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PASSING OF RAY HAVIG



WPMA is saddened to announce the passing of a great friend and WPMA member, Raymond L. Havig, formerly of Billings, Montana. Ray passed away peacefully on July 9, 2018 at a memory care facility in Mesa, AZ after a battle with dementia.

Ray was born Sept. 18, 1928 in Lovell, Wyoming, the second of two boys born to Ed and Ida Havig. Early in his career, Ray worked as a territory salesman for the Ohio Oil Company, where he gained his knowledge of gasoline and fuel distribution. This knowledge enabled him to open his own gas station in Billings in 1958. He soon expanded into truck stops and became very involved in industry trade associations. Over the years he served on the boards of multiple organizations including the Montana Petroleum Marketers and Convenience Store Association and the Western Petroleum Marketers Association, where he served as WPMA President in 1982-83. He also served on the boards of WMI Mutual Insurance and The National Association of Truck Stop Operators.

Ray's interests were not limited to business. He spent many years as president on the boards of the Billings Petroleum Club, The Alberta Bair Theater, the Metra Park Board and was a founding member of the Billings Community Band. In Mesa, Arizona, Ray's greatest love was playing his trumpet and doing vocal solos in East Valley community jam sessions. He knew the lyrics to virtually every pop song of his era and would surprise people with his ability to sing any song at a moment's notice.

A service in Ray's memory will be held at 10:00 a.m. on July 28th at the Church of Jesus Christ of Latter-day Saints, 1711 6th Street West in Billings. Donations in Ray's memory can be made to the Special K Ranch, Columbus, MT.

VERN KELLEY WINS PMAA'S DISTINGUISHED SERVICE AWARD

PMAA Distinguished Service Award Committee Chair Larry Ray is pleased to announce that Vern Kelley, Kelley Fuels, Inc., has won PMAA's prestigious Distinguished Service Award (DSA). Serving on the Committee with Mr. Ray included: Larry Jordan, former DSA recipient; Mike Bailey, past Chair of the Board; Mike Estes, member of the PMAA Board; Dawn Carlson, PMCI's association executive and PMAA Chair Mark McBride.

Kelley Fuels, Inc. markets petroleum products in the state of Minnesota with its headquarters in Shakopee, a southwest suburb of Minneapolis. Mr. Kelley graduated from the University of Minnesota in 1969 and became a Tank Station Salesman for the Skelly Oil Company in 1972 following his father, Ray Kelley and uncle, F.W. St. Martin. He formed Kelley Fuels, Inc. in 1978, marketing the Skelly-Getty brands and later Texaco, Shell and SuperAmerica.

Vern has served on the Board of the Minnesota Petroleum Marketers Association for over 30 years as director, government affairs committee chairman, treasurer, vice president and president. He served as PMAA Director from Minnesota for over 18 years.

The PMAA positions held by Mr. Kelley over the past years include Brands Chair, North Central Region Chair and he currently serves on the PMAA Executive Committee as its Lubricants Division Director. He is a past president of the National Association of Texaco Wholesalers and also served on the board of the National Association of Shell Marketers.

Vern was also a member of the Federated Insurance Company's Petroleum Advisory Council for many years and currently serves as Chairman of the Minnesota Petroleum Tank Release Compensation Board for the State of Minnesota.

Mr. Kelley has three children and four grandchildren. His oldest children, Dan and Valerie, are active in running Kelley Fuels. His youngest, Ross, is a District Manager in Southern California for Federated Insurance Company. Vern is married to Linda, and they reside in Lakeville, Minnesota with their two rescue dogs.

Upon hearing the news of this award, Vern stated, "Having served as chairman of the committee that selects the recipient of the Distinguished Service Award in the past, I know how many qualified people there are to receive this award! I am very honored that this year's committee picked me! It has been a wonderful experience working with my fellow marketers and state executives and the staff of PMAA all these years!"

