



# SSDA News

*Service Station Dealers of America and Allied Trades*

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## Legislative Update

By Roy Littlefield

### FALL OUTLOOK

Congress is stretching its summer recess beyond Labor Day and will not return for two more weeks. We do not expect much to change between now and then so here's our early fall preview.

A debt ceiling increase remains the primary "must do" item. Item two on the list is some sort of deal to fund the government for some period of time when Congress fails to fund the government in time for the next fiscal year, which begins on October 1, 2013.

There is likely to be at least one short-term "continuing resolution" to fund the government at current levels while everybody waits to see what kind of deal (or if a deal) jells around the debt ceiling increase. The debt ceiling has been reached already but the government has been avoiding the need for borrowing by re-arranging some payments. Those options will be exhausted in late October or early November.

The possibilities for a deal with the debt ceiling increase as the centerpiece range from just an increase in the ceiling to one that includes tax reform and entitlement programs

reform. An increase with an adjustment in the sequestration impact probably stands a better chance than the tax reform/entitlement programs reform add-ons. "Defunding" health care reform is probably on the outer limits of deal making but some movement on codifying the employer mandate delay and adding in an individual mandate delay might have a better chance.

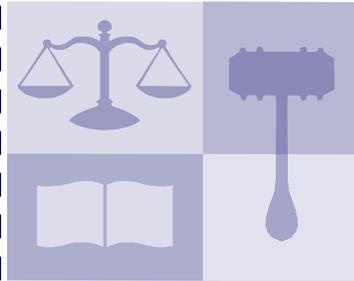
But at this point, this is all speculation. Thus, it seems like a good time for a "just the facts ma'am" primer since there is no new news upon which to report.

What is the current debt ceiling?

The current "statutory" limit on total debt is just under \$16.7 trillion but the No Budget, No Pay Act of 2013 (Public Law 113-3) suspended the debt ceiling from February 4, 2013, through May 18, 2013. The Act also specified that the amount of borrowing that occurred during that period should be added to the previous debt limit of \$16.394 trillion. So on May 19, the current limit was adjusted to account for that additional borrowing and the limit stands at \$16.699 trillion.

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# GENERAL COUNSEL CORNER



## *Beware: C-stores Up in Smoke Over “Spice” Sales*

By Peter H. Gunst  
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**“Station owners should carefully consider the consequences of selling banned or suspiciously similar substances in c-stores.”**

In spite of existing state and federal bans on the sale of “fake pot” and “bath salts,” these synthetic drugs continue to be sold in some c-stores and gas stations nationwide, and station owners and attendants alike are subject to criminal prosecution and steep fines for possession and distribution of these “designer” drugs.

To make matters worse, manufacturers of the fake drugs are attempting to thwart federal regulatory efforts and deceive the public by using labels that state contents are “not for human consumption,” a thinly-veiled effort to mask the purpose for which the substances are marketed. Consumers proceed to smoke, snort, and in some cases, inject the contents.

Many manufacturers have replaced the previously banned chemical compounds with new formulas to evade federal enforcement efforts and continue aggressive marketing of the dangerous drugs.

In July 2012, in response to a nationwide upsurge in reports from poison centers, hospitals, and law enforcement agencies since 2010, President Obama enacted the Synthetic Drug Abuse Prevention Act, a national ban of 31 synthetic compounds found in “fake pot” and “bath salts” and an important piece of the FDA Safety and Innovation Act.

Cannabinoids, commonly referred to as “K2” or “Spice”, are labeled as “herbal

smoking mixture” and are sprayed with synthetic chemicals designed to mimic the effects of THC in marijuana. They are sold in colorful, cartoon-covered packages, with names like Scooby Snax, Blueberry Yum Yum, Mad Hatter, Mr. Happy, and Funky Monkey. The exact chemical composition of this herbal “potpourri” is unknown, but can be two to 500 times stronger than THC, and reports indicate that in 2011 synthetic “spice” type drugs caused approximately 25,531 visits to emergency rooms nationwide.

