NYS ASSOCIATION OF SERVICE STATIONS & REPAIR SHOPS, INC.

April 2023

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House Vehicle Data Access Caucus Established

The ability to access vehicle data is essential to automotive repairers. As cars become more technologically advanced, vehicle data access issues only become more important. The issue of "right to repair" and vehicle data access continue to gain prominence in the national conversation and the legislative agenda.

In September 2022, U.S. Congressman Earl "Buddy" Carter (R-Ga.), a member of the U.S. House of Representatives Energy and Commerce Committee, established the House Vehicle Data Access Caucus (VDA Caucus). In February 2023, Carter joined with cosponsor Congressman Darren Soto (D-Fla.,) reestablishing the bipartisan House Vehicle Data Access Caucus for the 118th Congress. Both Congressmen Carter and Soto are members of the U.S. House Energy and Commerce Committee, which has jurisdiction over the vehicle data access issue.

The "Dear Colleague" letter stated:

"With tremendous advancements in technology over the last several years, vehicles are generating increasing amounts of data that can be accessed by a variety of sources ranging from in-vehicle ports to wireless transmission. As this vehicle data ecosystem evolves, there are growing questions about what data is accessible, to whom, and under what circumstances. Policy and practical issues that must be addressed include who "owns" or controls the vehicle data, who can expand or limit services offered, and who will ensure privacy and cybersecurity."

This caucus will be essential in addressing critical data-access concerns for all stakeholders. The Automotive Service Association (ASA) worked with other stakeholders in the American Alliance for Vehicle Owners Rights (AAVOR) in meetings with Congressman Carter's office on this issue.

In 2021, the Federal Trade Commission (FTC) released "Nixing the Fix: An FTC Report to Congress on Repair Restrictions". This report stressed the importance of preserving consumer choice for third-party aftermarket repairs. Since then, the U.S. Congress has held multiple committee hearings to discuss issues surrounding repair restrictions and data access, in the automotive industry and others.

The "Right to Repair" movement has a history dating back over 30 years, since the 1990 Clean Air Act Amendments required that original equipment manufacturers (OEMs) provide emissions information to independent repair shops. In 2014, some aftermarket organizations signed a Memorandum of Understanding (MOU) with the Alliance of Automobile Manufacturers (OEMs) that stated:

“A manufacturer of motor vehicles sold in the United States shall make available for purchase by owners of motor vehicles manufactured by such manufacturer and by independent repair facilities the same diagnostic and repair information, including repair technical updates, that such manufacturer makes available to its dealers through the manufacturers internet-based diagnostic and repair information system or other electronically accessible manufacturer’s repair information system.”

This MOU did not account for the mainstream adoption of telematics technology in most modern vehicles, which is where the vehicle data access debate picks up today. In 2020, in Massachusetts, voters passed a “Right to Repair” ballot initiative in a 75 to 25 percent vote that would have codified the right for consumers to choose where they get their vehicles repaired. However, a legal challenge by the automakers has delayed implementation. Other states, such as Maine, are attempting to follow in Massachusetts’s lead with their own ballot initiatives.

Massachusetts to Enforce Right to Repair Law Starting June 1

Attorney General Andrea Campbell said last week that the state of Massachusetts will move forward and enforce the Right to Repair law beginning June 1. Campbell filed a Notice of Intent to Terminate Non-Enforcement Stipulation with the United States District Court of Massachusetts on March 7th.

The Right to Repair law, which allows independent repair shops access to the diagnostic data was approved by voters in 2020. The law has been held in court for over two years.

In the meantime, some manufacturers began making vehicles without wireless technology in order not to run afoul of any Right to Repair laws.

Campbell said, "The people of Massachusetts deserve the benefit of the law they approved more than two years ago. Consumers and independent repair shops deserve to know whether they will receive access to vehicle repair data in the manner provided by the law."

Campbell also said in her filing that company's suit against the state should be dismissed.

SSDA-AT was early supporters of the Right to Repair law in Massachusetts.

Maine Certifies Right to Repair Ballot Initiative

Maine’s Secretary of State has certified the signatures of Maine’s Right To Repair coalition to put an initiative on the ballot this November, according to a press release.

The initiative aims to provide independent repair shops with access to repair and diagnostic information instead of it only being shared with dealerships, allowing them to understand what to do to service newer vehicles.

Tim Winkeler is president and CEO of VIP Tires & Service, a shop in Auburn, Maine. He signed his name to the initiative because he’s had customers who have come to his store for decades that he doesn’t want to have to see forced somewhere else.

“Automakers are increasingly using technology to try to shut out local independent car repair shops and automotive technicians from repairing the newest models of cars and trucks,” Winkeler stated.

Though a national agreement passed in 2013 made it so that automakers must “provide access to repair and diagnostic codes and information,” the agreement does not cover “the rapidly expanding wireless technologies now installed in virtually all new vehicles.”

Massachusetts, too, has passed a ballot initiative similar to this; currently, it is on hold due to challenges from auto manufacturers, who spent “more than $25 million” in an effort to stop the initiative from gaining enough support.

SSDA-AT Testifies, Rallies Tire Dealer Support for Right to Repair Bill in Maryland

SSDA-AT is keeping up the fight for passage of right to repair legislation, testifying March 8 in Maryland before the House Economic Matters Committee on House Bill 1193, which was introduced in February.

The bill, titled Consumer Protection - Motor Vehicles - Right to Repair, addresses the right to repair issue on the state level by requiring a manufacturer that sells motor vehicles with telematics systems to install an open data platform in certain motor vehicles.

The bill was introduced in the Maryland legislature Feb. 10. SSDA-AT worked with Maryland Delegate Kevin Hornberger (R) and his staff to introduce the bill.

Many local members in Maryland testified in support of the bill during the hearing. Overall, 35 of those testifying supported the legislation and five opposed. The Specialty Equipment Market Association, the Auto Care Association, TIA, WMDA/CAR, LKQ Corp. and the Chesapeake Automotive Business Association were among the organizations that also testified in support.

SSDA-AT has been rallying industry support and organizing local members to encourage passage of right to repair legislation in states and on the federal level.

