WPMA
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weekly update

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CONGRESS TO DO LIST BEFORE THE MIDTERMS

With around three months to go until the midterm elections, the clock is ticking for Congress to get through its list of things to do before lawmakers return to their districts to campaign. While the House is currently in recess for the full month of August, the Senate plans to return next week to get more done, which may not be much. Between now and November, the one thing that will likely dominate the Senate's time is consideration of President Trump's Supreme Court pick, Judge Brett Kavanaugh.

However, there is some hope that the House and Senate will come to an agreement on a farm bill and pass the legislation without any issues. Conferees have been announced for the House, and most recently the Senate, and hill staffers have been hard at work trying to hash out the details for which provisions will be included in a final farm bill between the more conservative House bill and the more moderate Senate bill. Fortunately, the Senate passed its five-year farm bill which includes an amendment that would permanently reauthorize the National Oilheat Research Alliance (NORA). PMAA has been meeting with lawmakers to ensure the NORA provision will be included in the final bill.

Although the nomination of a Supreme Court Justice and passage of a farm bill are important, so is passing a budget to avoid another government shutdown. Congress must pass a budget before September 30 to avoid another government shutdown. Unfortunately, however, it's unlikely that Congress will pass the fiscal year (FY) 2019 appropriations bills to fund the government before the new fiscal year begins, but the Senate is going to do its best. Once the Senate returns on Monday, it will be aiming to finish nine out of the twelve appropriations bills before September 30. However, it is unknown whether the bills they come up with will be acceptable to the House, or to President Trump, who has been flirting with the idea of another government shutdown over funding for the southern border wall.

Finally, Congress is setting its sights on fixing the meal and rest break issue through the FAA reauthorization bill. Both the House and Senate versions include language to fix the issue. When Congress enacted the FAAAA's preemption provision, it noted "the sheer diversity of [state] regulatory schemes is a huge problem for national and regional carriers attempting to conduct a standard way of doing business." Congress determined that allowing states to impose their individual policy preferences on trucking "causes significant inefficiencies, increased costs, reduction of competition, inhibition of innovation and technology and curtails the expansion of markets." PMAA believes the inclusion of the preemption provision in the upcoming FAA reauthorization bill is necessary because it will bring nationwide uniformity to the issue.

2018 FEDERAL HEAVY HIGHWAY VEHICLE USE TAX DUE

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The 2018 HHVU tax reporting year runs from July 1, 2018 to June 30, 2019. The HHVU tax is paid on each vehicle with a gross vehicle weight of 55,000 pounds and greater that travels 5,000 miles or more per year. The HHVU applies to most petroleum cargo tank vehicles and transports. Once the tax is filed and paid, the IRS will send back a stamped IRS Form 2290 Schedule 1 within 6 weeks.

What's New with 2290 Filings:

- You may now use a credit card or debit card to pay the Heavy Highway Vehicle Use Tax. See the information under "Ready to File? Here's How" below.
- The Form 2290 has been revised. You will now enter the month of first use on the Schedule 1 exactly as it was entered on the IRS Form 2290 in Part I, line 1. See Month of first use under Schedule 1 (Form 2290) on the Form 2290 Instructions for more information.
- Final regulations for the Heavy Highway Vehicle Use Tax went into effect July 1, 2015 and include a change to the calculation of the tax liability when a buyer purchases a second-hand vehicle from a seller who has paid the tax for the taxable period. See the Form 2290 instructions for information. The final regulations are available in Internal Revenue Bulletin 2014-47.

Filing Form:

- You must file this IRS Form 2290 (Rev. July 2018) for the tax period beginning on July 1, 2018 and ending on June 30, 2019. Don't use the July 2018 revised form if you need to file a return for a tax period that began on or before June 30, 2018. Be sure to fill out both Schedule 1 Forms attached to IRS Form 2290.

Filing Deadlines:

- The filing season for IRS Form 2290 filers is July 1 through June 30. The filing deadline for Form 2290 is based on the month you first use the taxable vehicle on public highways during the reporting period.
- For vehicles you first use on a public highway in July, file IRS Form 2290 between July 1 and August 31.
- For vehicles you first use on a public highway *after* July, file IRS Form 2290 by the last day of the month following the month in which you first used the vehicle on a public highway. The tax for the current filing season is prorated for vehicles you first use on a public highway after July.

