PMAA WEEKLY REVIEW

**June 21, 2019** **WR-19-24**

**Senators Introduce Legislation Seeking Transparency to RFS Small Refinery Waiver Process**

Last week, Sens. Deb Fischer (R-NE) and Tammy Duckworth (D-IL) introduced legislation to address EPA's RFS small refinery exemptions. The bill, known as the "RFS Integrity Act of 2019," would require small refineries to petition for RFS hardship exemptions by June 1st of each year to ensure that Environmental Protection Agency (EPA) accounts for exempted gallons in the annual Renewable Volume Obligations (RVOs) it sets each November. The bill also seeks to increase transparency by ensuring that certain information surrounding the exemptions is made available to the public through freedom of information laws. Furthermore, the bill would require the EPA to notify Congress on the methodology it uses when granting small refinery exemptions and provide some information on the companies applying for the waivers.

Under the RFS, refiners must blend certain volumes of biofuels into their fuel each year or purchase credits from those that do. Small refineries with a capacity of less than 75,000 barrels per day can receive waivers if they prove that compliance with RFS would cause them significant economic harm. The EPA has granted over 40 SREs for 2016 and 2017 compliance years and has indicated that it has received 40 petitions for SREs for 2018. Midwestern Senators have criticized the Trump Administration for granting the refinery waivers and not reallocating them to other obligated parties to make up for the lost gallons. Additionally, biofuel groups have argued that the numerous refinery waivers from 2016-2017 have indirectly reduced the ethanol mandate which have driven down RIN values and, therefore, weakened the market for E15.

The Wall Street Journal reported on Tuesday that the Trump Administration may be inclined to limit the number of SREs it grants for 2018 to improve ethanol sales. Corn growers have argued that SREs undermine the growth of E15 since it lowers RIN values.

Click here to read the story.

**Final Reminder! Annual Hazmat Registrations For 2019-2020 Registration Year Due July 1**

The U.S. DOT's Pipeline and Hazardous Material Safety Administration (PHMSA) requires hazardous material transporters to register and pay a fee each year in return for a certificate of operation. PHMSA began mailing the 2019-2020 registration information to HAZMAT transporters in April. Only those with expiring DOT PHMSA HAZMAT registration certificates must re-register before July 1, 2019 or risk losing authority to operate and pay substantial civil penalty.

Petroleum Marketers should check their HAZMAT certificate for the expiration date as multiple year reservations are offered and 2019 may not be your expiration date. The validity of HAZMAT registration certificates is checked at roadside inspections.

Click here to view the compliance bulletin.

**House Tax Extenders Package Moves Forward**

A lengthy House Ways and Means Committee markup on a tax extenders package as well as a bill to expand low to middle income worker tax credits was approved yesterday. H.R. 3301, the ''Taxpayer Certainty and Disaster Tax Relief Act of 5 2019,''passed by a vote of 25 to 17, while H.R. 3300, the "Economic Relief Act," passed by a vote of 22 to 19 with three Democrats opposing because of the cost and a lack of an off-set. Committee Chairman Richard Neal (D-MA) introduced the bills prior to the markup to extend the series of expired business tax credits including the $1 per gallon biodiesel tax credit that expired on December 31, 2017.

The biodiesel credit would be revived retroactively for 2018 and continued through 2019 and 2020. The Oil Spill Liability Tax (OSLT) would be extended through 2020 and would not be applied retroactively, which is welcome news for petroleum marketers. Additionally, fueling equipment for natural gas, propane, liquefied hydrogen, electricity, E85, or diesel fuel blends containing a minimum of 20 percent biodiesel installed through December 31, 2020, would also be eligible for a tax credit of 30 percent of the cost, not to exceed $30,000. Finally, the residential energy efficiency tax credit for water heaters, furnaces, boilers, heat pumps, building insulation, windows and roofs would be renewed through 2020. For more information, click here.

The Democrat's proposal would also triple the maximum Earned Income Tax Credit (EITC) available to childless adults; make the child tax credit generally fully refundable; expand a break for dependent care expenses; and provide disaster relief funding. Though Neal has floated raising the corporate tax rate to 22 percent from 21 percent to partially pay for the extender's package, it is not in the package. The extenders package is estimated to cost $33.2 billion and the total package is scored at about $106.6 billion.

The measure faces opposition in the Senate in part because Neal has proposed paying for these extensions by ending higher exemption levels for the estate tax at the end of 2022, instead of 2025 as currently scheduled.

