SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA News

Service Station Dealers of America and Allied Trades

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Department of Labor Issues Notice of Proposed Rulemaking to Update Overtime Regulations

By Roy Littlefield

The U.S. Department of Labor (Department) announced a Notice of Proposed Rulemaking (NPRM) that would make more than a million more American workers eligible for overtime.

Under currently enforced law, employees with a salary below $455 per week ($23,660 annually) must be paid overtime if they work more than 40 hours per week. Workers making at least this salary level may be eligible for overtime based on their job duties. This salary level was set in 2004.

This new proposal would update the salary threshold using current wage data, projected to January 1, 2020. The result would boost the standard salary level from $455 to $679 per week (equivalent to $35,308 per year).

The Department is also asking for public comment on the NPRM's language for periodic review to update the salary threshold. An update would continue to require notice-and-comment rulemaking.

In developing the proposal, the Department received extensive public input from six in-person listening sessions held around the nation and more than 200,000 comments as part of a 2017 Request for Information (RFI).

The NPRM maintains overtime protections for police officers, fire fighters, paramedics, nurses, and laborers including: non-management production-line employees and non-management employees in maintenance, construction and similar occupations such as carpenters, electricians, mechanics, plumbers, iron workers, craftsmen, operating engineers, longshoremen, and construction workers. The proposal does not call for automatic adjustments to the salary threshold.

A 2016 final rule to change the overtime thresholds was enjoined by the U.S. District Court for the Eastern District of Texas on November 22, 2016. As of November 6, 2017, the U.S. Court of Appeals for the Fifth Circuit has held an appeal in abeyance pending further rulemaking regarding a revised salary threshold. As the 2016 final rule was enjoined, the Department has consistently enforced the 2004 level throughout the last 15 years.

More information about the proposed rule is available at www.dol.gov/whd/overtime2019. The Department encourages any interested members of the public to submit comments about the proposed rule electronically at www.regulations.gov, in the rulemaking docket RIN 1235-AA20.

Once the rule is published in the Federal Register, the public will be able to submit comments for 60 days in order for those comments to be considered.

SSDA-AT will be gathering input from our membership on this proposal.

Please share with us your thoughts.

Your Website is an Investment: Trust the Professionals

By: McKensie Curnow of Net Driven

Building your own website has become increasingly simple and inexpensive in recent years. Though easy and accessible, DIY websites do not guarantee a website that works well or leaves a lasting impression for your business and your audience.

Your website is a reflection of you and your business, so you're obviously going to want to build a strong, professional, and positive presence to attract customers. Taking the risk of building a website on your own is taking the risk of losing potential leads and damaging your business's reputation – we never get a second chance to make a first impression!

When you invest in a professional web design team, such as our team here at Net Driven, you're not only investing in the visual appearance and accessibility of your website, you also invest in expert advice, techniques, and best practices to create the best possible user experience. Spending less money and trying to do it on your own may seem like the easy way out, but let's dive into why it's important to give your business the professional auto service website design it deserves.

COMMON MISTAKES MADE BY INEXPERIENCED DESIGNERS

Poor Structure & Navigation

A website should be attractive, accessible, and easy to navigate; all in all, user-friendliness is vital. A site's content should be understandable and full of useful information without being cluttered.

In today's day and age, people like quick and simple. If they can't find what they need without gaining a headache, they're going to leave your site and find a frustration-free one instead. At Net Driven, we know how to organize automotive websites in a way that makes sense for both the business owner and their potential customers.

Lack of SEO

If no one can find your website, what's the point in making the effort of creating one? Many rookie designers forget the importance of SEO, or Search Engine Optimization.

As a certified Google Partner, our team highly knowledgeable of automotive SEO and works hard to make sure your site gets found.

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Your Website is an Investment: Trust the Professionals

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NET DRIVEN

Missing CTA

Your website is one of the most powerful marketing tools for your business. Not only does your website have the power to bring in new customers, it also helps current customers remain loyal if they find what they're looking for with minimal frustrations.

One of the main components of a great website is a clear CTA, or call-to-action. A CTA is what converts website visitors into customers by driving them to purchase your good or service.

If your website is missing a clear CTA, you'll lose sales and customers.

At Net Driven, our team ensures that every website offers conversion-focused responsive web design.

Using Free or Low-Cost Templates

Rookie designers are likely to use a free or low-cost template for their website. While this may seem like an easy solution, it will make your website look generic and unconnected to your brand.

