SSDA SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA News

Service Station Dealers of America and Allied Trades

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LEGISLATIVE UPDATE

By Roy Littlefield

PRESIDENT OBAMA LAYS OUT VISION FOR 21ST CENTURY TRANSPORTATION INFRASTRUCTURE

On February 26th, the President spoke at the historic Union Depot train station in Saint Paul, Minnesota, where he launched a competition for $600 million in competitive transportation funding and outline his vision for investing in America's infrastructure with a $302 billion, four year surface transportation reauthorization proposal. The President will continue to act when he can to promote job growth in the transportation sector and put more Americans back to work repairing and modernizing our roads, bridges, railways, and transit systems, and will also work with Congress to act to ensure critical transportation programs continue to be funded and do not expire later this year.

- **Launching Competition for $600 Million in TIGER Competitive Grants to Fund Transformative Transportation Infrastructure Projects**. Since the President took office, America has made historic investments to improve our nation's infrastructure – including the highly successful Transportation Investment Generating Economic Recovery (TIGER) competitive grant program that has invested $3.5 billion in 270 projects across the country. Today the President is announcing that the U.S. Department of Transportation is making available $600 million in TIGER competitive grants to fund transportation projects. The TIGER grant program, which was initially funded as part of the American Recovery and Reinvestment Act, was recently funded in the bipartisan Consolidated Appropriations Act, signed by the President on January 17th, 2014.

- **Proposing an Aggressive Four-Year Plan to Modernize our Nation's Surface Transportation Infrastructure**. Despite progress over the last five years, there's more work to do. Later this summer, the nation's transportation

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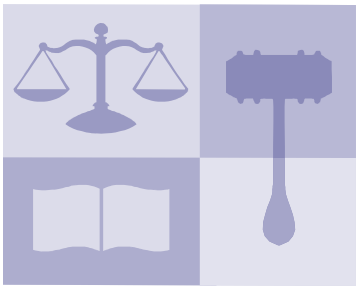
GENERAL COUNSEL CORNER - *REVISITED*



Price-Fixing is Not Worth It

By Peter H. Gunst
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(This article originally ran in 2012...we are running it again as it is still a very relevant topic!)

Recently, five Michigan service station dealers admitted guilt to criminal charges that they had fixed the street prices they charged consumers within a penny or two of each other on at least 5 separate days in February and March 2011. They were lucky to escape by paying fines of between $10,000 and $15,000 each.

Most states have laws that mimic the Sherman's Act's condemnation of price fixing, which they can enforce against local conspirators too small to be targets of the Justice Department or the Federal Trade Commission. These defendants fit that profile.

Under most if not all state antitrust laws price-fixing is a felony. Under Michigan's Antitrust Reform Act, the dealers could have faced up to two years in prison. Also, their businesses could have faced fines up to $1,000,000 each.

Conviction for price-fixing can cause collateral damage as well. There is the risk that consumers can use the guilty plea as proof in civil cases demanding up to triple damages and attorneys' fees as well. In addition, under the Petroleum Marketing Practices Act, such criminal misconduct can constitute a ground for termination or nonrenewal of the franchise relationship.

" Under most if not all state antitrust laws price-fixing is a felony"

To be found guilty of price-fixing, the state does not need to prove that dealers enter into an ironclad agreement to set prices at a specific level. An agreement can consist of a "nod and wink" among participants.

As in the Michigan, it is no defense that there was some discrepancy among the competitors' prices so long as there is some underlying agreement that affects pricing. Price-fixing agreements may consist of, for example, agreements to hold prices firm, to eliminate or reduce discounts or to maintain price differentials between different grades of product. The best defense is not to discuss retail pricing with your competitors at all.

Be sure your managers know about the danger and obey the law. Their actions can result in liability to your business.

In these days, the climate of hostility towards gasoline pricing makes it an inviting target for aggressive state enforcement agencies. Don't become a target; price-fixing isn't worth it.

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To access the latest articles by the Service Station Dealer's legal counsel, please visit the "Service Station Dealers: Legal Issues" section of the Astrachan Gunst Thomas Rubin, P.C. website at: http://www.agtlawyers.com/resources/petroleum.html.

SSDA-AT Pushing for a National Tire Consumer Education Program

By: Roy Littlefield IV

SSDA-AT has been hopefully for sometime that a strong national tire consumer education program will be started. Such a program would have the potential to allow SSDA-AT to be a leading industry voice in proper tire safety and maintenance in our growing repair shop sector. SSDA has been working with TIA (Tire Industry Association) to ensure the implantation of this program through NITSA (National Highway Traffic Safety Administration).

Recently, on behalf of TIA and SSDA-AT, Congressman Al Wynn, Kevin Rowling, and Roy Littlefield testified before a full hearing room at the Department of Transportation on the yet to be launched National Highway Traffic Safety Administration consumer education program on tire maintenance and safety.

Kevin and Roy discussed why TIA in conjunction with groups such as SSDA-AT was the best fit to administer the program. We discussed TIA's extensive training program, TIA's relationship with the industry and with the tire manufacturers, and our diverse and growing membership. In an impassioned testimony, Kevin asserted that the success of the program depends on the participation of retailers and that TIA and SSDA-AT had the best chance of reaching the tire sellers.

Congressman Wynn spoke to the history of the passage of the Energy Independence and Security Act of 2007, when he served the House Energy and Commerce Committee and was a sponsor of the bill.

When discussing language in the bill to promulgate rules establishing the National Tire Fuel Efficiency Consumer Education Program, Congressman Wynn testified:

"The program was to include two components: 1) a labeling system for rating rolling resistance of various replacement tire models and 2) a national tire maintenance consumer education program including information on tire inflation pressure, alignment, rotation and tread wear to maximize fuel efficiency, safety and durability of replacement tires.

Our first concern is that a program passed into law in 2007 has not been implemented seven years later. There were significant and lengthy debates about the methodology for the rating / labeling program and for gathering relevant data. This resulted in starts, stops and delays. While we appreciated the supplemental information request for the program, it does not appear that sufficient initial thought was given to these issues or to the practical limits of a paper label on a tire that may or may not be seen by the consumer. As we indicated in our comments it would have been beneficial to form a stakeholder work group to gain real world input and resolve some of the methodology questions that ultimately bogged down the rulemaking process.