The good news is that the Senate tax extenders bill may have a better chance of passing. In March, Senate Finance Committee Chairman Chuck Grassley (R-IA) introduced legislation that would retroactively extend most of the provisions through 2019 including the biodiesel tax credit. Additionally, the OSLT would be extended through 2019 and would not be applied retroactively, which is welcome news for petroleum marketers.

**Senate Holds Hearing on FAST Act Reauthorization**

On Wednesday, the Senate Commerce, Science and Transportation Committee held a hearing entitled: "FAST Act Reauthorization: Transportation and Safety Issues" to examine the implementation of the Fixing America's Surface Transportation (FAST) Act, which expires at the end of fiscal year 2020, and priorities for the Department of Transportation as Congress prepares for surface transportation reauthorization.

Witnesses at the hearing included: The Honorable Ronald Batory (Administrator, Federal Railroad Administration); The Honorable Raymond Martinez (Administrator, Federal Motor Carrier Safety Administration); The Honorable Joel Szabat (Assistant Secretary for Aviation and International Affairs, Office of the Secretary of Transportation); and Ms. Heidi King (Deputy Administrator, National Highway Traffic Safety Administration).

In his opening statement, Committee Chairman Roger Wicker (R-MS) spoke about a pilot program in the FAST Act that would help address the nationwide truck driver shortage. Wicker stated, "Until such time as autonomous vehicles are pervasive on our roads and used commercially, there is still an urgent need for truck drivers to help move our nation's goods. I know the FMCSA is working on a pilot program to meet this need by studying the feasibility of allowing 18 to 20-year-old drivers with military experience to operate trucks in interstate commerce." Several senators floated the prospect of changing the interstate trucking age, switching it to 18, down from 21. Under current law, drivers ages 18-20 can only operate commercial vehicles (CMVs) in intrastate commerce. The Department of Transportation's (DOT) Federal Motor Carrier Safety Administration (FMCSA) announced last month that it is seeking public comment on this potential pilot program. PMAA will submit comments prior to the July 15, 2019 deadline. Click here to view the details of the pilot program.

In his written testimony, FMCSA Administrator Raymond Martinez noted that he wants to "provide greater flexibility for drivers while maintaining the highest degree of safety" as FMCSA works to move forward with a proposed rule on increasing the short haul exemption on-duty driving time as well as the 30-minute rest break provision. The proposed rule is still under review at the Office of Management and Budget after receiving more than 5,200 comments during the comment period. "We understand that there is a shortage of drivers," Mr. Martinez said at the hearing.

**House Holds Joint Hearing on the Trump Administration's Rollback of CAFE Standards**

On Thursday, the Subcommittee on Consumer Protection and Commerce and the Subcommittee on Environment and Climate Change of the House Energy and Commerce Committee held a hearing entitled: "Driving in Reverse: The Administration's Rollback of Fuel Economy and Clean Car Standards" to explore the Trump Administration's proposed rollback of Corporate Average Fuel Economy (CAFE) and greenhouse gas standards for light-duty cars and trucks.

As a background, last August, the EPA and National Highway and Transportation Safety Administration (NHTSA) issued a proposed rule, known as “The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks,” that would freeze CAFE standards and corresponding greenhouse gas standards at 2020 levels and revoke the rights of individual states to adopt more stringent emissions standards. The Trump Administration and the California Air Resources Board (CARB) had been in discussions to come to a mutual agreement on California’s fuel economy standards, however, citing a lack of productive discussions with CARB, the Trump Administration announced recently that it was ending talks with them and moving forward with its rule. Both the Trump Administration and CARB, California’s top air regulator, were unable to come to an agreement on key points. The decision to end negotiations over the rule will undoubtedly lead to a meeting in court between the Trump Administration and California. California and other states that have adopted its rules already sued EPA over its decision last year to roll back the standards. That lawsuit is still pending.

Before the hearing, House Democrats sent letters to Marathon Petroleum, American Fuel and Petrochemical Manufacturers, American Legislative Exchange Council, Energy4US and Americans for Prosperity seeking information on what they call a “covert lobbying and social media campaign” in support of the Trump administration rollback of CAFE standards. The letters were sent in response to California Air Resources Board (CARB) Chair Mary Nichols allegations that the oil industry had influenced the Trump Administration in rolling back the CAFE standards. EPA Administrator Andrew Wheeler pushed back against these accusations along with allegations that the EPA “unilaterally decided to cut off conversations” between CARB and the EPA. Wheeler noted that the EPA has been acting in good faith with CARB and Nichols’ is unwilling to work with EPA to find a nationwide CAFE standard that works for all parties involved.

