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ORVR WIDESPREAD USE RULE NOW AT OMB

Long awaited EPA action on Stage II Vapor Controls is making real progress. In recent months EPA has been putting the final touches on a draft proposed rule to define ORVR "widespread use". Defining ORVR "widespread use" is the critical first step needed to reduce government mandates requiring gasoline retailers to install and maintain costly Stage II infrastructure. EPA has finished their work and has submitted the proposed rule to the Office of Management and Budget (OMB) for the necessary reviews at that office. More updates will follow when we learn more about the document and the timing at OMB.

SENATE ENERGY COMMITTEE EXAMINES ETHANOL MARKET EXPANSION

On Thursday, the Senate Energy and Natural Resources Committee held a hearing on Department of Energy biofuel programs, retailers' infrastructure concerns, and Senator Harkin's (D-IA) "Biofuels Market Expansion Act of 2011" (S. 187). Testifying before the Committee included: Senator Harkin (D-IA), Bill Brady - CEO, Mascoma Corporation; Shane Karr - VP for Federal Affairs, Alliance of Automobile Manufacturers (AAM); Bob Dinneen - President and CEO, Renewable Fuels Association (RFA); John Eichberger - VP, Government Relations, NACS and Dr. Henry Kelly - Acting Assistant Secretary, Department of Energy (DOE). PMAA submitted a [letter](#) to Chairman Bingaman of the Senate Energy and Natural Resources Committee which was submitted to the Congressional Record.

Senator Harkin touted the "Biofuels Market Expansion Act of 2011" arguing that the legislation would "help wean the U.S. off imported oil if the legislation became law" because it would mandate thousands of flex fuel vehicles (FFVs) while providing grants to small business gasoline station owners to install blender pumps/ethanol storage equipment and loan guarantees for biofuel pipelines from the Midwest to the East coast. Sen. Harkin also praised the U.S. ethanol industry's growth since passage of energy policy legislation that included a Renewable Fuels Standard (RFS). The RFS mandates 15 billion gallons of corn-based ethanol by 2012.

RFA President Bob Dinneen argued that increased ethanol use has reduced gasoline prices by 15 - 50 cents-per-gallon and saved American motorists \$34 billion in 2010. PMAA and RFA have been working together to find common ground on an effective solution to the ethanol blendwall. Refiners are expected to hit the ethanol "blend wall" between this year and 2012 (at current 10 percent ethanol blended consumption). With the blendwall around the corner, EPA has approved E15 for use in 2001 and newer vehicles. This potentially poses significant liability risk for gasoline retailers from misfueling to infrastructure compatibility concerns. NACS VP John Eichberger highlighted that "Congress must provide legal certainty for retailers to sell E15 starting with support for the "Renewable Fuels Marketing Act" (RFMAAct).

Currently, retailers' gasoline infrastructure equipment is only certified up to ten percent ethanol by Underwriters Laboratories (UL). This is a major obstacle because several federal regulations, state laws, local ordinances and insurance policies require UL certified equipment. Retailers who decide to sell E15 could be held liable to pay for cleanup costs if a leak occurs due to the increased ethanol blends, and insurance companies may deny coverage. PMAA's Alternative Fuels and Underground Storage Tank Task Forces have identified a number of concerns with existing infrastructure. While they welcome grants and tax credits for blender pumps, the main obstacle for E15 penetration is underground equipment such as piping, glues, seals, gaskets and older underground storage tanks. Both task forces have suggested that any government biofuels grant program be applied to underground storage tank systems. EPA's Office of Underground Storage Tanks (OUST) is currently drafting E15 guidance with the goal of providing retailers a roadmap to determine E15 compatibility with legacy equipment. PMAA has submitted comments on EPA's proposed guidance which highlights a number of existing infrastructure concerns.

Absent legal and regulatory certainty for E15, very few retailers, if any, will be able to legally sell E15 which will delay the expansion of ethanol use in the U.S. PMAA's Alternative Fuels and Underground Storage Tank Task Forces are fully engaged in discussions with EPA, House and Senate Energy Committees. Both chambers are expected to hold more hearings on retailers' biofuels infrastructure concerns and PMAA looks forward to testifying at a future hearing.

HOUSE LIMITS EPA AUTHORITY TO REGULATE CARBON, SENATE TRIES AND FAILS

Yesterday, the House of Representatives voted 255-172 to approve H.R. 910, the "Energy Tax Prevention Act of 2011." The legislation would permanently remove the authority of the Environmental Protection Agency (EPA) to regulate carbon emissions, however, fuel efficiency standards and state air quality regulations are exempt.

The House vote came after the Senate failed to adopt four competing EPA amendments to a small business bill. Senate Minority Leader Mitch McConnell (R-KY) and Senator James Inhofe (R-OK) drew 50 votes for their proposal to strip EPA of its ability to regulate carbon emissions; they needed 60 votes for passage. Senators Jay Rockefeller (D-WV), Max Baucus (D-MT), and Debbie Stabenow (D-MI) each offered their own amendments that would delay or limit the EPA's authority to regulate carbon emissions.