Your business is unique, your website should be, too. Our designers take the time to ensure each one of our automotive websites are exclusive to the client and capture the individuality of their business.

As with any service or good, you get what you pay for. Your money buys value, which in turn, will actually build your business's bank account in the long run.

Your company's website is no exception. If you want to leave a lasting, positive impression of your brand, leave website design to the professionals.

Still not convinced? Check out our portfolio of the finest responsive web design in the automotive industry. For further details, visit our solutions and packages pages.

Shale Boom Drives U.S. to Take Least OPEC Crude in Three Decades

OPEC crude oil shipments to the world's largest economy sank to a thirty-year low as part of an effort by the cartel and its allies to balance supplies and counteract America's shale boom.

OPEC supply cuts that started in 2017 were extended in 2018. The end result was Saudi Arabia cutting exports to the U.S. by 9 percent to about 870,000 barrels a day in 2018. OPEC as a whole sent 17 percent less than the year before, and the least since 1987, according to the latest U.S. government data.

Rapid production growth in the prolific Permian oil patch also sapped interest among American refiners for OPEC's deliveries. With the help of light oil, U.S. crude production hit a record 12 million barrels a day and is expected to grow more into 2020, based on data from the Energy Information Administration.

An abundance of supply from shale wasn't only to blame for OPEC's withering exports to the U.S. Venezuela, the country with the world's largest crude oil reserves, has been struggling to maintain its production which has reached the lowest levels since 1940s due in a large part to chronic mismanagement of its oil industry.

More recently political unrest and U.S-led sanctions resulted in the Latin American producer sending just sent just half a million barrels a day to U.S. last year, the smallest volume since 1989.

Asia Remained Top U.S. Oil Buyer in 2018 Despite China Trade Row

Asia more than doubled its intake of American crude oil last year even as Beijing and Washington were embroiled in a bitter trade war.

China passed on U.S. crude for much of the second half of last year amid a series of tit-for-tat tariff measures. Although crude was spared from this Chinese purchases still plummeted. But robust buying from South Korea, one of Asia's fastest growing economies, helped offset the loss. In December, the Asian country soaked up record volumes to overtake Canada as the largest buyer of U.S. crude. Indian purchases also climbed.

South Korea received over 85 million barrels of American oil last year, compared with just 20 million the year prior, according to U.S. Census Bureau data compiled by Bloomberg. That helped push U.S. crude shipments to Asia to nearly 340 million barrels, that compares with about 150 million in 2017.

Despite the fact that China wasn't in the market for U.S. barrels, Asian buying accelerated in the second half of the year, with 200 million barrels heading east. That compares with 140 million in the first half of 2018.

There are signs of a meaningful recovery in Chinese demand on horizon, with more tankers hauling U.S. oil bound for China's ports, according to ship tracking data. And Chinese President Xi Jinping and President Donald Trump are pushing for an end to the trade dispute.

Small Business Legislative Council (SBLC) Announces Chair and Top Priorities for 2019

The Small Business Legislative Council (SBLC) working with SSDA-AT has also announced that the Council's top priorities for 2019 will be addressing the labor shortage for small businesses, tax reform, infrastructure and rural development, trade and health care. These priorities were determined by the SBLC's Board of Directors and membership.

In the coming year, the SSDA-AT and SBLC will be working towards bipartisan solutions to ensure an ample flow of qualified and reliable workers for businesses of all sizes. This will include promoting innovative approaches to workforce development and skills training and efforts to address the immigration issues and opioid crisis that have impacted labor flow.

SSDA-AT and SBLC will also be continuing its work to promote the interests of small business as the provisions of the 2017 tax reform bill continue to be implemented, amended or repealed. In particular, SSDA-AT and SBLC will work to make the estate tax exemption provisions permanent and to significantly increase the threshold levels contained in 199A in order to reduce complexity. Finally, the SBLC will focus on supporting efforts to improve the critical infrastructure upon which all Americans, including small businesses, rely and expanding opportunities to rural communities.

"As a non-partisan association that, through its members and their members, represents all sectors of the economy and a significant swath of the country's small businesses, we believe that the SBLC has a unique role to play this year in helping the divided Congress reach bi-partisan solutions to real world problems," said Mr. Rosenbusch.

