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SENATE PASSES THE SAFE PIPES ACT WITH PMAA PLACARDING SECTION

Last night, the Senate passed a bipartisan bill, known as the "SAFE PIPES Act," (S. 2276) marking a significant victory for PMAA and its members. The bill seeks to improve the safety of the nation's oil and natural gas pipelines and overhaul procedures at the Pipeline and Hazardous Materials Safety Administration (PHMSA).

Included in the bill is language that was initially requested by PMAA. Section 4 of the bill is language that rescinds a recent interpretative guidance on placarding on cargo tank trucks. The language would force PHMSA to revert back to placarding to the lowest flash point for both split loads and alternating straight loads of diesel fuel and gasoline. This is a cost saving provision for marketers because they can ship diesel fuel, gasoline and heating fuel in different compartments of the same cargo tank vehicle under a gasoline placard, as well as ship straight loads of gasoline or diesel under the gasoline placard instead of affixing or switching multiple product placards. The provision can also benefit emergency responders because it reduces the number of placards on the cargo tank which makes identifying the appropriate response in an emergency simple and reliable.

Some states have already begun enforcing the interpretative guidance and it is only a matter of time before all states do so. PMAA is working to fix the problem before other states begin to enforce the placarding change. The penalty for a violation is \$2,500. The states that have already begun enforcement will also benefit from the Senate fix as drivers will be able to resume placarding only to the lowest flashpoint for straight loads of gasoline and diesel.

PMAA has worked with the Department of Transportation (DOT) since the interpretative guidance was released in June 2015, and began working with Congress once it was clear that DOT could not make the change without statute.

PMAA worked closely with the staff of Senator Deb Fischer (R-NE) to ensure the language would be added in the "SAFE PIPES Act" and that it would receive support from other committee members. PMAA is now working with the House Transportation and Infrastructure Committee to include identical language in its PHMSA reauthorization bill.

TASK FORCE ON REDUCING REGULATORY BURDENS

On Tuesday, the nine chairs of the Task Force on Reducing Regulatory Burdens released the goals of the task force and the next steps in the "development of a bold, pro-growth agenda that Republicans will present to the country in the coming months."

The Task Force will address: national security; jobs and the economy; health care; poverty, opportunity, and upward mobility; and restoring constitutional authority. Taking a bottom-up approach, committee-led task forces will develop this agenda, holding idea forums to take input and ideas from all members of Congress.

The Chairmen report that "Over the last 7 years, the federal government has amassed an abysmal record of regulatory overreach, not to mention its poor record of indifference to the significant regulatory burdens that these rules impose on small businesses." The Task Force has outlined ten key principles to help alleviate these burdens and promote capital formation, new business creation, innovation, and entrepreneurship. Click [here](https://energycommerce.house.gov/news-center/press-releases/task-force-reducing-regulatory-burdens-releases-mission-statement) (<https://energycommerce.house.gov/news-center/press-releases/task-force-reducing-regulatory-burdens-releases-mission-statement>) for more information on who chairs the task forces and its principles.

PMAA strongly supports the goals of the Task Force. Petroleum marketers are among the most highly regulated industries and the costs associated with the requirements are often more of a burden than small businesses and consumers can absorb. The current regulatory system is particularly flawed since most regulations go far beyond what is necessary to ensure the safety of people and protection of the environment. We need to bring common sense to the regulatory process.

SENATE ENERGY LEGISLATION CONTINUES TO BE STALLED

The bipartisan energy bill in the Senate remains at a standstill due to the ongoing disagreement on how the Flint water crisis should be handled. Both parties have offered many proposals over the past few weeks but the two sides have been unable to reach an agreement.

Talks will continue over next week's recess to find a solution. There are two main holds that are standing in the way of an agreement. One hold by Senator Mike Lee (R-UT) remains in place over concerns that the Flint aid would increase the deficit and that he believes the crisis should be the state's responsibility. The second hold by Senator David Vitter (R-LA) has been holding things up in an effort to get a vote on separate language that would benefit Louisiana fishermen. Energy and Natural Resources Chairwoman Lisa Murkowski (R-AK) declined to specify the remaining problems, but said Flint aid

and the energy bill would remain a package.

The biggest provision in S. 2012 would require the Department of Energy to approve or deny the use and operation of an LNG export facility no later than 45 days after an environmental review conducted by the Federal Energy Regulatory Commission (FERC). It would also require the Department of Energy to gather and distribute data on the destinations of LNG exports.

One amendment that failed would have expedited certain natural gas gathering lines on Federal land and Indian land. Another amendment that has been filed, but unlikely to see the light of day, is an amendment by Senator Barrasso (R-WY) which would authorize the construction and use of natural gas pipelines in national parks. PMAA continues to support fuel neutral pipeline legislation and because the amendment does not include oil pipelines, PMAA cannot support the amendment.

President Obama has stated that while he supports many of the provisions in the bill, he has serious concerns with others but he has yet to issue a veto threat. PMAA will continue to closely monitor the legislation. The House approved its own energy bill, H.R. 8, in early December by a vote of 249-174.

