NYS ASSOCIATION OF SERVICE STATIONS & REPAIR SHOPS, INC.

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Who Foots The Bill For Data Breaches

LexisNexis and Javelin Strategy & Research have published an annual report on the "True Cost of Fraud" each year for the last several years. The 2009 report found that, for example, retailers suffer fraud losses that are 10 times higher than financial institutions and 20 times the cost incurred by consumers. This study also covered fraudulent refunds/returns, bounced checks and stolen merchandise. Of the total, however, more than half of what merchants lost came from unauthorized transactions and card chargebacks.

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James Van Dyke, founder and president of Javelin Strategy, said at the time: "We weren't completely surprised that merchants are paying more than half of the share of the cost of unauthorized transactions as compared to financial institutions. But we were very surprised that it was 90-10." breaches. Merchants paying many times over for fraud does not make sense and should end."

Similarly, Consumer Reports wrote in June 2011: "The Mercator report estimates U.S. card issuers' total losses from credit- and debit-card fraud at $2.4 billion. That figure does not include losses that are borne by merchants, which probably run into tens of billions of dollars a year."

NACS and NRF wrote that the bottom line is that, more often than not, a fraudulent transaction is charged back to the merchant and the merchant – not the bank – is out the money.

"Of course, some of that fraud is due to bank data breaches, some is due to merchant data breaches and some does not result from either kind of breach. Nonetheless, merchants pay for more of it overall."

The letter pointed out one key difference when merchants have a data breach: They are required by card company rules to pay for all of the increased fraud as well as for the costs of re-issuing the payment cards involved in the breach.

"These are separate payments from the fraud chargebacks that merchants pay … So far then, merchants pay twice for fraud. They pay for the majority of the fraud through chargebacks and, if they have a data breach, merchants pay for all the fraud that results from the breach."

However, when banks incur a data breach, they do not pay for the merchants' fraud costs nor refund the money that merchants have already prepaid. Banks simply keep the money and let merchants absorb losses.

Obama Puts Federal Tobacco Tax Hike On the Table Again

The federal tobacco tax is once again under the executive microscope. In his proposed $4-trillion budget for fiscal year 2016, President Barack Obama has called for the federal levy to nearly double to help fund health insurance for low-income children. Under his plan, the federal cigarette tax would rise from just under $1.01 per pack to about $1.95 per pack. Taxes on other tobacco products also would increase. The revenue would provide financing to pay for the Children's Health Insurance Program through 2019. The federal-state program serves about 8 million children, and funding technically expires Sept. 30. The tobacco tax hike would take effect in 2016. A similar measure was

included in Obama's proposed budget for fiscal year 2014. That proposal called for a 94-cent levy increase on cigarettes, with a comparable raise in the levy on all tobacco products, to help fund pre-kindergarten programs for 4-year-old children. The move ultimately fell flat.

California Making Lots of Headlines Around Tobacco

The State of California has placed an emphasis on tobacco legislation in the past week, focusing on the legal smoking age, as well as electronic cigarettes. Legislation was introduced to raise the legal smoking age from 18 to 21. It is supported by the American Cancer Society, the American Lung Association and the California Medical Association, but will likely face strong opposition from the tobacco industry. Regarding e-cigarettes, in separate legislation filed in the past week, California proposed the products be banned in public places. The proposed legislation perhaps comes on the heels of a new report issued by the California Department of Health stating that e-cigs emit cancer-causing chemicals and can get users hooked on nicotine, although the agency acknowledged more research must be conducted.

The federal tobacco tax is once again under the executive microscope. In his proposed $4-trillion budget for fiscal year 2016, President Barack Obama has called for the federal levy to nearly double to help fund health insurance for low-income children. Under his plan, the federal cigarette tax would rise from just under $1.01 per pack to about $1.95 per pack. Taxes on other tobacco products also would increase. The revenue would provide financing to pay for the Children's Health Insurance Program through 2019. The federal-state program serves about 8 million children, and funding technically expires Sept. 30. The tobacco tax hike would take effect in 2016. A similar measure was included in Obama's proposed budget for fiscal year 2014. That proposal called for a 94-cent levy increase on cigarettes, with a comparable raise in the levy on all tobacco products, to help fund pre-kindergarten programs for 4-year-old children. The move ultimately fell flat.