Cathinones or “bath salts” are a crystalline powder sold in foil packages the size of a teabag and marketed under dozens of labels with deceptive names such as Bliss, Zoom, Could Nine, and Stardust, to name just a few. The powder is laced with chemical substances capable of producing a broad range of medical complications, including seizures, hallucinations, liver failure, long term mental illness, and death.

Station owners should carefully consider the consequences of selling banned or suspiciously similar substances in c-stores. In addition to facing criminal prosecution and exposure to public scorn, some communities have rallied to combat the problem by hitting businesses where it hurts – at the register.

Two months ago, the guest speaker and DEA Special Agent at a yearly symposium

*Continued on page 19*

## Early 2014 Election Outlook

A Republican Senate is within reach, while House Republicans will probably add a few seats to their majority.

To flip the Senate Republican (currently 54D-46R) would require a five seat pickup, and to flip the House Democratic (currently 233R-200D-2Vacant) would take a 17 seat gain. Retiring Senate Democrats in South Dakota, Montana, and West Virginia are likely to be replaced by Republicans, and Arkansas is a toss-up. Slim Democratic leads in Alaska, Iowa, Louisiana, Michigan, Minnesota, and North Carolina could be erased if strong enough Republican challengers emerge. New Jersey's temporary Republican senator is bound to be replaced by a Democrat. Minority Leader Mitch McConnell (R-KY) is locked in the fight of his life against Kentucky Secretary of State Alison Lundergan Grimes (D-KY), and

Georgia leans Republican, but it could become a close race depending upon who emerges from crowded primaries on both sides. No other Senate Republican seats are in jeopardy. Senate Republicans could easily pick up a net increase of three or four seats, and five or more is certainly possible. House Republicans will probably add a few seats to their majority. Only one Republican seat is in jeopardy, the redistricted California 31st, which President Obama carried by 57% in 2012, although Democratic infighting has kept it close. Democrats in eight districts are in serious trouble: Arizona 1; Arizona 2; California 36; California 52; Florida 18; Florida 26; Illinois 10; and New Hampshire 1. Close races lean Republican in another 11 districts and lean Democratic in 16. The remaining 222 Republican seats and 177 Democratic seats are unlikely to change.

## IRS Website Explains Tax Provisions of the Health Care Law; Provides Guide to Online Resources

The IRS has launched a new Affordable Care Act Tax Provisions website at [IRS.gov/aca](http://IRS.gov/aca) to educate individuals and businesses on how the health care law may affect them. The new home page has three sections, which explain the tax benefits and responsibilities for individuals and families, employers, and other organizations, with links and information for each group. The site provides information about tax provisions that are in effect now and those that will go into effect in 2014 and beyond.

Topics include premium tax credits for individuals, new benefits and responsibilities for employers, and tax provisions for insurers, tax-exempt organizations and certain other business types.

Visitors to the new site will find information about the law and its provisions, legal guidance, the latest news, frequently asked questions and links to additional resources.

## OSHA Withdraws Proposed Rule to Amend On-Site Consultation Program

The Occupational Safety and Health Administration today announced its decision to withdraw a proposed rule to amend its regulations for the federally-funded On-site Consultation Program. OSHA is withdrawing this rule based on stakeholder concerns that proposed changes, though relatively minor, would discourage employers from participating in the program.

"The On-site Consultation Program, including recognition through the Safety and Health Recognition Program, is a valuable way to assist small-business employers who are working to improve their workplaces," said Assistant Secretary of Labor for Occupational Safety and Health Dr. David Michaels. "We remain committed to encouraging participation in this program."

The Notice of Proposed Rulemaking for 29 CFR 1908, *Consultation Agreement*, published Sept. 3, 2010, provided clarification of the length of the exemption period provided to "recognized" sites that have been removed from OSHA's programmed inspection schedule and the initiation of certain unprogrammed inspections at both sites that have achieved recog-

nition and sites undergoing a consultation visit.