Adds SBLC President and General Counsel, Paula Calimafde "uncertainty is extremely difficult for small businesses. Whether it be a lack of clarity over what taxes a business will owe or a concern over whether there will be enough workers to meet demand, small and closely held businesses play a critical role in our economy, and it is critical that our laws and systems are set up to help them thrive and not create unnecessary barriers to their success."

The SBLC is an independent, permanent coalition of national trade and professional associations whose goal is to maximize the advocacy and presence of small business on Federal legislative and regulatory policy issues, and to disseminate information on the impact of public policy on small businesses.

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EPA Pushes Forward Plan to Increase Ethanol Mix in Gasoline

President Trump advanced a plan that would expand the use of ethanol in gasoline across the U.S., a move pushed by corn farmers but expected to draw ire from the oil and gas industry.

The latest step pushes forward a proposal that would allow the year-round sale of gasoline blended with up to 15 percent ethanol, known as E15. Previously, E15 was restricted under air pollution requirements between June 1 and Sept. 15, as science shows burning ethanol in warmer temperature leads to heightened ground-level ozone pollution and smog. The new plan will effectively lift those sales barriers.

Also under the plan, Trump will make it harder for refiners to trade credits for biofuel use known as renewable identification numbers (RINs).

Currently, refiners and importers of natural gas must blend their fuels with ethanol before sale or purchase RINs sold on the market.

The administration's RIN reform would include requiring public disclosure of RIN, limit the length of time that nonrefineries or importers can hold a RIN and improve compliance obligations on a more frequent basis.

The White House last October directed the Environmental Protection Agency (EPA) to initiate a rulemaking to expand waivers for E15 and change way RINs were traded on the market. Tuesday's proposed rule very closely resembles the plan put forth by Trump.

The EPA on Tuesday said it will be looking for public comment on the rule and will hold a public hearing March 29.

"Consistent with President Trump's direction, EPA is working to propose and finalize these changes by the summer driving season," EPA Administrator Andrew Wheeler said in a statement. "We will be holding a public hearing at the end of this month to gather important feedback."

Trump has long hinted at his plans to expand the ethanol market, a promise he first made during his presidential campaign.

Last July, he said he was "very close" to allowing higher ethanol content in gasoline.

The ethanol industry has long pushed for a waiver from the EPA that would allow fuel stations to sell E15. Currently, most gasoline sold in the U.S. con-

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EPA Pushes Forward Plan to Increase Ethanol Mix in Gasoline

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tains 10 percent ethanol, with about 1 percent of filling stations selling E15.

"I stuck with ethanol, most of the other candidates weren't there," Trump said in July.

Former EPA Administrator Scott Pruitt had planned to allow E15 sales year-round as part of a deal between oil and corn interests to change how the administration enforces the federal mandate to blend ethanol into gasoline.

But that deal fell apart amid corn-state opposition to allowing ethanol exports to count toward the federal mandate, effectively reducing the mandate.

The ethanol industry hailed Trump's plan, calling it a cleaner fuel choice for American.

"This rule is a critical milestone for rural Americans who make renewable biofuels and for all American drivers, who may soon have a cleaner, more affordable, higher-octane fuel all year long," said Growth Energy CEO Emily Skor in a statement.

Supporters called the move a win for American farmers.

"With ethanol plants shutting down or idling and farmers experiencing the worst conditions in more than a decade, removing the summertime ban on E15 once and for all would send a desperately needed signal to the marketplace," said the Renewable Fuels Association in a statement.

The American Petroleum Institute (API) pushed back, calling the decision a "lose-lose" for American consumers.

"The administration needs to scrap this anti-consumer policy that exacerbates problems with the failed Renewable Fuel Standard," said Frank Macchiarola, API's vice president of downstream and industry operations.

"Studies have shown that E15 gasoline can damage vehicle engines and fuel systems — potentially leaving Americans to pay expensive car repair bills due to bad policy out of Washington."

Oil Shale Boom Will Keep Rocking World Crude Prices as US Moves Closer to Becoming Net Exporter

The U.S., now the world's largest oil producer, is playing the role of disruptor in the global energy market.

Production has grown to a record 12.1 million barrels a day, eclipsing both Russia and Saudi Arabia in the past year. Exports have exceeded 3 million barrels a day, overtaking many OPEC nations. The implications are significant for both the U.S. and the oil market, which has seen huge price swings in just the past six months alone.

"Within the next two or three years, the U.S. will be a net exporter. By the end of the year, the U.S. will be producing 13 million barrels a day. This growth is a seismic event for the U.S. economy at this scale. U.S. oil production is 2.5 times what it was in 2008," said Daniel Yergin, vice chairman of IHS Markit.