02/03/2015: Gas Prices Begin to Tick Upward

After dropping to the lowest levels since 2009, average gas prices in the US have increased 7 days in a row. Prices had dropped a record 123 consecutive days to an average of $2.03 per gallon before rising for the first time since Sept. 25, 2014. It is typical to see gas prices increase this time of year due to refinery issues, yet hopefully the consumer impact will be less problematic given how low prices are today. The new national average is $2.06 per gallon as of Feb. 2, approximately $1.22 less than one year ago. US drivers are spending around $365 million less per day on gasoline compared to this time last year. On Jan. 26, 2015 the national average gas price reached a 2015 low of $2.03 per gallon, which was the lowest average since March 27, 2009. Since the national average reached $3.70 per gallon on April 28, 2014, gas prices have dropped about $1.64 per gallon. For the month of January, the average price of gas was $2.11 per gallon, marking the cheapest monthly average since 2009. This was a steep drop from the previous month, as the average gas price in December was $2.51 per gallon. A combination of refinery issues and more stable crude oil costs are contributing to the increase in prices. Refinery maintenance season is beginning and there have been several refinery upsets, which can limit production.

02/04/2015: Gasoline Crashes along with Crude in Wild Wednesday Session

The market giveth and the market taketh away.

Gasoline prices tumbled by more than 12cts gal and diesel prices fell by about 8cts gal in a panic-ridden rout that made up for some of the recent panic buying sprees. March crude oil prices were at one point down by more than $5 bbl, although WTI settled at a more modest loss of $4.60 bbl to $48.45 bbl. More than 500,000 contracts, representing 500-million bbl of WTI traded in the March contract alone.

Anyone that thought back-to-back oil price spikes on Friday and Monday heralded a new short or intermediate uptrend was taken aback today by losses that surpassed 10cts gal for gasoline and were rivaled on the crude oil side only in the session that followed the disastrous OPEC meeting of November 27.

The slide was precipitated by EIA's disclosure of the highest commercial crude oil stocks since the Hoover Administration. When the SPR is counted, the inventory of crude oil surpasses 1.1-billion, reflecting more oil than has ever existed in U.S. storage. Almost all fundamentals point to further stock builds in this calendar quarter, and questions about what might happen when the tanks are full.

The slide was also hastened by recognition that refinery strikes have historically had little impact on U.S. refined products, and that U.S. rig counts represent a poor proxy for rising global crude oil output. Accordingly, many gasoline markets dropped by more than crude, compressing U.S. refinery margins.

March gasoline fell 11.96cts gal to $1.4817 gal. In cash market, the U.S. Gulf Coast was particularly hard hit with spot numbers down 13-14cts gal. Midwestern spot markets saw gasoline lose 11-12.5cts gal and New York was down more than 12cts gal. Los Angeles spot gasoline gave up some 13.5cts gal of the 70cts gal or so in gains registered since January 13.

ULSD futures eased 7.99cts gal to $1.7666 gal but cash markets didn't match those losses. Los Angeles CARB diesel fell "only" 1.5cts gal and other U.S. markets slipped 5.75-6.75cts gal on average.

The wild increases will bring pause to those who thought that markets were beginning a traditional second quarter uptrend.

- OPIS Staff Report.

Record Commercial Crude Stocks

U.S. commercial crude oil inventories reached a new modern era record of 406.7 million bbl last week, and some other long-standing records are likely to fall within the next few weeks.

Not since the Depression-era year of 1930 has there been this much commercial crude in storage, according to Energy Information Administration (EIA) statistical records. Stocks built last week by 8.874 million bbl, and coming weeks could see more builds that push total inventories into the 420-million-to-430-million-bbl range.

