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BIODIESEL PRODUCTION TAX CREDIT BILL INTRODUCED

This week, House Agriculture Committee Ranking Member Collin Peterson (D-MN) and Rep. Aaron Schock (R-IL) introduced the "Biodiesel Tax Incentive Reform and Extension Act" (H.R. 2238) that would replace the one-dollar-per-gallon biodiesel blenders tax credit with a new biodiesel production tax credit which would expire in three years. H.R. 2238 is very similar to legislation introduced last year by Senator Maria Cantwell (D-WA). Both members hope the extended time will allow the biodiesel industry to invest "with confidence" in new facilities. The current one-dollar-per-gallon biodiesel "blenders" tax credit expires at the end of this year. Given the skyrocketing federal deficit, Congress may not have the appetite to renew the biodiesel tax credit. Two weeks ago, the Senate approved an amendment by a huge majority, (73 - 27), to an underlying economic development bill by Senator Diane Feinstein (D-CA) and Tom Coburn (R-OK) which would end the ethanol blender's tax credit on June 30, 2011. Although it is doubtful the amendment will become law, it sent a message to the ethanol industry that the credit will likely not be available after 2011.

According to Reps. Peterson and Schock's staff, the biodiesel legislation would:

Create a biodiesel production tax credit (rather than blenders credit) for three years.

Give small producers an extra ten cent biodiesel production tax credit for three years (\$1.10 a gallon).

Require production of B100 or B99 would become a taxable fuel requiring the producer to collect the 24.4 cents per gallon tax from a marketer when sold outside of a registered terminal. Fuel not subject to excise tax will be dyed by producers.

Still allow blenders to own the RINS, but they would not be eligible to collect the one dollar tax credit.

Completely close the splash and dash loophole.

Effectively track biodiesel if the producer transfers it to another registered biodiesel terminal.

While PMAA has always supported tax credits for and expanded production of biodiesel, PMAA has vigorously opposed legislation that takes the tax credit from blenders and gives it to producers. Additionally, PMAA has concerns about proposed barriers to imports and new excise tax provisions.

PMAA will meet with representatives of the biodiesel industry and Congressional staff to recommend improvements to the bill.

LEGISLATION INTRODUCED TO COMMERCIALIZE REST AREAS

This week, Senator Mark Kirk (R-IL) introduced legislation which would allow rest areas to sell fuel and food and unfairly compete against small businesses operating at exits along the nation's Interstate Highway System. The Partnership to Save Highway Communities, in which PMAA is a member, argues that the legislation would jeopardize two million jobs by granting state governments a monopoly along interstate highways.

PMAA is concerned that interstate-based gasoline retailers will be unable to compete with commercialized rest areas, which are conveniently located on the highway right-of-way, and would create a de facto monopoly in favor of businesses operated out of rest areas. Interstate rest area commercialization would destroy the property tax base of local governments (for a short term gain in state revenue) and put many retailers out of business. Rest area commercialization would result in an unfair competitive environment for privately-operated retailers, and would destroy a successful economic business model that has proven beneficial for consumers and retailers. The Kirk legislation will result in town and county governments seeing some of their top taxpayers threatened, potentially transferring state budget woes onto local governments.

In similar news, PMAA, NATSO, SIGMA and NACS, sent a [letter](#) to the Senate Committee on Environment & Public Works and the House Transportation & Infrastructure Committee urging them to oppose a provision in the Obama Administration's draft transportation legislation that would allow state governments to install electric-vehicle (EV) charging infrastructure at rest areas and charge a fee for it. PMAA urges lawmakers to follow the approach by the state of Oregon's DOT program which is working with existing fuels retailers along the I-5 corridor by using DOE grant money to get the charging stations installed.

It is imperative that Congress maintain the current prohibition of rest area commercialization, and reject any attempt to weaken existing law should the issue come under discussion in the highway bill reauthorization or any other legislation. Enabling the commercialization of rest areas will serve to destroy economic value to cities and towns dependent on interstate-based businesses. Ultimately, allowing the commercialization of rest areas will result in fewer retail gasoline stations which will harm motorists across the country.

STATES AND TRADE GROUPS FILE SUIT AGAINST EPA TAILORING RULE

In separate briefs, nine states and 23 industry and business groups challenged the Environmental Protection Agency's (EPA) tailoring rule for greenhouse gas emissions. They argued that the EPA lacked the authority under the Clean Air Act (CAA) to revise the permitting threshold and should have sought Congressional approval for its regulations.