U.S. shale has posed a dilemma for OPEC as it has grown in spurts over the past decade, creating supply imbalances by pumping more when prices rise and cutting back as they drop. To battle the glut created by U.S. drillers, Russia formed an alliance with Saudi Arabia and the rest of the OPEC members, and together they have actively tried to either reduce or add supply to the market. But unlike those producers, U.S. production is driven by companies responding to market forces and that adds to the volatility in the world oil market.

"It's really become such a huge story in terms of U.S. production, but also because of our policy. The U.S. is a swing producer but it's also through policy that we've taken 1.6 million barrels off the market," said Helima Croft, global head of commodities strategy at RBC. "We've been really lucky we've had the U.S. producers. That's where the U.S. currently plays a role in helping out the market. Trump talks to the Saudis. Trump sanctions Venezuela. He's really active in the market. Have we had a U.S. president be this consequential in the oil market, in terms of intervention?"

Trump's policy has added to oil market volatility. When sanctions were announced on Iran last year, the U.S. said there would be no waivers for its customers. That sent oil prices higher. Yet, the U.S. did grant waivers to India and others during the fall, and that sent oil prices reeling. Iran exports are now about 1.1 million barrels a day, down from about 2.5 million in the spring. The waivers granted for those customers are up for review in May, so if they are not extended, more Iranian oil could come off the market.

'Going to be a market with tremendous volatility'

"It's going to be a market with tremendous volatility," said Carlos Pascual, IHS Markit senior vice president. "In 2018, the price of [Brent] oil went between $50 and $86 a barrel, but the average was $70. For the person looking at it and saying '$70, that's not a big deal,' depending on when you were buying, what country and what situation, the difference between $50 and $86 could be huge."

About 4,000 representative of the global energy industry gather this week in Houston, where IHS Markit holds its annual CERAWeek conference. Oil CEOs from Chevron, BP, Hess, Occidental, and others will be in attendance. Secretary of State Mike Pompeo and Energy Secretary Rick Perry are expected to speak, as is OPEC Secretary General Mohammed Barkindo.

The U.S. has sanctioned Iran for its nuclear program and Venezuela for the human rights and other abuses by President Nicolas Maduro's regime, which is supported by the military. Both countries are members of OPEC.

Oil Shale Boom Will Keep Rocking World Crude Prices as US Moves Closer to Becoming Net Exporter

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The U.S. and other nations have recognized opposition leader Juan Guaido, who declared himself president of Venezuela six weeks ago. The country's oil production has been in decline, and some forecasts put the country's production at just 500,000 barrels per day by the end of this year.

"We're looking at a similar kind of [oil] market in 2018. A lot of volatility and an average that keeps us in a similar range of $70 a barrel. In that sense the sanctions on two OPEC members could potentially add to some of the uncertainty and volatility around that market," Pascual said.

The Saudis have now committed to cut back to 9.8 million barrels a day, after sending close to 11 million barrels a day onto the market in the fall. As Saudi Arabia and Russia committed to cut production, oil prices began to rise again.

But Trump periodically presses OPEC about high prices in tweets. The price of West Texas Intermediate crude reached a high in the futures market of $57.88 per barrel this month, gaining 37 percent from its Dec. 24 low of $42.36. But that low came after a sharp 45 percent decline from the $76.90 it was at on Oct. 3.

"Trump seems to have picked up a fair amount of influence over OPEC and certainly the oil market has started to fear the Trump effect. Whenever he tweets prices shouldn't go higher. The fear is the Saudis will follow and deliver, as they have so far. Shale will deliver if the Saudis don't," said Francisco Blanch, Bank of America Merrill Lynch head of global commodities and derivatives.

In the past week, Chevron and Exxon announced substantial increases in their production in the Permian Basin. Exxon said in a statement its production would be profitable in the Permian even if oil prices fell to $35 per barrel. The breakeven, or point where expenses for drilling a barrel of oil are covered, has fallen over the years for shale oil, and the major oil companies have helped drive it down even further, said John Kilduff of Again Capital.

"Saudi Arabia and Russia have a problem on their hands," Kilduff said of the major oil companies' shale production. "They're running the risk of attempting to micromanage the price and blowing it on both ends, instead of staying steady. What happened to them in the fall was they got out there thinking there was going to be sanctions, and they ramped up production to respond to that."

