

February 18, 2011

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DENNIS MILLER TO KEYNOTE WPMA CONVENTION



WPMA 2010-2011 President Rob Franklin is excited to announce Dennis Miller, “one of the premiere comedy talents in America today...” as the 2011 WPMA Convention keynote speaker. A man of many talents, Dennis Miller is a comedian, author, correspondent, host, political commentator, and a five-time Emmy award winner for his critically acclaimed HBO talk show “Dennis Miller Live”. He can currently be heard daily on “The Dennis Miller Show”, and in his frequent appearances on Fox News Channel’s “The O’Reilly Factor”. Come and join us at the WPMA Convention in February, and be sure to attend the Keynote session, featuring the irreverent and satirical humor of Dennis Miller.

WPMA 2011 EARLY BIRD TOP SPONSORS

WPMA thanks our Early Bird Top Sponsors of the 2011 Western Petroleum Marketers Convention and Convenience Store Expo.



WPMA OFFICES WILL BE CLOSED

The WPMA offices will be closed the week of February 21 thru February 25 for our 2011 WPMA Convention and Convenience Store Expo. There will be no WPMA Weekly Update sent out on Friday, February 25. We hope to see you at the convention.

SCHOLARSHIP TIME APPROACHES!

The time is fast approaching when the WPMA scholarship recipients for 2011 will be selected. March 1, 2011 is the cut-off date for applications to be postmarked and mailed to the WPMA office. Usually, there are less than 20 applicants for each WPMA state scholarship and the associate member scholarship, which makes the chances of receiving a scholarship very good. Applicants must be graduating high school seniors, and the son or daughter of a full-time employee of a WPMA member or associate member company. Applicant qualification information and the scholarship applications are available to download at www.wpma.com, under the Scholarship Foundation link (scroll to the bottom of the Scholarship page). Scholarship applications are also available from the WPMA office by e-mailing kathym@wpma.com and requesting an application. As a reminder, the WPMA scholarships pay \$500 per semester for up to eight semesters to the recipients, for a total of \$4,000. **Employers, please remind your employees to request or download an application right away, and give their students a chance for some extra financial help in college!**

HOUSE HEARS FROM RETAILERS ON FED SWIPE FEE RULE

On Thursday, the House Subcommittee on Financial Institutions and Consumer Credit heard from retailers, bankers, the credit card industry and the Federal Reserve on the Fed’s proposed swipe fee rule. PMAA and MPC appreciated the opportunity to once again highlight just how important reform is to small businesses and their customers. This was the eighth hearing on the subject of swipe fee reform. Witnesses included Federal Reserve Governor Sarah Raskin; Gus Prentzas, Pavilion Florals; Frank Michael, President and CEO of Allied Credit Union on behalf of the Credit Union National Association; David Kemper, Chairman, President and CEO, Commerce Bank on behalf of the American Bankers Association and the Consumers Bankers Association; Doug Kantor, Partner with Steptoe & Johnson on behalf of the Merchants Payments Coalition; Josh Floum, General Counsel to Visa; and David Seltzer, Vice-President and Treasurer for 7-11 on behalf of the Retail Industry Leaders Association.

About the hearing, PMAA President Dan Gilligan said, "PMAA appreciates the opportunity to once again highlight just how important swipe fee reform is to petroleum marketers and their customers. We thank Congresswoman Capito for holding today's hearing. Today marks the eighth hearing held on the subject of reforming the unfair rules and excessive fees charged by Visa, MasterCard and the world's biggest banks who have monopoly type power over retailers and consumers.

For every month that the Federal Reserve's proposed rule is delayed, retailers and consumers will pay one billion dollars in swipe fees. Lower retailer costs translate to lower customer prices. Bipartisan swipe fee reforms passed by Congress last year bring competition and fairness to the broken debit payments market. We urge Congress to stand up for petroleum retailers and small businesses by ensuring these reforms are implemented on time and as written."