OSHA administers and provides federal funding for the On-site Consultation Program, which offers free and confidential safety and health advice to small- and medium-sized businesses across the country, with priority given to high-hazard worksites. Employers who successfully complete a comprehensive on-site consultation visit, correct all hazards identified during the visit and implement an ongoing safety and health program to identify and correct workplace hazards may achieve status in OSHA's Safety and Health Recognition Program (SHARP). Exemplary employers who receive SHARP status receive an exemption from OSHA's programmed inspection schedule during a specified period.

Under the Occupational Safety and Health Act of 1970, employers are responsible for providing safe and healthful workplaces for their employees. OSHA's role is to ensure these conditions for America's working men and women by setting and enforcing standards, and providing training, education and assistance.



## Pro-Energy Policies in Congress

Smart energy policy is smart economic policy. The oil and natural gas industry created more than 600,000 new jobs in the past two years, according to a new PwC study. Congress can help ensure the American energy revolution continues to generate even more economic growth and enhance our energy security by advancing policies like these:

**Access:** The Atlantic Outer Continental Shelf (OCS) is estimated to contain significant oil and natural gas reserves, but it remains off limits to exploration - part of the 87 percent of federal offshore acreage that's closed to development. Bipartisan legislation has been introduced in both the House and Senate to unlock resources off the coast of Atlantic states that are interested in pursuing the economic and employment benefits of responsible energy development.

**Fuels:** After a nine month delay on the 2013 biofuel mandates, EPA's recently announced unrealistic requirements represent another missed opportunity to address the broken Renewable Fuel Standard (RFS) before increasingly unattainable ethanol requirements drive up fuel costs, damage vehicles and harm the economy. Congressional action to repeal RFS remains the best solution, and bipartisan legislation is pending in both chambers.

**Keystone XL:** After almost five years and four State Department studies confirming the Keystone XL pipeline is safe

and good for the economy, the project still awaits approval. Republican and Democratic majorities in the House and Senate have voted their support for Keystone XL and its 42,000 new jobs, putting Congress in step with the vast majority of American voters who recognize Keystone XL is in the national interest.

**Hydraulic Fracturing:** Many in Congress understand that rigorous state regulations have ensured hydraulic fracturing has been used safely and effectively for 60 years in over 1 million wells. Both the Senate and House are advancing bipartisan legislation to preserve state authority to oversee hydraulic fracturing without imposing new, duplicative federal regulations.

When Congress returns from the August recess to tackle government funding, tax policy and the debt ceiling, legislators should remember that pro-energy policies are good for the economy.



## MassDOT Begins I-95 "Mega" Bridge Project to Increase Capacity and Provide Multi-Modal Access

Massachusetts Department of Transportation Secretary and CEO Richard Davey was joined by Gov. Deval Patrick and other federal, state, and local officials last week to begin work on a major bridge project designed to increase capacity on an I-95 bridge while also providing bike and pedestrian access.

Officials official broke ground last Thursday, Aug. 8, on the Whittier Bridge over the Merrimack River, a project that will replace the existing 57-year-old bridge with a new eight-lane structure that will include bike and pedestrian lanes to encourage multi-modal use. MassDOT officials estimate the project will create or sustain about 400 construction jobs and an additional 1,000 indirect jobs.

The new bridge is one of the five "mega" projects in the state's Accelerated Bridge Program, an effort to reduce the number of structurally deficient bridges across Massachusetts while providing new jobs for citizens. Since the program's inception in 2008, the number of structurally deficient bridges in the state has dropped 19 percent (from 543 to

440).

"The Governor's Accelerated Bridge Program along with our other road and bridge investments have begun to reverse the decline in our transportation assets," Davey said in a statement. "At the same time, the Whittier design-build contract is the latest example of our focus on completing more projects on a streamlined and ambitious schedule."

Patrick seconded Davey's thoughts on the project.

"The Whittier Bridge replacement shows what we can accomplish when we invest in our transportation infrastructure," Patrick said. "Through the Accelerated Bridge Program, we are building for the next generation while creating economic opportunity and hundreds of jobs in the process."

The Whittier Bridge project also includes the replacement or repair of four adjacent bridges along I-95 in Amesbury and Newburyport as well. While preliminary work is underway on the project, construction is slated to begin early this fall. MassDOT officials expect the project to be completed in late 2016.

