

**REFINERS CONCERNED WITH E15 SUMMERTIME LABELING ISSUES**

Recently, the American Fuel & Petrochemical Manufacturers (AFPM) and the American Petroleum Institute (API) sent a letter to EPA Administrator Gina McCarthy requesting EPA to issue an Enforcement Alert clarifying that federal law prohibits the sale of E15 as a flex fuel. AFPM and API said last year several retailers relabeled E15 as a flex-fuel during the summer months (June 1 – September 15) to avoid the Clean Air Act (CAA) Reid-vapor pressure (RVP) limits. AFPM and API reported that because E15 is classified as gasoline under EPA's regulations (not sometimes gasoline and sometimes flex-fuel), it is subject to EPA's summer RVP and pump label regulations, and therefore, to label and sell E15 as "flex-fuel" is an unlawful attempt to bypass the existing RVP regulatory requirements.

Specifically, EPA set the RVP standard at 9.0 RVP for designated volatility attainment areas and the RVP standard at 7.8 and 7.0 psi for designated volatility nonattainment areas during the summer months. Congress also provided a 1.0 RVP allowance for ethanol blends containing a minimum of 9 percent and a maximum of 10 percent ethanol. However, Congress has not extended the waiver to E15 which makes it very difficult to meet specifications during the summer months. Even if Congress amended the Clean Air Act, which is very unlikely in the foreseeable future, E15 still faces an uphill climb due to its incompatibility with existing UST systems (seals and piping most concerning) that are only UL certified to a maximum E10 blend.

**BILL WOULD INDEX GAS & DIESEL TAXES TO INFLATION**

Yesterday, Rep. Jim Renacci (D-OH) announced the introduction of legislation that would index the federal gas and diesel tax to inflation. Additionally the "Bridge to Sustainable Infrastructure Act" would establish a bipartisan, bicameral transportation commission to develop a long-term funding mechanism by 2016.

Current Highway Trust Fund (HTF) authorization expires on May 31 which is expected to reach insolvency this summer. Renacci and bill cosponsors Reid Ribble (R-WI), Bill Pascrell (D-NJ) and Dan Lipinski (D-IL) wrote the Act such that if Congress does not implement a long-term funding solution, the gas and diesel tax would increase to meet the next five-year HTF shortfall.

**PMAA OUTLINES TAX WISHES TO SENATE FINANCE**

On tax day, PMAA submitted a letter to Senate Finance Committee Chairman Orrin Hatch (R-UT) and Ranking Member Ron Wyden (D-OR) outlining our viewpoints on tax overhaul.

The Senators had announced a bipartisan effort to solicit feedback from the public and stakeholders on how best to fix the nation's broken tax code to make it simpler, fairer, and more efficient. Specifically, they requested input to the relevant Committee's bipartisan tax working groups, which are analyzing existing tax law and examining policy trade-offs and available reform options. Each of the working groups is working to produce findings on current tax policy and legislative recommendations within its area, with the goal of having recommendations from each of the five working groups completed by the end of May. Submissions will be reviewed and ideas can be incorporated into each working group's final recommendations that are expected to be delivered to Chairman Hatch and Ranking Member Wyden by the end of May.

PMAA's requests included:

- Pass a simple two-year extension of the \$1-per-gallon biodiesel blender's tax credit. Oppose efforts to move the blender's credit to the production level which would negatively impact small business petroleum marketers and consumers.
- Oppose further LUST fund transfers to fund the Highway Trust Fund. Consider including language which would require that future revenue collected for the LUST fund is used for its intended purpose.
- Keep LIFO repeal language out of any tax overhaul proposal.
- Restore Section 179 Expensing to the 2014 levels of \$500,000 with an investment limitation of \$2 million. Make permanent the 50 percent bonus depreciation.
- Repeal the Estate Tax.
- Oppose the elimination of the "step-up in basis" at death. This would be detrimental as any attempt to eliminate or modify current provisions on the "step up in basis" would negatively impact small business petroleum marketers and further curtail economic growth.
- Oppose efforts to repeal or restrict tax deferral of gain from Section 1031 exchanges of like-kind property.

