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**MCCONNELL DELAYS SENATE HEALTHCARE BILL DUE TO LACK OF VOTES**

Last week, Senate Republicans released their Obamacare repeal and replace bill which was intended to be a compromise between President Obama's Affordable Care Act (ACA) and the healthcare bill that House Republicans passed in May. Like the House bill, the Senate bill would no longer penalize individuals for failing to have health insurance and it would also eliminate the employer mandate. The "Better Care Reconciliation Act of 2017" would subsidize millions of Americans who buy insurance through the ACA marketplaces for two more years and would phase out Obamacare's expansion of Medicaid over three years, starting in 2021. The bill would also delay the "Cadillac tax" on high-cost plans from 2020 to 2026, like the House-passed Obamacare replacement bill, and would also tighten eligibility for health insurance premium subsidies on the basis of immigration status.

Although Senate Majority Leader McConnell (KY) wanted the bill to pass the Senate before the July 4th recess, nine Senate Republicans announced their opposition to the bill for various reasons, forcing McConnell to pull the bill. Republican Senators Paul (KY), Lee (UT), Johnson (WI), Cruz (TX), Capito (WV), Collins (ME), Moran (KS), Portman (OH) and Heller (NV) announced their opposition to the bill. Senate leadership can only afford to lose two votes in order to pass the bill. Therefore, there will need to be further negotiations after the recess in order to have a chance to pass the bill.

**EPA PROPOSES TO SINK U.S. WATERS RULE**

This week, the Trump Administration announced completion of its proposed rule to repeal the 2015 Waters of the U.S. (WOTUS) rule from the Obama Administration and recodify the rules that were in place prior to the 2015 definition. In other words, EPA plans to reinstate the process that was used for ten years by the EPA and the Army Corps of Engineers to identify which waterways receive Clean Water Act protection. The rule is important to petroleum marketers because it defines how far federal clean water regulations extend into local land use and permitting decisions including the construction of new gasoline stations and surface water runoff from parking and fueling areas. Many petroleum marketers with bulk storage could also be adversely affected by the revised 2015 definition from the Obama Administration.

The Trump Administration issued the proposed rule in case the original 2016 legal stay of WOTUS by the 6th Circuit Court of Appeals is lifted, which could occur by the end of the year when the Supreme Court decides whether the 6th Circuit has jurisdiction. Early in April, the Supreme Court denied the Trump Administration's motion to pause WOTUS litigation in spite of Trump's executive order compelling EPA and the Army Corps of Engineers to review and revise or rescind the rule. If the Trump Administration's proposal is finalized, it is likely to be challenged in court by environmental groups and supportive states.

In 2015, PMAA joined with a coalition representing a range of businesses, industries, and commercial interests to voice strong opposition to the Obama Administration's revised definition of the WOTUS proposed.

**TRUMP ADMINISTRATION INVITES PMAA TO THE WHITE HOUSE**

As part of the Trump Administration's "Energy Week," PMAA President Rob Underwood was invited to participate in an energy tax reform discussion at the White House with Director of the National Economic Council (NEC) Gary Cohn. Yesterday's meeting included PMAA and ten of the leading national energy associations located in Washington, D.C. At the meeting, Underwood described PMAA's member companies' critical role in the wholesale and retail distribution of motor and heating fuels and the need to improve the tax system for these businesses.

One of the big issues that were discussed was a "territorial" tax system meaning U.S. companies would only owe U.S. tax on what they earn in the United States. In the President's tax plan released earlier this year, there would be a one-time 10 percent levy on U.S. overseas profits that are returned to the United States. The President's tax plan did not propose a border adjustment tax (BAT). Specifically, the BAT would end deductibility for any costs or expenses associated with imported goods. For example, refiners who rely heavily on imported crude oil, or wholesalers who import product, could be faced with higher taxes requiring prices to be raised on those products, which would then lead to an overall increase in motor and heating fuel prices. However, the plan would allow companies to exclude revenues they received on exports, meaning only revenue derived from inside the U.S. would be subject to income tax. Given the overwhelming opposition to BAT from thousands of businesses nationwide, it is highly unlikely Congress would have the votes to approve a BAT. The big issue the Trump Administration is still wrangling with is the treatment of pass-throughs. The majority of small businesses are organized as pass-throughs meaning that profits are passed on to the owner and reported on his/her individual tax return. PMAA has argued for a competitive tax rate for pass-throughs and the Administration has indicated that these pass-through entities should be taxed at a lower rate. Bipartisan legislation has been introduced in both the House and Senate called the Main Street Fairness Act which would prevent pass-through entities from being taxed at a higher rate than C corporations. PMAA will continue to monitor the latest.

## **DOL FILING ON OVERTIME RULE DUE TODAY**

The Department of Labor (DOL) is expected to file its response today to the case that blocked the implementation of Obama's overtime rule that was set to go into effect on December 1, 2016. The 2016 injunction claimed that the DOL overstepped its authority by raising the salary threshold for receiving mandatory overtime from \$23,660 to \$47,476 a year.

