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HOUSE APPROVES MEAL & REST BREAK AMENDMENT TO FAA REAUTHORIZATION BILL

Yesterday, the House approved an amendment to the Federal Aviation Administration (FAA) reauthorization bill (H.R. 4) which would prohibit states from setting their own requirements for trucker meal and rest breaks. The amendment, introduced by Reps. Jeff Denham (R-CA), Henry Cuellar (D-TX) and Jim Costa (D-CA), was approved by a vote of 222-193.

Since 1994, Congress has prohibited states from any regulation relating to motor carrier prices, routes, or services. However, in recent years, running in direct conflict with the prohibition, some courts have imposed state meal and rest break laws on interstate motor carriers, creating a dangerous and confusing two-tiered system of rules conflicting with the existing federal standards. The Denham/Cuellar/Costa amendment would clarify that, since the enactment of the original FAA Authorization bill in 1994 (F4A), federal law has preempted state regulations of interstate motor carriers' meal and rest break obligations.

BILLS AIMED AT REDUCING DRIVER SHORTAGE

A top priority for PMAA is supporting efforts to expand the availability of qualified truck drivers. For a decade the trucking industry has struggled with a shortage of drivers and the problem is growing. The main causes of the shortage are the aging workforce, job alternatives, regulations, young drivers exiting the market because of life style changes and industry growth requiring more drivers. Because of this shortage, several bills have been introduced to help alleviate the problem.

The "Developing Responsible Individuals for a Vibrant Economy Act," H.R.5358, known as "The DRIVE-safe Act," was introduced by Reps. Duncan Hunter (R-CA) and Trey Hollingsworth (R-IN), which would allow drivers 18 and older to operate across state lines, if they meet rigorous training requirements - at least 400 hours of on-duty time with 240 hours of driving time, with an experienced driver training them. Training would also be restricted to trucks equipped with active braking systems, video monitoring systems and speed limiters set to 65 mph or slower. H.R.5358 has received support from UPS, the American Trucking Associations (ATA), the International Foodservice Distributors Association (IFDA) and the National Council of Chain Restaurants, a division of the National Retail Federation.

The FAST Act that was passed by Congress in 2015 included a pilot program to study the safety implications of allowing veterans between the ages of 18-21 to operate trucks across state lines. Under current federal law, veterans in this age group are prohibited from doing so even though they can otherwise obtain a commercial driver's license (CDL) in each of the 48 contiguous states. The provision that established the pilot program prohibits hazmat transporters from participating in the pilot program. The WHEEL Act (H.R. 3889) was introduced by Congresswoman Claudia Tenney (R-NY) to broaden the criteria for participation in the pilot program by allowing CDL holders ages 18-21 who have a clean driving record and have received a certification of completion from a qualified training program to participate in the study. However, it does not repeal the language which prohibits hazmat transportation from participating in the pilot program.

PMAA continues to vet these bills as well as other possible solutions to increase the number of CDL truck drivers in the U.S.

IRS ISSUES HEFTY FINES FOR FAILURE TO DISPLAY NONTAXABLE USE DISPENSER LABELS

PMAA continues to receive calls from marketers who are being slapped with hefty fines for failure to display IRS nontaxable use warning labels on dispensers. The IRS requires all dyed diesel and dyed kerosene dispensers to have a specific label indicating that the fuel is for nontaxable use only. Dispensers supplying undyed, untaxed kerosene sold from a blocked pump must also display an IRS nontaxable use warning label.

The labeling requirement has been in place for diesel dyed diesel dispensers since 1993 and for dyed and clear kerosene dispensers since 1998. IRS field agents continue to aggressively enforce the dispenser label requirement in all regions of the country. Under IRS regulations, marketers who fail to post the required labels on applicable dispensers are **presumed to know** that the fuel will not be used for a nontaxable use, will be responsible for paying the 24.4 cpg federal excise tax on the fuel (the back-up tax) and assessed \$10 **for every gallon of fuel in the tank** at the time of the violation.

Some petroleum marketers are under the mistaken belief that the required EPA and FTC dispenser labels, which also provide a warning notice for nontaxable use, satisfy the IRS label requirement. This assumption is incorrect. The IRS, EPA and FTC labels are all required to appear on dispensers despite their apparent redundancy. The IRS does not enforce EPA and FTC label requirements.

The following IRS labels must be posted on any retail dispenser or other delivery facility (skid tank, consumer dispensers at bulk plants or card locks) where dyed diesel fuel and/or dyed kerosene are dispensed for use by a purchaser/consumer:

"DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE" or

"DYED KEROSENE, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE".