That plan backfired. "They got burned. Then you had Saudis go overboard and cut way back on exports to the U.S. and try to balance the market as rapidly as they could. Now they stand the chance of the price going higher than they want, which will only get more U.S. shale installed and produced," Kilduff said.

The sanctions on Iran and Venezuela have removed some of the heavier crude from the market that is used by U.S. refineries on the Gulf Coast. The result is higher price differentials but Pascual said that could be temporary because of a new fuel requirement for the shipping industry, which uses a high sulfur sludge-like fuel.

"I think it's a short-term story. The longer-term story is that after the IMO regulations come into place in January, which restricts the level of fuel that can be used in ships, then there's going to be a drop in demand for heavy crude. It's really a short term issue," Pascual said.

Blanch said ultimately the oil market could become more like natural gas, a market with plenty of supply and less volatile prices than oil.

"I think over time volatility declines, and prices sit at the marginal cost of production," he said. "The industry is going to have to decide if every marginal player has the right to exist, and some of those guys get rooted out. Consolidation is another likely trend. ...That's what's going to happen in the next few years, and in the process you get ups and downs. You get Venezuelas and Irans."

Letter to the Editor

Dear SSDA-AT:

EPA sent its proposal to reform a key component of the Renewable Fuel Standard (RFS) to the White House for review. Unfortunately, a recently released study is the latest in a string of evidence that shows the proposal would only worsen the already broken RFS.

In short: the EPA proposal to reform the market for Renewable Identification Numbers (RINs) under the RFS misdiagnoses the problem with the RINs market and provides misguided and counterproductive changes. Contrary to recent EPA commentary, the study finds that RIN price volatility has been the result of the ethanol blend wall as well as EPA's implementation of the program – where EPA regulatory actions, and events that foretell how EPA will set standards, have resulted in RIN price swings.

Unless the ethanol blend wall is addressed by reducing RFS standards volumes to feasible levels, fundamental structural problems with the RFS – a key factor that influences RIN price and RIN volatility – will remain.

In fact, restricting the RIN market, as proposed by EPA, will exacerbate the already broken fuels mandate which is costly and unnecessary for U.S. consumers. Underpinning these findings is EPA's own previous report showing that refined products reflect the cost of obtaining RINs.

The structural changes under consideration are likely to do more harm than good.

EPA's attention should be focused on protecting consumers and finding long-term solutions for a program built on an outdated premise, not picking and choosing parts to fix.

As the administration evaluates EPA's proposed rulemaking for year-round E15 gasoline sales and biofuels credits reform, it is critical that these anti-consumer policies are given a second look.

Sincerely,

MIKE SOMMERS

President and CEO, API

Congress and White House Agree on Infrastructure, but Need a Way to Pay For It

Virtually everyone on Capitol Hill and in the White House seems to agree that the nation's infrastructure needs immediate federal investment, and on Wednesday the call in the House and Senate was renewed: Figure out how to pay for it.

"Everything is on the table," Rep. Sam Graves (Mo.), the ranking Republican on the House Transportation and Infrastructure Committee, said in testimony before the House Ways and Means Committee, which holds the purse strings for anything his committee might approve. "We are open to whatever you all put forth."

However, "it's going to take political capital to get something done," Graves noted — capital that could risk alienating voters.

On the opposite side of the Capitol, the Senate Environment and Public Works Committee held its own hearing on the benefits of "Highway Infrastructure Investment and Accelerated Project Delivery" — a title that prompted Sen. Thomas R. Carper (D-Del.) to quip that "the number one way to accelerate new projects is to pay for them."

The general agreement was that the first step in raising money for infrastructure should be to raise the federal tax on gasoline and diesel, giving way to a system that eventually would impose a tax on vehicle miles traveled, a bow in thinking to fuel economies and hybrid or electric-powered vehicles.

Rep. Peter A. DeFazio (D-Ore.), chairman of the House Transportation Committee, emphasized to the Ways and Means Committee that the fuel tax has not been raised since 1993.

"We're borrowing $16 billion a year to backfill the Highway Trust Fund," DeFazio said, referring to the fund into which fuel tax flows. "Way more than half the states have raised their gas tax, and no one's lost their election over it."

Lawmakers on both sides of the aisle seemed ready to put their weight behind President Trump's call for infrastructure investment.

"We saw the president urging Congress to send him bipartisan legislation that he could sign, and I think, more importantly, that all of our constituents want this as well," Graves said.

