GRANY

November 2022

6 WALKER WAY, ALBANY, NY 12205
(518) 452-4367 – grany@nysassrs.com – www.nysassrs.com

Inside This Issue

Federal Reform of Credit Card Competition Picks Up Steam

Multiple retail associations are applauding the introduction of the U.S. House of Representatives companion legislation to the Senate's Credit Card Competition Act of 2022.

On Sept. 19, U.S. Reps. Peter Welch (D-Vt.) and Lance Gooden (R-Texas) introduced a bipartisan bill that takes aim at the high swipe fees that are paid by businesses and passed on to customers.

"Credit card companies and mega banks keep finding new ways to squeeze our small retailers in Vermont," Welch said. "In a well-functioning market there is competition and choice. That does not exist in our current credit card network market.

"This bipartisan bill will correct that and bring much needed competition to the Visa-Mastercard duopoly," he said. "This long-overdue bill will help our small businesses thrive and lower household costs for families at a time when they really need it."

The bill follows the U.S. Senate version, S. 4674, that Sens. Richard Durbin (D-Ill.) and Roger Marshall (R-Kan.) introduced in July. If passed into law, the Credit Card Competition Act would require the largest U.S. banks that issue Visa or Mastercard credit cards to allow transactions to be processed over at least two unaffiliated card payment networks.

According to payments consulting firm CMSPI, credit card routing competition would reduce swipe fees by $11 billion or more annually, as Convenience Store News reported.

"For too long major credit card companies and the nation's top financial institutions have collaborated to sideline community banks and local retailers in Texas," Gooden said. "Our free-market economy cannot exist without healthy competition, and I am proud to introduce legislation to fulfill my pledge to protect small businesses and ensure these companies can no longer use their monopolistic power to crush their competition."

Visa and Mastercard currently account for around 83 percent of general-purpose credit cards, which gives the companies considerable leverage and results in U.S. merchants paying some of the highest fees in the world, according to the lawmakers. They include network fees paid directly to Visa and Mastercard as well as swipe fees paid to issuing banks.

The Credit Card Competition Act of 2022 requires that banks with more than $100 billion in assets allow electronic credit transactions to be processed on no fewer than two unaffiliated networks, at least one of which must be outside Visa or Mastercard. This is intended to inject true competition into the credit card market by lowering the barrier to entry for new entrants, encouraging innovation, and exerting competitive pressure on Visa and Mastercard's fee rates.

New Rules Bring Competition to Online Debit Card Transactions

The Federal Reserve approved regulations that level the payment processing field for online and in-store transactions.

On Oct. 3, the Fed gave the greenlight to rules that clarify that banks and credit card networks are legally required to give retailers a choice between two unaffiliated networks over which to route debit card transactions regardless of whether purchases take place in-store or online.

The National Retail Federation (NRF) welcomed the move. "The Federal Reserve has declared once and for all that a debit transaction is a debit transaction no matter where it takes place and that merchants have the right to choose the network that offers the best service, strongest security and most reasonable fees," NRF Vice President for Government Relations, Banking and Financial Services Leon Buck said.

"Congress ended Visa and Mastercard's virtual monopoly over debit transactions a decade ago, and this decision makes clear that the law applies the same for in-store and online transactions — the result that Congress mandated in the first place.," Buck added.

The 2010 Durbin Amendment required banks to enable all debit cards to be processed over at least two unaffiliated networks — typically Visa or Mastercard plus one of several independent debit networks that offer better security and lower fees.

Retail industry groups have been pushing the Federal Reserve to make it clear that the rule also applies to online transactions, as Convenience Store News reported in 2021.

Last year, NRF told the Fed a combination of Visa/Mastercard rules and financial incentives have pressured banks to not enable the "PINless" capability required for the cards to be processed over independent networks online, where a PIN cannot be entered.

As a result, all but about 6 percent of online debit transactions are processed over Visa and Mastercard, according to the Fed.

The Merchants Payments Coalition (MPC) also supported the Federal Reserve's approval today of the new rules, which also apply to contactless cards and digital wallets.

"This move will bring badly needed competition to our nation's broken payments market," said Doug Kantor, MPC executive committee member and NACS general counsel. "When Congress said merchants had the right to route debit transactions to the processor of their choice, they meant all transactions, not just those in stores. The Fed has followed through on Congress' intent and made it clear that big banks' evasion of competition must stop. Visa, Mastercard and their bank members should not be allowed to shut out other networks that can do the job more efficiently and more securely."