[Click here](http://pmaa.org/weeklyreview/attachments/BusinessIncomeTax.pdf) (<http://pmaa.org/weeklyreview/attachments/BusinessIncomeTax.pdf>) for a complete copy of our letter.

## **HOUSE PASSES ESTATE TAX REPEAL BILL**

Yesterday, the House voted 240-179 to permanently repeal the federal estate tax. H.R. 1105, known as the Death Tax Repeal Act," is sponsored by Rep. Kevin Brady (R-TX), and is the same as estate tax repeal bills introduced in recent years in both chambers that garnered significant cosponsors, but is strongly opposed by Democrats.

Last month, Senator John Thune (R-SD) introduced an identical bill which has not yet been taken up by the Finance Committee. Current law stands at a \$5 million exemption indexed for inflation and a tax rate of 40 percent.

Unfortunately, the bill is unlikely to become law since President Obama supports the death tax and has already threatened a veto. Obama would also like to eliminate basis step up. This action would move the U.S. from the fourth highest estate tax in the world to first. "Repealing the estate tax exclusively benefits just the wealthiest one or two estates out of every thousand — which would receive a tax cut averaging more than \$3 million each — because current law already exempts more than \$5 million of wealth for individuals and more than \$10 million of wealth for couples from the tax," White House advisers wrote on Tuesday.

PMAA continues to actively support repeal of the death tax and is a member of the NFIB's Family Business Estate Tax Coalition.

## **SENATE AND HOUSE PAYMENTS INNOVATION CAUCUSES CREATED**

This week, the Senate followed the House lead and created a Payments Innovation Caucus which will examine payment industry technologies, electronic payments, consumer protection and data security.

Senators Gary Peters (D-MI), Mike Rounds (R-SD), Tom Carper (D-DE), and Johnny Isakson (R-GA) are the founders of the Senate caucus. While Reps. Lynn Westmoreland (R-GA), Randy Neugebauer (R-TX), David Scott (D-GA), and Kyrsten Sinema (D-AZ) recently formed the Congressional Payments Technology Caucus in the House.

With 70 percent of purchases made using electronic payment methods, Senator Rounds notes that "The technology payments industry impacts nearly every corner of our economy and is changing just as rapidly as it is growing. Our goal is to make sure others are aware of the issues important to the industry to meet its growing needs and keep consumer data safe and secure."

PMAA continues to monitor these activities via the Merchants Payments Coalition (MPC).

## **BILL TO STOP FEDERAL WATERS JURISDICTION EXPANSION MOVES FORWARD**

On Wednesday, the House Transportation and Infrastructure Committee passed 36-22 the "Regulatory Integrity Protection Act" (H.R. 1732) with all Republicans and one Democrat voting in favor of the legislation. H.R. 1731, sponsored by Rep. Bill Shuster (R-PA) and Rep. Bob Gibbs (D-OH), would force EPA and the U.S. Army Corps of Engineers to withdraw a proposed rule which would give the federal government authority over land use decisions that are preserved to the States.

Last month, the Senate passed by 59-40 an amendment to the Senate Budget Resolution to require a rewrite of the proposed rule clarifying Clean Water Act jurisdiction over waters. The amendment would direct the agencies to coordinate with the states in rewriting the rule. Although the vote on the Budget Resolution is nonbinding, passage does show Senate support for the change in the EPA and the U.S. Army Corps of Engineers April 2014 proposed rule.

Many Senators are concerned about the proposed rule. Sen. Joni Ernst (R-IA) invited EPA Administrator Gina McCarthy to Iowa to talk about the proposed Clean Water Act jurisdictional rule and the impacts the regulation would have on her state. The Senator wants the EPA Administrator to see who might be impacted by redefining the rule, in particular, the industries such as biofuel producers who would be damaged. Senator Heidi Heitkamp (D-ND) has also asked the EPA to do the same during a hearing last month before the Senate Agriculture Committee.