At the federal level SSDA-AT supports right to repair legislation known as the REPAIR Act (H.R. 906). The bi-partisan legislation was reintroduced earlier this year by Rep. Neal Dunn (R-FL-02) and is co-sponsored by Rep. Brendan Boyle (D-PA-02), Rep. Warren Davidson (R-OH-08), Rep. Marie Gluesenkamp Perez (D-WA-03), Rep. Zoe Lofgren (D-CA-18), Rep. Glenn Thompson (R-PA-15), Rep. Brittany Pettersen, (D-CO-07), and Rep. Tim Walberg, (R-MI-05).

SSDA-AT Exploring Defect Issue: Hyundai and Kia

From: Joanna Johnson, AOCA (Automotive Oil Change Association) Policy Advisor

Regarding Hyundai and Kia models, have any SSDA members experienced a customer’s dealership claiming an engine seizure was caused by the oil drain plug falling out

mid-interval i.e., 1,000 – 8,000 miles post-aftermarket service?

AOCA is in the process of developing a NHTSA defect petition and related MMWA complaint to the FTC. Please report confidentially to SSDA or AOCA by VIN, city/state, mileage between service and allegation of plug-out, and the result of any aftermarket inspection of the alleged plug-out engine.

We cannot use any case that does not provide a complete VIN. Consumer complaints to NHTSA and aftermarket professionals' experience with inspecting these alleged plug-out engines thus far indicates some of the cases are actually rod punctures.

BACKGROUND: Hyundai and Kia have issued an extensive patchwork of recalls and/or TSBs for all the listed models—Theta, Nu & Gamma engines alike—on the subjects of excessive oil consumption and/or rod bearing problems that can ultimately cause engine seizure, including after a rod punctures the engine block. The discovery of this nearly make-wide defect and the automakers' attempts to manage it came from studying a bizarre recent trend of mid-interval plug-out claims made by Hyundai and Kia dealerships nationwide in situations where specification parts and torque pressure had been used and could be verified. There may also be another defect associated with the factory oil drain pan assembly being made of cheap stamped steel and painted so that the factory gasket and plug are painted together onto the pan, thereby camouflaging the gasket and creating a risk of double-gasketing. The factory gasket appears to be plastic and must be pried off.

Please contact: rlittlefield2@tireindustry.org if you have experienced this issue.

Tesla Recalls Vehicles With Full Self-Driving

Tesla has recalled 363,000 vehicles equipped with the "Full Self-Driving" system advertised by the company, at the behest of U.S. safety regulators, citing that "it misbehaves around intersections and doesn't always follow speed limits," AP News reports.

The National Highway Traffic Safety Administration has been investigating Tesla's automated software since June 2016, when a driver using the Autopilot function was killed. Several more incidents have occurred since, resulting in several investigations from the NHTSA.

The FSD system is currently in beta and is being used by as many as 400,000 drivers. In tests done by the NHTSA on the software, they found that it posed dangers such as "traveling straight through an intersection while in a turn-only lane, failing to come to a complete stop at stop signs, or going through an intersection during a yellow traffic light without proper caution."

NHTSA had several discussions with Tesla, and on February 7 the automaker finally decided to do a recall of vehicles containing the software, while also claiming they were "not concurring with the agency's analysis."

Following the recall, Musk voiced outrage on his recently-purchased platform Twitter, saying that to call it a recall was "anachronistic and just flat wrong!"

AAA Survey Finds Heightened Public Wariness Over Autonomous Vehicles

Public trust in self-driving vehicles has fallen sharply over the last year, according to the latest AAA annual survey on autonomous vehicles.

The survey also found continued confusion among the public about automated driving systems and what they are capable of, the auto agency said.

AAA said it's survey found that the number of drivers who said they were afraid of self-driving vehicles increased to 68% from 55% in 2022, adding that the sharp rise shows "automakers must be diligent in creating an environment that promotes the use of more advanced vehicle technologies in a secure, reliable, and educational manner."

Greg Brannon, director of automotive research for AAA, in a news release Thursday said the large year-over-year increase wasn't "entirely surprising"given news about high-profile crashes that have occurred due to over-reliance on vehicle technologies.

AAA said the survey also points to the need for automakers to develop a system of consistent naming for vehicle systems that also don't promise more than they can deliver.

The survey found 22% of respondents expect systems, with names like Autopilot, ProPILOT, or Pilot Assist, to have the ability to drive the car. Nearly 10% of drivers also mistakenly believe they can sleep in the vehicle as it drives itself, the survey found.

AAA points out that there no vehicles with fully self-driving technology now on the market, adding that vehicles only offer Advanced Driver Assistance Systems, which include blind spot warning, adaptive cruise control and automatic emergency braking. Active driving assistance uses adaptive cruise control and lane keeping assistance to provide braking, accelerating, and steering functions.

While Americans are concerned about self-driving technology, they are willing to embrace ADA systems, with 60% of survey respondents saying they'd "definitely" or "probably" want such features in their next car.

The survey was conducted in January and included responses from 1,140 adults.

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EV Repair Costs May Negate Low Cost of Maintenance

As EVs have become more popular, the reduced maintenance that is required for them can be appealing to drivers, but the cost saved from that may be offset by the cost of inevitable repairs, Business Insider reports.

Kelley Blue Book found that the cost of maintenance for an EV was "$4,246 over 5 years of ownership," with gas-powered cars having the pricier number of $4,583.

The numbers look different, however, when looking at cost of repairs, with EV repairs typically being $1,712 over the same period of time, and gas-powered vehicles costing $1,695.

Quin Garcia, managing director at AutoTech Ventures, points out these differences can be due to EVs not requiring "as much maintenance … but EVs are going to require high-ticket repairs."

EVs may see an increase in repairs as well, such as high tire wear due to the increased weight of the vehicles as well as the "near-instant torque of EVs" resulting in tire replacements.

One benefit EVs may see is from regenerative braking reducing wear and resulting in fewer replacements, the Alternative Fuels Data Center said.

With these changes, dealers are now faced with reconsidering their after-sales service: a large part of their business.