Filing Methods:

- You may file IRS Form 2290 electronically. You must file electronically if you are reporting 25 or more vehicles on IRS Form 2290.
- You may mail your completed IRS 2290 form Complete and mail IRS Form 2290. See IRS Form 2290 Instructions for the correct mailing address. Expect to receive your stamped Schedule 1 within 6 weeks after we receive your Form 2290.

Payment Amount:

- The amount of the HHVU tax is calculated based on gross vehicle weight (GVW) and the month the vehicle is first used during the reporting year. The minimum annual HHVU weight tax is $100 for vehicles in use between July 1, 2018 and June 30, 2018 having a GVW of 55,000 pounds and increases to a maximum $550 for vehicles with a GVW over 75,000 pounds.
- The tax for the current filing season will be prorated for vehicles you first use on a public highway after July. For vehicles not in use during July 2018, the applicable annual HHVU weight rate is reduced by 1/12 for each calendar month after July 31 until the vehicle is first used. For example, the annual HHVU tax on a vehicle first used in October of the 2018-2018 reporting year is reduced by 3/12ths of the annual rate based on GVW because it was not in use for the first three months of the reporting year.
- The weight rates and monthly proration calculations are fully explained in IRS Form 2290 and instructions.

How to Pay:
There are four methods to pay the tax.

- Electronic funds withdrawal (direct debit) if filing electronically.
- Electronic Federal Tax Payment System (EFTPS).
- Credit or debit card payment.
- Check or money order using the payment voucher.
- You must pay the tax in full with your Form 2290.

Important Reminders:

- All taxpayers must complete the first and second pages of Form 2290 along with both pages of Schedule 1.
- You must have an established employer identification number (EIN) to file Form 2290. Click here to obtain an EIN online.
- When you click on the form links, make sure you scroll down to see the complete form.

Schedule 1 Copies for Filed Forms 2290:

To receive a copy of a current Schedule 1, be sure you have already filed Form 2290 and fully paid the tax. You may fax a request to 855-386-5124. You must include a copy of the Form 2290 and Schedule 1 previously filed. Please attach a signed cover sheet and indicate “Expedite Schedule 1 Request.” Include your name, phone number, fax number, the date the Form 2290 was filed and the number of pages being faxed. Your request must be signed by an authorized individual able to bind the company. You may also send a written request to: Department of the Treasury, Internal Revenue Service, Cincinnati, OH 45999-0031.

IRS, TREASURY ISSUE PROPOSED REGULATIONS ON PASS-THROUGH DEDUCTIONS

On Wednesday, the IRS and the Department of Treasury released their eagerly awaited proposed regulations implementing the 20 percent deduction on “qualified business income” that pass-through businesses, including sole proprietorships, partnerships, trusts, and S corporations, can take under the 2017 tax reform law, known as the “Tax Cuts and Jobs Act.” 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. The Section 199A deduction, commonly referred to as the pass-through deduction, will be available for tax years beginning after December 31, 2017.

The proposed regulations are intended to ensure that business owners receive the full pass-through deduction on business income up to a $315,000 threshold for married couples and $157,500 for single filers. However, the deduction is more limited for higher income businesses. Importantly for marketers, under the proposed regulations, companies will now be allowed to aggregate pass-through income from multiple sources as single business income. In addition to the proposed regulations, the IRS also released frequently asked questions about the deduction.

Last year, the White House invited PMAA to an energy tax reform discussion. PMAA argued for a lower, more competitive pass-through tax rate for businesses. Additionally, PMAA sent a letter to Senate Finance Committee Chairman Orrin Hatch (R-UT) and other committee members expressing support for a lower pass-through rate. In the letter, PMAA states, "Reducing taxes on pass-through businesses would make them more competitive, and ensure that all businesses, large and small alike, compete on a level playing field going forward."