No weekly or monthly statistics exist for the 1920s and 1930s, but annual estimates of stocks are available for that era. Total crude inventories in 1930 are archived at 411.88 million bbl, and the all-time high was reached in 1929 when 535.5 million bbl of crude was held in U.S. storage. So today's commercial inventory figure represents an 85-year high.

The U.S. has seen loftier total crude oil stocks as recently as May 2011. Thanks to the Strategic Petroleum Reserve, which at the time held some 726.5 million barrels of crude, the total U.S. crude oil figure for May 27, 2011 was just over 1.1 billion barrels. This week's total (commercial and SPR) inventory number of 1.0977 million barrels is likely to fall beneath that 2011 high-water mark next week or early in February. The SPR now has 691 million bbl of crude in the Strategic Petroleum Reserve.

Independent Shops Outshine Dealership Repair Centers In Consumer Reports Car Repair Satisfaction Survey

Over three-quarters of customers that haggled were successful in negotiating a discount.

Consumer Reports latest survey of repair service satisfaction found the odds are consumers will be more satisfied with an independent repair shop than with a franchised new-car dealership.

The one automaker that outscored the independent shops was the electric carmaker Tesla, which earned high praise for its on-time repairs, courtesy, price, quality, and overall satisfaction. But part of Tesla's current success might be because it's new to the market, and it has a relatively small number of customers to satisfy compared with the established luxury brands.

The survey, conducted by the Consumer Reports National Research Center in 2014, was based on subscriber satisfaction with repairs on more than 121,000 vehicles—80,000 of which were repaired at franchised dealers and more than 41,000 at independent shops.

The survey found that, in general, independents outscored dealership for overall satisfaction, price, quality, courteousness of the staff, and work being completed when promised. With few exceptions, the entire list of independent shops got high marks on those factors. The same couldn't be said for franchised new-car dealers.

"To be fair to mechanics at franchised dealerships, our respondents also reported being very satisfied overall with their repairs despite being outscored by independent shops," said Mark Rechtin, Consumer Reports Cars Content Development Team Leader.

Luxury and upscale brands topped the chart among franchised new-car dealers, with Buick, Lincoln, Cadillac, Lexus, Porsche, and Acura slotting in behind Tesla, in that order.

There were also some disappointments involving prestige marques. The biggest gripe was about the cost of parts and labor. Mercedes-Benz drivers, in particular, were much more satisfied with the price they paid at independent shops.

The complete repair satisfaction ratings for 32 brands franchise repair centers as well as the independent shops that service those brands is available online today at www.ConsumerReports.org.

Also dinged for high prices were Jaguar dealerships—as well as Mini dealerships, which often share a service drive (and high prices) with an affiliated BMW dealership. And if you own a BMW, Porsche, or Volkswagen, bargain hunting for a mechanic might not pay off. Owners of those brands were equally satisfied with the price paid at dealerships and independent shops.

The lowest overall satisfaction score came from RAM owners that went to franchise dealerships, but that score was still a 76, which indicates that those consumers are still at least "fairly well-satisfied" with the service they received.

It Pays to Haggle

Consumer Reports survey also found that just 19 percent of respondents tried to negotiate over repair work. But among those who did, 60 to 82 percent were able to save some cash at dealerships, depending on the brand. Haggling success was even better with independent shops, with 71 to 84 percent of negotiators receiving discounts.

The median amount of money that consumers saved worked out to be about $120 for repairs at dealers and $94 at independents.

Some luxury-car dealers were accommodating at the bargaining table. Those at BMW knocked off a median of $187 from contested repair orders. Mercedes-Benz dealerships discounted $180 from successful hagglers' final bills. Among mainstream brands, successful hagglers saved a median of $152 for Subaru dealership repairs, $135 at VW, and $133 at Chevrolet.