Biden Administration Pushes for U.S.-Made EV Chargers

Final rules have been released from the Biden administration on its planned national electric vehicle charger network, which will require chargers to be built in the United States, according to Reuters.

The new rules will require the chargers to be built in the States "immediately," with 55% of the cost coming from U.S.-made components by 2024.

Prior to the new rules being released, manufacturers voiced concern over a slowed rollout from "imposing a domestic components quota too soon in the program rule." As a result, the new rules will allow more time for companies to abide by the Made in America deadlines.

All the chargers built must comply with the U.S. standard for charging connectors, called "Combined Charging System" (CCS), which is described as allowing drivers to "use standardized payment options; a single method of identification that works across all chargers; and work 97% of the time."

With these new rules, Tesla will have to modify their charging stations to "add a permanently attached CCS connector or adapter that charges a CCS-compliant vehicle." Tesla objected to the changes, saying they were "aggressive" and "could lead to a shortfall in the number of compliant charging stations available given the pace and scale of deployment."

Study: Gas-Powered Cars Cheaper to Drive than EVs

A recent study from the Anderson Economic Group has found that driving gas-powered cars may be more cost-efficient than electric vehicles, as reported by Jalopnik.

The study from AEG reports that drivers can save more by switching to an electric vehicle—that is, if they are switching from a gas-powered luxury vehicle to an electric luxury vehicle.

Those who drive more common, everyday vehicles seen on the road will not see the same benefits from such a change, however.

While these drivers will pay "about $11.29 per 100 miles on the road," for those who have EVs they charge at home, that price becomes "about $11.60 per 100 miles." Those who opt for charging stations instead will pay a whopping "$14.40 per 100 miles."

A large factor of the differing costs between those who charge their EVs at home versus at a charging station is credited to a lack of infrastructure supporting EVs. While gasoline purchases are taxed to support road construction and upkeep, electric charging is not.

According to AEG founder Patrick Anderson, high gas prices in 2021 and 2022 made EVs seem like "a bargain," but "with electric prices going up and gas prices declining," Anderson says, "drivers of traditional ICE vehicles saved a little bit of money in the last quarter of 2022."

Retail & Fuel Industry Groups File Suit Against Minnesota's ZEV Mandate

The Minnesota Service Station & Convenience Store Association (MSSA) and National Association of Convenience Stores (NACS) have filed a lawsuit against the state of Minnesota for its adoption of California's zero-emission vehicle mandate.

Other parties joining the suit include the Minnesota Soybean Growers Association, the Clean Fuels Development Coalition and ICM Inc.

"The state shouldn't let California tell Minnesotans what kinds of cars they can and can't buy," said Lance Klatt, executive director of the MSSA. "Politicians have a terrible track record of deciding which technology will best meet peoples' needs, and California politicians even more so."

The lawsuit, filed on March 13 in the U.S. District Court for the District of Minnesota, challenges the legality of Minnesota Pollution Control Agency rules requiring that new cars, light-duty trucks and medium-duty vehicles in the state meet emission limits set by California and match California's requirements for the sale of a certain percentage of so-called zero-emission vehicles, as defined by California regulators.

In 2022, the California Air Resources Board approved new rules that put the state on track to ban the sale of new gas-powered passenger cars and trucks by 2035. The rules are intended to apply only to the sale of new automobiles; older gas-powered vehicles currently on the road would be grandfathered in and still legal to drive.

"Duplicating California's mandate for one vehicle technology over others will not achieve anyone's goals," said Henry O. Armour, president and CEO of NACS. "Adopting California's rules in Minnesota would stop further investments in efficient use of renewables and other liquid fuels and would result in more net carbon emissions than we would have without these misguided rules."

The lawsuit contends that the federal Energy Policy and Conservation Act (EPCA), which creates a uniform national

standard for vehicle fuel efficiency, prohibits states from adopting policies "related to" federal fuel-economy standards. The EPCA states that a "state or a political subdivision of a state" cannot "adopt or enforce a law or regulation related to fuel economy standards or average fuel economy standards."

In the EPCA, Congress expressly forbade NHTSA from considering the fuel economy of vehicles that run on alternative fuels (such as electricity) in setting fuel-economy standards, according to the lawsuit. The suit also challenges Congress' decision to grant California — and only California — special authority to adopt its own motor-vehicle emission standards different from those set by the federal government. This, the lawsuit contends, violates the U.S. Constitution's equal sovereignty doctrine because it grants California a greater degree of sovereignty and capacity for self-government than all other states.

Mississippi Governor Signs Law Restricting Sales of Electric Vehicles

Electric vehicle manufacturers in Mississippi can no longer sell their cars directly to the public from stores under legislation signed into law Tuesday by Gov. Tate Reeves, which will likely restrict sales of EVs in the state.

The measure requires in-person vehicle sales be conducted at licensed franchises and closes what proponents said was a loophole that allowed EV companies to make sales directly to the public.

The law, however, allows Tesla Inc. to continue selling vehicles at the one physical "store" it operates in the state.

EVs can still be sold online in Mississippi from the manufacturer under the new legislation.

Reeves said the new law was needed to protect traditional car dealerships from being replaced by the new business model embraced by EV manufacturers.

"Almost 200 small businesses in communities across our state are seeking assurances that big manufacturers can't just destroy their businesses," Reeves said in a statement on Twitter. "... I also recognize that innovation in this industry is inevitable. And with innovation comes new companies with new business models."

In addition to not wanting to rely on franchise owners, EV companies may be less likely to open franchised dealerships because much of the revenue from those locations comes from providing maintenance services like oil changes and transmission care, something EVs do not acquire as much revenue from.

The bill passed with opposition from some members of Mississippi Congress, including other Republicans.

EV manufacturer Rivian Automotive Inc. also opposed the legislation.

"Blocking EV-only manufacturers from investing in the state creates unhelpful restrictions for car buyers and prevents investments that would create good-paying jobs in automotive technology," a spokesperson for Rivian's public policy team said in a comment for OPIS.

Think tank Mississippi Center for Public Policy called the bill "bad policy."

"Businesses will go elsewhere, along with their jobs and commerce," said Tyler B. Jones, director of Communications and Legislative Affairs for Mississippi Center for Public Policy in a release.