The Notice of Proposed Rulemaking for this program expressly requested comments on "any other dissemination requirements that would ensure that easy to understand information is conveyed in a way that is most likely to impact consumers' decisions and, thus affect their behavior and save them and our nation fuel and money." In other words, how do we make this a program that actually works and accomplishes its desired goals.

This is the crux of our frustration and the point that SSDA-AT wishes to emphasize. Regardless of the methodology used for the rating/labeling system, all evidence shows that a concise explanation of tire fuel efficiency, inflation, maintenance, etc. must occur at the point of sale to maximize the

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South Carolina DOT Advances First Round of Projects Funded by New Revenue

The South Carolina Department of Transportation approved contracts for the first ever round of projects to receive funding from a voter-approved new funding stream.

Act 98 of 2013 provided three mechanisms for additional revenue for SCDOT. One invests funds ($41 million in the first year) collected from the state vehicle sales tax for transportation projects, which allowed SCDOT to provide additional funding for resurfacing non-federal aid highways which are primarily secondary roads. More than 270 roads in 33 counties will be resurfaced in the first group of projects approved under the Act, almost doubling the amount of non-federal aid funding each year by SCDOT for the state's secondary road system.

The second source of revenue is a one-time appropriation of $50 million in Act 98 funds to repair about 90 bridges that are currently closed or load-restricted over the next few years. The first round of bridges to receive this funding should be announced this spring.

Finally, Act 98 provides an annual appropriation of $50 million for the South Carolina Transportation Infrastructure Bank, used to finance about $550 million on existing mainline interstate.

SSDA-AT Comments on the Keystone Pipeline

SSDA submitted comments to the State Department in the middle of a 30-day comment period on the KXL Pipeline which ends on March 7th. As you know the KXL Pipeline expansion would provide a significant boost to US energy security and generate thousands of jobs.

SSDA would like to see a favorable decision on the Keystone XL Pipeline from the President.

The U.S. State Department has once again found that the Keystone XL Pipeline would have a negligible effect on the environment. After more than five years of environmental review, it is time to approve this key piece of American energy infrastructure.

Now that the environmental concerns are satisfied, we must consider the other factors involved with making this decision. These include things like our relationship with the source of the imported oil and the stability of that country in addition to energy security and economic contributions. The Keystone XL Pipeline expansion would provide a significant boost to U.S. energy security, bringing more than 800,000 barrels of oil per day to U.S. refineries -- from Canada and the U.S. Bakken region. Crude imports from Canada could reach 4 million barrels a day by 2030, about twice what we currently import from the Persian Gulf. Additionally, the State Department found that Keystone XL would support 42,000 jobs and $2 billion in wages for American workers over two years. This pipeline will be state of the art and have a degree of safety over any other.

We are convinced that Keystone XL will enhance U.S. energy security, strengthen our economy, and create jobs. In light of the positive findings from both the current and previous State Department reviews, I respectfully ask you to proceed with an official determination that building the Keystone XL Pipeline would serve the national interest.

LETTER TO THE EDITOR

Dear SSDA-AT,

Energy Exports = Maryland Jobs

Energy export policy is in the spotlight, amid mounting calls to end the 1970s-era ban on exporting U.S. crude oil. Publications including The Washington Post, The Wall Street Journal, Financial Times, Bloomberg News and the Chicago Tribune all argue that export policy should reflect our nation's new energy abundance. That's true for crude oil, and it's certainly true for liquefied natural gas (LNG).

Exporting a portion of our abundant domestic LNG supplies will generate significant economic benefits nationwide -- contributing up to 452,000 jobs between 2016 and 2035 and adding up to $73.6 billion annually to the GDP, according to an ICF International study. A second ICF study measuring state-level benefits for both energy-producing and non-producing states finds that LNG exports will contribute:

- $100 million to $1.6 billion added to the Maryland economy by 2035
- Employment gains from 480 to 9,500 jobs in Maryland by 2035
- Economic gains as high as $2.6 billion to $5 billion in non-producing states like Ohio, California, New York and Illinois, due in part to demand for steel, cement, equipment and other goods used in natural gas development
- Employment gains of 30,000 to 38,000 in 2035 for large manufacturing states like California and Ohio

The Department of Energy has approved five applications to allow U.S. companies to export LNG to friendly non-free trade agreement nations, but more than 20 applications remain pending. Meanwhile, more than 60 LNG export projects are in development in nations around the world. Expeditious review and approval of the remaining U.S. applications should be a top 2014 priority, lest we cede the market to these international competitors.

The latest disappointing jobs report makes it clear we need the millions of U.S. jobs in engineering, manufacturing, construction, and facility operations promised by LNG.

Sincerely,

Jack Gerard
President and CEO
API

EPA's Unnecessary New Gas Regulation

According to API, the Environmental Protection Agency (EPA) is expected to finalize new restrictions on the sulfur content of fuel – restrictions that are both costly and unnecessary. Although the nation's refiners have already reduced average sulfur content by 90 percent – from 300 parts per million (ppm) to 30 ppm -- EPA's new Tier 3 rule would mandate a further reduction from 30 to 10 ppm.

Simple cost-benefit analysis demonstrates the new Tier 3 rule is misguided:

- According to a study by ENVIRON, removing the last bits of sulfur from gasoline would provide negligible, if any, environmental benefits. Baker & O'Brien found the rule will actually increase CO2 emissions at U.S. refineries because of the energy-intensive hydro treating equipment needed to meet the new standard.

- If finalized, the rule could lead to $10 billion in new capital costs; the annual compliance cost is $2.4 billion, equating to a potential increase of between 6 cents and 9 cents per gallon to the cost of making gasoline, according to a study by Baker & O'Brien.

- The EPA's proposed under three-year timeframe leaves little opportunity for refiners to design, engineer, permit, construct, start up, and integrate the new machinery required – forcing an accelerated implementation that adds costs and potentially limits the industry's ability to supply gasoline to consumers.

- EPA has failed to provide the evidence that this new standard would appreciably improve air quality. In fact, EPA's proposed 10 parts per million standard is completely arbitrary -- not at all supported by science.