"You don't have to be a professional negotiator to be successful," Rechtin said. "By simply getting a second opinion on a repair, you can pit repair shops against each other in a bidding war for your business. Also ask for an itemized estimate up front to avoid inflated charges. Dealerships will often lower their price to ensure that you come back the next time.'

Speedway's Hess Acquisition Seamless

peedway LLC's acquisition of Hess Corp.'s retail division has been "seamless" and customer feedback has been "very good" thus far, Speedway LLC President Tony Kenney said Wednesday during parent company Marathon

Petroleum Corp.'s (MPC) 2014 fiscal fourth-quarter earnings call.

"So far, so good," Kenney said of Speedway's addition of 1,245 Hess convenience stores and gas stations in 13 states, primarily on the East Coast.

As of Jan. 31, Speedway had converted 134 of the 1,245 acquired Hess locations to the Speedway brand name. "Conversions of these new locations and the deployment of Speedway's highly successful merchandise model are progressing well," MPC President and CEO Gary R. Heminger stated.

Heminger added that the Hess acquisition was immediately accretive to Speedway's bottom line for its fourth quarter, which ended Dec. 31. Speedway earned a net profit of $273 million for its most recent quarter, compared to a profit of $83 million in the same quarter in 2013.

The acquired Hess retail division accounted for approximately $118 million in profit for the quarter, while Speedway's legacy stores — which consisted of 1,501 convenience stores as of Dec. 31 — accounted for $155 million in net profits.

Heminger stressed that earnings from Speedway's legacy stores would have been a record for the company by itself if the acquired Hess stores were removed from the equation.

Strong merchandise margins during a low fuel price environment was the main reason for the record earnings achievement. Merchandise sales were $1.19 billion in Speedway's most recent quarter, vs. $775 million in 2013's fourth quarter. Merchandise gross margins rocketed by $119 million to $324 million.

In addition, merchandise gross margin percentage rose 0.7 percentage points to 27.2 percent, while same-store merchandise sales increased by 5.4 percent.

Gasoline and distillate sales were also a strong point, improving by more than 700 million gallons to 1.52 billion gallons. Gasoline and distillate gross margins were higher by an impressive 11 cents per gallon year over year, to 24.51 cents per gallon.

Kenney did acknowledge that same-store fuel sales at legacy Speedway stores saw a 0.8-percent decline in the month of January, however. The company is not yet tracking this data for its newly acquired Hess locations.

Speedway's strong fourth-quarter earnings heavily contributed to Findlay-based MPC's overall fourth-quarter profit, which advanced $172 million to $798 million.

"While crude oil prices fell and crack spreads narrowed during the fourth quarter, MPC experienced strong product price realizations at both the wholesale and retail level," said Heminger.

Speedway LLC operated a total of 2,746 convenience stores and gas stations in 22 states as of Dec. 31.

Senate Approves Keystone XL Pipeline

The Republican-controlled Senate passed a bipartisan bill approving construction of the Keystone XL oil pipeline, a bill President Obama has vowed to veto. In a 62-to-36 vote, 53 Republicans and nine Democrats approved a bill seeking to force completion of the 840-mile pipeline.

After years of political back-and-forth, the Keystone legislation had become a hot-button topic for legislators on both sides of the aisle. Last fall, the Keystone project became a national rallying cry in Senate races across the nation as Republicans from as far away as Alaska and New Hampshire made the project a cornerstone of their campaigns against Democratic incumbents. With Republicans winning the midterm elections, Keystone’s passage seemed to be a foregone conclusion.

While enough Democrats voted for the bill to ensure passage in the Senate, Republicans remain several votes shy of the two-thirds majority they would need to override Obama’s expected veto. This would mark the first major piece of legislation that Obama has vetoed since taking office more than six years ago, having had a Democratic majority in the Senate that prevented anything objectionable from reaching his desk. On two occasions, Obama vetoed less significant legislation, with one related to a Keystone provision attached to a different bill.