President Trump's DOL has been unclear about where it stands on the regulation, so today's filing is eagerly anticipated.

## **PRUITT TESTIFIES ON PROPOSED FY 2018 BUDGET FOR EPA AT SENATE HEARING**

On Tuesday, EPA Administrator Scott Pruitt testified before the Senate Interior, Environment and Related Agencies Appropriations Subcommittee about President Trump's FY 2018 budget proposal for EPA. Under President Trump's plan, EPA's funding would be cut by roughly 30 percent, or more than \$2 billion, down to \$5.65 billion.

Pruitt defended the budget cuts and said the Trump Administration was returning EPA to its core mission, focusing on rule of law and process. "I believe that we can fulfill the mission of our agency with a trim budget, through proper leadership and management. We will work with Congress to help focus on national priorities with respect to the resources that you provide," Pruitt said. He added, "We will continue to focus our efforts on our core responsibilities, working cooperatively with the states to improve our air, land and water."

Senators on both sides of the aisle expressed some concerns with the proposed cuts. "Given that the subcommittee has already reduced spending at the agency, I don't believe that we can achieve the level of budget cuts proposed in the [FY 2018] budget and effectively move forward with the 'Back to Basics' approach that I do support," Chairman Lisa Murkowski (R-AK) said. Additionally, Ranking Member Tom Udall (D-NM) took issue with the cuts to research, enforcement, Superfund and environmental justice, among other programs.

Meanwhile, PMAA sent a joint [letter](#) to House Committee on Appropriations Chairman Rodney Frelinghuysen (R-NJ) and Ranking Member Nita Lowey (D-NY) last week urging them to reject President Trump's FY 2018 budget request of \$47 million for the Leaking Underground Storage Tank (LUST) Trust Fund Program because the funding amount is inadequate. In previous years, Congress has appropriated between \$90 - \$100 million each year; an amount PMAA would like Congress to continue to appropriate.

## **HOUSE E&C COMMITTEE HOLDS MARK UP OF OZONE AND NAT GAS BILLS**

On Wednesday, the House Energy and Commerce Committee marked up three bills of particular importance to petroleum marketers regarding ozone standards and natural gas pipeline permitting.

H.R. 806, known as the "Ozone Standards Implementation Act of 2017," passed by a vote of 29-24. The bill would ask the EPA to update its standards for ozone pollution every 10 years rather than every 5 years, the timeline currently set by federal law. Republicans argued that the bill will make it easier for cities and localities to come into compliance with federal ozone limits. PMAA supports this legislation because it provides a common-sense approach for implementing national ambient air quality standards, recognizes ongoing state efforts to improve air quality through a reasonable implementation schedule for the 2015 ozone standards, streamlines the air permitting process for businesses to expand operations and create jobs, and includes other reforms that bring more regulatory certainty to federal air quality standards. The bill would avert the spread of more RFG and lower RVP motor fuels from hitting the market. The bill now moves to the House floor for a full vote.

Meanwhile, the "Promoting Interagency Coordination for Review of Natural Gas Pipelines Act," (H.R. 2910) passed by a vote of 30-23. The bill would boost interagency cooperation when siting interstate natural gas pipelines. Another natural gas pipeline bill, H.R. 2883, known as the "Promoting Cross-Border Energy Infrastructure Act," passed by a vote of 31-20. This bill would replace the presidential permitting process for pipelines that cross international boundaries. Specifically, the Federal Energy Regulatory Commission (FERC) would be required to approve or deny an application for certificate of crossing for the border-crossing facility consisting of oil or natural gas pipelines within 120 days of an environmental review. These bills will also now head to the House floor for a full vote.

PMAA and NEFI are concerned with the expansion of natural gas pipelines. Rather than deregulate the natural gas pipeline permitting process, Congress should require that regulators and gas companies increase system efficiency by requiring that the thousands of miles of existing natural gas pipelines that are aging or obsolete be repaired or replaced. The capacity demands of the region's power generators can be more than met through proper utilization, maintenance and upgrading of existing natural gas pipelines and proper planning that includes the use of affordable and abundant fuel oil during periods of peak or unanticipated demand.

## **SENATE ENERGY BILL REINTRODUCED**

On Thursday, Senate Energy and Natural Resources Committee Chairwoman Lisa Murkowski (R-Alaska) announced that she is pushing for floor time for her reintroduced energy bill, which is basically the same compilation of bills that were nearly completed last year.

The bill contains provisions that would improve electric reliability and energy efficiency; promote the development of

hydropower, geothermal, and methane hydrates; enhance cyber security efforts; bolster mineral security; and repeals a range of obsolete authorities currently within the U.S. Code. The bill would require the Department of Energy (DOE) 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 DOE to gather and distribute data on the destinations of LNG exports. However, the bill would also streamline the coordination between federal agencies when reviewing a natural gas pipeline application.