He agreed that a gas tax is not a long-term solution.

Both the House and Senate committees heard from advocates, who underscored the need for infrastructure investment.

Gregory E. DiLoreto, former president of the American Society of Civil Engineers, said that the cumulative grade for U.S. infrastructure, based on the ASCE's annual reports, is a D+.

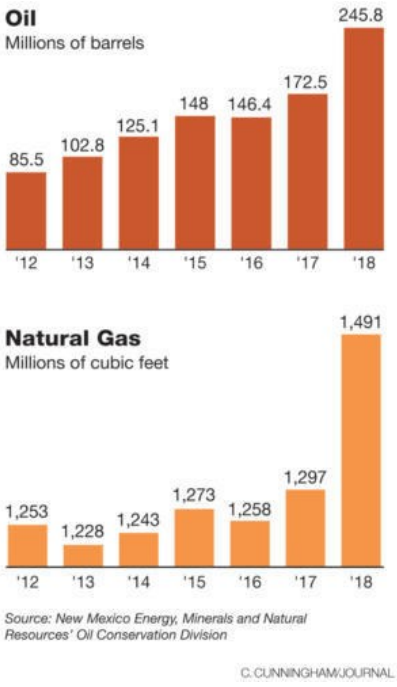
DiLoreto said that more than 44 percent of the nation's roads are in poor or mediocre condition. The Highway Trust Fund is "facing an urgent and dire funding cliff that needs immediate attention," said AFL-CIO President Richard Trumka.

"After all the studies outlining this crisis, no meaningful action has been taken to correct decades of chronic underinvestment," he said.

Thomas Donohue, president of the U.S. Chamber of Commerce, proposed raising the federal fuel tax by 25 cents.

"I want to talk about the elephant in the room, the gas tax," Donohue said. "How many people in this room can live off the same paycheck they did in 1993? No one. Our nation's roads and bridges and transit systems can't either."

NM oil production hit record high in 2018



Southeastern New Mexico is riding a monster wave of oil production, with output flooding into a record of nearly 246 million barrels in 2018, according to the latest statistics from the state Oil Conservation Division.

That's up 42 percent over 2017, when New Mexico produced nearly 173 million barrels, also a record high at that time. And it's nearly three times the 86 million barrels produced in 2012, when the modern technologies of hydraulic fracturing and horizontal drilling unleashed a yearslong gusher from previously untapped shale oil reserves in the Permian Basin in southeastern New Mexico and West Texas.

Natural gas production also leapt 13 percent last year, from 1,297 million cubic feet in 2017 to 1,491 million cubic feet, according to the OCD. That's the state's highest output since 2008. At that point, activity in the natural gas-producing San Juan Basin in northwestern New Mexico slid into a steady decline because of plummeting prices.

Gas prices remain chronically depressed, but the boom in the Permian Basin is raising all boats as waves of dry and liquid natural gas get sucked up alongside oil.

"New Mexico's oil and natural gas industry continues to be the economic backbone of our state," said New Mexico Oil and Gas Association executive director Ryan Flynn in a prepared statement. "Record energy production is not only good for jobs and the communities where we produce oil and natural gas, it means important funding for our public schools and the entire state budget."

The good-news gusher means more money for state government, which is already enjoying a record $1.2 billion surplus going into the new fiscal year that begins in July.

In fact, that preliminary forecast on surplus money for FY 2020, released late last year, may now be too low, said Sen. John Arthur Smith, D-Deming, chairman of the Senate Finance Committee.

"It appears we'll generate more than what was forecast in December, even over $1.2 billion," Smith said. "And for next year's budget, we'll likely see a steady revenue stream from oil and gas. I think production will hit 300 million barrels by the end of this year."

Some of the world's largest producers are pumping unprecedented investments into both the New Mexico and Texas sides of the Permian Basin.

Exxon Mobil and Chevron projected a combined 2 million barrels of oil production per day by the mid-2020s from their holdings there.

Prices have remained fairly steady for U.S. benchmark West Texas Intermediate, hovering in the $50 to $55 range since January.

"This shows that even if prices remain relatively stable, the state can still expect $1 billion-plus surpluses to continue into the future," Flynn told the Journal.

Still, new regulatory legislation now making its way through the current legislative session could hinder industry growth.

"The only real impediment to growth right now is policy," Flynn said. "Adverse policies can have a direct impact on production."