Regardless of the likely stalemate, Senate Majority Leader Mitch McConnell (R-Ky.) declared the nearly month-long debate a victory that would lead to the pipeline getting built.

The bill differs slightly from the version approved by the House in early January, with a pair of energy-efficiency programs added. Senate Republicans are hopeful that House Speaker John A. Boehner (R-Ohio) will simply move to pass their legislation and send it to the president’s desk, but it is possible that the leaders will convene a conference committee to iron out the differences and have the final legislation reapproved by both chambers.

Legislation To Reform Renewable Fuel Standard

A bipartisan coalition of four House members this week attempted to drum up support for legislation that would reform the renewable fuel standard (RFS).

On Monday, the group circulated a "Dear Colleague" letter to House offices seeking cosponsors for the legislation, which would eliminate the annual requirements for corn ethanol, among other changes to the RFS. Sources say that the bill could be introduced as soon as next week, according to a report in Energy & Environment Daily.

"The RFS is causing unintended and negative consequences for American consumers, energy producers, livestock farmers, and food manufacturers and retailers," Reps. Bob Goodlatte (R-VA), Jim Costa (D-CA), Steve Womack (R-AR) and Peter Welch (D-VT) wrote in their letter. "The RFS needs fundamental reform and we urge you to join us by cosponsoring legislation to accomplish this task."

Congress passed the renewable fuel standard in 2007 to require refiners to blend increasing amounts of ethanol and advanced biofuels into petroleum fuels. Proponents of the policy in the biofuels industry say that the standard has been vital in reducing greenhouse gases and increasing energy

security. But critics say that ethanol has had a negative impact on food prices, car engines, the environment and the livestock industry.

Along with striking corn ethanol from the RFS, the legislation led by Goodlatte would also cap the amount of ethanol that can be blended into petroleum gasoline and would compel EPA to base its annual targets for cellulosic biofuel on actual production numbers.

The lawmakers previously introduced a version of the legislation in the 113th Congress, but the bill died in committee. It had 82 cosponsors, nearly a quarter of them Democrats. A strange-bedfellows coalition of oil, environmental, livestock and food groups supported the bill; biofuels groups, on the other hand, strongly opposed it.

Conn. Supreme Court Rules Getty Can Reclaim Stations

Getty Properties Corp. and NECG Holdings Corp. can regain possession of several gas stations in the Constitution State following a Tuesday decision rendered by the Connecticut Supreme Court.

In the case, Getty Properties Corp. v. ATKR LLC, No. 19298, the Supreme Court upheld a trial court's decision that the termination of a master lease between Getty Properties and its prior tenant Getty Petroleum Marketing Inc. (GPMI) also effectively terminated the sublease between GPMI and its subtenant, Green Valley Oil LLC.

Green Valley subsequently entered into sub-subleases with several independent gas station operators.

Getty Properties originally sent a notice to GPMI in late 2011 terminating the master lease it had with GPMI based on alleged nonpayment defaults, but GPMI immediately filed for bankruptcy protection.

Getty Properties then offered subtenant operators the opportunity to continue running the gas stations on a month-by-month basis. However, subtenants rejected this plan and sent rent checks directly to Getty Properties. Getty Properties rejected the checks, as well as the subtenant proposal.

According to a news release, the Connecticut Supreme Court lent weight to the fact that Getty Properties "immediately rejected the defendant rent checks and explicitly eschewed the defendant's proposed arrangement to remain subtenants."

"The Supreme Court’s decision relied upon the express contractual terms of the leases at issue, and wisely interpreted the facts of this case under prevailing Connecticut law in correctly holding that Getty Properties had met the requirements of the summary process statute and was entitled to reclaim its rightful properties," said Cort T. Malone, a shareholder at law firm Anderson Kill and counsel to Getty Properties.

EPA Seeks To Reduce Copper In Brake Pads

The Auto Care Association was among several automotive industry trade associations to sign a Memorandum of Understanding (MOU) with the U.S. Environmental Protection Agency (EPA) and the Environmental Council of the States (ECOS) for the reduction of copper in brake pads.