At press time, Tesla did not respond to a request for comment.

--Reporting by Christie Citranglo

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Sanctions Net Widens to Catch Russia's Mideast Oil Shipper

The European Union sanctioned a Dubai-based subsidiary of Russia's state-owned shipping giant, the first time it has used new powers to hit foreign-based entities that help Moscow circumvent Western restrictions.

The sanctions target Sun Ship Management, the manager of dozens of oil tankers that ferry Russian oil and natural gas around the world. The new sanctions include an EU asset freeze and ban on financing the company, which the EU said is part of government-controlled shipping company Sovcomflot.

The move against Sun Ship was part of the latest package of measures detailed over recent days from the EU, U.K. and U.S. The measures seek to close loopholes in previous rounds of sanctions. The EU and the U.S. sanctioned Sovcomflot last February

Sun Ship's services help bring in more than 70% of Russia's energy revenue, which enables the Kremlin to finance its war in Ukraine, according to the EU's official journal published Saturday.

Average US Retail Fuel Prices May Head for $1/gal or More Discount to 2022

Over the past several weeks, analysts have been pointing to retail fuel price deflation, particularly for diesel, and that point was reached Sunday when the AAA average U.S. price for the fuel for the first time in 2023 fell below where it was a year earlier.

Retail price deflation is likely to continue and it's possible street prices for fuel may fall a $1/gal or more below year-ago values. And in diesel's case, that could occur as early as next week, though sometime closer to the end of the first quarter may be more likely.

AAA put the current average U.S. diesel price at $4.375/gal, 15cts below year-ago levels, and even if the price is unchanged on Tuesday, the year-to-year difference could expand to 25cts/gal. Diesel retail prices have been in a downtrend as the average price has fallen for 37 straight days, over which time it has declined by 31.5cts.

At this time last year, the average diesel price was $4.526/gal, but jumped to $5.135/gal on March 12. The current average would have to drop by 4cts per day between now and March 12 to be $1/gal lower year to year, making it

more likely that difference will be reached or exceeded sometime near the end of March when compared with late-March 2022 prices that were in a $5.10-5.12/gal range.

Other than a roughly three-week period that began in mid-January, the average U.S. retail gasoline price has been below year-ago levels. Monday's price represents the largest difference seen so far this year, with the retail average price of $3.405/gal coming in at 60.4cts, or 15%, below March 6, 2022, when the U.S. retail average price for gasoline rose above $4/gal for the first time.

Like diesel, that difference is likely to widen in the near term, but with gasoline prices in a bit of an uptrend, the price difference between this year and last may not reach a $1/gal until at least mid- to late May.

American drivers, however, are collectively paying a lot less for gasoline each day than they were a year ago. Based on the most recent Energy Information Administration data that estimated U.S. gasoline demand at 9.112 million b/d and Monday's average retail price, motorists are spending $1.3 billion/day, down 11% from $1.47 billion a year ago. And even with the national average trending higher, those savings should continue.

Only Colorado and Hawaii have gasoline prices above this time last year. While the average price in Colorado is cooling, prices are still about 24cts above year-ago levels and it should take some time before they fall below the year-ago numbers.

For all the talk of averages dropping $1 or more versus a year ago, Connecticut's average is already $1.02/gal below the same time in 2022. The state's current price is 23.6% below last year and there are multiple states along the East Coast showing year-to-year differences greater than 20%. It may not be long before Connecticut has company with year-on-year price deflation greater than $1/gal.

--Reporting by Denton Cinquegrana

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Global Gasoline Demand Growth to Slow After '23 on EV Proliferation: BofA

World gasoline demand is expected to rise solidly in 2023, driven by pent-up fuel consumption related to China's reopening, Bank of America said Tuesday. However, the U.S. bank also said 2023 could mark a slowdown of gasoline demand growth as the rate of electric vehicle adoption is set to accelerate in the next several years.

In a Tuesday note, BofA said gasoline prices in many markets have fallen 20% or more by the end of last year from their 2022 highs, due to a combination of record prices related to Russia's war against Ukraine, a strong U.S. dollar and Covid-19-related lockdowns in China.

The bank said global jet demand could grow as much as 750,000 b/d in 2023, with gasoline demand rising 450,000 b/d.

"Admittedly, 2023 may be the last time gasoline consumption rises at such a pace," the bank said.

The bank said it estimates that global EV adoption hit 14% in 2022 and is set to accelerate over the medium term, "causing peak gasoline demand by 2030." BofA also cited the growth of EV consumption for slower U.S. vehicle miles traveled in recent years.

BofA said gasoline cracks "are staging a strong recovery in the first quarter of 2023," after they bottomed in Q4 2022 with cracks in Asia briefly turning negative and gasoline prices reaching pre-Ukraine-war levels.

The bank said the RBOB-Brent crack could rise higher than the current $30/bbl in the coming months, boosted by China's reopening, a rebound in price-elastic demand and the positive factor of U.S. Tier 3 gasoline specifications.

BofA also said RBOB should continue to outperform diesel, saying the RBOB-ULSD spread has traded positively at least once every year during the April-June period since 2008.

"Given the positive backdrop for gasoline, we see a high probability that RBOB-ULSD spreads will trade positive again this spring/summer," the bank said.

Looking at June (summer) product futures prices, the NYMEX RBOB contract for June delivery settled at $2.6545/gal, and June ULSD closed at $2.7105/gal.

--Reporting by Frank Tang

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EIA Raises Its Forecast for US Gasoline Consumption in 2023, 2024

The Energy Information Administration on Tuesday boosted its forecast for U.S. gasoline consumption for this year and next while also increasing its forecast for jet fuel consumption in the current year.

In its latest Short Term Energy Outlook, EIA also trimmed its projections for U.S. crude oil production and oil and gasoline prices in 2023 and 2024.

The changes in fuel consumption estimates come as EIA lowered its forecast for vehicle miles traveled in 2023 by 1.4% to 8.9 billion miles per day and by 0.9% for 2024 to 9.09 billion miles. The agency, however, also lowered its estimate of U.S. fleet fuel efficiency, with EIA saying the lower efficiency estimate more than makes up for the lower total of expected vehicle miles traveled this year and next.