Though all four amendments failed, there is consensus to limit EPA's ability to curb carbon emissions. The senators need to agree on how. The White House said it would veto legislation that would handcuff the EPA's ability to regulate carbon emissions, leaving proponents to find a veto-proof bill to attach such language. PMAA supports the legislative efforts of the senators to limit EPA's authority.

You can find the vote totals and details for the amendments below.

Baucus amendment - [Failed 7-93](#)

Stabenow amendment - [Failed 7-93](#)

Rockefeller amendment - [Failed 12-88](#)
McConnell/Inhofe amendment - [Failed 50-50](#)

1099 REPEAL PASSED BY CONGRESS AND SENT TO PRESIDENT FOR SIGNATURE

Finally! After multiple attempts, the House and Senate have passed a bill to repeal the Form 1099 reporting expansion so that the law will revert to the previous statute, and the bill has been forwarded to President Obama for signature.

Earlier this week the Senate passed H.R. 4, the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act, by a 87 to 12 margin, without changing anything in the House passed bill. The President has stated repeatedly that the reporting expansion should be repealed. The only question is whether the President can accept the revenue offset. The offset alters the formula for recapturing excessive health care insurance premium assistance that is advanced based on estimates to individuals and families with incomes up to 400 percent above the family poverty level, if the later official calculations determine the amount should have been lower.

Please keep in mind that this repeals the expanded requirements under the health reform law enacted in July 2010 (P.L. 111-148), and not the previous IRS requirements. The bill repeals the Form 1099 expansion included in the health care reform law and an additional expansion adopted as part of the 2010 Small Business Jobs Act that requires "incidental" rental income recipients making payments of \$600 or more to service providers that provide services for the rental property to issue Form 1099s to those service providers (cleaning service, maintenance). This incidental landlord expansion is in effect this year, but the change will repeal the incidental landlord expansion for 2012.

The health care reform law made two changes. The first is to require businesses to issue the Form 1099 to corporations as well as all persons in a trade or business. The second is to expand significantly the scope by requiring the issuance for payments made to "property" providers as well as service providers. The changes were to take effect for payments made after December 31, 2011.

LONG TERM OPPONENT TO REST STOP COMMERCIALIZATION RECONSIDERING POSITION

Because of state government budget shortfalls, some state highway officials through the American Association of State Highway & Transportation Officials (AASHTO) are asking that Congress ease the federal ban on rest stop commercialization. Unfortunately, at least one historical opponent to rest stop commercialization is now reconsidering his stance. Rep. Bill Shuster (R-PA) is now considering commercialization as a partial remedy to address highway budget shortfalls, especially as there will not be the votes for a gasoline tax increase.

PMAA and the Partnership to Save Highway Communities strongly oppose the government takeover of rest areas which would compete with businesses along the interstate that do not have the advantageous position the government rest areas would provide – access directly from the interstate highway system without needing to exit.

Shuster, who is a member of the Transportation & Infrastructure Committee that is beginning to draft the surface transportation reauthorization bill, wants to consider how much the states would generate by commercializing the interstate tracts, whether the windfall would be one time or long term, and the impact to private industry.

ED ANDERSON - SC FUELS - PASSES AWAY



Ed Anderson of SC Fuels in Prescott, Arizona passed away on April 2, 2011. He was a member of the Arizona Petroleum Marketers Association. Throughout his lifetime, Ed touched many lives within the industry. He was an integral part of the APMA, serving on the Board of Directors as well as the POC Board of Directors. Information on his memorial service will be forthcoming.

ANNE LOWER JARDINE RHINEHART 1926 ~ 2011



Anne Lower Jardine Rhinehart 1926 ~ 2011 Anne Lower Jardine Rhinehart passed away at her home in Highland, Utah on April 2, 2011. She married Clyde Valair Jardine in 1943 in Logan, Utah. They had two sons. Anne and Clyde made their home in Clarkston, Utah where they worked hard building up an oil and gas distributorship that covered the Cache Valley Area. Clyde died on December 7, 1950 from injuries sustained in an automobile accident. Anne continued to work and run the oil business and support her two young sons. Anne later married Harold Eugene Rhinehart. Anne and Harold bought a small oil business. Anne was very influential in building and growing this business. Anne had an analytical mind and strong business sense. She followed trends and used what she learned to help build a successful oil business, Rhinehart Oil Company and Hart's Convenience Stores. Funeral services will be held on Friday, April 8, 2011 at 11:00 a.m. in the Highland 24th Ward Chapel located at 5212 W Country Club Drive, Highland, Utah.

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2012 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA

Start planning now to attend the 2012 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 21-23, 2012.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2011

June 7-9, 2011 – MPMCSA Convention – Hilton Garden Inn – Missoula, Montana

June 20-23, 2011 – WOMA Convention – Suncadia Lodge – Cle Elum, Washington

August 3-5, 2011 – IPM&CSA Convention – Sun Valley Resort – Sun Valley, Idaho

August 30-31, 2011 – NMPMA Convention – Embassy Suites, Albuquerque, New Mexico

September 14-16, 2011 – UPMRA Convention – Rainbow Hotel and Casino – Wendover, NV

Petro Pete: “A failure is a man who has blundered, but is not able to cash in on the experience.”

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- \$16,000.00 OBO

Contact Marty Hull – 360-520-3275 (cell) 360-736-2821