The ceremony was held in Washington, D.C. today in conjunction with the Society of Automotive Engineers (SAE) 2015 Government/Industry Meeting. Participating in the MOU signing were Stan Meiburg, acting deputy assistant administrator of the EPA; Robert J. Martineau Jr., ECOS president and commissioner of the Tennessee Department of Environment & Conservation; and designated signatories from the supporting industry trade associations.

The MOU calls for the reduction of the use of copper in brake pads beginning in 2021 to levels less than 5 percent by weight and further reductions to .5 percent by the year 2025. The states of California and Washington initially enacted legislation to this effect and it became clear that guidelines were needed at the national level to ensure consistency in reporting requirements and recognition of the industry’s self-regulation. Brake manufacturers have fully supported the efforts and have expended millions of dollars in the reformulation of their proprietary brake friction ingredients to ensure continued product quality, motorists’ safety and reduced copper content.

The Auto Care Association was pleased to work with EPA, ECOS and our industry partners to develop this landmark agreement. The MOU is aimed at providing important protections to our nation’s waterways while at the same time reducing the potential for conflicting state rules that unnecessarily increase costs to our industry and consumers,” said Kathleen Schmatz, president and CEO, Auto Care Association.

The key industry associations that supported this effort and provided feedback on the MOU are:

- Alliance of Automobile Manufacturers
- Association of Global Automakers
- Auto Care Association
- Automotive Aftermarket Suppliers Association
- Brake Manufacturers Council
- Heavy Duty Manufacturers Association
- Motor & Equipment Manufacturers Association
- Truck and Engine Manufacturers Association

Emergency Braking System Added To NHTSA Safety Rating Determinations

On January 22, US Transportation Secretary, Anthony Foxx, announced at an event for the Washington, DC Auto Show, that the National Highway Traffic Safety Agency (NHTSA) would add two forms of emergency automatic braking systems to its New Car Assessment Program (NCAP). The NCAP includes a list of features that new vehicles are evaluated against in order to generate a NHTSA-approved safety rating. NHTSA uses the star-system, with five stars awarded to a vehicle with a top safety determination. It should be noted that the criteria is only for purposes of evaluating the vehicle and does not add any new requirements for vehicle manufacturers.

The two systems being added are crash imminent braking and dynamic brake support that are initiated on new vehicles outfitted with sensors capable of detecting a potential crash. Crash imminent braking applies the brakes for a driver if they do not initiate braking themselves and dynamic brake support increases a driver's braking efforts.

Gas Stations Targeted in Phone Scam

In a new twist on an old swindle, a recent phone scam targeted a number of gas stations in the Fox Valley area of Wisconsin, according to the state's Consumer Protection Bureau.

Station employees received a phone call from a scammer claiming to be a district manager for the company. The caller instructed the employees to take $500 from the cash registers to a local drugstore or retailer and purchase a Green Dot prepaid card with the funds. Once the employees have the loaded card, they are asked to call the "district manager" back with the card number and PIN.

The scammer uses the information to drain the card of its funds. By the time the business realizes it has been scammed, the money is long gone.

Crooks have used a similar scam in the past on consumers and small businesses. Normally, it's not the convenience store or gas station that's the target, but its customers. Customers are instructed to go to the nearest convenience store to buy a prepaid card to pay a bogus bill.

--Donna Harris, dharris@opisnet.com

Preliminary Approval Of Settlement Granted In "Hot Fuel" Case

A federal judge last week gave preliminary approval to a group of settlements in the long-running "hot fuel" case -- a multijurisdictional, class-action lawsuit in which consumers claimed certain fuel companies broke the law because they didn't adjust their prices to account for temperature when selling fuel.

The companies, constituting 28 defendants, denied all of the plaintiffs' claims, but agreed to seek a settlement.