HOUSE REPUBLICANS PROPOSE NEW BUDGET RESOLUTION

House Speaker Paul Ryan (R-WI) has struggled to gain support for a new budget plan from members of his own party, mainly the Freedom Caucus made up of tea party conservatives. Members in opposition expressed concern over the last proposed budget deal, saying the deal didn't do enough to cut government spending and they advocated for increases only in defense spending.

A new budget plan has been released by House Republican leaders that is aimed at garnering support for those members previously in opposition by compromising on a variety of spending policies. The proposed budget resolution provides \$1.07 trillion in discretionary spending for 2017 and would balance the budget over 10 years. Additionally, the budget proposal would include guidelines to committees to come up with \$30 billion in savings from mandatory programs over two years. Speaker Ryan and House Budget Chairman Tom Price (R-GA) have been working with all Republicans to reach a deal; however, there remains a significant amount of disagreement between party members and it could be a while before a deal is reached.

PMAA SEEKS APPROPRIATORS HELP TO SLOW FMCSA RE SAFETY DATA

This week PMAA joined other associations in a letter to appropriators to support a provision for inclusion in the FY 2017 Department of Transportation Appropriations bill to stop the Federal Motor Carrier Safety Administration (FMCSA) from proceeding the Safety Fitness Determination rulemaking until all reforms related to the Compliance, Safety and Accountability/Safety Measurement System (CSA/SMS) programs mandated by the Fixing America's Surface Transportation Act (FAST Act) are completed.

The FMCSA issued a Notice of Proposed Rulemaking: "Carrier Safety Fitness Determination" on January 21, 2016. The current safety fitness rating system ranks carriers as Satisfactory, Conditional or Unsatisfactory based on a comprehensive safety compliance review. The rule proposes to radically modify the Safety Fitness rating system in which carriers are evaluated for both the enforcement community and the general public. The new methodology would be based on on-road safety data using five of the Agency's seven Behavior Analysis and Safety Improvement Categories (BASICs); an investigation, which will consider all seven BASICs, or a combination of on-road safety data and investigation information. The proposed new system would remove all of the existing ratings and create only one rating: "Unfit".

Our major concern with the proposal is that the new proposed methodology utilizes flawed CSA/SMS data and scores, which pursuant to the FAST Act, Congress has directed the agency to completely overhaul just two months ago. FMCSA should complete the reforms to the CSA/SMS system before proceeding to a new method of evaluating safety fitness of carriers. In the meantime, the current safety fitness rating system available to customers would remain in place.

Meanwhile Rep. Lou Barletta (R-PA) is circulating a "Dear Colleague" asking his colleagues to sign the letter that will also urge appropriators to include language in the FY 17 THUD bill to slow down the agency's rulemaking.

FEDERAL MOTOR FUEL EXCISE TAX RATES AND CREDITS

What's New? The IRS has issued special one-time claim procedures ([IRS Notice 2016-05](#)) for three separate fuel tax credits retroactively reinstated for calendar year 2015 under the *Protecting Americans from Tax Hikes Act of 2015* (PATH Act). The Act reinstated and made retroactive for calendar year 2015 the \$1.00 per gallon biodiesel blender credit (available to blenders), the \$0.50 cpg alternative fuel mixture credit (available to blenders) and the \$0.50 alternative fuel incentive credit (available for sale or use of alternative fuels). The special procedures allow for one-time credits and payments covering the entire 2015 claim period. These credits were also extended through December 31, 2016. In addition, Congress enacted new measurement standards for LPG and LNG used as alternative motor fuels. (LPG) has a claim rate (or GGE) of 5.75 pounds or 1.353 gallons of LPG; and liquefied natural gas (LNG) has a claim rate (or DGE) of 6.06 pounds or 1.71 gallons of LNG.

2016 FEDERAL MOTOR FUEL EXCISE TAX RATES

Product	Rate*	Cents	Per/Gal
Gasoline	\$.184	18.4	cpg
Gasoline (removed for ethanol blending)	\$.184	18.4	cpg
Alcohol (for use in downstream gasoline blending)	\$.184	18.4	cpg
Aviation Gasoline	\$.194	19.4	cpg
Alcohol blends are always taxed at the full federal rate for gasoline.			
Alcohol Blender's Credit	(Expired)		
Biodiesel Blender's Credit	\$1.00		
Alternative Fuel Mixture Credit	\$0.50		
Sale or Use of Alternative Fuel Credit	\$0.50		
Diesel (clear)	\$.244	24.4	cpg
Diesel (dyed)	\$.001	1/10th	cpg
Diesel (used in trains)(dyed)**	\$.001	1/10th	cpg
Diesel (removed for blending with biodiesel)	\$.244	24.4	cpg
Diesel (used in certain intercity and local buses)	\$.017	17	
Biodiesel (removed for blending with diesel)	\$.244	24.4	cpg
Kerosene (clear)	\$.244	24.4	cpg
Kerosene (dyed)	\$.001	1/10th	cpg
Kerosene (clear - non-commercial aviation)***	\$.219	21.9	cpg
Kerosene (clear - for use in non-taxable aviation)	\$.001	1/10th	cpg
Kerosene (clear - for use in commercial aviation not foreign trade)	\$.044	4.4	cpg
Propane (LPG)****	\$.183	18.3	gge
Compressed Natural Gas (CNG)	\$.183	18.3	gge
Liquefied Natural Gas (LNG)****	\$.243	24.3	dge
"P" Series Fuels	\$.184	18.4	cpg
Liquefied Fuel (derived from biomass)	\$.244	24.4	cpg

* Rates include the \$.001 cpg federal Leaking Underground Storage Tank (LUST) tax. The LUST tax is non-refundable.