Trump Proposes Slashing EPA Budget by 31 Percent

President Trump proposed significant budget cuts to the government agencies responsible for overseeing the nation's energy and environmental policies, including a 31 percent reduction in spending at the Environmental Protection Agency (EPA).

The fiscal 2020 budget proposal to Congress marks the latest effort by the administration to slash funding for science and enforcement programs.

The document, titled "A Budget for a Better America," requests $31.7 billion for the Department of Energy, an 11 percent decrease from current funding, while the Interior Department would see a 14 percent cut, to $12.5 billion.

The biggest proposed cuts among the three major energy and environment agencies would take place at the EPA, where former energy lobbyist Andrew Wheeler recently took over as the top administrator after being confirmed by the Senate.

The budget for the agency tasked with enforcing environmental regulations would plummet to $6.1 billion, a decrease of 31 percent, under the White House spending blueprint.

"This commonsense budget proposal would support the agency as it continues to work with states, tribes and local governments to protect human health and the environment," Wheeler said in a statement. "I am proud of the tremendous progress that EPA and its partners have made in cleaning our nation's air, water and land, and I am looking forward to continuing this progress through FY 2020."

"Focusing on the core mission makes EPA a better steward of taxpayer dollars and promotes operational efficiencies that enhance the Agency's Performance," the White House added in its request to Congress.

Overall, the administration proposes eliminating more than $650 million in programs and activities compared to current funding levels.

The proposed reductions at EPA are in line with the steep cuts — about 25 percent — that the White House's Office of Management and Budget proposed for the agency for fiscal 2019, which began Oct. 1. The year before that, the administration proposed cuts that exceeded 30 percent. Lawmakers have declined to enact most of Trump's previous funding requests, and it's unlikely that drastic EPA cuts will be enacted by Congress this year, especially since Democrats are now in the majority in the House.

Trump promised on the campaign trail to cut back on enforcement actions at places like the EPA that often hurt the bottom line of the fossil fuel industry and especially coal-fired plants.

The administration's budget proposal for EPA highlights increased water infrastructure projects and efforts to remediate Superfund sites. The agency pointed to a "redundancy" in funding as one of its reasons for the proposed budget cuts.

"A priority area for EPA is to create consistency and certainty for the regulated community and to remove unnecessary or redundant regulations," the agency wrote in its budget brief. "Removing unnecessary regulatory burdens allows the EPA to be a catalyst for economic growth while strengthening our focus on protecting human health and the environment."

The White House budget request also seeks to slash other key science and renewable areas, including a repeal of the tax credit for electric vehicles. Other cuts to the Department of Energy include well-known clean energy research and development grant programs such as ARPA-E.

The National Oceanic and Atmospheric Administration, which is responsible for monitoring weather systems and oceanic temperatures, would see its funding cut under Trump's proposed budget, with the recommended elimination of the Sea Grant, Coastal Zone Management Grants and Pacific Coastal Salmon Recovery Fund.

Estate Tax Legislation

Recently, SSDA-AT attended a Family Business Coalition meeting to discuss the prospects of Estate Tax repeal in the 116th Congress.
This Coalition is dedicated to the full and permanent repeal of the estate tax.
We are currently supporting the efforts in Washington to repeal the Estate Tax.
We are lobbying for co-sponsors on the Death Tax Repeal Act. We have written and signed onto many coalition letters since the bill has been introduced. These have been sent to all members of Congress.
Recently, Senator Sanders introduced a bill that SSDA-AT is strongly opposing that would raise the Estate Tax to unreasonable levels.
The administration is supporting efforts to repeal the Estate Tax and at the meeting we met with Paul Teller, Special Assistant to the President for Legislative Affairs.
Below is a comparison of the introduced Estate Tax bill so far in the 116th Congress:

Other details
Death Tax Repeal Act:
-Maintains step-up basis.
Estate Tax Rate Reduction Act:
-Maintains step-up basis.
For the 99.8% Act:
-Hikes gift and generation skipping tax rate to 45% and lowers gift tax and generation skipping tax exemption to $1 million, not indexed for inflation.
-Lowers annual gift limit to $10,000.
-Weaken Grantor Retained Annuity Trusts by increasing minimum holding time from 2 to 10 years.
-Requires consistent basis reporting requirements (This was already passed into law).
-Ends valuation discounts on nonbusiness assets.
-Maintains step-up basis.
-Increases conservation easements limit to $2 million and allow farmers to lower farmland values by up to $3 million.