Under one group of settlements that received preliminary approval, four companies (Casey's, Dansk, Sam's Club and Valero) agreed to gradually convert a portion of their existing and new stations, where state law permits, to fuel pumps with automatic temperature compensation (ATC) devices that can adjust for the effects of temperature.

The court also granted preliminary approval for settlements involving 18 other fuel companies that would collectively contribute $1,577,500 to help state weights and measures officials in more than 20 states ensure that motor fuel is sold in a lawful manner.

Those companies are B-B Oil, CITGO Petroleum, Coulson Oil, Diamond State Oil, E-Z Mart Stores, Flash Market, G&M Oil, J&P Flash, Magness Oil, Love's Travel Stops & Country Stores, M.M. Fowler, Port Cities Oil, Sunoco (R&M), Tesoro Refining and Marketing, Thorntons, United El Segundo, World Oil and W.R. Hess.

In still another group of settlements that received preliminary approval, branded retailers of six major fuel companies would collectively pay $22,925,000 to reimburse retailers the cost of installing ATC devices in states that allow them and also contribute to the pool to help fund state weights and measures offices. Those companies are BP, CUSA, ConocoPhillips, ExxonMobil, Shell and Sinclair, according to a statement released by the plaintiffs in the case.

A number of states don't allow for the use of ATC equipment. Granting preliminary approval of a settlement is a "routine" matter, according to a legal expert familiar with the case. If a judge has significant questions or issues with a potential settlement, those questions arise when it's time for a formal approval of a settlement.

In this case, the judge is scheduled to determine whether to give the final approval on the settlement on June 9.

Abolish The Federal Gas Tax

Editorial, Roy Littlefield

Tumbling energy prices are the first lucky break for U.S. consumers in years, but Washington is feeling left out. So the gougers of both parties are joining to steal some of the proceeds with the first gasoline tax hike in more than two decades.

The federal gas tax is now 18.4 cents a gallon and the logic seems to be that motorists won't notice an extra dime or more since gas prices are down 40% on average from the 2014 peak. Congress can then "invest" the windfall in roads, bridges and other projects. A convenient pretext for a tax increase arrives in May with the expiration of a temporary highway funding bill, and many otherwise intelligent Republicans are open to the idea, perhaps as a tax swap.

Now here is a formula for popularity that only a lobbyist or liberal could love: As one of its first major acts, the new GOP majority would make the commodity that most Americans must buy every week more expensive, offsetting the discretionary-income gains from cheaper gas. Republicans should be talking about downsizing the federal gas tax instead, with a target of zero.

The gas tax—plus a 24.4 cent tax on diesel and other excises—finances something called the Highway Trust Fund, or HTF. The proceeds from the original 1956 three-cent tax built the interstate highway system and its expansion and upgrades over the decades. The tax was increased in 1982, 1990 and 1993.

The problem is that since 2008 federal HTF spending has far outpaced dedicated gas-tax revenues, and Congress has made up the difference with $54 billion in cash transfers from general revenues. To cover future HTF obligations and close the deficits, fuel taxes need to rise by 10 to 15 cents a gallon, according to the Congressional Budget Office.

The solons now claim the arc of history bends toward precisely that. The real purchasing power of 18.4 cents has

slipped amid inflation and the rising cost of labor and materials. Vehicle miles travelled are plateauing and cars are more efficient, eroding the projected growth of the tax base.

But since the 1990s, the Highway Trust Fund has come to fund much more than new roads and bridges and highway maintenance, abandoning the original "user pays" principle behind a gas tax. Drivers now see about a quarter of their gas taxes diverted to subsidize mass transit in merely six metro areas and sundry other programs for street cars, ferries, sidewalks, bike lanes, hiking trails, urban planning and even landscaping nationwide. Trolley riders, et al., contribute nothing to the HTF. Federal spending on such side projects has increased 38% since 2008, while highway spending is flat. Here's what the politicians won't say: Simply using the taxes that are supposed to pay for highways to, well, pay for highways makes the HTF 98% solvent for the next decade, no tax increase necessary.