**This tax is paid by the railroads, NOT by petroleum marketers.

*** Marketers pay \$.244 cpg at the rack, user's rate is \$.219. Ultimate vendor claim is \$.025 cpg. The ultimate vendor is the only party that can make the claim for 2.5 cpg. Ultimate vendor must have a certificate from the ultimate purchaser verifying the fuel is used for non-commercial aviation. Ultimate vendor must have an IRS 637 UA registration to file claim.

****Alternative liquid fuel gasoline gallon equivalent (GGE) and diesel gallon equivalent (DGE) claim rates. For sales or uses of fuel after December 31, 2015, liquefied petroleum gas (LPG) has a claim rate (or GGE) of 5.75 pounds or 1.353 gallons of LPG; and liquefied natural gas (LNG) has a claim rate (or DGE) of 6.06 pounds or 1.71 gallons of LNG.

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REGISTRATION IS NOW OPEN FOR PMAA'S WASHINGTON CONFERENCE AND DAY ON THE HILL

PMAA's 2016 annual Washington Conference and Day on the Hill will be held in Washington, DC from May 18-20. Our industry continues to have dozens of important legislative and regulatory issues to discuss with members of Congress and the Day on the Hill continues to be the primary focus of this conference.

The meeting will commence with an Opening Session / Issues Briefing and Region meetings in the afternoon of May 18 followed by a welcome reception including our PAC silent auction fundraiser. In addition, PMAA will hear from Adam Sieminski, Administrator of the Energy Information Administration (EIA), on the 18th. On the morning of May 19, there will be another issues briefing for those who were not able to attend the opening session. Marketers and association executives will then head to Capitol Hill for visits with their Congressional delegations. Please be sure to make these appointments at your earliest convenience. There will be a hospitality suite and luncheon on the Hill. On the evening of May 19, we will honor our new PMAA Chair Mike Bailey. Our conference will conclude after the PMAA Board of Directors meet on May 20 following a buffet breakfast and committee meetings.

Please click [here](http://www.cvent.com/d/2fq23h) (<http://www.cvent.com/d/2fq23h>) for our beautiful new event website which includes dynamic online event registration with secure event payment processing through Cvent. It is very user friendly and we are confident you will find it more effective, professional and easy to use. New Early Bird Registration by registering before April 1!

If you plan on attending PMAA's annual Washington Conference and Day on the Hill, now is the time to make your room reservation as we have had an excellent response to the room block. See you in DC in the spring!

2017 WPMAEXPO - LAS VEGAS, NEVADA



Mark your calendars for February 21-23, 2017. Make plans now to attend the 2017 WPMAEXPO. It will be held once again at the Mirage in Las Vegas, Nevada.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 21 – 23, 2017 - WPMA Convention & Expo – Mirage Hotel, Las Vegas, Nevada

May 19-20, 2016 – Nevada (NPM&CSA) Big Dogs Shootout – Red Rock Resort & Casino – Las Vegas, Nevada

June 7-9, 2016 – Montana (MPMCSA) Convention – Fairmont Hot Springs Resort – Butte, Montana

June 20-23, 2016 - Washington (WOMA) Convention - Suncadia Resort - Cle Elum, Washington

June 29, 2016 – Idaho (IPM&CSA) Magic Valley PAC Golf Outing – Blue Lakes Country Club, Twin Falls, Idaho

August 3 – 5, 2016 - Idaho (IPM&CSA) Convention - Coeur d'Alene Resort - Coeur d'Alene, Idaho

August 22-24, 2016 – New Mexico (NMPMA) Convention – Sandia Resort & Casino – Albuquerque, New Mexico

September 14-16, 2016 - Utah (UPMRA) Convention - DoubleTree Hotel by Hilton - Park City, Utah

June 18-22, 2017 – Washington (WOMA) Convention – Suncadia Resort – Cle Elum, Washington

August 2-4, 2017 - Idaho (IPM&CSA) Convention – Sun Valley Resort, Sun Valley, Idaho

June 17-21, 2018 – Washington (WOMA) Convention – Suncadia Resort – Cle Elum, Washington

August 8-10, 2018 - Idaho (IPM&CSA) Convention - Coeur d'Alene Resort - Coeur d'Alene, Idaho

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WPMA MEMBER SERVICES



Petro Pete: "Refusing to go to the gym counts as resistance training, right?"

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The MPMCSA is conducting a search for an Executive Director to manage the affairs of the State Association.

Position is as an independent contractor answering to the Board. Please go to the Montana home page, www.wpma.com/montana to download the job prospectus.