The award will be presented at a luncheon held in his honor on Sunday, October 7, 2018 at the Encore in Las Vegas, Nevada.

HOUSE TAX COMMITTEE APPROVES MULTIPLE HEALTH CARE BILLS

As reported last week, the House Ways and Means Committee approved bills to suspend the ACA employer mandate and to delay the Cadillac tax. In total, eleven health care related bills were passed, and they will now make their way to the House floor before August recess.

Among the bills that were voted out of the Committee was the Employer Relief Act of 2018 (H.R. 4616), which would retroactively suspend the ACA's employer mandate penalties for the 2015 through 2018 tax years. The bill would also delay the Cadillac tax for another year until 2023. According to the Joint Committee on Taxation (JCT), if passed in its current form, the Employer Relief Act would cost \$39.5 billion over 10 years. This price tag could get even bigger if, as Ways and Means Committee Chairman Kevin Brady predicted it might, the bill gets amended to also include a repeal of the medical device tax.

Also approved were a number of bills relating to health savings account (HSAs) and other taxfavored accounts, like health reimbursement arrangements (HRAs) and flexible spending arrangements (FSAs). These included H.R. 6306, which would increase the annual contribution limits for HSAs from \$2,250 to \$5,000 for self-only coverage (or from \$4,500 to \$10,000 for family coverage) and allow both spouses to make catch up contributions to the same HSA. The bipartisan H.R. 6199, which would expand the list of allowable items which can be paid by tax favored health accounts to include the purchase of over the counter medications and menstrual care products, was also approved.

Meanwhile, adding a further level of uncertainty in the ACA landscape, last week the U.S. Centers for Medicare and Medicaid Services (CMS) announced that they would be suspending ACA risk-adjustment payments because of a court ruling earlier this year that found that the formula that CMS had been using to calculate these payments was flawed. The purpose of the risk-adjustment payments is to help spread risk across those insurers participating in the ACA marketplaces and encourage insurers to join the marketplace. The payments are calculated and collected from the insurers who had lower costs in a given year and distributed to those insurers who saw higher costs and had more high need individuals in their plans (who, under the ACA, they must accept and must not charge any greater premium).

The elimination of the risk-adjustment payments could impact not only premiums but also the decision by insurers of whether they will continue to participate in the marketplaces. In other words, the suspension of these payments will generate more chaos into the current health insurance market and particularly with respect to the ACA (aka Obamacare) marketplaces. Insurers are urging the Administration to issue interim final rules (which could go into effect immediately and allow the risk-adjustment payments to be made) and then propose new permanent rules.

DELAY TO PROPOSED REGULATIONS ON SECTION 199A

As reported by PMAA last week, the IRS has stated that regulations interpreting Section 199A [which provide pass-through entities with a new 20 percent deduction on "qualified business income" under certain circumstances] is one of its top priorities with respect to rolling out regulations to implement the 2017 Tax Cuts and Jobs Act. However, this week it was announced that the release of proposed rules on Section 199A, which was previously promised for late June/early July, will now be delayed until the end of July. Unfortunately, for the small businesses who are eagerly awaiting these rules, it is possible that we will see further delay in the release of the proposed rules which, even after they are released, will have a long way to go before they are finalized. Because there are so many unanswered questions with new Section 199A, including even the most fundamental question of whether a particular business is considered a service business and thus subject to more stringent rules, it is unlikely that all of the guidance and proposed regulations will be issued at one time.

PMAA is a member of the Small Business Legislative Council (SBLC) in which SBLC is working on a primer for small businesses on Section 199A but has been waiting to release it pending issuance of the proposed rules. If the proposed rules are delayed past the end of July, the SBLC will release an initial version of the primer and then update it when the proposed regulations come out.

EPA URGED TO KEEP RFS ETHANOL VOLUME TO 9.7 PERCENT OF GASOLINE POOL

This week, the EPA held a public hearing on the proposed 2019 RFS renewable fuel volume obligations (RVO) in Michigan. The proposed rule would require 19.88 billion gallons of biofuels to be blended into the U.S. fuel supply in 2019, up from 19.29 billion gallons in 2018.