PMAA sits on the Small Business Leadership Council's (SBLC) Board of Directors and provides input on tax related issues facing petroleum marketers such as the pass-through deduction. SBLC is in the process of creating a detailed summary of these proposed regulations and PMAA will forward to PMAA Association Executives once available.

CALIFORNIA PROPOSES TOUGHER RULES ON VEHICLE EMISSIONS STANDARDS

On Tuesday, the California Air Resources Board (CARB) released a proposed rule for tougher vehicle emissions standards by maintaining Obama-era rules mandating rising fuel efficiency requirements annually through 2025. The proposed rule would clarify that only cars and trucks that meet current U.S. greenhouse gas emissions standards will be considered compliant with California's emissions rules.

The announcement comes a week after the EPA and the National Highway Traffic Safety Administration (NHTSA) issued a proposed rule that would freeze Obama-era Corporate Average Fuel Economy (CAFE) standards for cars and light trucks for six years and would end California's authority to set its own, tougher emissions standards, while invalidating the state mandate that automakers sell a specified number of electric vehicles. Additionally, the EPA/NHTSA proposed rule lays out several options for setting miles-per-gallon (MPG) standards but recommends freezing them at 43.7 mpg for passenger cars and 31.3 mpg for light trucks and sport utility vehicles. This would result in a 37 mpg fleetwide average for model years 2020 through 2026, whereas the Obama-era CAFE standards require a 50 mpg fleetwide standard by 2025.

In the proposed rule released on Tuesday, CARB wrote, "These clarifying amendments will ensure that the effects of any federal weakening for model years 2021 through 2025 are not felt in California during those model years." However, CARB also stated in the proposal that it would consider being open to adopting policies that would reduce compliance costs for auto manufacturers, but only if the policies would result in a reduction of greenhouse gas emissions.

Shortly after the EPA/NHTSA proposed rule was made public last week, a coalition of 20 state attorney generals announced plans to sue the Trump administration over the rollback and loss of California's authority to set its owns standards. The legal challenge could take years before a final decision is handed down by the various federal courts that are likely to hear the case.

PMAA intends to file public comments supporting the EPA/NHTSA proposed rule.

AMERICAN LEGISLATIVE EXCHANGE COUNCIL (ALEC) VOTES ON RESOLUTIONS OPPOSING AUTO EFFICIENCY ROLL BACK

Resolution Also Voted on to Oppose Unfair EV Expansion Efforts

This week, conservative state lawmakers with the American Legislative Exchange Council (ALEC) voted on a model resolution supporting the Trump administration's rollback of auto fuel efficiency standards. ALEC is a nonprofit organization of conservative state legislators and private sector representatives who draft and share model state-level legislation for distribution among state governments in the United States.

Meanwhile, ALEC's Commerce, Insurance and Economic Development Task Force voted on a resolution in opposition to states requiring customers and/or taxpayers to pay for electric vehicle (EV) charging infrastructure expansion that utilities have been advocating for in recent years. The resolution said "some states have allowed for agreements in which costs to construct and operate fueling infrastructure are socialized, requiring all ratepayers and taxpayers to pay for the infrastructure that will likely be used by a small minority of consumers. ALEC opposes all federal, state, and local efforts to compel consumers to subsidize any and all vehicles, energy, fuels, and fueling infrastructure." PMAA will report the results of the two votes in next week's Weekly Review.

As the number of EVs grows, petroleum marketers will likely have to battle for a share of the electric vehicle charging market with utility companies that see EV charging as right up their alley. When utility companies install charging stations, they include that cost as part of their capital investment. After these costs are approved by governmental regulatory agencies, they are passed on to all ratepayers as part of their monthly electric bills. This means electric utilities are being allowed to enter a new business, fueling EVs, without any financial risk.

PMAA member states are very concerned with utilities using their rate base to pay for EV infrastructure expansion. PMAA believes this allows utilities an unfair competitive advantage over marketers and others who must economically justify at risk investments in new equipment like EV charging stations. This puts a financial burden on poor and middle-class consumers who must subsidize these stations but cannot afford EVs.

PLAN TO ATTEND THE 2019 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

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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