Proposal	Sponsor	Exemption	Base tax rate	Additional tax rates	Top Tax Rate
Death Tax Repeal Act: H.R. 218	Congressman Jason Smith	Repeal	Repeal	Lowers gift tax rate to 35%	**0%**
Death Tax Repeal Act: S. 215	Senator John Thune	Repeal	Repeal	n/a	**0%**
Estate Tax Rate Reduction Act: S. 176	Senator Tom Cotton	$11 million	20%	n/a	**20%**
For the 99.8% Act: S. 309	Senator Bernie Sanders	$3.5 million	45%	50% over $10 million 55% over $50 million 77% over $1 billion	**77%**

Estate Tax Legislation

Continued from page 14

SSDA-AT believes the estate tax is hurting family-owned businesses because the cost of the estate tax comes not only from paying the tax, but also from estate planning. The estate tax applies to property transferred at death when the value of the property exceeds the estate tax exemption. Much of the value of family-owned business is tied to illiquid assets such as land, buildings, and equipment. This can force the new owner to sell the businesses' assets to pay the tax.

For many family-owned businesses to keep operation after the death of the owner, they must plan for the estate tax. Planning costs associated with the estate tax are a drain on business resources, taking money away from the day to day operations and business investment. These additional costs make it more difficult for the business owner to expand and crate new jobs. Protecting family business from the estate tax is important in order to keep these businesses operating for future generations.

SSDA-AT will support the efforts made in Congress to fully repeal the tax for the following reasons:

-Repealing the death tax would spur job creation and grow the economy.

Many studies have quantified the job losses caused by the death tax. Last year the Tax Foundation and Heritage Foundation both found that the US could create over 100,000 jobs by repealing the death tax. A 2012 study by the House Joint Economic Committee found that the death tax has destroyed over $1.1 trillion of capital in the US economy — loss of small business capital means fewer jobs and lower wages. Lawrence Summers, former Secretary of the Treasury under President Clinton; Alicia Munell, member of President Clinton's Council of Economic Advisors; Joseph Stiglitz, a Nobel laureate for economics; and Douglas Holtz-Eakin, former CBO Director have all published work on the death tax's stifling effect on job growth and the economy as a whole.

-The death tax contributes a very small portion of federal revenues.

The death tax currently accounts for less than half of one percent of federal revenue. There is a good argument that not collecting the death tax would create more economic growth and lead to an increase in federal revenue from other taxes. A 2014 Tax Foundation analysis found repeal of the death tax would increase federal revenues by $3.3 billion per year using a more realistic, "dynamic" economic analysis.

-A super-majority of likely voters support eliminating the death tax.

Poll after poll has indicated that a super-majority of likely voters support repealing the death tax. Typically, two thirds of likely voters support full and permanent repeal of the death tax. People instinctively feel that the death tax is not fair.

The bottom line is that death-tax repeal needs to be a top priority for pro-growth. Now is the time to seize this opportunity.

As a final note: Even though many tax practitioners believe that their clients will have until at least the end of 2025 to take steps to preserve the higher exemption amount, this may not be the case if the country elects a Democratic majority in the Senate and House and a Democrat for President in 2020. In short, owners may want to be taking steps this year to preserve the benefits of the higher estate tax exemption amount if the tea leaves look for a takeover by the Democrats in 2020.

Congress Introduces Bill to Help Prevent E15 (Ethanol) Misfueling

Legislation (H.R. 1024) has been introduced in the U.S. House of Representatives to help prevent ethanol misfueling.

It would require a larger and more detailed warning label on gas pumps dispensing E15 (gasoline that's 15% ethanol) than is currently required.

We will have more information when it becomes available.

DOL Announces Increased Penalties for 2019

The U.S. Department of Labor (DOL) has released its 2019 inflation-adjusted penalties for benefits-related violations.

Legislation adopted in 2015 requires adjustments to specific DOL civil monetary penalties by January 15 of each year.

Due to the government shutdown this year, the penalties were released late, but are effective as of January 23, 2019.

Note that these rates are for penalties assessed after January 23, 2019 with respect to violations committed after November 2, 2015, when the inflation adjustment was approved.

The cost-of-living adjustment is based on the Consumer Price Index for all Urban Consumers, which resulted in roughly a 2.5% increase. Note that in most cases these penalty amounts are the most that the DOL may charge for a violation.

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