**massDOT**  
Massachusetts Department of Transportation

## Maryland DOT Makes \$160 Million in Transportation Investments in Coastal Areas

Maryland state officials announced last week that coastal communities in the state will be receiving nearly \$160 million to make investments in various transportation infrastructure projects, including funding for a new interchange, a bridge replacement, highway widening, and roundabout construction.

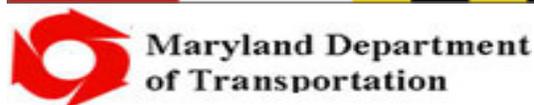
MDOT officials and Gov. Martin O'Malley, who announced the funding, said the five projects will create close to 1,900 jobs, help to relieve congestion in the Eastern Shore area (which includes nine counties along the Chesapeake and the Atlantic Ocean), and improve safety for state citizens and visitors.

"Maryland is delivering for the Eastern Shore," O'Malley said in a statement. "By investing in these projects, we improve safety, relieve congestion, and make Maryland an even more attractive place for companies to invest. Together, with the support of our local partners, we made the better choices to invest in the future of Maryland's transportation network, allowing us to create more than 57,200 jobs for our hardworking families and rebuild our state's infrastructure."

The funding for these investments were made possible through Maryland's Transportation Infrastructure Investment Act of 2013, which allows

for \$4.4 billion in transportation investments throughout the next six years in order to promote economic growth and create jobs.

Maryland Department of Transportation will be spending \$52 million of that \$160 million on a new interchange at US 301/MD 304, \$50 million to build a replacement for the MD 331 Dover Bridge, \$42 million to widen MD 404 from west of MD 309 to Cemetery Road, \$11 million to widen US 113 from Massey Branch to Five Mile Branch Road, and \$3.7 million to begin construction on a new roundabout at MD 822 and MD 675.



## Stage II Update in Rhode Island - DEM To Promulgate Stage II Decommissioning Regs

In a meeting arranged by API representative Lenette Boisselle, DEM Director Janet Coit told industry representatives this week that her agency expects to finalize and promulgate Stage II decommissioning regulations by October or November at the latest.

In the meantime, Coit says her staff will handle, on a case by case basis, requests for decommissioning prior to the final regs, but says they will provide “ample leeway” to owners and operators so they can avoid paying for Stage II repairs that will ultimately become unnecessary.

DEM says they hope to release draft regulations shortly and will provide a two-week window for stakeholder input prior to publicly releasing the draft. The Assembly has already passed legislation, drafted by API, which allows new or substantially rebuilt stations to eliminate Stage II.

The new regulations, to be modeled after the Massachusetts regulations, will allow all existing stations to begin the decommissioning process.

## Save The Date!!

The 40th Annual

## Convention and Mega Trade Show

Ocean City, Maryland

September 26 - 28, 2013

*(See Schedule and Registration, attached to newsletter)*

## Nevada to Consider 'Vehicle Miles Traveled' Tax For Road Funding

Gov. Brian Sandoval said Monday he wants a study of road-funding options — including the potential of a “vehicle miles traveled” tax — completed in time for a policy debate in the 2015 Legislature.

The vehicle miles traveled concept is under review by the Nevada Department of Transportation. It would replace the current gas tax paid at the pump with a fee charged for each mile traveled, with the goal of creating equality between traditional vehicles and hybrids, which use less fuel and therefore contribute less to fuel tax revenues.

“It’s too important to wait until 2017,” Sandoval said after a briefing on the study presented to the Department of Transportation’s Board of Directors. Sandoval is chairman of the panel.

“These are very important policy implications in terms of investment in infrastructure,” he said. “I would prefer to have them consider it sooner rather than later.”

The Department of Transportation is working with the University of Nevada, Reno; UNLV; Oregon and Washington states on the regional multi-state alternative funding study.

