

December 6, 2019

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WP-12-06-19

WPMA ASSOCIATIONS COMMENT ON EPA RFS PROPOSED RULEMAKING

On October 4, 2019, EPA indicated in a press release posted on the EPA website that *“Building on the President’s earlier decision to allow year-round sales of E15, EPA will initiate a rulemaking process to streamline labeling and remove other barriers to the sale of E15.”*

On November 29th, WPMA and all seven WPMA state associations joined to submit a comment to the EPA on the Renewable Fuel Standard Program proposed changes. Following is a portion of the comment posted to the EPA website. The entire comment letter can be viewed at <https://www.regulations.gov/document?D=EPA-HQ-OAR-2019-0136-0724>

Re: Comment on the **Environmental Protection Agency (EPA) Proposed Rule: [Renewable Fuel Standard Program: Standards for 2020 and Biomass-Based Diesel Volume for 2021, and Response to the Remand of the 2016 Standards](#)** (84 FR 57677; October 28, 2019).

WPMA fundamentally disagrees with the premise that current labeling requirements constitute an artificial barrier to sales of E15. This same demand-side argument has been made by representatives of the biofuels industry repeatedly over the last several years to press for a basket of policy changes that they represent would help increase demand for their products including: shifting the point of obligation, lifting the ban on summertime sales of E15 and increasing the amount of ethanol blended into the nation’s fuel supply beyond what the market can support. Instead of loosening or streamlining labeling requirements, WPMA strongly encourages EPA to enact more stringent fuel labeling policies to protect consumers and petroleum marketers from liability and property damage.

FMCSA SET TO ISSUE TWO-YEAR DELAY OF NEW ENTRY LEVEL DRIVER TRAINING RULE

The Federal Motor Carrier Safety Administration (FMCSA) is set to announce a two-year delay to its Entry Level Driver Training (ELDT) Rule scheduled to go into effect February 7, 2020. The ELDT rule is controversial in the petroleum marketing industry because it requires rigorous new training requirements for both CDL license applicants and current CDL holders seeking a license upgrade. The new requirements will make it more difficult to obtain and renew a CDL, discourage new applicants from applying for a CDL and, as a result, contribute to the shortage of CDL drivers already occurring nationwide.

Click [here](https://www.pmaa.org/weeklyreview/attachments/PMAA_RR_12_05_19.pdf) (https://www.pmaa.org/weeklyreview/attachments/PMAA_RR_12_05_19.pdf) to view the full PMAA Regulatory Alert.

TAX EXTENDERS INCLUDING BIODIESEL TAX CREDIT STILL IN LIMBO

Congress is still debating on what to do with a government spending bill, tax extenders (including the biodiesel tax credit), a retirement bill and technical fixes to the GOP’s “Tax Cuts and Jobs Act.” Currently, government funding expires on December 20th. Click [here](https://www.pmaa.org/advocacy/advocacy/#/26) (<https://www.pmaa.org/advocacy/advocacy/#/26>) to urge your members of Congress to pass a retroactive multi-year extension of the biodiesel blender’s tax credit.

TREASURY DEPARTMENT PUBLISHES REGULATIONS ON FEDERAL ESTATE TAX

The Treasury Department recently published Treasury Decision 9884.

The regulations make clear that the federal estate/gift/GST exemptions of \$11.58 million per individual and \$23.16 million per couple with spousal portability (new 2020 exemptions announced in Rev. Proc. 2019-44) can be fully utilized without taxpayers fearing a “claw back” if the exemptions revert back to pre-Tax Cuts and Jobs Act (TCJA) levels after current policy is scheduled to expire in December 2025.

Family businesses planning for succession can now transfer up to the maximum exemption amounts until 2025 without fearing a large tax bill if the estate/gift/GST exemptions aren’t extended before 2026. If a taxpayer gifted \$10 million in 2018 when the exemption was \$11.18 million per individual and died in 2026 when the exemption reverted back to \$5.49 million per individual, there was a question as to whether that taxpayer would be required to pay a “claw back” 40 percent tax a portion of the amount already transferred tax free. The resolution of this issue provides more certainty for businesses working towards transitioning to the next generation of ownership. The resolution of this issue represents one less hurdle family businesses must face in continuing to the next generation of ownership. The Family Business Coalition (FBC), of which PMAA is a member, is encouraged to see the Treasury Department prioritizing regulations important to family owned and operated businesses.