Last year, PMAA joined with a coalition representing a broad range of businesses, industries, and commercial interests to voice strong opposition to the revised definition of "Waters of the United States" (WOTUS) proposed by EPA and the U.S. Army Corps of Engineers (COE). Many petroleum marketers with bulk storage will be adversely affected by the revised definition. At the most fundamental level, the proposal as written represents an unjustified expansion of Clean Water Act jurisdiction far beyond the limits of federal regulation explicitly established by Congress and affirmed by the courts. The proposal would, for the first time, give federal agencies direct authority over land use decisions that Congress has intentionally preserved to the States. It would intrude so far into traditional State and local land use authority that it is difficult to imagine that Congress intended this outcome.

## **IT'S TIME TO REGISTER FOR PMAA'S WASHINGTON CONFERENCE AND DAY ON THE HILL**

PMAA's annual Washington Conference and Day on the Hill will be held in our Nation's Capitol of Washington, DC from May 13-15. Please make your plans now to attend this important and productive forum to meet with your members of

Congress to openly discuss all the issues facing the petroleum marketing industry and to network with other marketers from across the country!

The meeting will begin with an issues briefing and region meetings on the afternoon of May 13 followed by a welcome reception including our PAC silent auction fundraiser. On the morning of May 14, there will be another issues briefing in case you were not available to attend the opening session briefing on May 13. Marketers and association executives will then head to Capitol Hill for visits with their Congressional delegations after a buffet breakfast and an issues briefing if you did not arrive in time to attend the opening session. The PMAA Board of Directors will meet on May 15.

If you plan on attending PMAA's Annual Washington Conference and Day on the Hill and do not have a room reservation, please contact A Room with A View at 800.780.4343 by May 7 for information on the designated PMAA overflow hotels. They will secure the lowest available rates within walking distance of Washington Marriott at Metro Center.

For those planning to attend this informative conference and have hotel reservations, please be sure to complete the appropriate Registration Form no later than May 4 so we can make your conference experience smooth and easy. You can find the registration forms and instructions along with all related details for Washington Conference and Day on the Hill [here](http://www.pmaa.org/pmaameetings/upcomingmeetings.asp) (<http://www.pmaa.org/pmaameetings/upcomingmeetings.asp>).

### **ANNUAL U.S. DOT HAZMAT REGISTRATION PERIOD BEGINS**

The U.S. DOT's Pipeline and Hazardous Material Safety Administration (PHMSA) has begun mailing out registration forms for the 2015-2016 HAZMAT registration period. Federal regulations require all interstate and intrastate marketers transporting petroleum products in placarded vehicles to register and pay an annual HAZMAT fee. Registration is necessary to obtain federal operating authority for the transportation of hazardous materials.

**Registration Deadline:** Marketers with expiring HAZMAT registration certificates must register and pay the required fee by July 1, 2015.

**Registration Fee:** The annual registration fee is \$275 for small businesses and \$2,600 for large businesses. Most petroleum marketers should qualify for the \$275 small business fee (see below).

**Registration Process:** Online registration is available. Electronic registration allows registrants to download their operating certificate immediately. [Click here](http://phmsa.dot.gov/hazmat/registration) (<http://phmsa.dot.gov/hazmat/registration>) to register online.

**Multi-year Registration:** PHMSA allows one, two and three year registrations. As a result, not all current HAZMAT registrants will be required to re-register for the 2015-2016 registration cycle. Marketers should check their HAZMAT registration certificate for the date of expiration before attempting to register for the 2015-2016 registration period.

The following Q & A will assist in compliance:

#### **Q. 1. Who must register and pay the fee?**

A. Any business (intrastate or interstate) shipping hazardous materials requiring a U.S. DOT placard must register each year and pay the fee. Petroleum jobbers, common carriers of petroleum products, oil heat dealers and propane suppliers who ship their products in trucks must register and pay the fee.