The current Tier 2 standard is still providing sulfur reductions, and tailpipe emissions from our nation's vehicle fleet will continue to drop under existing regulations as more new cars and trucks come into the market that can take advantage of today's advanced, cleaner burning fuel. We can all agree that protecting the public's health and the nation's environment is important. However, EPA's Tier 3 regulations for gasoline go too far, too fast.

Ten States & D.C. Lauded for Highway Safety Laws by National Organization

The Advocates for Highway and Auto Safety released its 2014 Roadmap of State Highway Safety Laws, highlighting the success of 10 states and the District of Columbia for adopting the most of its recommended roadway safety laws.

According to the 2014 Roadmap Report of State Highway Safety Laws, the "Best States" (or ones with the largest number of the recommended safety laws) identified by Advocates for Highway and Auto Safety are D.C., Illinois, Oregon, Delaware, Hawaii, Indiana, Maine, Rhode Island, Washington, California, and Louisiana.

The report examines all 50 states and the roadway safety laws they have enacted, specifically the 15 state laws the group identifies as those "essential to save lives, prevent injuries, and reduce health care and other costs." Some examples are seat belt laws for both front and rear passengers, the use of booster seats for child passenger safety, and teen driving/graduated driver licensing.

The safety group sorts states into three categories: Green (progress is good and states are well on their way to adopting all of the group's recommended laws), Yellow (states need improvement because of gaps in some of the laws), and Red (states are falling behind in adopting the recommended laws). At this time, no state has adopted all 15 of the state laws Advocates recommends.

"In 1989 when Advocates was founded, the death toll on our nation's roads was over 45,000 people. In 2012, there were more than 33,500 highway fatalities, or about 12,000 fewer deaths than 25 years ago. This is the result of passing laws and promoting regulations resulting in safer cars, safer drivers, and safer roads," said Jacqueline Gillan, president of the Advocates for Highway and Auto Safety. "The Roadmap Report of State Highway Safety Laws gives us both a report card on the states as well as a playbook for elected officials on what laws are needed to bring down the death and injury toll."

NHTSA Announces Long-Awaited Advancement of Connected Vehicle Technology

"Connected vehicle technology holds the promise of a future in which we move around our communities in accident-free vehicles."

Officials from U.S. Department of Transportation and the National Highway Traffic Safety Administration announced that they will move connected vehicle technology forward in an effort to greatly improve safety and save lives on the nation's roadways. Also known as vehicle to vehicle technology (or V2V), the system allows vehicles to communicate potential risks to drivers and avoid rear-end, lane change, and intersection crashes.

"V2V crash avoidance technology has game-changing potential to significantly reduce the number of crashes, injuries and deaths on our nation's roads," said NHTSA Acting Administrator David Friedman in a statement. "Decades from now, it's likely we'll look back at this time period as one in which the historical arc of transportation safety considerably changed for the better, similar to the introduction of standards for seat belts, airbags, and electronic stability control technology."

The American Association of State Highway and Transportation Officials praised the USDOT and NHTSA for their support for life-saving connected vehicle technology. Former AASHTO President and Michigan Department of Transportation Director Kirk Steudle, a national expert and leader in traffic safety and connected vehicle technology, said that "today's announcement by NHTSA officials is a positive step for our ultimate goal of delivering the safest and most efficient transportation system imaginable."

Steudle added, "This is a significant announcement for the future of safe mobility and a day that will lead to great reductions in traffic fatalities. USDOT should be commended for its leadership and vision."

Steudle, who recently represented AASHTO before the House Transportation and Infrastructure Subcommittee on Highways and Transit at a hearing on connected vehicle technology, highlighted three additional points:

Connected vehicle technology holds the promise of a future in which we move around our communities in accident-free vehicles.
State DOTs look forward to working with the research community, automakers, and federal officials to further the research, development, and testing required to fully implement autonomous vehicle technology.
The continued strong support and cooperation between state transportation departments, the U.S. Department of Transportation, and global automakers will be critical to the successful and rapid deployment of the safest possible vehicles and transportation infrastructure.

USDOT is currently conducting a safety pilot program in Michigan, the largest ever of its kind, to test 3,000 vehicles equipped with the connected vehicle technology. The purpose is to test the interoperability of the technology from various vehicle manufacturers and suppliers to make sure they are able to work together once on the road.

Senators Introduce Bipartisan Bill to Create $50 Billion Infrastructure Bank

Sens. Michael Bennett (D-CO) and Sen. Roy Blunt (R-MO) recently introduced a measure that would help state transportation departments and other transportation organizations finance infrastructure projects while creating jobs and growing the economy.

Bennett and Blunt, along with several of their colleagues, introduced the bipartisan Partnership to Build America Act. The measure would create a $50 billion infrastructure bank that would potentially support hundreds of billions of dollars more in loan guarantees and financing authority for state DOTs, local governments, nonprofits, private entities, and public private partnerships. Eligible projects would include transportation, water, energy, communications, and education infrastructure projects.

The infrastructure bank would be funded by encouraging U.S. companies to "repatriate" overseas corporate earnings. A 2012 Wall Street Journal analysis of 60 large U.S. corporations found that together they held $166 billion in earnings offshore in 2012. U.S. tax law typically allows companies to pay no taxes on profits earned in overseas operations, so long as that money is not brought back to the U.S. Under the new Senate proposal by Bennet and Blunt, U.S. companies would be able to bring overseas profits back to the U.S. if they used a portion of those profits to buy long-term low interest bonds that would fund the infrastructure bank.

The measure mirrors a similar measure introduced in the House by Rep. John Delaney (D-MD), which has also received bipartisan support through the cosponsorship of 25 Democrats and 25 Republicans.

"Our parents and grandparents helped build this country from the ground up, and in the process grew our economy into one of America's greatest assets. Unfortunately, Washington has failed to fulfill its promise to maintain our infrastructure—from roads and bridges to our energy grid and public schools," Bennett said in a statement. "This bill will help us improve and expand the infrastructure we need to compete in the 21st century."

"Washington needs to pass policies to help jump-start private sector job creation. American farmers, ranchers, manufacturers, and workers are greatly reliant on our nation's infrastructure to move goods and services as quickly as possible," Blunt said. "I'm proud to support this bipartisan bill, which will help communities in Missouri and across America improve infrastructure and compete in a global economy."