NEW PLAN WOULD CUT SNAP BENEFITS FOR THOUSANDS OF PEOPLE

This week, the United States Department of Agriculture (USDA) announced that it has finalized a plan that would strengthen the work requirements for able-bodied adults with no dependents who receive Supplemental Nutrition Assistance Program (SNAP) benefits. The USDA said that as many as 688,000 people would be unable to receive the benefits if the rule were to go into effect.

Under current law, able-bodied adults with no dependents can receive SNAP benefits for up to three months during a three-year period, unless they are working or participating in an education or training program for 80 hours per month. Currently, states can waive the rule if work is not available, but the new rule will limit the state's ability to waive the rule unless unemployment reaches a certain percentage. It is estimated that seven percent of SNAP recipients are considered able-bodied adults with no dependents and Trump Administration officials have estimated that the rule will save the government around \$5.5 billion over five years. The new rule is set to take effect on April 1, 2020.

PMAA COMMENTS ON EPA RFS PROPOSED RULEMAKING

Last Friday, PMAA sent comments into the EPA on its RFS supplemental notice of proposed rulemaking. PMAA urged EPA to take no action in the rulemaking that would increase corn-based ethanol mandate beyond 9.7 percent projected gasoline demand. Specifically, PMAA told the EPA that it has no position on the small refinery exemptions (SREs), however, PMAA opposes any reallocation of displaced gasoline volumes lost to SREs if it would result in a total corn ethanol RVO greater than 9.7 percent of projected customer demand as determined by the Energy Information Administration (EIA). Reallocating displaced ethanol volumes would likely create undue speculation and disruption to retail motor fuels markets.

It was also reported this week that White House economic adviser Larry Kudlow is devising a plan to boost biofuel blending requirements in response to mounting pressure from ethanol groups and Senators from farm states that could be important for President Trump's reelection. The White House has been under intense scrutiny from ethanol groups and lawmakers who have said the administration's current proposal does not adequately compensate for ethanol blending volumes lost due to SREs. The EPA aims to announce its 2020 RFS blending volume mandate by December 20th, but it is possible that target date could be pushed into early next year. The EPA proposed rule increases the volume of renewable fuels to 20.04 billion gallons in 2020, up from 19.92 billion gallons in 2019. Under the plan, the corn ethanol mandate would remain at the 15 billion and biomass-based diesel at 2.43 billion gallons, level with the 2020 blending requirement.

FEDERATED INSURANCE EMPLOYMENT PRACTICES NETWORK WEBINAR

The Role of HR / Risk Managers: Tuesday, December 17, 2019, 1:00 p.m. CT

This one-hour webinar will focus on how busy HR professionals and risk managers can take advantage of tools they already have to avoid mistakes and navigate generational changes.

What you will learn:

- Overview of employee handbook, corrective action forms and training
- How to sharpen those tools to include other elements such as gender neutrality and dress code
- How to handle bullying in the workplace
- DOL's proposed rule for fixed salaries
- And more!

Advanced registration is required.

For additional information or to discuss this in further detail, please contact your Federated regional representative or PMAA's newly assigned National Account Executive Jon Medo at 800.533.0472.

FEDERATED INSURANCE EMPLOYMENT PRACTICES NETWORK HR QUESTION OF THE MONTH

Federated Insurance's HR Question of the Month focuses on employment-related practices liability issues. This month's question is: **Payroll Advances – Best Practices?** We are in need of some information on payroll advances. We have some employees asking for repeated payroll advances and need to know our options and how to proceed as best practices. Please click [here](https://www.federatedinsurance.com/services/education-events/hr-question) (https://www.federatedinsurance.com/services/education-events/hr-question) to read the response.

For additional information or to discuss this in further detail, please contact your Federated regional representative or PMAA's National Account Executive Jon Medo at 800.533.0472.

TRAGIC PLANE CRASH KILLS IDAHO MEMBERS

We are very saddened to announce the deaths of IPM&CSA and WPMA Members, Jim Hansen Jr and his brother Kirk, along with several other members of their family, when a weekend hunting trip turned to heartbreaking tragedy on Saturday, November 30th.