The first phase of the tailoring rule began on January 2, 2011. Facilities that emit 75,000 tons of ghgs annually were required to obtain certain permits. Beginning July 1, 2011, the tailoring rule will apply to sources that emit 100,000 tons per year of carbon dioxide. The Clean Air Act applies to facilities that emit 250 tons per year of carbon dioxide. The EPA said that the tailoring rule was necessary to prevent six million sources of carbon dioxide from having to obtain the required permits.

The states and industry groups also argued that the CAA is not meant to regulate pollutants to influence global temperatures.

US TAPS SPR FOR 30 MILLION BARRELS

The Obama Administration announced Thursday that it would release 30 million barrels of crude oil from the Strategic Petroleum Reserve (SPR) to offset disruptions to the oil supply from Libya and the Middle East. The International Energy Agency will also release 30 million barrels of crude oil.

The Energy Department said they will continue to monitor the supply disruptions due to unrest in the Middle East and take further action if necessary. The supply disruption in Libya means approximately 1.5 million barrels of oil does not reach the market.

The SPR was last tapped in 2005 following supply disruptions from Hurricane Katrina.

EPA ISSUES PROPOSED 2012 ETHANOL AND BIODIESEL MANDATE VOLUMES

On Tuesday, the U.S. Environmental Protection Agency (EPA) proposed the 2012 percentage standards for four fuel categories that are part of the agency's Renewable Fuel Standard program (RFS2). For 2012, the EPA is proposing to implement EISA's requirement to blend more than 1.25 billion gallons of renewable fuels over the amount mandated for 2011.

In addition, EPA is proposing a volume requirement of 1.28 billion gallons for biomass-based diesel for 2013. PMAA will publish a Regulatory Report when the rule becomes final.

The proposed 2012 overall volumes and standards are:

- Biomass-based diesel (1.0 billion gallons; 0.91 percent)
- Advanced biofuels (2.0 billion gallons; 1.21 percent)
- Cellulosic biofuels (3.45 - 12.9 million gallons; 0.002 – 0.010 percent)
- Total renewable fuels (15.2 billion gallons; 9.21 percent) *

*Total renewable fuels includes 13.2 billion gallons of corn-based ethanol

SUPREME COURT REJECTS PUBLIC NUISANCE ARGUMENT AGAINST GHG EMISSIONS

On Monday, the US Supreme Court [unanimously](#) overturned a lower court ruling that greenhouse gas emissions from power plants are a public nuisance. Six states including Connecticut alleged that carbon dioxide emissions from power plants are a public nuisance and contribute to global warming. The Supreme Court ruled in *American Electric Power v. Connecticut* that the Clean Air Act displaced the public nuisance argument.

PMAA was a participant in an amicus brief filed on behalf of the utility companies involved in the case.

WPMA IS PLEASED TO ANNOUNCE BEN STEIN AS 2012 KEYNOTE SPEAKER



WPMA is excited to announce that Ben Stein, acclaimed actor, economist, author and pop culture icon, will be the keynote speaker at the 2012 WPMA Convention and Convenience Store Expo. Most people know Ben Stein from his wacky TV appearances – as host of Comedy Central's *Win Ben Stein's Money*, and the equally quirky talk show *Turn Ben Stein On*. As an actor, Stein is best known as the boring teacher in the movie *Ferris Bueller's Day Off*. A profoundly unique individual who has had the good fortune to have "been there and done that" in a myriad of professions that many of us only dream about, see on television, or read about in the news.

WPMA CANADA AND NEW ENGLAND CRUISE

Join us October 15 – 22nd on a 7-day Canada and New England Fall Colors cruise! Destinations, Inc. has put together a great trip, which will enable us all to enjoy our rich American history and the grandeur of the autumn foliage aboard Royal Caribbean's Jewel of the Seas. One of Royal Caribbean's newest cruise ships, Jewel of the Seas offers the ultimate "at sea" experience by combining speed, added comfort, greater space, sweeping ocean vistas and an exceptional staff committed to serving your every whim.

We will be leaving from Boston, Massachusetts, and have port stops at Portland, Maine; Halifax Nova Scotia; St John, New Brunswick; and Bar Harbor, Maine. Optional pre-cruise tours of Boston are available for those arriving a day or two before the cruise departs.

You may access information on the WPMA Fall Colors Cruise by visiting the web site:

<http://www.groupsandincentives.com/wpma>.

Destinations, Inc. is now taking deposits of \$300 per person, and full payment is due by July 2nd. If you have any questions, please give me a call at (888) 252-5550, or you can call Destinations, Inc. at (801) 446-5000.

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

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 12, 2011 – IPM&CSA Golf Tournament – Teton Springs-Headwater Golf Course – Victor, Idaho

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

September 21, 2011 – NPM&CSA – Tanker Yanker – Reno, NV

Petro Pete: ***"Worrying works! 90% of the things I worry about never happen."***

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