In addition, the following label must be posted on all blocked pumps that sell clear, untaxed kerosene:

"UNDYED UNTAXED KEROSENE, NONTAXABLE USE ONLY".

The labels must be affixed to the dispenser in a conspicuous place within easy sight of the person dispensing the fuel either on the face of the dispenser (on both sides) or on the side of the dispenser just above the nozzle housing. The IRS issues violations for any IRS required label that is missing, faded, ripped or obscured in any way from the consumers' view. Marketers should frequently inspect dyed diesel fuel, dyed kerosene and clear untaxed kerosene dispensers to ensure the IRS label is properly placed and legible. Labels can be ordered online from most petroleum and c-store supply vendors.

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SECRETARY PERDUE TESTIFIES ON RFS AT COMMITTEE HEARING

The Trump Administration has used its waiver authority under the RFS to exempt several small refiners from their renewable volume obligations (RVOs) which in turn has dampened ethanol RIN values. The EPA has the authority to grant exemptions from the program to refineries with a capacity under 75,000 barrels per day if the company can demonstrate financial hardship. Twenty-five exemptions have already been granted this year with possibly more to come.

Earlier this week, Agriculture Secretary Sonny Perdue testified before the Senate Agriculture Committee. At the hearing, Secretary Perdue was asked about waivers granted to smaller refineries for the Renewable Fuel Standard (RFS). Sen. Joni Ernst (R-IA) questioned Perdue on these waivers saying, "The EPA has granted about 25 small refinery hardship waivers. Some of these refineries are neither small nor facing hardships. So these waivers, to me, are unacceptable. And last week, and again today, you agreed that these waivers, like the one Andeavor received, constitute demand destruction for biofuels. So what will you do specifically to ensure that the EPA is not deliberately circumventing the RFS?" In response, Secretary Perdue stated that they "had to dig pretty deeply to get the number of gallons that had been waived this year, and with the President and his team let them understand how the instructions that he was given last fall over maintaining the RVO obligation at 15 billion gallons has essentially been circumvented by the waivers." Perdue also stated that he understands approximately 1.12 billion gallons were waived due to the waivers.

Additionally, Sen. Ernst asked Secretary Perdue if he had spoken with EPA Administrator Scott Pruitt regarding the year-round E15 RVP waiver. Perdue responded saying that he had spoken with Administrator Pruitt and stated that "these waivers have been the antidote to RIN prices in what [Pruitt] has already done, so that I would encourage him, and have actually exhorted him to do the E15 waiver, as I have the President."

On April 9, five Senators fired off a letter to the EPA Administration urging the EPA to halt the exemptions because it undermined the intent of the RFS. The letter stated, "The granting of waivers for 2016 RVOs have effectively reduced the 2016 requirement of 15 billion gallons to 13.8 billion gallons."

Go here (https://www.pmaa.org/weeklyreview/attachments/RFS_ltr_grassley_0418.pdf) to read the letter.

Additionally, two weeks ago, 13 Midwestern senators called on EPA Administrator Scott Pruitt to stop granting small refiners exemptions from their RFS obligations, stating that the waivers could severely hurt the market for biofuels for years to come. In addition, the Senators called for transparency in the waiver process and told EPA to notify Congress in two weeks with the list of refineries that have been granted waivers, the reasons for granting the waivers, and to commit to granting waivers only during the annual RVO rulemaking process.

Go here (<https://www.grassley.senate.gov/sites/default/files/Pruitt%20Small%20Refinery%20Letter%204.12.18.pdf>) to read the letter.

PMAA continues to be concerned that small business petroleum marketers will be placed in a precarious situation if E15 starts to take hold because of the potential economic impacts of adding E15, including the costs associated with existing UST system incompatibility.

REVISED REQUIREMENTS FOR SIGNATURE COLLECTION EFFECTIVE APRIL 13, 2018

As more face-to-face merchants adopt EMV-enabled payment terminals in the United States, major card brands have evaluated the need to continue collecting cardholder's signature as a valid verification method and have determined that the security and fraud protection from EMV adoption allows merchants to discontinue the collection of signatures.

Effective April 13, 2018, the four major networks will no longer utilize signatures during dispute procedures. This document details each network's change to existing requirements.

https://www.pmaa.org/weeklyreview/attachments/Worldpay_0418.pdf

Should you have any questions, please reach out to your designated Worldpay Account Manager or PMAA's Worldpay Executive Client Manager, Glenda Preen at 972.325.1801. Worldpay is a PMAA Corporate Silver Partner and Vendor.