Jim and Kirk, their father Jim Hansen Sr, and six other family members died when their plane went down in a field near Chamberlain, South Dakota. The Hansens were executives with Conrad & Bischoff, Kyani and KJ's Super Stores.

According to the Federal Aviation Administration, the plane crashed shortly after takeoff, about a mile from the airport. The pilot and two children were among the nine who perished. Three survivors were hospitalized in Sioux Falls, and are recovering. Funeral arrangements have not yet been announced.

The Hansen family has issued this statement:

The outpouring of love and expressions of concern for the welfare of the Hansen, Dennert, and Naylor families in the aftermath of the tragic accident on Nov. 30, 2019, have been overwhelming. The families wish to express their deepest gratitude for the numerous friends, family and Business Partners who have reached out with support, prayers and best wishes during this trying time.

The legacy of Jim Hansen, Kirk Hansen and their father, Jim Hansen Sr., will be preserved and will flourish through their families and established Business Partners today, tomorrow and into the future.

Condolences can be submitted to remembrance@kyani.com.

While flowers are a wonderful expression of love and support for Leann, Rebecca, Coralie, and all other family members affected by this tragedy, the family asks that, in keeping with the Hansen's goal of helping people in need, and providing opportunities for others to grow temporally and spiritually on the path to become Christ-like disciples, that donations be tendered to the established Caring Hands Program developed by the Kyani Corporation to help people in need both at home and abroad.

With love and deepest gratitude,

The Hansen Family

IMPORTANT INFORMATION FOR THOSE DOING BUSINESS IN OREGON

The Legislature met for Interim Committee hearings this week in Salem. While Committees were briefed on a wide range of topics in anticipation of the February 2020 Session, the future of carbon legislation (cap-and-trade) and confusion around the Corporate Activities Tax (CAT) took center stage in private conversations with legislators, the Governor's Office, and key staff.

Several legislators announced their retirements this week, starting what is expected to be a mass exodus of legislators deciding not to return in 2021. Sen. Cliff Bentz (R-Eastern Oregon) is ramping up his run for the 2nd Congressional seat vacated by Rep. Walden and will step down early (in January 2020) to campaign. He will likely face a contested Republican Primary Election against former Senator Jason Atkinson (R-Medford) and former legislator Knute Buehler (R-Bend). All three have strong ties to the district and it could be a close race.

Coastal legislators Sen. Arnie Roblan (D-Coos Bay/Newport) and Rep. Caddy McKeown (R-Coos Bay) both announced their retirements. Both Roblan and McKeown are moderate Democrats who have been instrumental in shaping statewide policy on many critical issues facing rural Oregon. These are swing seats that could be highly contested in the 2020 general election. They will both fill out their terms ending in January 2021.

We expect to see more retirement announcements in the near future, as well as, learn which legislators will be running to fill vacant seats. For instance, Rep Lynn Findley (R-Ontario) has announced he will run for the Senate to fill Sen. Bentz's seat. More to come...

Economic and Revenue Forecast:

Oregon showed strong economic growth in this month's state forecast. According to the state economist: "While there is a great deal of uncertainty about the staying power of recent revenue growth, the December forecast reflects a stable economic outlook, with the expected size of General Fund collections increasing slightly over what was expected at the Close of Session". The estimated ending balance for the state is over \$980 million. That means, the state is bringing in

historic revenues. What that translates to in the short session will largely depend on what happens with cap-and-trade and other large policy issues.

Cap-and-Trade:

There are currently four different proposals designed to address carbon in the February Session. Three are modified cap-and-trade proposals (one from each Chamber and one from the Governor's Office) and the final proposal is a mishmash of various concepts (100% Renewable Portfolio Standard, new money for electric vehicle infrastructure, changes to the previously negotiated Cleaner Air Oregon statute, etc). Because all three of the cap-and-trade proposals are from Democrats, there is confusion which proposal will emerge as the lead and whether Democrats can gather enough support amongst their caucuses to solidify behind one bill.