EIA now expects U.S. gasoline consumption to average 8.9 million b/d in 2023 and 8.93 million b/d next year. That's an increase of 1.6% and 2.3%, respectively, from EIA's forecast last month.

The agency expects the price of gasoline to average $3.36/gal this year and $3.11/gal in 2024. That is 1% lower than last month's 2023 forecast and 0.4% higher than the agency's projection for 2024. Diesel is expected to average $4.17/gal this year, or 1.5% lower than last month's forecast, and $3.73/gal in 2024, a 1% increase from the previous forecast.

EIA expects the price of West Texas Intermediate crude oil to average 77.10/bbl next year, a 1% decline from last

month's forecast, and $71.57/bbl in 2024, which is unchanged from its previous forecast.

The price of Brent crude is forecast to average $82.95/bbl in 2023 and $77.57 in 2024, a decrease of 0.8% for this year from the previous forecast while the Brent forecast for next year remains unchanged.

EIA lowered its forecast for average U.S. crude production by 0.4% for 2023 and 0.2% for 2024, to 12.44 million b/d for this year and 12.63 million b/d for next.

It boosted its outlook for total global liquid fuels production by 0.4% for both 2023 and 2024 to 101.47 million b/d and 103.02 million b/d.

It boosted its forecast for global liquid fuels consumption by the same amount for both years, to 100.9 million b/d in 2023 and 102.69 million b/d in 2024.

One reason for the increase in expected global production is that despite efforts to restrict Russian exports of oil and refined products and an announced cut in Russian crude oil production, exports from Russia "have outpaced expectations," EIA said.

The increase for projected global consumption comes as China eases its strict zero-Covid policies, a move that is expected to result in increased energy demand, particularly from travel, the EIA report said.

The agency increased its forecast for U.S. jet fuel consumption in 2023 by 3.6% to 1.66 million b/d. It lowered its 2024 forecast by 0.2% to 1.74 million b/d.

Weather played a large part in EIA revising its forecasts for natural gas, with January and February seeing near-record warm temperatures, particularly in the eastern U.S.

A decline in heating demand has led EIA to forecast the U.S. will end the withdrawal season at the end of March with more than 1.9 trillion cubic feet of natural gas in storage. That's a 27% increase in EIA's forecast from last month and would put supplies 23% over the five-year average.

The current STEO forecasts the price of Henry Hub natural gas will average $3.02/MMBtu in 2023, an 11.2% reduction from last month's forecast, and $3.89/MMBtu 2024, a 3.8% decrease.

Residential retail prices are expected to average $13.51 per thousand cubic feet this year and $13.07 per thousand cubic feet next year, increases of 0.6% and 4.5%, respectively, from the last forecast.

--Reporting by Steve Cronin

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US Gas Station Monthly Dollar Sales Down Year to Year

Monthly dollar sales at U.S. gas stations declined year to year in February, the first 12-month decline since January 2021, according to Census Bureau data updated on Wednesday. On a month-to-month basis, dollar sales at gas stations have fallen for the last four months as gas prices continued declining from historic highs.

In February, monthly dollar sales at U.S. gas stations dipped about 0.6% month to month and 2% from a year ago to $58.379 billion, Census Bureau figures show. The sales figures are adjusted for seasonal variation and holiday and trading day differences but not for price changes.

Inflation is contributing to the still-elevated dollar figures, which exceeded $50 billion for the first time in September 2021, according to figures dating back to 1992. Monthly gas station sales reached a record high of $68.805 billion in June when retail fuel prices also hit record highs. The February 2023 figure is the third time since last March that gas station sales slipped below $60 billion, the bureau's records show.

Advance estimates of U.S. retail and food services sales for February were $697.9 billion, down 0.4% from the previous month, but up 5.4% year to year, the bureau reported Wednesday.

--Reporting by Donna Harris

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Drivers Experience Relief at the Pump as Crude Prices Fluctuate

The national average for a gallon of regular gas fell to $3.39 as of Feb. 23, three cents less than a month ago and 14 cents less than a year ago.

The likely reason, according to AAA, is a drop in oil prices, which fell into the mid $70s per barrel, nearly $5 cheaper than a week ago.

"The cost for oil accounts for 55 percent of what we pay at the pump," said Andrew Gross, AAA spokesperson. "So, higher or lower oil costs will play a major role in the price we pay when fueling up."

According to new data from the U.S. Energy Information Administration (EIA), gas demand increased slightly from 8.27 million barrels per day (b/d) to 8.91 million b/d last week. Meanwhile, total domestic gasoline stocks decreased by 1.8 million barrels of crude oil (bbl) to 240.1 million bbl last week. This means that although fluctuating oil prices have contributed to pushing pump prices lower, if gas demand keeps rising amid tightening domestic stocks, drivers may see an end to future pump price drops.

Since Feb. 16, the states that saw the largest drops in their average gas price are Ohio (-9 cents per gallon), Iowa (-7 cents), Tennessee (-7 cents), New Jersey (-7 cents), Wisconsin (-7 cents), Virginia (-6 cents), Rhode Island (-6 cents) and Alabama (-6 cents).

The nation's current top 10 least expensive markets are Texas ($2.96 per gallon), Mississippi ($2.99), Kentucky ($3.02), Missouri ($3.03), Arkansas ($3.04), South Carolina ($3.04), Alabama ($3.05), Tennessee ($3.06), Oklahoma ($3.07) and Louisiana ($3.07).

At the close of Wednesday's formal trading session, West Texas Intermediate decreased by $2.41 to settle at $73.95. Crude prices have declined due to the strengthening of the dollar and market concerns about increasing domestic oil inventories. An increase in supply could mean that demand may not move as high as anticipated. The EIA

reported that total domestic commercial crude inventories increased substantially by 7.6 million bbl to 479 million bbl last week.

December US Vehicle Traffic Weakened Below Pre-Covid-19 Level: DOT Data

U.S. vehicle traffic in December trended notably weaker compared with the levelin the same month in 2019, the latest data from the Department of Transportation's Federal Highway Administration showed Wednesday.