FDA CRACKS DOWN ON UNDERAGE SALE AND USE OF E-CIGARETTES

On Tuesday, Food and Drug Administration (FDA) Administrator Scott Gottlieb announced a new initiative called the Youth Tobacco Prevention Plan that would curb the underage sale and youth use of e-cigarettes. The FDA has been cracking down on the underage sale of e-cigarettes, issuing forty warning letters to brick-and-mortar retailers in the past week alone as a first step toward eliminating underage use of e-cigarettes. In his statement, Administrator Gottlieb stated, "We'll hold retailers accountable for continued violations. Let me be clear to retailers. This blitz, and resulting actions, should serve as notice that we will not tolerate the sale of any tobacco products to youth." He added, "It's clear there's need for strong federal enforcement of these important youth access restrictions and we'll continue to hold retailers accountable by vigorously enforcing the law with the help of our state partners. Today's action should serve to put retailers on notice to stop selling products to minors." The FDA said it has conducted 908,280 inspections of tobacco retailers, issued 70,350 warning letters and initiated around 17,000 civil money penalty cases in its efforts to fight the sale of e-cigarettes and other tobacco products to minors.

E-cigarettes have become popular with American youth over the past few months. One of the most popular e-cigarette products among minors is made by a company called JUUL. Due to the product's growing popularity with youth, the FDA recently sent JUUL a request for documents related to "product marketing; research on the health, toxicological, behavioral or physiologic effects of the products, including youth initiation and use; whether certain product design features, ingredients or specifications appeal to different age groups; and youth-related adverse events and consumer complaints associated with the products." The FDA is also sending out similar letters to other e-cigarette manufacturers.

KERR ELECTED DIRECTOR OF FEDERATED INSURANCE COMPANIES

Mike Kerr, of Owatonna, Minnesota, was elected to the Board of Directors of the Federated Insurance Companies. The election took place at the Annual Meeting of Policyholders held April 17, 2018, at Federated Insurance Companies' home office in Owatonna, Minnesota.

Kerr is the President and Chief Operating Officer of Federated Insurance Companies. Kerr graduated from Central Michigan University with a degree in Business Administration. In 1981, Mike began his career with Federated as a Marketing Development Trainee. He has filled many roles, including Marketing Representative, District Marketing Manager, Regional Marketing Manager, DOFO, Director of Association Risk Management Services (ARMS), Vice President, First Vice President, and Senior Vice President. Over the years, Mike has led various functions in Federated's home office and chaired numerous internal teams.

In December of 2017, Kerr was appointed to President and Chief Operating Office, a role which assumed greater responsibility and authority for the operation functions including P&C Underwriting, Special Accounts, P&C Claims and Field Services, Life and Disability, Marketing, Marketing Services and Support, ARMS, Learning Center, and Granite Re, Inc.

"Mike lives and breathes integrity, while adhering to the core principles and values upon which our Company has been built," Federated Insurance Chairman and CEO Jeff Fetters said. "His leadership throughout a number of operational roles makes him exceptionally qualified for his new governance responsibilities."

Founded in 1904, Federated Insurance is a national insurance and risk management organization that serves the property, casualty, and life insurance needs of clients in select industries. The organization has hundreds of recommendations from state, regional, and national associations and affinity groups and is rated A+ (Superior) by industry analyst A.M. Best®.

At Federated Insurance, It's Our Business to Protect Yours.®

NEW CONTRIBUTIONS FOR THE MAY 2018 PAC SILENT AUCTION

PMAA Small Business Committee (SBC) PAC Co-Chairs Brad Bell and Tim Keigher thank Gene Inglesby and the Western Petroleum Marketers Association (WPMA), Roger Lane and the Georgia Oilmen's Association (GOA) and William Fleischli and the Illinois Petroleum Marketers Association/Illinois Association of Convenience Stores (IPMA/IACS), for their unique contributions for the PMAA SBC PAC Silent Auction.

WPMA donated a beautiful **DOONEY & BOURKE FLORENTINE TOSCANA LEATHER HOBO BAG**. Dooney & Bourke designs and crafts instant classics with the perfect union of timeless American style, the highest regard for materials and craftsmanship, and a dedication to effortless functionality. This European Dooney & Bourke Florentine Toscana Hobo bag meets elegant, equestrian styling and is a perfect complement from the work day to the weekend.

GOA contributed a stylish **BUSHNELL EXCEL RANGEFINDER GOLF WATCH**. Bushnell has been the industry leader in high-performance sports optics for more than 65 years. The Bushnell Excel Rangefinder Golf Watch makes getting distances around the course even easier. The Bluetooth integration with smartphone allow you to get course updates without needing to sync with a computer and you can receive call, messaging and calendar notifications on your watch and much more.