The combined impact of increased fuel efficiency standards and the increased number of [hybrid](#) and electric vehicles

will result in approximately 18 percent less revenue to the highway trust fund per year by 2016, the report to the board said. “This will translate to about \$40 million less revenue for the state of Nevada roads and highways,” the report said. “The impact will continue to grow higher as the number of [alternative fuel](#) vehicles grow and increased fuel efficiency standards increase.”

There have been privacy concerns raised with a vehicle miles traveled tax, however, which in initial discussions involved tracking drivers using GPS-like devices installed in their vehicles. This option has been eliminated as the study has progressed. Changing technologies like [smart phone apps](#) have opened the door to other ways of collecting data.

Sandoval was told technology can allow the tracking of mileage without using location tracking.

But there are also technical issues that need to be resolved, such as how to determine when a Nevada vehicle is being driven out of state where the tax would not [apply](#).

Lt. Gov. Brian Krolicki, also a member of the board, said he understands the need to look at innovative ways to generate funding for road construction.

But he questioned whether the vehicle miles traveled concept is the best way to

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## Reduce Your Taxes with Miscellaneous Deductions

If you itemize deductions on your tax return, you may be able to deduct certain miscellaneous expenses. You may benefit from this because a tax deduction normally reduces your federal income tax.

Here are some things you should know about miscellaneous deductions:

**Deductions Subject to the Two Percent Limit.** You can deduct most miscellaneous expenses only if they exceed two percent of your adjusted gross income. These include expenses such as:

- Unreimbursed employee expenses.
- Expenses related to searching for a new job in the same profession.
- Certain work clothes and uniforms.
- Tools needed for your job.
- Union dues.
- Work-related travel and transportation.

**Deductions Not Subject to the Two Percent Limit.** Some deductions are not subject to the two percent of AGI limit. Some expenses on this list include:

- Certain casualty and theft losses. This deduction applies if you held the damaged or stolen property for investment. Property that you hold for investment may include assets such as stocks, bonds and works of art.
- Gambling losses up to the amount of gambling winnings.
- Losses from Ponzi-type investment schemes.

Many expenses are not deductible. For example, you can't deduct personal living or family expenses. Report your miscellaneous deductions on Schedule A, Itemized Deductions. Be sure to keep records of your deductions as a reminder when you file your taxes in 2014.

## Nevada to Consider 'Vehicle Miles Traveled' Tax For Road Funding

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move forward.

Krolicki called the concept fascinating but “intuitively discomfoting.”

The report to the board said that the tax and revenue issues will be addressed by elected officials.

“The sole purpose of this study is to find a sustainable, future-oriented payment and collection method to potentially replace the fuel tax as the

fuel tax method is becoming less effective due to technological changes and its lack of flexibility with the changing needs and paradigm shift as a result of increased fuel efficiency standards and electric and [hybrid](#) vehicles,” the report said.

Oregon recently became the first state to pass legislation to allow the use of vehicle miles traveled instead of a tax per gallon on a voluntary basis. About 18 other states across the nation are also evaluating alternative funding mechanisms to potentially replace the fuel tax mechanism.

# Legislative Update

*Continued from page 1*

Of the \$16.699 trillion in outstanding debt subject to limit, roughly \$11.9 trillion is held by the public and about \$4.8 trillion is held by government accounts such as trust funds.

As noted above, the Treasury can employ various accounting devices to delay the need to borrow additional funds. It is currently estimated that it will run out of options in late October or November.

**Tax Revenues.** How much are we expected to collect in a year?

(For the fiscal year 2013 which ends in September (in \$ billions)

Individual Income Taxes	1,333
Social Insurance Taxes	952
Corporate Income Taxes	291
Other	
Excise taxes	85
Estate and gift taxes	19
Federal Reserve	80
Customs duties	31
Other miscellaneous receipts	22
Others Subtotal	237
<b>Total</b>	<b>\$2,813</b>

(For those of us who have a hard time with the m's, b's, and t's, that total is \$2.8 trillion)

Where does it go?

For 2013, the Congressional Budget Office estimates that \$1.15 trillion in

budget authority has been provided for discretionary programs and \$2.02 trillion for mandatory spending programs.