"I believe that it is important for the members of the subcommittees to understand that when Ms. Nichols states that she offered a counterproposal to the proposed rule as if she operated as a good faith actor in this rulemaking, that is what is false," Wheeler wrote in a letter to the House Energy and Commerce Republicans.

“Ms. Nichols was unable or unwilling to be a good-faith negotiator,” Wheeler told lawmakers during the hearing. She took 10 weeks and then the proposal was just a reiteration of the existing Obama-era requirements, with an extra year of compliance time. Even so, the proposal didn’t have the approval of California’s governor, the state’s attorney general or the CARB board members.

Last October, PMAA submitted comments in support of the Trump Administration’s proposed rule. PMAA highlighted numerous reasons why current CAFE standards could impact petroleum marketers and how important the Trump Administration’s proposed rule is needed.

Click here to read the comments.

**Federated Insurance: It's Your Life**
***Could You Afford a Permanent Vacation?***

Business owners and employees alike love to take vacations. While time away is normally a great thing, at a certain point you may start thinking about all the things you need to get back to at work. Take a moment and imagine the following situation: What would happen if you were forced to take a permanent vacation? While this may sound appealing at first, the inability to go to work each day and earn a living can put the future of your business and family in jeopardy. In reality, this is exactly what happens when a disability strikes.

While it's easy to understand that your income stops during a disability, many people don't realize that certain expenses, like medical care and travel, often increase. Clearly, a long-term disability can have far-reaching implications.

To read more about this, please click here. For additional information or to discuss this in further detail, please contact your Federated regional representative or PMAA's National Account Executive Jerry Leemkuil at 800.533.0472. **Federated is a PMAA Corporate Platinum Partner.**

**PMAA's Fall Meeting at the NACS Show 2019 Set for September 30-October 1**

PMAA will hold its Fall Meeting in conjunction with the NACS Show on September 30-October 1 at the Hyatt Regency Atlanta. The PMAA meeting will begin with a New Attendee Orientation mid-afternoon on September 30 followed by the Federal Legislative Update. A welcome reception with NACS to State Association Leaders (All PMAA members are welcome) will follow at Georgia World Congress Center. PMAA will provide round-trip shuttle service. On the morning of October 1, 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.

You can find all available information, including how to make your hotel reservations and the Conference Schedule, here. PMAA Fall Meeting Registration will be available in July. **Please note that the NACS Show registration is now open and is separate from the PMAA Meeting Registration.**

**PMAA Platinum Partner Spotlight Featuring: Meridian Associates, Inc.**
***When Children Aren't Your Best Choice***

Maybe your children don't have burning interest in your store or business. Or worse yet, maybe they came into the business for a while and discovered they don't have the abilities or stamina for the job. Now what? You find yourself in a dilemma. Do you sell your business? Should you keep the business to keep them employed? Do you keep the business for your grandchildren? How can you do this without working until you are 80?

If you want to maintain family ownership, but have no children stepping up to the management plate, your solution may be a professional manager — a person to run your company adeptly and diligently, but not take active ownership. If a professional manager sounds like a viable solution for you, here's how to get started.

To learn more about **PMAA's Corporate Platinum Partner, Meridian Associates**, please visit or contact them at 800.728.9005.

**Star Tribune Names Federated Insurance a 2019 Top Workplace**

For the second consecutive year, Federated Insurance has been named one of the Top 150 Workplaces in Minnesota by the Star Tribune.

Now in its tenth year, the Top Workplaces program recognizes Minnesota companies with outstanding organizational health based on employee opinions regarding company vision, leadership, benefits, satisfaction, connection, and more. Top Workplace rankings are based on survey information collected by Energage, an independent company specializing in employee engagement and retention. The analysis included responses from more than 140,000 employees at Minnesota's public, private, and nonprofit organizations.

"We are proud to once again be recognized for the tremendous culture and team here at Federated," said Jeff Fetters, Chairman and CEO of Federated Insurance and Star Tribune's 2019 Large Company Top Leader. "Being named a Top Workplace is an honor shared among all 2,580 employees. As our organization grows, we are pleased to offer an outstanding employment experience to people in Minnesota and across the country."

Federated Insurance was ranked No. 7 on the large company list. Star Tribune Publisher Michael J. Klingensmith said, "The companies in the Star Tribune Top Workplaces deserve high praise for creating the very best work environments in the state of Minnesota. My congratulations to each of these exceptional companies."

To qualify for the Star Tribune Top Workplaces, a company must have more than 50 employees in Minnesota. More than 2,000 companies were invited to participate. Rankings were composite scores calculated purely on the basis of employee responses. A complete list of companies selected is available here.