#### **Q. 2. What happens if I don't register?**

A. If you fail to register by the deadline then you lose your authority to operate your trucks in both intrastate and interstate commerce. Your authority to operate is the certificate you receive from PHMSA once you register and pay the fee. A current certificate must be kept in the cab of each HAZMAT vehicle at all times. If you are subject to a roadside inspection or DOT audit and do not have a current certificate your authority to operate will be revoked and you could be fined up to \$32,500 per day of violation.

#### **Q. 3. Why is the U.S. DOT collecting the fee?**

A. The money collected from the registration program is given back to state emergency response authorities in the form of training grants for fire and police and emergency preparedness organizations.

#### **Q. 4. How Do I know my registration is current or not?**

A. Registration status may be checked on line by [clicking here](https://hazmatonline.phmsa.dot.gov/Services/companylookup.aspx) (<https://hazmatonline.phmsa.dot.gov/Services/companylookup.aspx>). Enter either your company name, U.S. DOT number or zip code in the data fields provided to check whether your HAZMAT registration certificate is current.

**Q. 5. How do I register?**

A. There are two ways to register. First you may mail in a paper registration form to PHMSA. A registration form and instructions can be downloaded [here](http://hazmat.dot.gov/regs/register/register.htm) (http://hazmat.dot.gov/regs/register/register.htm). You may also register online [here](http://hazmat.dot.gov/regs/register/register.htm) (http://hazmat.dot.gov/regs/register/register.htm). On-line registration allows you to register, pay the fee and download your operating certificate.

**Q. 6. When is the HAZMAT registration deadline?**

A. July 1, 2015 is the registration deadline for all new and expiring hazardous materials registration certificates.

**Q. 7. What should I do with registration certificate once I receive it?**

A. Keep the original certificate in your files and place a photocopy in the cab of each HAZMAT placarded vehicle by July 1, 2015.

**Q. 8. How much is the annual HAZMAT registration fee?**

A. The annual registration fee is based business size. For registration year 2015-2016 the fee for small businesses is \$275 for one year; \$525 for two years (2015-2017) and \$775 for three years (2015-2018). For registration year 2015-2016 the fee for large businesses is \$2,600 for one year.

**Q. 9. How do I determine the size of my business so I know which fee to pay?**

A. It is very likely that your business qualifies for the lower registration fee. Determining size is left up to the company applying for the registration certificate. PHMSA follows Small Business Administration (SBA) size categories to classify whether a business is large or small for the purposes of determining the amount of the annual registration fee. The SBA determines business size according to NAICS (North American Industrial Classification System) codes based on either the number of employees in the company or on annual gross receipts. The following NAICS codes and size criteria apply when calculating which fee to pay:

**NAICS CODE 424710 - Petroleum Bulk Stations or Terminals:** Petroleum marketers in this category are considered small businesses and must pay the \$275 fee if the company employs fewer than 100 employees.

**NAICS CODE 424720 - Petroleum and Petroleum Product Wholesalers (no bulk storage):** Petroleum marketers in this category are considered small businesses and must pay the \$275 fee if the company employs fewer than 100 employees.

**NAICS CODE 454311 - Heating Oil Dealers:** Heating oil dealers in this category are considered small businesses and must pay the \$275 fee if the company employs fewer than 50 employees.

**NAICS CODE 454312 - Liquefied Petroleum Gas Dealers:** Propane dealers in this category are considered small businesses and must pay the \$275 fee if the company employs fewer than 50 employees.

**Q. 10. What if I registered as a large business but now I qualify for the small business fee?**

A. If your business circumstances have changed and you now qualify for small business status under the HAZMAT registration fee, call Mark S. Morgan at (202) 364-6767 for further instructions.