Additional Transportation Infrastructure Investment in Michigan Necessary to Grow Economy

In order to grow the economy and keep motorists safe on its roads and bridges, Michigan needs to invest additional funding in its transportation infrastructure system, according to a new report released by transportation nonprofit TRIP.

According to the report, "Michigan Transportation by the Numbers: Meeting the State's Need for Safe and Efficient Mobility," Michigan's transportation infrastructure is costing state residents a total of $7.7 billion each year due to congestion and a lack in safety features in some areas. According to the report, that equates to $1,600 each year for Detroit drivers and just more than $1,000 per year for drivers in Grand Rapids and Lansing. TRIP said that transportation infrastructure is especially deteriorating and aging in those cities, as 57 percent of Detroit's major urban roads are in poor or mediocre condition. That number drops slightly for urban roads in Lansing (49 percent) and Grand Rapids (40 percent). In addition, about 27 percent of bridges statewide are in need of repair, improvement, or replacement.

"These numbers get worse with every new report," said Michigan Department of Transportation Director Kirk Steudle in a statement. "MDOT has found millions in savings through innovations and efficiencies but cuts alone will not provide the additional dollars needed to shore up roads, bridges, and rail and bus systems. Michigan's continued comeback hinges on new investment in transportation, the state's economic backbone."

While Michigan's transportation infrastructure ages and deteriorates, many goods and people continue to travel through the state on its roadways. According to TRIP, 67 percent of goods shipped each year in Michigan travel by truck, while the state's highways and roads carried 95 billion vehicle miles of travel in 2012 alone. These numbers suggest a need to invest additional dollars into the transportation system for the economy.

"With a current unemployment rate of 9 percent, Michigan must improve its system of roads, highways and bridges to foster economic growth and keep businesses in the state," according to TRIP. "In addition to economic growth, transportation improvements are needed to ensure safe, reliable mobility and quality of life for all Michiganders. Meeting Michigan's need to modernize and maintain its system of roads, highways, and bridges will require a significant boost in local, state, and federal funding."

Aging Transportation Infrastructures Costs New Mexico Drivers Hundreds of Dollars Each Year

Urban New Mexico motorists each pay an extra $458 on average per year for costs incurred from driving on deteriorating and congested roads, or $439 million total, according to a report released by transportation nonprofit TRIP.

TRIP's report, "New Mexico Transportation by the Numbers: Meeting the State's Need for Safe and Efficient Mobility," identifies some of the transportation infrastructure issues in the state. According to TRIP, 23 percent of New Mexico's major roadways are in poor or mediocre condition, while about one in six of the state's bridges are structurally deficient or functionally obsolete. Last August, TRIP released a report that named the 50 most vital transportation projects that need to occur in New Mexico to support economic growth and quality to life, many of which in the state's urban areas that would address congestion and safety issues.

The infrastructure upgrades and maintenance are necessary to keep up with driving demand, TRIP said. According to the report, vehicle miles traveled in New Mexico jumped from 16.1 billion in 1990 to 25.6 billion in 2012, an increase of 58 percent. In addition, vehicle miles traveled in the state are projected to increase by another 30 percent by 2030. TRIP's report also says that safety for that increasing number of drivers is at stake on New Mexico's roadways. The state's fatality rate of 1.43 fatalities per 100 million vehicle miles of travel is 27 percent higher than the national average of 1.13 fatalities for 100 million vehicle miles.

Additional investment in the state's transportation infrastructure is vital to keep drivers safe and to continue to grow the network for the projected future increase in users, TRIP said.

"Addressing New Mexico's need for a safe, efficient and well-maintained transportation system will require a significant investment boost at the federal, state and local levels," said TRIP Executive Director Will Wilkins in a statement. "But not addressing the state's need for an improved transportation system will result in even greater costs to the public."

New Mexico Department of Transportation officials say the state is focusing on initiatives and transportation projects that will build the state's economy.

"The Governor has introduced multiple tax incentives that will attract businesses to New Mexico," said NMDOT Cabinet Secretary Tom Church. "The New Mexico Department of Transportation is making appropriate transportation decisions to promote economic development and improve our infrastructure."

Increased Transportation Spending in New York Needed for Safety and Economic Growth

Roads and bridges that are deficient, congested, or lack recommended safety features cost New York drivers a total of $20.3 billion per year — almost $2,300 per driver in some regions — due to the resultant delays, traffic crashes, and operating expenses, according to a new report released last week by transportation nonprofit TRIP.

"With a current unemployment rate of 7.1 percent and with the state's population continuing to grow, New York must improve its system of roads, highways and bridges to foster economic growth and keep businesses in the state," according to the report. "In addition to economic growth, transportation improvements are needed to ensure safe, reliable mobility and quality of life for all New Yorkers."

TRIP's report, "New York Transportation by the Numbers: Meeting the State's Need for Safe and Efficient Mobility," identifies various transportation infrastructure challenges impacting safety and economic growth throughout the Empire State. According to TRIP, 45 percent of New York's major roadways are in poor or mediocre condition, while more than a quarter of the bridges throughout the state are in need of replacement, reconstruction, or rehabilitation.

Infrastructure upgrades and maintenance are necessary to keep up with mobility demands and worsening congestion statewide, TRIP says. According to the report, vehicle miles traveled in New York increased 20 percent from 1990 to 2012 and are expected to jump another 15 percent by 2030.

New York State Department of Transportation Officials said the report shows the need invest more in the state's transportation infrastructure, and though funding remains flat, NYSDOT is finding ways to make the most of what the department has.

"Federal funding for roads in New York State is a major issue, given the age of our infrastructure, weather conditions and high traffic volumes. Federal funding has been flat since 2009, while needs continue to increase," said NYSDOT Communications Director Beau Duffy. "Governor Cuomo has worked to address the state's transportation infrastructure issues through his NY Works initiative -- which accelerated the repair or replacement of 120 bridges, and the paving of 2,100 miles of roads. Under the Governor's direction, NYSDOT has also incorporated innovative construction techniques and project delivery methods, including design build, to save money, and has developed a preservation-first investment strategy designed to keep our roads and bridges safe and in good condition."