Kantor pointed out the Fed's move is "particularly important" as e-commerce and the use of mobile apps and digital wallets increased during the COVID-19 pandemic.

These transactions account for a rapidly increasing share of our nation's economy and the Fed has closed a major loophole that allowed them to escape the competition intended by Congress," Kantor said. "Card networks should have to compete the same as any other business."

US House Democrats Introduce Bill to Use Oil Reserves to Lower Fuel Prices

A group of nine Democratic members of the U.S. House of Representatives have proposed legislation that would create a new "Economic Petroleum Reserve" for the Department of Energy to buy oil at low prices and sell it at high prices in a bid to "combat high gasoline prices."

The bill, introduced Monday by New Jersey Rep. Frank Pallone Jr., chairman of the House Energy and Commerce Committee, is named the "Buy Low and Sell High Act." The bill would also quadruple the capacity of the Northeast Home Heating Oil Reserve and create a "nationwide network" of new Strategic Refined Petroleum Product Reserves.

"By empowering DOE to buy oil when prices are low and sell when they are high, my bill helps us regain control of domestic gas prices and protects drivers from future price fluctuations," Pallone said in a statement.

The bill would allow DOE to create an Economic Petroleum Reserve (EPR) of up to 350 million bbl of oil, in which DOE can sell oil when prices exceed $90/bbl and buy oil at prices below $60/bbl.

It would also reclassify 90 million bbl of oil currently within the Strategic Petroleum Reserve as part of the EPR. According to the bill, DOE would begin signing contracts for the delivery of oil into the EPR starting in 2025 or 2026.

Part of the EPR proceeds from sales would go to fund state energy programs for EV deployment and other projects that "reduce petroleum consumption, as well as "a technical assistance program to increase crude oil throughput rates at refineries in allied Western Hemisphere countries," according to the bill.

In addition, the bill calls for a network of Strategic Refined Petroleum Product Reserves across the country to store up to 250 million bbl of domestically refined gasoline and diesel fuel. To prevent prices from increasing in the short term, DOE would not buy fuel to start filling the Strategic Refined Petroleum Product Reserves until 2026.

The size of the Northeast Home Heating Oil Reserve would be quadrupled to 4 million bbl of petroleum distillates, according to the bill. It is uncertain whether the bill would receive enough votes in a highly divided Congress. In addition, President Joe Biden has not expressed whether he would sign such a bill into law.

Early Tuesday, unleaded regular gasoline averaged $3.747/gal, about 7.5cts/gal higher from the $3.674/gal a week ago, according to AAA Gas Prices. Still, it is well below an all-time high of $5.016/gal on June 14. OPIS is the provider of retail fuel prices to AAA.

--Reporting by Frank Tang

President Biden Calls on Gas Station Operators to Drop Prices

President Biden is calling on gas station operators to lower their prices for fuel per gallon to keep in line with dropping oil prices.

In the third meeting of the White House Competition Council on Sept. 26, Biden said that while crude prices fell sharply last month, it has taken a "long time" for the drop in price to trickle down to the consumer.

"We haven't seen the lower prices reflected at the pump though. Meanwhile, oil and gas companies are still making record profits — billions of dollars in profit," he said. "My message is simple. To the companies running gas stations and setting those prices at the pump: Bring down the prices you're charging at the pump to reflect the cost you pay for the product."

In an interview with the New York Post, Bob Bilbruck, CEO of business strategy firm Captjur, told the news outlet that Biden was "way off base."

"I grew up in the convenience store gas station business. Margins are razor-thin in these operations, and depending on their relationship in the buying ecosystem, they may be buying from a bulk fueler or directly from the producer [so] we are talking very little difference in prices," he said.

Since gas station owners work on small margins, they are under "constant competitive pressures from the station next door to keep their prices competitive," Bilbruck explained.

"This is simple supply and demand. You have less drilling going on and less oil and gas being refined — prices go up," he told the Post.

As of Sept. 26, the national gas average was $3.72. That price is 14 cents less than one month ago, but 54 cents more than a year ago, as Convenience Store News reported.

On Sept. 23, the price of oil slipped below $80 a barrel for the first time since January, primarily due to fears of a recession-led global economic slowdown.

Additionally, at the close of the formal trading session on Sept. 23, West Texas Intermediate decreased by $4.75 to settle at $78.74. Crude prices reached a point not seen since early January 2022, as the market continues to worry that efforts by the Federal Reserve to curb inflation could lead to a recession. If a recession occurs, crude demand and prices would likely decline, according to AAA.