Because this is not a new proposal, the bill will not have to be considered through the committee process but can instead go directly to the Senate Chamber for debate. It is unclear when the bill will head to the Senate for a floor vote.

### **COMMENTS ON MENU LABELING RULE EXTENDED**

On May 2, the FDA released an interim final rule, which extended compliance and enforcement of the menu labeling rule until May 7, 2018. FDA enforcement of the menu labeling rule was expected to begin on May 5, 2017. FDA did so in order to "consider how we might further reduce the regulatory burden or increase flexibility while continuing to achieve our regulatory objectives, in keeping with the Administration's policies." Now the FDA has extended the comment period for input regarding the rule and PMAA will submit comments prior to the new August 2 deadline.

### **TRUMP SELLING LNG EXPORTS**

This week, labeled "Energy Week," President Trump extolled the virtues of domestic energy dominance and the economic benefits of exporting U.S. liquefied natural gas (LNG).

Trump's White House discussed LNG exports to India with Prime Minister Narendra Modi, and South Korean Prime Minister Moon Jae-In, and the President will travel to Poland next week, where he will once again focus on exporting LNG. Although U.S. exports with Canada and Mexico reached a record high last year, we are still a net importer of natural gas. President Trump is working to instead make the U.S. a net exporter of natural gas.

Additionally, the President also announced his State Department's approval of a 46-mile NuStar Energy LPs New Burgos Pipeline to Mexico. The project would be capable of hauling 108,000 barrels day of gasoline, diesel and other petroleum products to Mexico from the southern tip of Texas.

### **SHIRLEY COLEMAN PASSES**



We are saddened to announce the passing of Shirley Coleman, wife of Robert Coleman Sr. of Coleman Oil in Lewiston, Idaho. Born on March 28, 1928, in Lewiston, Shirley spent her growing-up years in communities throughout the Northwest, where her father took jobs as a miner, a fisherman and in construction. By the time she enrolled at Whitman College in Walla Walla, Shirley had attended 16 different schools. At Whitman, she majored in political science, excelled in the classroom and graduated near the top of her class. She dreamed of studying law and becoming an attorney, but those plans changed when she met Bob Coleman at Whitman.

Shirley and Bob were married on July 30, 1950, in Spokane, Washington, and lived there for two years, while Bob kept the books for a construction company owned by Shirley's father. Their daughter, Lynne, was born there in 1951. The family left Spokane for Craigmont, Idaho in 1953, when an opportunity to be a distributor for Standard Oil Co. was presented to them. Their son, Bob Jr., was born in Cottonwood in 1954.

They moved again in 1959, when an offer from Standard Oil to manage the distributorship in Lewiston brought them to the Lewiston-Clarkston Valley. The entire Coleman family was involved with what was to become Coleman Oil. Shirley, co-owner of Coleman Oil, wore many hats as the company grew - credit manager, chief bookkeeper and co-visionary.

Shirley was active in the Lewiston chapter of the League of Women Voters, and was appointed to the Governor's State Task Force for Education. And, with Bob Sr., she established the Fred and Katie Tautfest Scholarship at Lewis-Clark State College, named for her grandparents.

A memorial service celebrating the lives of Bob and Shirley Coleman will be held at noon Saturday at Malcom's Brower-Wann Funeral Home, 1711 18th St., Lewiston, Idaho. In lieu of flowers, family and friends are encouraged to make a donation to the LCSC Foundation, Fred and Katie Tautfest Scholarship Endowment. Checks can be mailed to the LCSC Foundation, 500 Eighth Ave., Lewiston, ID 83501.

## PLAN TO ATTEND THE 2018 WPMAEXPO



Mark your calendars for February 20-22, 2018. Make plans now to attend the 2018 WPMAEXPO.  
It will be held once again at the Mirage in Las Vegas, Nevada.

### MARK YOUR CALENDARS FOR UPCOMING EVENTS

**August 2-4, 2017** – Idaho (IPM&CSA) Convention – Sun Valley Resort – Sun Valley, Idaho  
**August 21-23, 2017** – New Mexico (NMPMA) Convention – Sandia Resort – Albuquerque, New Mexico  
**August 30, 2017** – Idaho(IPM&CSA) PAC Golf Tournament, Huntsman Springs GC, Driggs, Idaho  
**September 13-15, 2017** – Utah (UPMRA) Convention – Zermatt Resort – Midway, Utah  
**October 5, 2017** – Hawaii (HPMA) Golf Tournament – The King Kamehameha GC, Wailuku, Hawaii

**February 20-22, 2018** – WPMA Convention & Expo – Mirage Hotel– Las Vegas, Nevada  
**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

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**Petro Pete:** “*If you can smile when things go wrong, you have someone in mind to blame.*”

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