TRIP has highlighted New York State's transportation system before. In January 2010, TRIP released a report that cited a 20-year transportation system analysis emphasizing how New York would need to spend $175 billion through 2030 to adequately maintain its highways, bridges and transit systems.

As with that previous report, the newly released one highlights transportation infrastructure costs and conditions specifically involving the metropolitan regions of New York City, Albany, Buffalo, Rochester, and Syracuse.

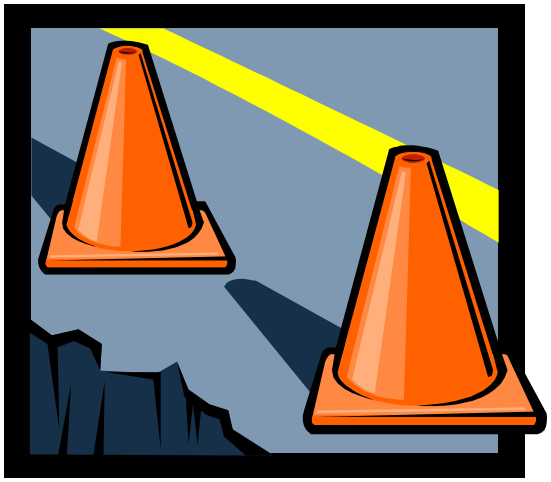
Missouri DOT Says Financial Outlook Stops Department from Adding New Projects in Five-Year Plan

The Missouri Highways and Transportation Commission voted to stop adding new projects to its five-year plan and to suspend its Cost-Share Program (which builds partnerships with local organizations to pool resources for transportation projects) due to financial uncertainty for transportation infrastructure funding on both the state and federal levels.

"Believe me when I say this is not what we wanted to do," said MHTC Chairman Joe Carmichael said in a statement. "But when considering the financial forecast for the rest of this decade, we had no choice. We aren't even going to have enough money to maintain the system we have today."

Missouri Department of Transportation officials say the lack of transportation funding is a result of multiple factors: a drop in fuel tax revenues as people drive less and cars become more fuel efficient, inflation that has decreased the department's purchasing power by more than 50 percent (as the purchasing power of the 17 cent per gallon state fuel, last adjusted in 1992, is now the equivalent of about eight cents in 1992 dollars and the purchasing power is contining to decrease each year), the rising cost of construction materials, and the "looming insolvency of the Highway Trust Fund" on the federal level.

According to MoDOT, its annual construction program dropped from about $1.3 billion just a few years ago to what will be about $700 million in 2015. MoDOT estimates that number will drop even further to roughly $325 million per year from 2017 through 2019. This is problematic especially because the amount needed to maintain the current statewide system is $485 million.
"We've reduced staff by 1,200, closed facilities and reduced the size of our fleet. Those actions have saved $500



SSDA-AT Pushing for a National Tire Consumer Education Program

By: Roy Littlefield IV

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efficacy of the consumer education. To understand why this is the case, it is necessary to go inside the tire purchasing process. According to a UC Berkeley study in 2008, tire purchases are either distressed purchases responding to emergencies or planned purchases. Even with planned purchases the consumers' concern was mostly defensive, about price differences and avoiding being taken advantage of, not about characteristics like rolling resistance. Employees of tire companies report that "90% of purchasers don't know anything about tires, [and only] about 10% come in with research."

Further, it was found that the connection between fuel efficiency and tire selection was not brought up unaided and required "discussion and probing." NHTSA's own research indicated an overwhelming reliance by the consumer on the tire company employee in making the tire purchase. Citing a workshop by the California Energy Commission held at UC Davis, NHTSA noted that there was a consensus that the tire salesperson would be the most likely and possibly the only source for the dissemination of this crucial information.

Based upon this analysis, in its comments TIA along with SSDA-AT, offered a detailed plan to work in a public private partnership with NHTSA to train employees of tire retailers to actively deliver a concise message on rolling resistance, fuel efficiency and tire maintenance. There is precedent for such an approach and TIA's experience with national technician training models and its existing infrastructure makes this a workable solution.

NHSTA declined this approach in favor of a more passive consumer education model featuring reading materials and info graphics some of which require electronic equipment not found in most tire stores. We fully acknowledge and appreciate the NHTSA has sought the Association's input in developing these materials. However, the reality is that this approach is essentially the same as originally described in the NPRM.

Thus, despite expressly requesting information on effective dissemination methods that would change consumer behavior, industry input on the realities of the tire purchasing experience and how to communicate with consumers was seemingly ignored. Our fear is that the final product as currently designed will not deliver the desired outcomes in a real world setting. The result is likely to be little real consumer education or behavioral change in terms of increased fuel efficiency despite a significant investment in time and public money...another well intentioned but ultimately failed and wasteful government program."

SSDA-AT will continue to work closely in supporting TIA with their efforts for a national tire consumer education program that makes sense for consumers and business owners who deal with tires.

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system will be facing a funding crisis, which is why the President is committed to working with Congress, including Senators Boxer and Vitter and Representatives, Shuster and Rahall, on a bipartisan solution. Today the President is outlining his vision for a comprehensive, long term plan that puts people back to work repairing our nation's transportation infrastructure. The President will propose a four-year reauthorization of our surface transportation programs that will modernize our nation's infrastructure and ensure the health and growth of these critical programs for the future while supporting millions of jobs.

- **Proposing a Pro-growth, Bipartisan Approach to Financing the President's Surface Transportation Plan.** The President's Budget will outline his proposal to dedicate $150 billion in one-time transition revenue from pro-growth business tax reform to address the funding crisis facing our surface transportation programs and increase infrastructure investment. This amount is sufficient to not only fill the current projected levels by nearly $90 billion over the next four years. When taking into account existing funding for surface transportation, this plan will result in a total of $302 billion being invested over four years putting people back to work modernizing our transportation infrastructure. The President is putting forward this pro-growth financing plan to encourage bipartisan efforts to support a visionary infrastructure plan, but is open to all ideas for how to achieve this important objective, and will work closely with Members of Congress of both parties on a solution that will invest in more job creating transportation projects. The President is also looking forward to working with Congress on bipartisan ideas to attract more private investment, such as a national infrastructure bank or the recent infrastructure financing authority proposal from Senator Warner and Blunt.