**Tax Expenditures** (also known as exclusions, credits and deductions) for 2013 (expressed in \$billions)

For Individuals

Exclusions

Employer-sponsored health insurance \$248

Net pension contributions and earnings 137

Capital gains on assets transferred at death 43

A portion of Social Security and Railroad Retirement benefits 332

Deductions

State and local taxes 77

Mortgage interest 70

Charitable contributions 39

Preferential Tax Rates on Capital Gains and Dividends 161

Credits

Earned income tax credit 61

Child tax credit 57

**Business Tax Expenditures**

(For 2011 (expressed in \$billions.)

This interesting chart shows you the amount of the tax expenditure taken

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## Legislative Update

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by C Corporations and the percentage of total revenues foregone by the C Corporations that use it, so you can extrapolate the pass-through entities' amount and percentage. So, for example, if C Corporations used \$76 billion in deductions for accelerated depreciation, the total tax expenditure was \$118.6 billion and the pass-through entities' share was \$42.5 billion.

C Corporations claimed \$76.14 billion for accelerated depreciation of machinery and equipment which represents 64.2% of the total tax expenditure claimed by all businesses. The amounts of the C Corporations' portion of various tax expenditures and the percentage of the total business use of the tax expenditure that represents follows:

Deduction for U.S. production activities	\$9.84	74.9%
Credit for increasing research activities	\$8.30	94.7%
Exclusion of interest on public purpose State and local bonds	\$7.57	28.9%
Credit for low-income housing Investments	\$5.84	95.0%

Exclusion of interest on life insurance savings	\$2.42	11.05%
Deductibility of charitable contributions, other than education and health care	\$1.43	4.8%
Energy production credit deduction	\$1.41	90.4%
Special Employee Stock Ownership Plan rules	\$1.03	68.7%
Excess of percentage over cost depletion, fuels	\$1.01	84.9%
Expensing of research and experimentation expenditures	\$.96	N/A



## PMPA PREEMPTION REVISITED BY THE FOURTH CIRCUIT

By Harry Storm, WMDA General Counsel

From a case brought by the American Petroleum Institute (API) having nothing to do with the termination of a franchise comes a recent decision that could have far-reaching PMPA impacts on the scope of federal preemption of state law. The case, *American Petroleum Institute v. Cooper*, 718 F.3d 347 (4th Cir. 2012) (the “API Case”), decided on June 6th, analyzes the preemption issue in light of the 1994 amendments to the PMPA, and concludes that those amendments can only be seen as expanding the ability of the states to regulate aspects of the franchise relationship that were previously deemed preempted because of their potential to conflict with a franchisor’s ability to “terminate” the franchise under the federal PMPA. In so doing, the Court throws into question the continued validity of its 1994 decision in *Mobil Oil Corp. v. Virginia Gasoline Marketers & Automotive Repair Assoc.*, 34 F.3d 220 (4th Cir. 1994) (the “1994 Case”), the decision that invalidated important provisions of Virginia’s petroleum franchise act - provisions that may now be “reactivated” in light of the API decision.

In 1990, Virginia enacted Senate Bill (SB) 235, which amended the Virginia Petroleum Products Franchise Act (VPPFA) to impose limitations on certain terms that refiners could include in their franchise agreements. The SB 235 amendments, among other things, prohibited gasoline minimum purchase requirements, hours of operation requirements, and limitations on the number of stations a dealer could operate. In addi-

tion, the SB 235 amendments imposed a requirement that rents “be based on commercially fair and reasonable standards” and “uniformly applied to similarly situated dealers of the same refiner in the same geographic area.” And, SB 235 mandated that all franchise renewals extend at least three years.

Promptly following the enactment of SB235 into law, Mobil sued the Attorney General of Virginia, claiming the statute was unconstitutional on a variety of theories, including that the SB 235 amendments were preempted by the PMPA. According to Mobil, the amendments impermissibly and unreasonably interfered with its ability under the PMPA to terminate or non renew franchises, and was therefore preempted by the federal law.