In its latest Traffic Volume Trends report, which detailed data for December, DOT said total vehicle miles, which measure travel on all U.S. public roads and streets, was at 256.4 billion.

That was down from a final estimate of 272.2 billion vehicle miles for December 2019, when Covid-19 was not a factor. That also marked a third consecutive month during which DOT's final U.S. vehicle miles have fallen short compared to those of three years ago, data show, reversing a stronger trend seen in August and September.

DOT report does not provide commentary about its data, but severe December weather that blanketed a large swath of the country mostly likely played a role in keeping motorists from using their vehicles.

On a seasonally adjusted basis, that makes month-to-month comparison meaningful; December vehicle miles were down 0.04% compared with November's level.

Looking at a regional breakdown, traffic in the Great Lakes, Midcontinent and Southwest regions including Texas fared the worst compared with year-ago levels. That tends to confirm that the weakened trend was related to the bitter cold in December.

According to OPIS DemandPro data, which surveys about 30,000 gas stations across the U.S., average U.S. station gasoline volumes were 15.5% lower in December than in December 2019.

Factors such as an overall improvement in vehicles' fuel mileage and more electric vehicle use tend to decrease gasoline consumption, holding all things constant.

--Reporting by Frank Tang

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EPA Signals Year-Round E15 Sales Could Begin in 2024

The U.S. Environmental Protection Agency (EPA) proposed a new rule to allow the sales of gasoline with a higher ethanol blend in certain states in the Midwest.

The proposal is in response to a request from governors of corn-producing states who requested the EPA lift a summertime ban on E15 fuel to lower gas prices and help farmers.

If adopted, the proposal would take effect in summer 2024, one year later than the governors requested, according to a Reuters report. The EPA will hold a public hearing for the proposed rule in late March or early April.

Those in favor of the proposal state that increasing the volume of available fuel in the summer would contribute to lower prices at the pump. Others have voiced concern about a piecemeal approach to growing E15 sales that could result in distribution challenges. Both the biofuel and oil industries have expressed support for a national policy regarding the sale of E15.

Governors of Iowa, Nebraska, Missouri, Wisconsin, South Dakota, Illinois, Minnesota and Ohio wrote to the EPA requesting a permanent waiver to sell E15 on a year-round basis in May 2022, as Convenience Store News reported.

US Lawmakers Reintroduce House and Senate Bills to End E15 Sale Restrictions

The ethanol industry's supporters in Congress reintroduced legislation in both chambers Tuesday that would eliminate summertime restrictions on the sale of E15 now in effect across much of the U.S.

The bills, which were co-sponsored in the Senate by Republican Sen. Deb Fischer of Nebraska and Democrat Sen. Amy Klobuchar of Minnesota and in the House of Representatives by Republican Reps. Adrian Smith of Nebraska and Dusty Johnson of South Dakota and Democrat Rep. Angie Craig of Minnesota, would alter language in the Clean Air Act that bars the sale of the higher ethanol blend from June 1 through Sept. 15 through RVP limits on blended fuels.

The ethanol industry has long argued that current RVP requirements that restrict sales during the high demand driving season are arbitrary and unnecessary.

EPA earlier this month recommended approval of a petition from a group of Midwest governors to permit year-round E15 sales in their states starting in 2024. The move, however, drew strong criticism from the ethanol industry and its supporters, who wanted the restrictions lifted this summer.

The Senate bill, which was first introduced by Fischer in 2021, failed to make it through the Senate Environment and Public Works Committee. Identical versions of the bill were then introduced in both chambers of Congress in final months of the 2022 session.

They appeared to have a chance of reaching the president's desk following a moment of rare agreement between stakeholders from the refining and biofuel industries to support the measure. But both bills ultimately faltered, with the House version failing to move through the House Energy and Commerce Committee and the Senate bill again stalling in the Environment committee.

The latest effort, however, appears to have a more support from lawmakers -- with each bill gaining the backing of 15 co-sponsors from both parties.

The measures also have the backing of the nation's ethanol industry groups, with Renewable Fuels Association President and CEO Geoff Cooper saying in a press release that the "commonsense legislation" shows that, "enough is enough-it's time to finally remove the burdensome and

nonsensical barrier that has blocked consumer access to cheaper, cleaner E15 for far too long."

"We thank Sens. Fischer and Klobuchar, Reps. Craig, Smith and Johnson, and all their fellow renewable fuel supporters for continuing the fight and reintroducing these important bills," Cooper said.

Emily Skor, CEO of Growth Energy, said the bill couldn't come soon enough, as, "without action, the fast-approaching summer driving season could be the first since 2019 without lower-cost E15 blends." She added that the legislation offers a more "immediate solution" to E15 barriers, and "there is no reason to keep biofuels from America's heartland bottled up, especially based on an outdated regulation."

Brian Jennings, CEO of the American Coalition for Ethanol, said that "given the urgency to ensure uninterrupted market access for 2023, ACE is pushing for immediate action via emergency waivers, passage of this legislation and other options to unleash the cost-saving benefits of E15 this summer." He added that a solution for the industry's E15 problem ultimately would be "best done by Congress."

The American Fuel & Petroleum Manufacturers said "a legislative approach that addresses the needs of all stakeholders would provide a more durable and less disruptive solution than creating requirements for costly new fuel blends. Although this bill needs work, it is a starting point for good-faith discussions. We look forward to engaging with the offices and other stakeholders to find solutions."

The American Petroleum Institute did not respond to an OPIS request for comment.

--Reporting by Patrick Newkumet

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Average US Gas Station Wage Hits New High in January

After plateauing in December, the average hourly wage for nonsupervisory workers at U.S. gas stations and gas stations with convenience stores resumed their climb, with both reaching new highs in January, according to the latest data released from the Bureau of Labor Statistics Friday.

The average hourly wage at gas stations was $16.76, up 10.5% year to year and 1.5% month to month. The average hourly wage at gas stations with convenience stores was $16.56, up 10.4% year to year and 1.5% month to month, the bureau's numbers show.

In January 2022, the average gas station hourly wage was $15.16, and the average for gas stations with convenience stores was $15.00, the BLS reported last month.