The Federal Reserve's proposed rule, which will be finalized on April 22 and implemented by July 21, would ensure swipe fees are "reasonable and proportional." The proposed rule, which was released last December, offers two different approaches to setting the interchange fee:

Option 1. A range of seven to 12 cents. Issuers could charge up to seven cents without seeking approval from the Federal Reserve; issuers seeking to charge more than seven cents would have to demonstrate that their costs were higher but could not charge more than 12 cents.

Option 2. A cap of 12 cents.

The comment period closes February 22, 2011. Please take a moment to send your comments to the Federal Reserve and Congress at www.unfaircreditcardfees.com.

HOUSE GOVERNEMENT SPENDING BILL STILL IN THE WORKS

The House worked all week on a Continuing Resolution (CR) (H.R. 1) which would fund the government for the remaining part of the FY 2011 that ends on September 30, 2011. The government is currently running under a Continuing Resolution (CR) which is set to expire on March 4. If Congress doesn't send a CR to the President before March 4th the government will shut down. The House Republican Study Committee proposed cuts of up to \$100 billion from the FY 2010 budget, although, it's likely that cuts will be around \$61 billion. House Democrats have expressed the need for cuts and President Obama has asked Congress for a five year discretionary spending freeze from FY 2010 spending levels. House Republicans rejected that proposal.

There have been hundreds of amendments filed to the CR including an amendment from Rep. John Sullivan (R-OK) that strips funding for implementation of EPA's recent decision to allow the use of E15 for 2001 and newer vehicles and Rep. Jeff Flake's (R-AZ) amendment which would ban USDA employees working to install blender pumps at gasoline stations from getting paid. The amendments could be considered today and it's unclear whether they will be approved. Several amendments have been introduced to bar EPA from regulating greenhouse gas emissions. The underlying CR already includes language that would bar EPA from its CO2 emissions program for seven months, although, several other amendments to handcuff EPA's CO2 regulatory process have been filed. On Wednesday night, the House voted along party lines to strip funding for EPA's greenhouse gas registry. Additionally, Rep. Joe Barton filed several EPA amendments to the CR including one that would permanently bar EPA of its authority to regulate CO2 emissions under the Clean Air Act.

The Republican proposal also includes a \$56.8 million cut to current CFTC funding levels, bringing the CFTC to a total of \$112 million, less than what is needed to effectively implement the Dodd-Frank Act. PMAA and NEFI worked with Rep. Peter Welch (D-VT) this week on an amendment to bring funding levels up to \$149 billion for FY 2011, but for procedural reasons, Welch was unable to bring it to the floor when the Agriculture funding measures were debated.

House Speaker John Boehner (R-OH) declared yesterday that House GOP leadership will not support a temporary extension of government funding unless it included serious spending cuts. Of course, this will set up a showdown with the Democratic controlled Senate. The Senate Appropriations Committee is currently writing legislation that would freeze discretionary spending at fiscal 2010 levels.

HOUSE TAX COMMITTEE APPROVES REPEAL OF 1099 REPORTING MANDATE

On Thursday, the House Ways and Means Committee approved two pieces of legislation to repeal Section 9006 of the "Patient Protection and Affordable Care Act" (Public Law 111-148 – Healthcare Reform law) which mandates businesses to send Form 1099s for every business-to-business transaction of \$600 or more for both property and services starting in 2012. The mandate will dramatically increase accounting costs, impose unjustified audits by the IRS, and subject more small businesses to the challenges of electronic filing. Additionally, Section 9006 requires the inclusion of a Taxpayer Identification Number (TIN) for the vendor a small business owner does business with, which will force small businesses to track down the number of each and every vendor requiring a Form 1099.

The bills approved by the House Ways and Means Committee were Rep. Dan Lundgren's (R-CA) "Small Business Paperwork Mandate Elimination Act of 2011" (H.R. 4) and House Ways and Means Committee Chairman Dave Camp's "Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011" (H.R. 705). Both pieces of legislation were approved along a party line vote 21 - 15. The House Republican leadership intends to bring

a 1099 repeal bill to the floor by Spring.

