel blenders tax credit.

IRS ISSUES STANDARD MILEAGE RATES FOR 2019

The Internal Revenue Service (IRS) this week issued the 2019 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes. Beginning on January 1, 2019, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 58 cents per mile driven for business use, up 3.5 cents from the rate for 2018,
- 20 cents per mile driven for medical or moving purposes, up 2 cents from the rate for 2018, and
- 14 cents per mile driven in service of charitable organizations.

The business mileage rate increased 3.5 cents for business travel driven and 2 cents for medical and certain moving expense from the rates for 2018. The charitable rate is set by statute and remains unchanged. It is important to note that under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. The standard mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The business standard mileage rate cannot be used for more than four vehicles used simultaneously.

This and other limitations are described in section 4.05 of [Rev. Proc. 2010-51](#).

FEDERAL ELECTRIC CREDIT BEGINS ONE YEAR PHASE OUT FOR TESLA ON JANUARY 1

The IRS announced that Tesla, Inc. has sold more than 200,000 vehicles eligible for the plug-in electric drive motor vehicle credit during the third quarter of 2018. This triggers a phase out of the tax credit available for purchasers of new Tesla plug-in electric vehicles beginning January 1, 2019. Qualifying vehicles by the manufacturer are eligible for a \$7,500 credit if the vehicles were acquired before January 1, 2019. Beginning January 1, 2019, the credit will be \$3,750 for Tesla's eligible vehicles. On July 1, 2019, the credit will be reduced to \$1,875 for the remainder of the year. After December 31, 2019, no credit will be available.

The plug-in electric drive motor vehicle credit was enacted in the Energy Improvement and Extension Act of 2008 and subsequently modified in later law. It provides a credit for eligible passenger vehicles and light trucks. By law, five quarters after reaching the sales threshold, the credit ends for the manufacturer. Tesla Inc.'s vehicles are eligible for some portion of a credit until January 1, 2020. [Notice 2018-96](#) details the phase-out.

NEW 116TH CONGRESS CONVENES

Yesterday, House and Senate members of the 116th Congress were sworn in for the opening of the new congress. Rep. Nancy Pelosi (D-CA) was voted in as the new Speaker of the House with 220 votes, and 13 Democrats voting against her and two voting present.

- Additional Democratic House leadership: Steny Hoyer (D-MD) is Majority Leader; Rep. Jim Clyburn (D-SC) is Minority Whip; Rep. Ben Ray Lujan (D-NM) is the Assistant Democratic Leader; and Rep. Hakeem Jeffries (D-NY) is the Caucus Chair.
- Speaker Paul Ryan's (R-WI) retirement opened changes in the House Republican leadership. Rep. Kevin McCarthy (R-CA) is the new Minority Leader; Rep Steve Scalise (R-LA) is the Minority Whip and Rep. Liz Cheney (R-WY) is the GOP Conference Chair.
- Current Majority Leader Mitch McConnell (R-KY) remains in his role, though six-year term limits caused a shuffling among other Senate party leadership. Majority Whip John Cornyn (R-TX) is no longer in the position. John Thune (R-SD), who was chairman of the GOP conference, took Cornyn's spot.
- John Barrasso (R-WY) became conference chairman, a role that includes helping lead the Senate GOP communications effort. Roy Blunt (R-MO) moved from vice chairman of the conference into Sen. Barrasso's prior job as chairman of the Senate Republican Policy Committee. Joni Ernst (R-IA) became the conference vice chairwoman.
- Minority Leader Chuck Schumer (D-NY) remains in the position, with senior roles below him also remaining the same, including Minority Whip Dick Durbin (D-IL). Patty Murray (D-WA) was re-elected assistant Democratic leader and Debbie Stabenow (D-MI) remains as the chairwoman of the Democratic Policy and Communications Committee.
- The new Congress is making history for seating a record number of women and becoming the most racially and ethnically diverse, with 127 women (106 Democrats and 21 Republicans) who will serve in the 116th Congress, holding nearly 24 percent of all seats.
- This week Majority Leader Mitch McConnell announced membership changes on the Environment and Public Works Committee for 2019. Freshmen Republican Sens. Mike Braun (R-IN) and Kevin Cramer (R-ND) will be new members. They will replace Sens. Deb Fischer (R-NE) and Jerry Moran (R-KS), who will no longer be on the panel.
- Meanwhile, Republican Sens. Martha McSally (R-AZ) and Cindy Hyde-Smith (R-MS) will join the Energy and Natural Resources Committee, which will see the departure of Sens. Shelly Moore Capito (R-WV), Rob Portman (R-OH) and retired Arizona Sen. Jeff Flake.

SPEAKER PELOSI TAPS REP. CASTOR TO LEAD CLIMATE PANEL

Earlier this week, Speaker of the House Nancy Pelosi (D-CA) announced that Rep. Kathy Castor (D-FL) would be heading a Select House Committee that will focus on climate change. The new climate panel, called the House Select Committee on the Climate Crisis, brings back a committee Pelosi created in 2006. The panel won't have subpoena power or have the authority to markup or vote on legislation and send it directly to the House floor for a vote. The panel will consist of nine Democrats and six Republicans.

Although many Democrats have praised the reincarnation of the climate panel, many progressive Democrats have pushed back on House leadership's plans for the panel because it is not tasked with creating a Green New Deal, which is something progressives are demanding.

PLAN TO ATTEND THE 2019 WPMAEXPO



Mark your calendars for February 19-21, 2019. Make plans now to attend the 2019 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 19-21, 2019** – WPMA Convention & Expo – Mirage Hotel– Las Vegas, NV
- April 23, 2019** – Idaho (IPM&CSA) Treasure Valley PAC Fund Golf Tournament, Nampa, ID
- May 2-3, 2019** – Nevada (NPM&CSA) – Big Dogs – Las Vegas, NV
- June 4-6, 2019** – Montana (MPMCSA) Convention – Fairmont Hot Springs Resort – Fairmont, MT
- June 20, 2019** – Utah (UPMRA) Summer Golf Classic - South Mountain Golf Course, Draper, UT
- June 17-20, 2019** – Washington (WOMA) Convention – Suncadia Resort, Cle Elum, WA
- August 5-7, 2019** – Idaho (IPM&CSA) Convention – Sun Valley Resort, Sun Valley, ID
- August 19-21, 2019** – New Mexico (NMPMA) Convention – Sandia Resort & Casino, Albuquerque, NM
- September 11-13, 2019** – Utah (UPMRA) – Convention – Zermatt Resort, Midway, UT

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Petro Pete: “My favorite part of eating healthy is the junk food I eat immediately after.”

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