If the latest figures for the retail trade overall are an indication, gas station wages could see another hike in February. The average hourly wage for nonsupervisory workers in the retail trade was $19.83 in December, $20.14 in January and $20.24 in February, the BLS figures show.

--Reporting by Donna Harris

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Arizona, Oklahoma Mull Bills Tackling Fuel Theft Through 'Pulsar' Devices

At least two U.S. states -- Arizona and Oklahoma -- are outlawing "pulsar" devices used to manipulate dispenser meters to pay little or nothing for large quantities of fuel, according to legislative records.

The technique of using a pulsar device to steal fuel -- especially diesel -- has been around for many years but received attention around the U.S. last year after rising fuel prices led to an increase in fuel theft.

The Arizona legislation makes possession or "knowingly" using or manufacturing a pulsar manipulation device a class 3 felony. A first-time offender can be sentenced to two to 8.75 years in prison.

The bill passed the Arizona Senate and was sent to the House of Representatives in late February. The House Judiciary Committee is scheduled to consider the legislation Wednesday.

The Oklahoma legislation is broader than the Arizona bill, addressing more than pulsar manipulation devices. Oklahoma's Bulk Fuel Transportation and Inspection Act also targets modified trucks and hidden tanks used to transport stolen fuel, which law enforcement officials have sometimes called "rolling bombs."

The proposal would require bulk fuel haulers to possess "a relevant and proper bulk fuel manifest" that must be available for law enforcement inspection. Law enforcement officers can require a safety inspection at any time. And the fuel must be carried in "visible, clearly marked fuel storage containers designed and manufactured for transporting such fuels."

Unlawful transportation of bulk fuels would be punishable by up to five years in prison and/or a fine up to $25,000, the bill says.

The legislation also makes it illegal to knowingly "open, manipulate, or alter a motor fuel dispenser for an unlawful purpose" or "manufacture, assemble, possess, sell, or attempt to sell a motor fuel manipulation device" for an unlawful purpose.

Anyone convicted of manipulating a fuel dispenser or possessing a fuel manipulation device would be guilty of a felony carrying up to five years in prison and/or a fine up to $25,000, the bill says.

The bill passed the Oklahoma House of Representatives and was sent to the state senate for consideration, according to online records.

--Reporting by Donna Harris

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Federal Legislators Push to End Advertising Tax Break for Vapor Products

Two federal lawmakers are trying to close another loophole concerning electronic cigarettes and vapor products.

On Feb. 16, U.S. Sens. Jeanne Shaheen (D-N.H.) and Richard Blumenthal (D-Conn.) reintroduced the No Tax

Subsidies for E-Cigarette and Tobacco Ads Act, which would crack down on e-cigarette companies and close a tax loophole that allows manufacturers to claim federal tax deductions for the cost of advertising for e-cigarettes and tobacco products.

"E-cigarette and Big Tobacco companies must be held accountable for their use of targeted advertisements towards young people. These dangerous products are fueling a public health crisis — especially among teenagers," Shaheen said. "Taxpayers should not foot the bill for these harmful marketing campaigns. That's why I'm reintroducing this critical legislation, which will close a tax loophole that allows companies to write off the costs of their ads and hold e-cigarette companies responsible."

Shaheen and Blumenthal first introduced the bill in September 2019. They were joined by U.S. Sens. Dick Durbin (D-Ill.), Jack Reed (D-R.I.) and then-Sen. Kamala Harris (D-Calif.).

"Tax breaks for tobacco and e-cigarette giants allow the industry to profit from its manipulative marketing. Our legislation ends these write-offs to protect kids and other consumers from being lured into lifetimes of addiction. I'm proud to join Senator Shaheen in this effort to stop Big Tobacco from hooking the next generation," Blumenthal said in reintroducing the bill.

According to legislators, TV and radio advertising for traditional tobacco products have been banned under federal law, and certain other forms of Big Tobacco advertising are restricted under the 1998 Tobacco Master Settlement Agreement. However, none of these restrictions apply to e-cigarettes. While some television outlets have started pulling e-cigarette ads from the air in response to the ongoing youth vaping crisis, the ads are still being run by other outlets, they added.

To ensure parity between e-cigarettes and traditional tobacco, the Shaheen and Blumenthal bill also bars tax deductions for advertising expenses related to tobacco cigarettes, cigars, snuff, chewing tobacco, pipe tobacco and roll-your-own tobacco.

U.S. Sens. Sherrod Brown (D-Ohio), Jeff Merkley (D-Ore.), Reed and Durbin also joined in reintroducing this bill.

Over the past few years, lawmakers, tobacco companies and retailer groups have been pushing to bring rules and regulations for vapor products in line with those for other tobacco products.

In late 2020, Congress passed the Preventing Online Sales of E-Cigarettes to Children Act that applies the same safeguards already in place for traditional cigarettes and smokeless tobacco products. The legislation was sponsored by Sens. Dianne Feinstein (D-Calif.) and John Cornyn (R-Texas), and U.S. Reps. Rosa DeLauro (D-Conn.) and Kelly Armstrong (R-N.D.).

Most recently, RAI Services Co. petitioned the Food and Drug Administration (FDA) to endorse an enforcement policy targeting illegally marketed disposable electronic nicotine delivery systems. The policy would close an existing loophole in the FDA's current tobacco enforcement efforts, especially when it comes to youth, as Convenience Store News previously reported.

FDA Files First Civil Money Penalty Complaints Against Vapor Companies

The Food and Drug Administration (FDA) filed civil money penalty (CMP) complaints against four tobacco product manufacturers on Feb. 21 for manufacturing and selling e-liquids without marketing authorization.

This marks the agency's first CMP complaints to enforce the Federal Food, Drug and Cosmetic (FD&C) Act's requirements for premarket review for new tobacco products.

It is illegal to manufacture, sell or distribute e-liquids not authorized by the FDA. According to the agency, it had previously warned each of the companies about making and selling their e-liquids without marketing authorization and that failure to correct these violations could lead to an enforcement action, such as a CMP.

Despite this, the companies reportedly continue to make and sell unauthorized e-liquids to consumers, the FDA said.