- **Supporting High-Value Transportation Projects Across the Country**. The highly competitive TIGER program supports a range of products, including roads, bridges, rail, and ports, and offers one of the few Federal funding sources for game-changing projects that integrate different modes of transportation. The TIGER program invests in projects that will have a significant impact on the nation or a region, and Federal funds are used to make such projects possible and leverage additional funding from private sector partners, States, local governments, metropolitan planning organizations, and transit agencies.

- **Encouraging Improved Job Access and Increased Economic Opportunity**. In an effort to expand economic opportunities for all Americans, the 2014 TIGER program will place an emphasis on projects that support reliable, safe, and affordable transportation options that improve conditions for urban, suburban, and rural communities. While continuing to support projects of all types, a priority will be placed in this 6th round of applications on projects that make it easier for Americans to get to jobs, school, and other opportunities, promote neighborhood revitalization and business expansion, and reconnect neighborhoods that are unnaturally divided by physical barriers such as highways and railroads.

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- **Prioritizing Transformative Projects**. Successful projects in the highly competitive process will be those with the potential to improve economic competiveness and create jobs, improve the condition of existing transportation systems, improve quality of life by increasing transportation options, improve energy efficiency, transportation systems, improve quality of life by increasing transportation options, improve energy efficiency, reduce fuel consumption and encourage resiliency, and/or improve the safety of our transportation systems.
- **$35 Million to Help Communities Design Economic Development Plans**. In addition to supporting capital grants, Congress provided the U.S. Department of Transportation with the flexibility to use up to $35 million of the 2014 TIGER funds for planning grants for the first time since 2010. These funds can be used to support the planning of innovative transportation solutions, as well as regional transportation planning, freight and port planning, housing and land use development, and resiliency efforts that improve efficiency and sustainable community development.

The President's Vision for 21st Century Transportation Infrastructure

The Highway Trust Fund that provides critical funding for repairing roads, bridges, and transit systems is projected to become insolvent later this summer, and the existing surface transportation bill expires in September. Moreover, the current way we fund our transportation investments is insufficient to meet the nation's transportation infrastructure needs and grow our economy.

The President is committed to working on a solution that not only avoids a near-term funding crisis, but also provides stability and meet the pent-up transportation needs to help American families and workers and businesses in rural, suburban, and urban communities across the country.

The President's vision, which will be described in his FY2015 Budget request, will create jobs, grow our economy, attract private investment, facilitate American exports, reduce commute times and increase access to jobs, make our roads and bridges safer, cut red tape, and increase the return on investment of transportation infrastructure for American taxpayers. The President is calling for a $302 billion, four year transportation reauthorization proposal that increases and provides stable funding for our nation's highways, bridges, transit, and rail systems. The President is proposing one way to pay for this investment, by using $150 billion in one-time transition revenue from pro-growth business tax reform, but will work closely with Congress and listen to their ideas for how to achieve this important objective.

- **Proposing a $302 billion, Four Year Transportation Reauthorization Bill, Providing States, Local Governments, and Construction Workers with Certainty.** The President's proposal for a $302 billion, four year transportation reauthorization will not only allow States and local units of government to effectively plan their project pipelines, supporting millions of good paying jobs over the next several years, but also will enable more transformative transportation projects that improve our global competiveness.

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- $63 billion to fill the funding gap in the Highway Trust Fund. The proposal will meet our nation's essential highway, bridge and transit needs in the near term by providing $63 billion to address the insolvency of the Highway Trust Fund for four years.

- Prioritizing "Fix-it-First" Investments. The proposal will include policies and reforms to prioritize investments for much needed repairs and to improve the safety of highways and bridges, subways and bus services, with particular attention to improving roads and bridges in rural and tribal areas.

- **Matching Transportation Infrastructure Investments to the Current and Future Needs of American Communities.** Bringing a one-time infusion of investment into our transportation infrastructure programs would enable projects that address the diverse needs of American communities today.

  - $206 billion to invest in our nation's highway system and road safety. The proposal will increase the amount of highway funds by 22 percent annually, for a total of about $199 billion over the four years. The proposal would also provide more than $7 billion to improve safety for all users of our highways and roads.

  - $72 billion to invest in transit systems and expand transportation options. The proposal increases average transit spending by nearly 70 percent annually, for a total program of $72 billion over four years, which will enable the expansion of new projects (e.g., light rail, street cars, bus rapid transit, etc.) in suburbs, fast-growing cities, small towns, and aging rural communities, while still maintaining existing transit systems.

  - $19 billion in dedicated funding for rail programs. The proposal also includes nearly $5 billion annually for high performance and passenger rail programs with a focus on improving the connections between key regional city pairs and high traffic corridors throughout the country.

How will it be funded?

The President's plan would rely on a one-time $150 billion infusion from corporate tax reform.

President Obama is calling for a 4-year $302 billion transportation package.

House Ways and Means Committee Chairman, Dave Camp (R-MI), has proposed to rework the tax code and dedicate $126.5 billion to highway and infrastructure investment.

CAMP RELEASE TAX REFORM PLAN

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On February 26, Ways and Means Committee Chairman Dave Camp (R-MI) released draft legislation to fix America's broken tax code by lowering tax rates while making the code simpler and fairer for families and job creators. Camp's latest draft the "Tax Reform Act of 2014", spurs stronger economic growth, greater job creation and puts more money in the pockets of hardworking taxpayers.

Based on analysis by the independent, nonpartisan Joint Committee on Taxation (JCT), without increasing the budget deficit, the Tax Reform Act of 2014:

- Creates up to 1.8 million new private sector jobs.
- Allows roughly 95 percent of filers to get the lowest possible tax rate by simply claiming the standard deduction (no more need to itemize and track receipts).
- Strengthens the economy and increases Gross Domestic Product (GDP) by up to $3.4 trillion (the equivalent of 20 percent of today's economy).

Based on calculations using data provided by JCT, the average middle-class family of four could have an extra $1,300 per year in its pocket from the combination of lower tax rates in the plan and higher wages due to a stronger economy.

