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PMAA JOINS IN COMMENTS TO IRS OPPOSING DENIALS OF VALUATION DISCOUNTS

This week, PMAA along with other members of the Family Business Estate Tax Coalition (FBETC) submitted a letter to the Internal Revenue Service (IRS) regarding implementation of President Trump's Executive Order 13789 (Identifying and Reducing Tax Regulatory Burdens), issued on July 7, 2017.

The order calls for the Secretary of the Treasury to implement review of all significant tax regulations issued on or after January 1, 2016 that "impose an undue financial burden on United States taxpayers; add undue complexity to the Federal tax laws; or exceed the statutory authority of the IRS."

PMAA and FBETC urged the IRS to withdraw its proposed regulation issued under Internal Revenue Code Section 2704 which would minimize the number of estates that would be eligible for valuation discounts and avoidance of double taxation via the estate, gift or transfer taxes.

PMAA has been working with several coalitions to fight this proposed regulation.

SENATE TO PUT ASIDE HEALTHCARE AND FOCUS ON TAX REFORM

After an attempt to pass a GOP healthcare bill proved unsuccessful last week, many Senate Republicans, including leadership, have decided to move on to other prominent issues including tax reform. Speaking to reporters about healthcare earlier this week, Sen. John Thune (R-SD), the Senate's No. 3 Republican leader, stated that "until we have a path forward that gets us 50 votes in the Senate, we've got other things to do and we're going to start turning to those." With the House leaving for August recess last Friday and the Senate leaving last night after confirming dozens of nominations over the past few days, members are heading home to their districts to rally support for tax reform. After failing to pass a repeal and replace healthcare bill, Congressional Republicans are hopeful that they will be able to pass a comprehensive tax reform package when they reconvene in September. However, there is still a push by some Republicans to pass a healthcare bill upon returning. Sens. Bill Cassidy (R-LA) and Lindsey Graham (R-SC) introduced a proposal this week that would convert money currently being spent on providing Obamacare coverage into a block grant to states, allowing the states to choose how to use the funds.

Senate Majority Leader Mitch McConnell (R-KY) and White House Legislative Director Marc Short stated that they are optimistic Congress will finish a tax overhaul before the end of the year. Speaking at an event sponsored by Americans for Prosperity earlier this week, Short outlined his vision for tax reform saying that the plan is to start hearings and a markup of a tax bill after Labor Day so a version can get through the House in October and the Senate in November. Additionally, Short said he expects a 2018 budget resolution, the first step to get a tax bill passed without Democratic support, would be agreed upon in September or October.

On Tuesday, a group of 45 Senate Democrats sent a letter laying out conditions for a bill they would be willing to compromise on. They demanded that Republicans forgo the reconciliation process and require 60 votes; promise not to touch Social Security, Medicare, and Medicaid; and vow not to change taxes for the wealthiest one percent of Americans. Senate Majority Leader McConnell quickly dismissed the letter, saying it shows Democrats' lack of interest in pro-growth policies and insisted that tax reform will be done through the reconciliation process. President Trump wants to lower corporate and individual tax rates, eliminate deductions and simplify the tax code. Speaker of the House Paul Ryan (R-OH) has stated that his top priority is to lower business and individual tax rates as quickly as possible. Republicans are hoping to pass a tax reform package that would give them a legislative victory heading into this year's midterm elections.

PMAA SUBMITS COMMENTS TO CURTAIL ONEROUS MENU LABELING REQUIREMENTS

This week, PMAA submitted [comments](#) on the costly menu labeling rule which the FDA has now extended the compliance date to May 7, 2018. PMAA highlighted the harm the rule would have to single store operators and small businesses. That is because the rule covers any retail establishment with 20 or more locations that sells food that is intended for consumption soon after being purchased. Therefore, whether the rule applies to a business depends upon whether that business is part of a chain with 20 or more locations doing business under the same name, regardless of the type of ownership, the number of establishments owned and operated by a company/individual, is not relevant to this criterion. The key is whether there are multiple locations doing business under the same name. Therefore, many operators of single stores or of only a few stores will have to comply with all of the menu labeling requirements.

PMAA urged the FDA to amend the rule to allow retailers to offer nutritional information on one central menu board or menu where consumers can access nutritional information instead of requiring multiple menus throughout the store. Making the information available to consumers electronically at sites, via a central computer or tablet they can access, on websites, and by other electronic means that would save marketers from having to invest tens to hundreds of thousands of

dollars in elaborate menu systems per store, which would also require constant maintenance and frequent replacements.

PMAA also urged the FDA to distinguish between a menu and an advertisement in order to prevent retailers from having to include nutritional information on advertisements; The harsh criminal liability issues in the rule must be addressed in order for small business convenience stores to continue to offer prepared food to consumers as the risks of criminal penalties for inadvertently mislabeling would be too great; The rule should recognize that variations occur with prepared food items, and that these differences would occur no matter how regimented the preparation process. Retailers should not be penalized because of a labeling error that stems from the variations; certification requirements have criminal penalties which are highly unreasonable and should be withdrawn from the rule; FDA should add a grace period before imposing a penalty, allowing retailers the ability to correct unintended labeling mistakes.