Your local interstate will not close if HTF "goes broke." The feds will continue to spend all the money that the gas tax will continue to throw off. Some projects would merely be delayed, or states and cities would fill the gaps.

Another myth is that U.S. roads and bridges are "crumbling," to use the invariable media description. Federal Highway Administration data show that the condition, quality and safety of U.S. surface transportation are steadily improving.

The Chicago Federal Reserve Bank noted in a 2009 paper that roads have "indisputably" improved over the last two decades and that "the surface of the median interstate highway mile is suitable for superhighway speeds not typically permitted in the United States."

Some highways do need repair and modernization, and the U.S. does need more roads to relieve congestion and encourage trade and economic activity. The real crisis isn't the amount of money but how it is spent. The 47,714 miles of the interstate highway network would likely be less complete absent federal support, but the system was officially finished in 1992. It is less rational for drivers nationwide to send so many dollars to Washington for Congress to apportion among winners and losers as they did under Eisenhower. Today, the costs of transportation can be reasonably borne by the people who enjoy the benefits, which will generate more accountability and fewer political boondoggles.

In an ingenious 2013 paper, Pengyu Zhu of Boise State University and Jeffrey Brown of Florida State studied federal highway spending between 1974 and 2008. They found that the gas tax tended to redistribute money from poorer to wealthier states and to regions with lower transportation needs than other parts of the country.

Texas recovered only 88 cents of every dollar residents paid in taxes, while seven states and Washington, D.C. (no surprise) received more than twice as much. Such misallocated resources are the inevitable result of the political mediation of the HTF.

Almost three-quarters of highway spending is already supplied by state and local governments, and if the federal role is reduced, they can decide either to increase their own gas taxes; fund roads some other way, such as tolls or public-private partnerships; or use tax dollars for other priorities like schools. States can build cheaper in any case, since the Davis-Bacon prevailing wage rules and Buy America procurement provisions that accompany federal funding don't apply.

Democrats always want to raise the gas tax. When prices are high, that's the best time to encourage drivers to buy an electric car or take the bus. When prices are low, they can skim some of the proceeds for other spending. The mystery is why Republicans would go along.

Minimum Wage Bill

In the New York State 2015/16 budget there is a proposal to raise the minimum wage.

Effective December 31, 2015, New York's current statutory minimum wage of $8.75 will increase to $9.00. This new Budget Bill would amend the Labor Law to increase the statuary minimum wage by $2.50, to $11.50 in New York City and by $1.50 to $10.50 in the remainder of the State, Effective December 31, 2016.

This proposale is in the Governor's Budget and will become law if the Budget passes as is.

DMV Record Retrieval

DMV record retrieval is available to association members and affiliates at a cost of $12 per record. Additionally, you may order DMV certified paper abstracts of driver's license, vehicle registration, and vehicle title records for an additional fee of $2 per abstract. Please call 518-452-4367.

Attention Inspection Stations

The association has received a flurry of requests for legal representation for violations of the DMV commissioner regulations known as "clean scanning." that is when a vehicle other that the one to be inspected is substitute for the OBD-II part of the test. We have no defense for these violations. DMV has the ability to trace the OBD-II inspection to the vehicle used for the inspection.

If you cannot pass a vehicle for any reason, get help. That help could come from DMV. This violation almost always results in revocation..

$afety Group 536

With a Financial history like this you have lots of reasons to smile.

Dividend History	
20%	2012-2013
20%	2011-2012
35%	2010-2011
35%	2009-2010
35%	2008-2009
35%	2007-2008
30%	2006-2007
30%	2005-2006
25%	2004-2005
22.5%	2003-2004
17.5%	2002-2003
10%	2001-2002
15%	2000-2001

Discount History	
20%	2014
25%	2013
25%	2012
25%	2011
20%	2010
20%	2009
20%	2008
25%	2007
25%	2006
25%	2005
20%	2004
20%	2003
20%	2002

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