Representatives of the major refiners testified that the continued increase in total RVO each year ignores the serious vehicle and retail infrastructure compatibility issues with gasoline containing more than 10 percent ethanol. They added that 75 percent of the cars on the road today are not designed to use higher ethanol blends and noted that motorists have largely rejected E85. Moreover, they said gasoline demand and commercialization of biofuels projected when Congress expanded the RFS in 2007 have not materialized. Refiners warned that the proposed increase in RVOs could result in an upward pressure on RIN values that would lead to higher prices at the pump, more small refinery closures and job loss. The refiners urged the EPA to use its waiver authority to limit ethanol content in the gasoline pool to 9.7 percent for 2019 in order to avoid breaching E15 blend wall. This reduction they said would accurately reflect the ethanol volume all vehicles and retail infrastructure can safely handle.

However, representatives of the renewable fuels industry noted that while the proposed rule appears to raise the 2019 RVO by 3 percent over 2018 levels, the recent flurry of small refinery volumetric blending waivers and the agency's refusal to reallocate the 2.25 billion ethanol equivalent gallons displaced by the waivers, all but wipes out any increase in blending volumes for next year. Renewable fuel representatives urged the EPA to increase 2019 RVOs to incentivize blending and address the unequal treatment of E10 and E15 regarding volatility which prevent the sale of E15 in many areas during the summer driving season.

PMAA will be submitting written testimony and comments on the proposed 2019 RFS RVOs before the comment period closes.

HOUSE PASSES RESOLUTION THAT A CARBON TAX WOULD BE DETRIMENTAL

Yesterday, the House passed H. Con. Res. 119, introduced by Majority Whip Steve Scalise (RLA), expressing the sense of Congress that a carbon tax would be detrimental to the U.S. economy. Most Republicans voted in favor of the resolution while most Democrats opposed it. However, Republicans Reps. Carlos Curbelo (FL), Ileana Ros-Lehtinen (FL.), Brian Fitzpatrick (PA), Trey Hollingsworth (IN), Mia Love (UT) and Francis Rooney (FL) voted against it while seven House Democrats — Kyrsten Sinema (AZ), Sanford Bishop (GA), Henry Cuellar (TX), Vicente Gonzalez (TX), Tom O'Halleran (AZ), Conor Lamb (PA) and Stephanie Murphy (FL) joined with the rest of Republicans to support the measure. Reps. Ryan Costello (R-PA) and Michelle Lujan Grisham (D-NM) voted present.

Meanwhile, Rep. Carlos Curbelo (R-FL) is expected to introduce legislation next week known as the "Market Choice Act," which would replace the federal motor fuels tax with a \$23 per ton economy-wide carbon tax on emissions from oil refineries, gas processing plants and coal mines beginning in 2020. The draft bill includes a border adjustment tax (BAT) meaning fees could be assessed on imported products from countries without a carbon tax and outlines various points of taxation, among other provisions, that would have far reaching economic impacts across numerous sectors.

Please go to URL (<https://www.pmaa.org/weeklyreview/attachments/Curbelo%20Carbon%20Tax%20Bill%207-12-18.pdf>) for a summary.

Tax Reform 2.0

House Ways and Means Committee Chairman Kevin Brady (R-TX) has announced that drafts of a package of new tax bills (which are being referred to as "Tax Reform 2.0") will be circulated around the House in the coming month and formally released in early August.

While it is yet unclear exactly what might be included in this package, there has been significant discussion about making the individual provisions of the 2017 Tax Cuts and Jobs Act (which are set to sunset at the end of 2025) permanent as well as some suggestions about further lowering the corporate tax rate (down to 20 percent for C corps). Given the high cost that would be associated with either or both proposals, it is probable that Chairman Brady and his committee will be looking for revenue raisers to include in the package.