Discussing the need to fix America's broken tax code, Camp said, "It is no secret that Americans are struggling. Far too many families haven't seen a pay raise in years. Many have lost hope and stopped looking for a job. And too many kids coming out of college are buried under a mountain of debt and have few prospects for a good-paying career. We've already lost a decade, and before we lose a generation, Washington needs to wake up to this reality and start offering concrete solutions and debating real policies that strengthen the economy and help hardworking taxpayers. Tax reform is one way we can do that."

During Camp's three years as Chairman of the Ways and Means Committee, both Democrats and Republicans on the Committee have invested significant time and energy to better understand how today's broken tax code affects families and job creators. Going to great lengths to ensure that the real experts – individuals, families and job creators of all sizes and industries – were a part of the conversation, this transparent, "everyone gets a seat at the table" process involved more than 30 separate Congressional hearings dedicated to tax reform, 11 separate bipartisan tax reform working groups created in conjunction with Ranking Member Sander Levin (D-MI), three discussion drafts looking at discrete areas of the tax code and more than 14,000 public comments at TaxReform.Gov.

"This legislation does not reflect ideas solely advanced by Democrats or ideas solely advanced by Republicans, nor is it limited to the halls of Congress," said Camp. "Instead, this is a comprehensive plan that reflects input and ideas championed by Congress, the Administration and, most importantly, the American people. In other words, it recognizes that everyone is a part of this effort and can benefit when we have a code that is simpler and fairer. I am hopeful that lawmakers on both sides of the aisle – and partners at both ends of Pennsylvania Avenue – take a close look at this plan and share their thoughts and ideas, and those of their constituents. The bottom line: just saying 'no' is not a solution. Washington must make real progress on the critical issues of the day, the most important of which is strengthening the economy. We can, and

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need, to work together to craft a plan that fixes our broken code and strengthens the economy so there are more jobs and bigger paychecks for hardworking taxpayers."

Highlights of the Tax Reform Act of 2014 include:

- **New Individual and Corporate Rate Structure:** Flattens the code by reducing rates and collapsing today's brackets into two brackets of 10 and 25 percent for virtually all taxable income, ensuring that over 99 percent of all taxpayers face maximum rates of 25 percent or less. The plan also reduces the corporate rate to 25 percent.
- **Larger Standard Deduction:** Makes the code simpler and fairer by providing a significantly more generous, inflation-adjusted standard deduction of $11,000 for individuals and $22,000 for married couples.
- **Larger Child Tax Credit:** Increases the child tax credit to $1,500 per child, adjusts it for inflation going forward and expands the number of families that can claim the credit.
- **Simpler, Improved Taxation of Investment Income:** Taxes long-term capital gains and dividends as ordinary income, but exempts 40 percent of such income from tax – resulting in a three percentage point decrease from the maximum rates individuals pay today on such income while also achieving the lowest level of double taxation on investment income in modern history.
- **No AMT:** In addition to lowering tax rates for families and all job creators, the plan repeals the Alternative Minimum Tax (AMT) for individuals, pass-through businesses and corporations.
- **Easier Education Benefits:** Adopts recommendations stemming from the bipartisan working groups to consolidate education tax benefits so, along with the additional money from stronger economic growth, families can more easily afford the costs of a college education.
- **Modernized International System:** Modernizes the international tax code for the first time in more than 50 years while protecting jobs, wages and profits from being shipped overseas.
- **Permanent R&D Incentive:** Invests in innovation by making permanent an improved Research & Development Tax Credit.
- **More Affordable Healthcare**: While the plan generally leaves ObamaCare policies untouched and for a later debate on healthcare, there are two main exceptions given strong bipartisan support for: (1) repeal of the medical device tax and (2) repeal of the medicine cabinet tax, which prohibits use of funds from tax-free accounts to purchase over-the-counter medication without first obtaining a prescription.
- **IRS Accountability:** Cracks down on IRS abuses and reduces massive waste, fraud and abuse. The plan also contains provisions prohibiting implementation of recently proposed rules affecting 501(c)(4) organizations and provides victims with information regarding the status of investigations into violations of their taxpayer rights.
- **Infrastructure Investment:** Dedicates $126.5 billion to the Highway Trust Fund (HTF) to fully fund highway and infrastructure investment through the HTF for eight years.
- **Simplification for Seniors:** Reflecting a proposal supported by AARP and ATR, the plan requires the IRS to develop a simple tax return to be known as Form 1040SR, for individuals over the age of 65 who receive common kinds of retirement income like annuity and Social Security payments, interest, dividends and capital gains.

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- **Charitable Giving:** Expands opportunities to make tax-deductible contributions past the end of the tax year, makes permanent conservation easement incentives, simplifies exempt organization taxes and sets a floor instead of a cap to the amount of donations that can be deducted. The economic growth in this plan will increase charitable giving by $2.2 billion annually.
- **Shrinks and Simplifies the Income Tax Code:** In addition to easing complexity and compliance burdens by adopting a larger standard deduction, enhanced child tax credit and lower rates, the plan repeals over 220 sections of the tax code; cutting the size of the income tax code by 25 percent.

In keeping with previously released drafts, the Committee seeks input and feedback on technical and policy issues raised by the draft released today. The Committee also invites input on the accompanying technical explanation prepared by the JCT staff, a document that could serve as the basis for similar legislative history on any future tax reform legislation that may be considered by the Committee. Additionally, as it further examines options arising from the budgetary and economic analysis, the Committee is especially interested in receiving constructive feedback on areas listed below.

1. **Extenders Policy ($1 Trillion):** The proposal has been scored by JCT as deficit neutral; it does not increase the budget deficit relative to the projected deficits for the FY2014-23 budget window. CBO's revenue baseline for this period assumes that a number of tax policies expire and are not renewed. However, CBO has noted that "[n]early all of those provisions have been extended previously; some, such as the research and experimentation tax credit, have been extended multiple times." Including a permanent extension of these policies would result in the revenue baseline being almost $1 trillion lower over the FY2014-23 budget window than projected. In such a scenario, the proposal would therefore reduce the deficit – mostly through revenue increases – potentially by as much as $1 trillion (without considering all potential interactions among those policies and the proposal). CBO annually presents an "alternative fiscal scenario" that assumes these tax provisions are made permanent – the same assumption generally used for spending programs in CBO's traditional baseline. The Committee is interested in feedback on which (including none or all) of these expiring tax provisions should be included in the revenue baseline for purposes of determining whether the proposal is deficit neutral.