**Q. 11. Where can I get more information?**

A. Contact Mark S. Morgan, PMAA Regulatory Counsel at (202) 364-6767 or [mmorgan@pmaa.org](mailto:mmorgan@pmaa.org).

**U.S. EPA ENTERS CONSENT DECREE AIMED AT GETTING RFS SCHEDULE BACK ON TRACK**

The U.S. Environmental Protection Agency (EPA) has announced that 2014, 2015 and 2016 volumetric blending mandates required under the Renewable Fuel Standard (RFS) will be finalized by November 30, 2015. The EPA also set the same deadline for the 2017 volumetric mandate for biomass-based diesel. The new deadline is the result of a proposed consent decree in ongoing litigation against the EPA by the American Petroleum Institute (API) and American Fuel and Petrochemical Manufacturers (AFPM). Under the consent decree, the EPA said that it will propose 2015 RFS volumetric mandates by June 1, 2015 and finalize volumetric requirements for both 2014 and 2015 no later than November 30, 2015. Outside of the decree, the EPA will also propose 2016 RFS volumetric mandates by June 1, 2015 and finalize them by the November 30, 2015 deadline as well. The agency is also committed to finalize the RFS biomass-based diesel volumetric mandates for 2017 on the same schedule. The EPA will re-propose 2014 volumetric mandates by June 1 that reflect the volumes of renewable fuel that were actually used in 2014. The EPA said its goal under the consent agreement is to provide the market with the certainty it needs to continue to grow renewable fuel volumes.

The EPA has consistently missed the statutory deadlines for volumetric blending requirements set under the Clean Air Act. The agency is stuck in the middle between refiners advocating for repeal of the RFS and the ethanol industry which strongly supports it. The consent decree does not resolve the issue of how the EPA will set volumetric requirements that balance the competing demands of both the petroleum and renewable fuel industries. Furthermore, the 2005 renewable fuels legislation calls for increasing the use of ethanol made from cellulosic materials, making it more difficult for the EPA to resolve the ethanol blend wall issue. The missed deadlines reflect the challenges that face the EPA in determining how to

implement the requirements of the RFS in the face of the impending ethanol blend wall and weakening U.S. gasoline demand.

The consent decree is not final and cannot be entered by the court until the EPA administrator provides a public notice and comment period in the Federal Register to provide all stakeholders an opportunity to comment in writing. PMAA will file comments to remind the EPA once again of the still unresolved issue regarding the compatibility of higher ethanol blends with existing retail storage and dispensing equipment.

### **MARK YOUR CALENDARS FOR UPCOMING EVENTS**

**February 16 – 18, 2016** - WPMA Convention & Expo – Mirage Hotel, Las Vegas, Nevada

**May 14 – 15, 2015** - Nevada (NPM&CSA) BIG DOGS – JW Marriott Las Vegas Resort & Spa, Nevada

**June 2 – 4, 2015** - Montana (MPMCSA) Convention – Northern Hotel, Billings, Montana

**June 22 – 25, 2015** - Washington (WOMA) Convention – Suncadia Resort, Cle Elum, Washington

**August 5 – 7, 2015** - Idaho (IPM&CSA) Convention - Sun Valley Lodge - Sun Valley, Idaho

**August 17-19, 2015** – New Mexico (NMPMA) - Marriott Pyramid North – Albuquerque, New Mexico

**September 15-17, 2015** - Utah (UPMRA) Convention - Park City Marriott - Park City, Utah

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

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**Petro Pete: “The only place where success comes before work is in the dictionary.”**

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## **Classified Ads**

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Idaho Petroleum Equipment Inc. has two new Containment Solutions fiberglass fuel tanks for sale with warranty

One of each \*12,000 Gallon and \*\*6,000/6,000 Split 12,000 gallon double wall tanks  
dry interstitial, 42” sump, non-water tight lid and includes deadmen straps  
\*12,000 Tank- \$10,000.00 \*\* 6,000/6,000 Split Tank - \$15,000.00

Contact Juan @ 208.724.3390 or [ipejuan3@gmail.com](mailto:ipejuan3@gmail.com)