Similar legislation has been introduced in the Senate by Senators Mike Johanns (R-NE), Max Baucus (D-MT), and David Vitter (R-LA). Senator Johanns' "Small Business Paperwork Mandate Elimination Act" (S.18) already has 60 cosponsors which is enough to overcome a filibuster. In President Barack Obama's State of the Union Address, he specifically highlighted the extended 1099 reporting mandate and that he would support bipartisan efforts in the Congress to repeal the onerous reporting provision.

PMAA will continue to urge lawmakers to fully repeal the 1099 small business extended reporting provision as soon as possible.

2012 BUDGET PROPOSAL RELEASED

On Monday, the Obama administration released its proposed \$3.73 trillion budget for FY 2012. Areas of interest to petroleum marketers include \$112 million for the Leaking Underground Storage Tanks program which is approximately \$1.1 million less than the current funding. Ten million dollars is proposed for the Northeast Home Heating Oil Reserve with current heating oil to be sold and then replaced with one million barrels (MB) of low sulfur heating oil. Upgrade of the Reserve is necessary to meet recently enacted and expected future state laws mandating use of ultra low sulfur distillate (USLD).

EPA's budget of \$8.9 billion represents a 13 percent decrease from the FY 2010 budget of \$10.3 billion. An additional \$46 million for regulatory efforts to reduce greenhouse gas (GHG) pollution and implement GHG reporting requirements under the Clean Air Act is included in the proposal. This includes \$25 million for states and five million dollars for EPA to address GHGs in Clean Air Act permitting activities. EPA will also develop, implement, and ensure compliance with regulatory programs that will reduce emissions from highway and non-road sources, including the implementation of greenhouse gas emission standards for light-duty vehicles.

The Department of Energy (DOE) funding would increase 12 percent from FY 2010 with half of the increase going to nuclear weapons and weapon site cleanup programs and the rest of the increase going towards basic science initiatives, energy efficiency programs, and to the Advanced Research Projects Agency-Energy.

The budget would adequately provide \$308 million for the Commodity Futures Trading Commission up 82 percent from the regulator's current spending level. This funding level is essential to sufficiently implement the Dodd-Frank Derivatives title which is vital for decreasing volatility in the commodities market which directly impacts the price of fuel.

The budget would cut the Low Income Home Energy Assistance Program (LIHEAP) program 50 percent down to \$2.57 billion.

With the House of Representatives now controlled by Republicans, most of the President's funding requests will be subject to hearings and negotiations. The President's proposed budget is merely the first step in the long and sometimes contentious budgeting process.

HOUSE COMMITTEE APPROVES HIGHWAY EXTENSION BILL

On Wednesday, the House Transportation and Infrastructure Committee extended surface transportation programs through end of the FY 2011 at FY 2010 levels which will allow lawmakers more time to draft a multi-year authorization bill. House Transportation Committee Chairman John Mica (R-FL) is holding meetings across the country on what should be included in the authorization over the next month. It's likely that the Committee will review the federal excise motor fuels tax when debate starts on the authorization bill later this Spring.

Chairman Mica contends that the motor fuels tax does not have to be raised; instead, reductions in transportation funding and increased public-private partnerships will address the highway fund shortfall. Last year, PMAA surveyed its state association boards to ascertain petroleum marketer views on proposed increases in federal motor fuels taxes. Most marketers were opposed to excise tax increases for a variety of reasons. One repeated concern was the negative impact on marketer credit lines and accounts receivable. Another important concern relates to DOT subsequently requiring state governments to raise state gas taxes to comply with the requirements for matching funds. PMAA's Motor Fuels Committee will review all federal motor fuels tax increase proposals and will develop recommendations for PMAA's Board of Directors. In previous years, PMAA opposed motor fuels tax increases.

The time frame to pass a Highway Reauthorization bill will get slim as Congress moves closer to election season. Transportation Secretary Ray LaHood is optimistic that Congress will pass a multi-year highway authorization bill this Congress.

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Petro Pete: "Trust your instincts and listen to your friends, because they may be right when you don't want them to be."

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