US July Gasoline Demand Hits 5-Month Low, Sharply Below 2019 Levels: EIA

The U.S. Energy Information Administration's final estimates for its July data showed gasoline demand fell to a five-month low, sharply below the same month in 2019 when COVID-19 was not a factor.

In its Petroleum Supply Monthly report released Friday, EIA said product supplied for gasoline totaled 8.749 million b/d in July, which marked the lowest since February this year.

It also showed EIA had underestimated gasoline demand compared with the agency's initial estimate of 8.653 million b/d based on its Weekly Petroleum Status Report (WPSR).

Compared with July 2019, it was well below the 9.484 million b/d reported for that month.

Products supplied is EIA's estimated consumption that measures the disappearance of products from primary sources such as refineries. It is roughly computed as refinery production plus imports minus stock change and exports.

Analysts had expected July gasoline demand to take a hit from near-record high retail prices.

According to OPIS DemandPro data, which surveys more than 35,000 U.S. gas stations, average station gasoline sales in July were 19.5% below their July 2019 level, a weaker performance than the 18.9% deficit in June.

Product supplied for distillate fuel oil, which includes diesel and heating oil, averaged 3.719 million b/d in July, compared with 3.907 million b/d in July 2019.

EIA's final data also showed it underestimated its initial distillate demand at 3.699 million b/d based on its WPSR.

In February, distillate products supplied reached 4.177 million b/d, the highest since November 2019.

Looking at crude supply, U.S. crude field production was at 11.800 million b/d in July, slightly below the 11.816 million b/d in June.

--Reporting by Frank Tang

New York Governor Says State Rules Will Ban New ICE Vehicle Sales After 2035

New York is joining California in plans to ban the sale of vehicles with internal combustion engines, with Gov. Kathy Hochul (D) saying the state will phase out sales of new ICE vehicles by 2035.

Hochul's announcement Thursday means that the states ranked first and fourth in the United States for annual new car sales will only allow for the sale of zero-emissions vehicles within 13 years.

When making the announcement, Hochul said the state would phase in the ICE ban, requiring that 35% of sales by 2026 be zero-emissions vehicles, with that percentage rising to 68% by 2030.

"It's not just saying all of a sudden in the future," Hochul said. "We actually have benchmarks to achieve, to show we're on the path to get there."

Hochul's announcement also touched on the difficulties facing a forced transition to electric vehicles. She said the state has added $10 million to its rebate program that provides up to $2,000 per vehicle.

New York, with a population of 19.8 million and 4.2 million registered private and commercial automobiles, has already distributed 78,000 rebates, the governor said. Hochul also said the state Power Authority has just installed its 100th fast charger for electric vehicles.

The state is also expecting to receive $175 million from the U.S. government for charging infrastructure under the recently approved federal infrastructure plan.

"If you're saying, 'I don't have enough charging stations.' That era is over," Hochul said. "Now we're ready to launch into this future."

The state is also requiring all new school buses be zero emissions vehicles by 2027, with that requirement extending to all school buses by 2035.

In September 2020, Gov. Gavin Newsom (D) issued an executive order banning the sale of new gas-powered vehicles in California by 2035. California leads the nation in the number of annual car sales. Newsom's order directed the California Air Resources Board to develop regulations to implement the mandate.CARB unveiled those rules in December and approved them last month. Hochul said that under federal regulations, New York couldn't move forward with its effort until California approved its rules.

Massachusetts and Washington state have also announced their intention to phase out the sale of new ICE passenger cars and trucks.

"We're really putting our foot down on the accelerator and revving up our efforts to make sure we have this transition. Not someday in the future, but on a specific date, a specific year, by the year 2035," Hochul said.

--Reporting by Steve Cronin

US DOT Says It's Approved EV Infrastructure Plans Submitted by All 50 States

The U.S. Department of Transportation has approved electric vehicle infrastructure plans submitted by all 50 states calling for installing EV chargers along a total of 75,000 miles of territory in the U.S. and Puerto Rico.

Approval of the plans means that each state now has access to a share of $1.5 billion for fiscal years 2022 and 2023 that was included for EV infrastructure in the federal infrastructure law approved in November.

The National Electric Vehicle Infrastructure formula program will make a total of $5 billion available over five years to help states install EV chargers along interstate highways, according to a news release Tuesday from the department.