PMAA TESTIFIES BEFORE THE EPA ON RFS PROPOSED RULE

On Tuesday, PMAA participated in an EPA public hearing on the RFS. PMAA Executive Committee member Vern Kelley (Kelley Fuels, Shakopee, Minnesota), who is a petroleum marketer and a corn farmer, highlighted to policymakers that very few existing UST system components have been certified to handle E10 plus blends. Kelley said that marketers have no practical way to demonstrate existing underground storage tank (UST) systems are compatible with ethanol blends greater than E10 - a key legal hurdle. Last month, the EPA proposed 19.24 billion (15 billion gallons of corn ethanol) of renewable fuels for 2018. EPA is expected to release final RFS volume blending mandates by November 30, 2017.

Kelley said, "the inability of marketers to legally certify their equipment to be E15 compliant would cause severe economic harm through significant disruption of the gasoline supply and distribution network below the terminal rack. It has been estimated that 95 percent of all gasoline supply outlets in the United States cannot legally store or dispense ethanol blends higher than 10 percent. EPA, OSHA and state fire regulations have essentially drawn a line in the sand by requiring all facilities storing and dispensing gasoline blends greater than E10 to prove underground storage tank (UST) system COMPATIBILITY with higher ethanol content fuels. The often-impossible task of demonstrating compatibility with E15 for UST equipment currently in the ground has put the majority of petroleum marketers, the consuming public and the nation's gasoline supply and distribution chain in a precarious situation. While some existing UST systems may be compatible with E15, there is no practical way to certify compatibility other than by installing entirely new systems at prohibitively excessive costs."

Also testifying before the EPA this week was former PMAA Chair Matt Bjornson. Matt testified on behalf of the North Dakota Petroleum Marketers Association (NDPMA) which represents over 240 independent companies and co-operatives. Click [here](#) to read Matt's testimony.

EPA can fix the RFS by immediately reducing the maximum amount of ethanol blended into gasoline at 9.7 percent of anticipated demand for 2018 and future years. PMAA believes that reducing the ethanol mandate to this level is the most effective way to lower the value of RINS and, in turn, allow all petroleum marketers to compete on a level playing field and not break the law by storing and dispensing a product that is not compatible with their storage tank systems.

Click [here](#) to read Kelley's testimony.

EPA POISED TO DENY REQUESTS TO MOVE POINT OF OBLIGATION UNDER THE RFS

The EPA is set to deny petitions for rulemaking seeking to move the point of obligation under the Renewable Fuel Standard (RFS) from refiners to position holders at the terminal rack. An official announcement is expected within the next week. The petitions for rulemaking were filed by merchant refiners who do not blend renewable fuel but instead rely on the volatile and costly RIN market to purchase credits to meet their annual volumetric blending mandates under the RFS.

The petitioners argue that position holders at the terminal rack, many of whom are retailers themselves, are using the huge profits gained from RIN sales to undercut prices at the pump. In addition, they say the combination of high RIN costs and below market pricing at the pump are threatening the long-term viability of their operations. Moving the point of obligation downstream to position holders at the terminal rack would eliminate their RIN costs and make prices more competitive at the pump, the petitioners argue.

The petitioners cause gained momentum after the 2016 presidential election brought the Trump administration to power along with its close political ties to one of the merchant refiners asking for the move. In the end, those ties didn't pan out in the face of strong opposition from renewable fuel producers, major oil companies and other groups urged the EPA to maintain the point of obligation at the refiner level.

Initially, PMAA supported keeping the point of obligation at the refiner level but changed to a neutral position to reflect the differing opinions on the issue among petroleum marketers.

EPA DROPS ONE-YEAR DELAY FOR IMPLEMENTATION OF NEW OZONE STANDARDS

This week, the EPA reversed a one-year delay that the agency recently imposed on implementation of the Obama Administration's era ozone standards. Specifically, this stage of the implementation determines whether counties are in

attainment with the strict new ozone standard that was reduced from 0.075 ppm to 0.070 ppm in October 2015. EPA is required to determine attainment designations by October 1, 2017.

This issue is important to petroleum marketers because counties found to be in nonattainment will likely require summertime gasoline RVP restrictions or the introduction of reformulated gasoline to improve local air quality. In June, the Trump administration announced a one-year delay in the designation of attainment areas due to lack of supporting scientific data. It was assumed that in the intervening delay, the ozone standard would be relaxed or revert to 0.075 ppm. However, environmental groups along with several states sued the EPA over the delay.

The Federal Court of Appeals for the District of Columbia recently gave the EPA 90-days to report back on the sufficiency of data justifying the new 0.070 ppm standard. However, in a Federal Register announcement set to be released this week, the EPA said it was dropping the one-year delay because upon "the information gaps that formed the basis of the extension may not be as expansive as we previously believed." The EPA also announced that regional delays in attainment designations may be made on a case-by-case basis by the Administrator.

SENATE ENERGY BILL ON HOLD FOR NOW

In addition to tax reform, Sen. Lisa Murkowski (R-AK) has been pushing for a vote on her bipartisan energy bill that is very similar to the energy bill that passed in the Senate last year. S. 1460, known as the "Energy and Natural Resources Act of 2017," 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 is 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. Yet with Murkowski being one of three Republican "no" votes on the healthcare bill last week, don't expect Senate Majority Leader McConnell to be in a rush to bring up the energy bill after the Senate returns in September.

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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 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: *"I'm old enough to remember when emojis were called 'hieroglyphics'."*

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