The trial court agreed with Mobil, and that decision was upheld on appeal in a 2 to 1 decision in the 1994 Case. The Court found that “Congress used very broad language to define the PMPA’s preemptive scope,” and because the PMPA preempts any state law ‘with respect to’ termination or nonrenewal which differs from the PMPA,” the Court found SB 235 preempted.

Shortly after the Mobil decision, however, Congress amended the PMPA. The 1994 amendments expanded PMPA’s preemption scope on the one hand to preempt expressly state “goodwill” statutes. At the same

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## PMPA PREEMPTION REVISITED BY THE FOURTH CIRCUIT

*Continued from page 13*

time and on the other hand, however, Congress (i) expanded the “failure” definition under the Act so that any dealer’s “failure” would thereafter exclude “any failure based on a provision of the franchise which is illegal or unenforceable under the law of any State (or subdivision thereof)” and (ii) added an anti-waiver provision to make clear that a franchisor could not, as a condition of entering into or renewing the franchise, require the franchisee to release or waive “any right that the franchisee may have under any valid and applicable State law.” The effect of these amendments if any on the outcome in the 1994 Case would take nearly 20 years to be considered, and remarkably it was in the API Case that the issue surfaced.

In that API Case, involving a North Carolina

statute related to ethanol blending where API claimed that the state law was preempted by the PMPA, the Court found, in essence, that the 1994 PMPA Amendments were game changers on the scope of preemption, finding that “the 1994 amendments give states “the authority to pass substantive laws making certain franchise provisions illegal or unenforceable. To read the 1994 amendments otherwise would render those portions of the PMPA a nullity.”

The API is a significant decision that in this writer’s opinion gives a green light to states to act in areas that might otherwise have been considered too close to “federal” territory.

Whether we will see a resurgence in state legislative efforts will remain to be seen, however, any concern about PMPA preemption on such state legislative efforts is now significantly reduced.

### 40th Annual Convention & Mega Trade Show



**September  
26 - 28,  
2013**

**Ocean City,  
Maryland**

# GENERAL COUNSEL CORNER

*Continued from page 2*

on drug prevention in Maryland urged community members to be proactive and boycott local businesses that sell these products in their stores.

U.S. military bases have been known to blacklist gas stations and c-stores known to sell synthetic marijuana products and to restrict soldiers and military personnel from making purchases at those locations. In March of this year, two businesses were blacklisted near Fort Lee, Virginia and more recently, two Exxon stations were blacklisted near Fort Meade, Maryland.

The DEA remains committed to stopping the flow of synthetic drugs at all levels. In June 2013, as a result of a two-year nationwide sting operation, agents raided 34 stores in Memphis and Jackson, Tennessee, and executed search warrants at seven gas stations. Numerous individuals were indicted by a federal grand jury for conspiracy to possess and distribute synthetic drugs and if convicted, face up to 20 years imprisonment and \$1 million for each count.

Elsewhere around the country, arrests and prosecutions are on the rise. In July 2013, four convenience stores were investigated and three arrests made in Clearwater, Florida, and another eight individuals were arrested and charged with selling synthetic marijuana from convenience stores and gas stations in Washington County, Pennsylvania.

The former owner of a BP station in Lexington, Illinois was recently convicted of selling “spice” out of his station and received probation as a first time offender, but was ordered to pay a fine of \$8,322 and a civil forfeiture to seize the station is currently pending.

The bottom line is that station owners should avoid this “line of business” at all costs. Perhaps the best advice is to stick with the good stuff - Skittles and M&Ms.

For more information, see the following links:

[http://www.whitehouse.gov/sites/default/files/ondcp/Blog/synthetic\\_marijuana.pdf](http://www.whitehouse.gov/sites/default/files/ondcp/Blog/synthetic_marijuana.pdf)

<http://www.whitehouse.gov/ondcp/ondcp-fact-sheets/synthetic-drugs-k2-spice-bath-salts>

[pgunst@agtlawyers.com](mailto:pgunst@agtlawyers.com)

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, P.C. website at: <http://www.agtlawyers.com/resources/petroleum.html>.





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