IPMA/IACS provided a **MASTERS TOURNAMENT CADDY GNOME & A MASTERS SHOE BAG**. The Masters Tournament Caddy Gnome is home of Augusta National Golf Club and it's highly collectible. It measures 13 inches tall x7.5 inches wide and only a limited number of Caddy Gnomes are made each year. Also, you can look like a pro golfer carrying the Masters Shoe Bag. It's a perfect way to get attention around the clubhouse.

The Auction will take place in conjunction with PMAA's Washington Conference on May 16 during the welcome reception. Last year there was tremendous support in contributions for the auction and PMAA SBC PAC Co-Chairs Brad Bell and Tim Keigher urge your participation this year as well! Brad and Tim would like to remind you that donations can include use of personal vacation properties.

If you have items that you would like to contribute for the Silent Auction, please contact Sabrina Pitcher at 703-351-8000.

Please note that auction Items must be paid for with personal funds by MasterCard, VISA, American Express, cash or check (checks can also be made out to the PMAA Small Business Committee).

FEDERATED'S RISK MANAGEMENT CORNER:

The devastating results of the 2017's extreme weather are still vivid in many of our minds. Catastrophes and disasters present themselves in many forms. A business's ability to handle these disasters is critical not only to its future and success, but also to the success of the community. How will your business react to the challenges presented by a catastrophe?

If you and your employees are prepared for disaster, the feeling of panic, confusion, and loss will not consume you if disaster strikes. Based on your Open for Business game plan, a focused effort for restoring your business-using the human and physical resources that you have available-can be implemented to help get your business back up and running. Using the program's business continuity plan, you will have resources available to help you identify and recover the essential functions of your business, sustain your revenue, and inform employees of their responsibilities.

Go here (<https://www.pmaa.org/weeklyreview/attachments/RiskManagementCorner042718.pdf>) to read the article in its entirety.

For additional information or to discuss further, please contact your Federated regional representative or PMAA's National Account Executive Jerry Leemkuil at 800.533.0472.

PMAA CORPORATE GOLD PARTNER SPOTLIGHT FEATURING: VALERO

Valero Announces New Branded Station Design: Vanguard

Valero announced recently that it plans to introduce a new, contemporary branded station design named Vanguard, giving Valero marketers and distributors a fresh new look and an opportunity to further develop U.S. markets and strengthen customer loyalty, while also exploring new, international markets, particularly in Mexico.

"Vanguard demonstrates our commitment to continue growing the Valero brand," said Eric Fisher, Valero Vice President Wholesale Marketing and International Commercial Operations. "The new look created by world-renowned design firm Antista Fairclough is a significant investment in our business that we expect will appeal to consumers and provide our marketers a distinctive tool to bolster the Valero top-tier quality fuel brand."

Read the press release in its entirety here: (<https://www.pmaa.org/weeklyreview/attachments/Valero0418.pdf>)

See the Vanguard new station design here:

(<https://www.pmaa.org/weeklyreview/attachments/Vanguardimage2018.jpg>)

TRACY NEIL 1961-2018 – KACHINA PETROLEUM EQUIPMENT

Tracy Stuart Neil, age 56, beloved husband, father and son passed away on April 17, 2018 following a brief, but hard fought battle with cancer.

Tracy, a fifth generation New Mexican, was born to Donald J. and Evelyn Neil on July 14, 1961 in Albuquerque. He began his life-long career with Kachina Petroleum Equipment as a teen working under the tutelage of his father and mother and later as partner alongside his brother, Brent. He was well respected for his knowledge and expertise in the field of retail and wholesale petroleum dispensing and storage equipment.

Tracy was preceded in death by his father, Donald.

He is survived by his beloved wife, Wendy; his son, Devin and wife, Sonia; along with his mother, Evelyn; brother, Brent Neil and his wife, Michelle.

In Tracy's memory donations may be made to your favorite charity.

Services were held on Sunday, April 22, 2018.

PLAN TO ATTEND THE 2019 WPMAEXPO

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.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 19-21, 2019 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, Nevada

May 3-4, 2018 – NPM&CSA Big Dogs – Red Rock Casino – Las Vegas, Nevada

June 5-7, 2018 – MPMCSA Convention & Expo – Fairmont, MT

June 18-21, 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

August 20-22, 2018 – New Mexico (NMPMA) Convention – Sandia Resort & Casino, Albuquerque, NM

September 12-14, 2018 – Utah (UPMRA) Convention – Doubletree by Hilton, Park City, UT

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Petro Pete: *“An optimist believes that we live in the best world. A pessimist is afraid that it might be true.”*

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