The CMP complaints were filed against:

- BAM Group LLC dba VapEscape
- Great American Vapes LLC dba Great American Vapes
- The Vapor Corner Inc. dba Vapor Corner Inc., The Vapor Corner and Vapor Corner
- 13 Vapor Co. LLC dba 13 Vapor

The current maximum CMP amount under the FD&C Act is $19,192 for a single violation relating to tobacco products. The FDA is seeking the maximum penalty in these four cases as it typically does. The companies can pay the penalty, enter into a settlement agreement, request an extension of time to file an answer to the complaint or file an answer and request a hearing.

Companies that fail to take actions within 30 days of receiving the complaint risk a default order imposing the full penalty amount.

"These latest enforcement activities are part of a comprehensive approach to actively identify violations and to deter illegal conduct," King said. "These actions should be a wakeup call that all tobacco product manufacturers — big or small — are required to obey the law."

The FDA previously filed complaints for permanent injunctions in federal district courts against six companies that continued to market vapor products that failed to submit premarket tobacco product applications and continued to illegally manufacture, sell and distribute their products after receiving warnings, as Convenience Store News previously reported.

Between January 2021 through Feb. 17, 2023, the FDA issued more than 550 warning letters to both large and small firms for manufacturing, selling and/or distributing new tobacco products without marketing authorization. A majority of these companies subsequently complied and removed their products from the market, the agency added.

Altria & NJOY Reach $2.75B Deal

Altria Group Inc. is making moves around its investment in alternative tobacco products.

The manufacturer entered into a definitive agreement to acquire NJOY Holdings Inc. for approximately $2.75 billion in cash, the company announced on March 6.

"We believe we can responsibly accelerate U.S. adult smoker and competitive adult vaper adoption of NJOY ACE in ways that NJOY could not as a standalone company," said Billy Gifford, Altria's CEO. "We believe the strengths of our commercial resources can benefit adult tobacco consumers and expand competition. We are also excited to welcome NJOY's talented employees to Altria at closing."

The transaction terms include additional $500 million in cash payments that are contingent upon regulatory outcomes with respect to certain NJOY products.

"As a result of this transaction, Altria's enhanced smoke-free portfolio will include full global ownership of products and technologies across the three largest smoke-free categories and a joint venture with JT Group for the U.S. commercialization of heated tobacco stick products," Gifford added.

According to Altria, the e-vapor category is the largest smoke-free category in the United States. In 2022, the e-vapor category:

- Included nearly 14 million U.S. adult tobacco consumers, including 9.5 million exclusive adult vapers;
- Generated approximately $7 billion in U.S. retail sales; and
- Represented approximately 15 percent of total estimated equivalized U.S. tobacco volumes and more than 50 percent of total estimated equivalized smoke-free tobacco volumes.

"We are excited to add NJOY's e-vapor intellectual property as a new platform that we believe we can build on to help more adult smokers transition to smoke-free alternatives," said Olivier Houpert, Altria's new chief innovation and product officer.

Richmond-based Altria's wholly owned subsidiaries include Philip Morris USA Inc. and John Middleton Co. Its smoke-free portfolio includes ownership of U.S. Smokeless Tobacco Co. LLC and Helix Innovations LLC.

` Additionally, Altria has a majority-owned joint venture, Horizon Innovations LLC, and, through a separate agreement, has the exclusive U.S. commercialization rights to the IQOS Tobacco Heating System and Marlboro HeatSticks through April 2024.

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March 20, 2023

SSDA-AT Signs onto Joint Trades Letter Addressing Proposed Tax Increases

Chairman Arrington, Ranking Member Boyle, Chairman Smith, and Ranking Member Neal:

The budget released by the President continues the Biden administration's attack on individually- and family-owned businesses and should be strongly opposed by Congress. Its tax hikes target the businesses responsible for most of the jobs and growth in this country and come at a time when federal tax collections are at record levels.

The President claims his budget will only go after "super-wealthy" tax cheats, yet it targets over one million small and family-owned businesses. The taxes proposed in the President's budget would disproportionately impact these businesses, and adversely affect their ability to hire new employees, offer better benefits, and invest in new equipment and technology necessary to sustain their businesses and help them grow. While the President characterizes these tax proposals as "closing a loophole," America's small and family-owned businesses are *not* a loophole.

The huge deficits forecast in the President's budget are not the result of a revenue shortage. The Congressional Budget Office reports that federal tax collections were nearly $5 trillion last year, a record high and a 47-percent increase from when the Tax Cuts and Jobs Act was enacted in 2017. The taxes paid by individuals and pass-through businesses reached a record $2.6 trillion and represented their largest share of total taxes paid in any year since pre-TCJA.

Despite this, the President's budget would raise the top rates paid by pass-through businesses and corporations alike, expand the Net Investment Income Tax to cover the active business income of pass-through business owners, nearly double the tax rate on capital gains, and impose a new minimum tax on larger family businesses that appears to redefine how income is measured. The result would raise top tax rates on these businesses to close to 50 percent, both on their operating profits and on any gain when they sell the company.

However, the tax proposals contained in the President's budget should not be considered in a vacuum. When combined with other proposals from President Biden, as well as proposals supported by the Chairman of the Senate Finance Committee and Ranking Member of the House Ways and Means Committee, the top marginal tax rate for active small and family-owned businesses would increase from 29.6 percent to a staggering 57 percent, compared to the top tax rate for C corporations of 21 percent. When combined with taxes in states like California, some businesses would face rates of over 70 percent.

Furthermore, these businesses will see a massive tax increase when the small and family-owned business deduction, the lower individual rates, and other individual provisions expire beginning in 2026. The tax hikes proposed in today's budget release would come on top of these pending tax increases, adding to the uncertainty our members face.

Instead of seeking ever higher taxes from the pass-through business sector, the Administration should work with Congress to make the small and family-owned business deduction permanent and provide these business owners with a little certainty following three years of COVID, recession, high inflation, and supply-chain disruptions.

The undersigned trade groups, together with the millions of businesses and workers they represent, ask you to stand with Main Street and strongly oppose raising taxes on individually- and family-owned businesses.

Sincerely,

SSDA-AT and other trade associations