We believe that the only cap-and-trade proposal that stands a chance in February is what the Governor's Office has been shopping for the past month. This proposal essentially leaves the utility provisions from HB 2020 (2019) intact, provides 100% allowances to Energy Intensive Trade Exposed (EITE) manufacturers and 100% rate relief for industrial natural gas use, and phases-in the transportation sector in Portland, the Metro Area, and Eugene, leaving the remaining parts of the state indefinitely exempt from the fuel regulations under the bill. This proposal still does not have the support of any Republicans and it is unclear whether Republicans would "show-up" for a session that included this bill. It also does not have the full support of the environmental community, a group that is reportedly particularly hung up on the allowances for natural gas in the bill, which is in their minds "the new coal".

Democrats will continue to meet this week to see if they can get on the same page about a cap-and-trade bill for February. If they can, it will likely come at the direction of Senate President Peter Courtney's office and we should see the bill language next month. If they cannot get on the same page, it is more and more likely that cap-and-trade will not move forward in February, but the politics on this issue remain in flux.

Corporate Activities Tax:

The passage of a CAT tax in 2019 has sent business into a tailspin. It has been further complicated by the Department of Revenue's rulemaking process to define terms and ideas left vague in the statute. The first of three temporary rules on the CAT will be released beginning in January 2020, making it more difficult for taxpayers to anticipate their expected liability under the tax.

In order to help mitigate this confusion, the legislature will consider clarifying and technical fixes to the CAT during the February Session, although so far they have not been forthcoming about what changes they will actually consider and what they deem "technical" as opposed to an outright policy change – which they do not want to do in the short session. We are working with OBI and various groups to ensure that business concerns are addressed in a February bill.

\$1 Billion Timber Lawsuit:

Yesterday, a jury in rural Linn County awarded 13 rural counties \$1.1 Billion from the State of Oregon for failing to maximize revenues from state forests. While the legislature has been aware of this lawsuit, it hasn't necessarily prepared for a budget for this liability. We expect the state to appeal this decision and unless a settlement is reached along the way, we expect the Oregon Supreme Court to eventually review this case. Even though the jury verdict and narrow legal issues for appeal, chances of success on appeal to a liberal Court of Appeals and Supreme court are still possible for the state. As a result, this will likely have legislative consequences in the next biennium.

Paid Family and Medical Leave Rulemaking Advisory Committee:

The Oregon Employment Department has appointed an advisory committee including employer and employee representatives charged with crafting implementing rules and guidelines for Oregon's Paid Family Leave program, set to begin January 1, 2022. We will continue to update you on these details.

Ballot Measures for 2020:

Multiple initiative petitions have been filed for the November 2020 ballot including carbon programs for the state and employer mandates. There is also an organized effort to take redistricting of legislative and congressional districts away from politicians and into the hands of an independent committee. After the legislative session ends in March, we will have a much better idea about the initiatives that will become ballot measures in November and which issues we may want to get involved with as a group.

PLAN TO ATTEND THE 2020 WPMAEXPO

WPMAEXPO

Mark your calendars for February 18-20, 2020. Make plans now to attend the 2020 WPMAEXPO.
It will be held once again at the Mirage in Las Vegas, Nevada.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 18-20, 2020 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, NV

April 21, 2020 – IPM&CSA PAC Golf Tournament – Ridgecrest GC – Nampa, ID

April 21-23, 2020 - Federated Insurance Risk Management Academy

May 7-8, 2020 – Nevada NPM&CSA – Big Dogs - Las Vegas, NV

June 2-3, 2020 – Montana MPMCSA – Convention – Fairmont Hot Springs Resort – Fairmont, MT

June 22-25, 2020 – Washington (WOMA) – Convention – Suncadia Resort – Cle Elum, Washington

August 5-7, 2020 – Idaho (IPM&CSA) Convention – Coeur d' Alene Resort – Coeur d' Alene, Idaho

August 17-19, 2020 – New Mexico (NMPMA) Convention – Sandia Resort & Casino – Albuquerque, NM

September 9-10, 2020 – Utah (UPMRA) – Convention – Park City Marriott – Park City, Utah

September 15-17, 2020 - Federated Insurance Risk Management Academy

WPMA MEMBER SERVICES



Be sure to subscribe to all of our social channels for great tips, industry trends, and insider information about association activities and upcoming events!



Petro Pete: *"It's amazing that the amount of news that happens in the world every day always just exactly fits the newspaper."*

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