PMAA will continue to monitor the latest.

Bill Would Authorize Government to Sue OPEC for Price Fixing

On Monday, Senator Chuck Grassley (R-IA), Chairman of the Senate Judiciary Committee, introduced bipartisan legislation that will let the federal government take action against price fixing by OPEC, the Organization of Petroleum Exporting Countries. Senators Amy Klobuchar (DMN), Mike Lee (R-UT) and Patrick Leahy (D-VT) cosponsored the legislation against OPEC, a 15-member organization that accounts for 73 percent of the world's crude oil reserves.

"Open competition in international oil markets is critical to ensuring that American families pay fair prices at the pump. But under current law, the Justice Department is powerless to stop OPEC and its members from coordinating oil production to manipulate prices and supply, driving up fuel costs for millions of American consumers. Our bipartisan legislation would allow U.S. antitrust laws to be enforced against OPEC producers, helping to ensure that U.S. gas prices are fair and affordable," Klobuchar said.

"In another time of rising gas prices, it is vital to American consumers and our economy that we do all we can to make sure that oil prices are not artificially inflated. High oil prices have a particular impact in rural states like Vermont, whether it is home heating oil, fuel for tractors or just driving to work. I have long supported this legislation because it will bring accountability to the types of collusive behavior that spike the cost of gas at the pump. I hope this is finally the Congress where these critical reforms can be enacted into law," Leahy said.

The No Oil Producing and Exporting Cartels Act, or NOPEC, would explicitly authorize the Justice Department to bring lawsuits against oil cartel members for antitrust violations. It would clarify that neither sovereign immunity nor the "Act of State" doctrine prevents a court from ruling on antitrust charges brought against foreign governments for engaging in illegal pricing, production and distribution of petroleum products.

INFRASTRUCTURE REFORM, PENSION REFORM AND HEALTH CARE ARE THE TOP PRIORITIES FOR HOUSE DEMOCRATS

If Democrats re-take control of the House in November, infrastructure reform and investment, pension reform and health care will be their top priorities according to the vice chairwoman of the House Democratic Caucus Linda Sanchez (D-CA). Sanchez said that Democrats think infrastructure investment will benefit every state and is necessary to compete in a global economy. House Republican Conference Vice Chairman Doug Collins also said that infrastructure development is important to Republicans and something both parties can work on together.

PMAA'S FALL MEETING REGISTRATION IS NOW OPEN!

PMAA will hold its Fall Meeting in conjunction with the NACS Show on October 6-7 at the Encore Las Vegas. The PMAA meeting will begin with a New Attendee Orientation midafternoon on October 6 followed by the Federal Legislative Update. A welcome reception with NACS to State Association Leaders will follow at Las Vegas Convention Center. PMAA will provide shuttle service. On the morning of October 7, there will be a Buffet Breakfast followed by Region and Committee Meetings. The PMAA Board of Directors meeting is scheduled after the Distinguished Service Award Luncheon sponsored by PMAA's Corporate Platinum Partner Federated Insurance. Minnesota Marketer Vern Kelley is this year's recipient of PMAA's highest honor.

You can find weblinks to PMAA's Fall Meeting at the NACS Show here (<https://www.pmaa.org/meetings/upcomingmeetings/>) or you can go directly here for the event website for all details including registration with secure event payment processing through Cvent.

PLAN TO ATTEND THE 2019 WPMAEXPO

WPMA EXPO

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

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

February 19-21, 2019 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, Nevada
May 2-3, 2019 – Nevada (NPM&CSA) – Big Dogs – Las Vegas, Nevada
August 5-7, 2019 – Idaho (IPM&CSA) – Convention – Sun Valley Resort – Sun Valley, Idaho

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Petro Pete: "With the rise of self-driving vehicles, it's only a matter of time before we get a country song where a guy's truck leaves him too."

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