2. **Dynamic Revenue ($700 Billion):** JCT's analysis shows that the additional economic growth that would result from the enactment of tax reform would generate up to an additional $700 billion in tax receipts over the FY 2014-2023 budget window as a result of increased employment and higher wages. This additional revenue, however, is not taken into account as part of JCT's determination that the proposal is deficit neutral. As a result, under the proposal as currently structured, this additional revenue would be available to the Federal government for a variety of purposes. The Committee is interested in feedback on how this additional revenue should be treated (e.g., should it be used to further lower tax rates or to provide other tax benefits,

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should it be dedicated to deficit reduction, or should it be dedicated to some combination of the two).

3. **Household Impact:** The proposal has been scored by JCT as being distributionally neutral; it does not significantly change the share of taxes paid by or the average tax rate for each income cohort reported by JCT. However, each income cohort reported by JCT includes a heterogeneous mix of taxpayers. For example, the combination of lower rates, the increase in the size of the standard deduction, and the reforms to the child tax credit and EITC will affect households differently depending on the number of children in the household and whether the taxpayer files jointly. The Committee is interested in feedback as to whether and how these more detailed circumstances should be analyzed and whether there are certain distributional outcomes that are more preferable than others (e.g., effects on households with multiple children versus households without children within the same income cohort).

4. **Economic Modeling:** JCT's analysis of the proposal includes an analysis of the macroeconomic effects of tax reform on the U.S. economy, which is sometimes referred to as a dynamic score. This dynamic score shows that the proposal would result in substantial additional economic growth and job creation as compared to the status quo. JCT used two different economic models and a variety of assumptions to calculate the dynamic score. The two models take different approaches to modeling the impact of the proposal on the U.S. economy. For example, one model, the MEG model, cannot fully account for the breadth of the changes to international tax policy made by the proposal and therefore understates the extent of additional investment in the U.S economy, particularly for investment in high-technology, IP-intensive sectors. The OLG model, on the other hand, contains a fiscal constraint that requires the debt to GDP ratio to be held constant between the pre- and post-reform economy, thus failing to capture the full benefits of reduced budget deficits on the economy. The Committee is interested in feedback on the methodology and parameter estimates used by JCT in performing the macroeconomic analysis and recommendations on how this analysis can be improved.

5. **Greater Compliance:** The current complexity of the tax code makes compliance difficult and facilitates billions of dollars in improper payments and fraud. The most recent estimate shows that the tax gap amounts to $450 billion annually. The proposal includes a number of reforms that would substantially simplify the tax code and improve reporting and compliance. This improved compliance is partially – but not fully – incorporated into JCT's analysis of the proposal. The Committee is interested in feedback on how to analyze the impact of the proposal on improving compliance, closing the tax gap, and reducing improper payments and fraud. The Committee is interested in receiving analysis that would quantify the extent of the improved compliance and recommendations for how measurements of improved compliance should be factored into any analysis in determining whether the proposal is deficit neutral.

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LIFO REPEAL

Under the Camp plan, LIFO repeal will be phased in beginning in 2016. Former Senate Finance Committee Chairman Max Baucus supported the repeal of LIFO. President Obama has supported the repeal of LIFO, and many believe it will be in his budget proposal scheduled to be released on March 4.

New Senate Finance Committee Chairman Ron Wyden (OR) supports the continuation of LIFO, but does not think it will hold.

SSDA-AT COMMENTS ON THE KEYLINE PIPELINE

SSDA-AT submitted comments to the State Department in the middle of a 30-day comment period on the KXL Pipeline which ends on March 7th. As you know the KXL Pipeline expansion would provide a significant boost to US energy security and generate thousands of jobs.

SSDA would like to see a favorable decision on the Keystone XL Pipeline from the President.

The U.S. State Department has once again found that the Keystone XL Pipeline would have a negligible effect on the environment. After more than five years of environmental review, it is time to approve this key piece of American energy infrastructure.

Now that the environmental concerns are satisfied, we must consider the other factors involved with making this decision. These include things like our relationship with the source of the imported oil and the stability of that country in addition to energy security and economic contributions. The Keystone XL Pipeline expansion would provide a significant boost to U.S. energy security, bringing more than 800,000 barrels of oil per day to U.S. refineries -- from Canada and the U.S. Bakken region. Crude imports from Canada could reach 4 million barrels a day by 2030, about twice what we currently import from the Persian Gulf. Additionally, the State Department found that Keystone XL would support 42,000 jobs and $2 billion in wages for American workers over two years. This pipeline will be state of the art and have a degree of safety over any other.

We are convinced that Keystone XL will enhance U.S. energy security, strengthen our economy, and create jobs. In light of the positive findings from both the current and previous State Department reviews, I respectfully ask you to proceed with an official determination that building the Keystone XL Pipeline would serve the national interest.

Longtime U.S. Representative and Transportation Advocate John Dingell to Retire

Longtime U.S. Representative John Dingell (D-MI) announced that he will retire at the end of the 113th Congress (the end of the year). The 87-year-old veteran lawmaker was first elected to the House in 1955 to fill his late father's seat.

Dingell has been directly and deeply involved in a wide array of legislative issues, including transportation, during his 58 years on Capitol Hill. As the congressman representing the southeastern corner of Michigan, for example, he established himself as a strong advocate of the U.S. automobile industry.

Dingell has the distinction of being the longest-serving member in the history of Congress. He is also the last remaining member of Congress who voted on the Federal Aid Highway Act of 1956 that created the Interstate Highway System. Dingell talked about his support for that measure in 2006 at a news conference in Detroit that helped launch that year's nationwide activities commemorating the 50th anniversary of that highways network.

"The bill creating the Interstate Highway System was one of the earliest votes I participated in as a member of Congress," he said. "We knew that it represented progress, but it unleashed great forces on the United States that have proven to be of enduring benefit to our economy and society."

U.S. Rep. John Dingell, left, and his wife Debbie hold hands during a legislative forum at the Southern Wayne County Regional Chamber (SWCRC)

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