"We have approved plans for all 50 States, Puerto Rico and the District of Columbia to help ensure that Americans in every part of the country -- from the largest cities to the most rural communities -- can be positioned to unlock the savings and benefits of electric vehicles," Transportation Secretary Pete Buttigieg said in the release.

The funding can be used for a variety of projects related to EV charging, including construction or upgrading of charging infrastructure. The money can also be used for operation and maintenance costs for charging stations, installation of electrical service equipment, charging-station signage and paying for community engagement activities and workforce development, the department said.

The Federal Highway Administration is working on rules establishing minimum standards and requirements for projects funded under the National Electric Vehicle Infrastructure Formula Program. The program is "to provide funding to States to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability," according to the Department of Transportation website.

The program is part of the Biden administration's efforts to advance the electrification of transportation. Fuel industry groups have recommended that members monitor developments and apply for funding from their states when it becomes available.

--Reporting by Steve Cronin

Motorcar Parts of America Adds to Educational Video Series

Motorcar Parts of America Inc. (Nasdaq: MPAA) announced further expansion of its Part Smart technical education series with the addition of four new videos. The videos provide technical instruction on trouble shooting and repairing several issues technicians may encounter when dealing with starters and alternators.

“MPA understands the importance of arming today’s technicians with hands-on service and repair training,” said Rick Mochulsky, senior vice president of sales and marketing for Motorcar Parts of America. “As the level of complexity involved with car and truck repair increases, MPA is here to support. Our Part Smart library is designed to equip technicians with the next level knowledge they need to get the job done right, the first time .”

Powered by MPA, the Part Smart library consists of strategically designed training modules that cover real-world diagnostic procedures, repair instruction, installation tips, and product know-how intended to improve technical knowledge and hands-on skills. Lead by ASE Certified Part Smart technicians, courses include vehicle starting and charging systems, braking, hubs and turbos.

Content of the four videos, found on the Part Smart playlist of MPA’s YouTube channel, is focused on:

- Alternator damage from oil contamination on 2008–2017 Honda Accord, Pilot, Odyssey and Crosstour models with the 3.5L V-6 engines
- Testing the alternator and charging system on 2006–2018 Nissan models with the 3.5L V6 engine

- Install procedures for starters, to avoid a broken solenoid, on 2003-2007 Ford F250 Super Duty Trucks
- Starter failures on 1994-2010 Dodge Ram 2500/3500 diesel trucks

Technicians can become a Part Smart member and receive updates on new content by registering at https://getpartsmart.motorcarparts.com/partsmart.

Five Consumer Behavior Trends That May Last Into 2023

The combination of rising prices, increased costs of living and ongoing social upheaval prompted by the COVID-19 pandemic has resulted in financial problems for many consumers. As a result, consumers are growing thriftier and changing their behavior, according to NielsenIQ.

The consumer packaged goods (CPG) industry insights company identified five key trends that may last into 2023.

Change in priorities — Consumers are adjusting their spending habits and lifestyle behaviors in response to increased pressure on household budgets and ongoing concerns regarding a recession. Additionally, pandemic-prompted social disruption has pushed consumers to make mental and physical health their top priorities. Financial security is another important factor, which results in more restricted spending.

Reduced discretionary spending — At the start of 2022, consumers surveyed by NielsenIQ planned to cut back on mini-splurges like dining out, gym memberships and away-from-home entertainment, focusing instead on the day-to-day essentials and prioritizing basic needs and necessities like utilities and groceries. These consumers plan to further tighten their belts as inflationary pressures continue to increase, resulting in greater cutbacks on food deliveries and other indulgences that they can instead enjoy at home.

The last time a significant decline in discretionary spending occurred was in 2020 during the initial months of the pandemic. Economic uncertainty is again causing consumers to adjust their behaviors across all aspects of life, from shopping to entertainment to maintaining a healthy lifestyle.

Staying at home — Lifestyle trends that increased in popularity during the pandemic are again rising in favor. These include food preparation and dining at home (cited by 44 percent of surveyed consumers), spending less on clothes and grooming (37 percent) and cutting back on treats like dining out (34 percent) and vacations (24 percent).

Selective shopping — In addition to being more mindful of how much they spend and what to prioritize, consumers are shopping differently. They intend to combat inflation by embracing a selective mindset.

Accordingly, many consumers are switching to buying lower-quality items and shopping more often at discount stores or traditional trade outlets. Brand loyalty has lessened, with 31 percent of consumers admitting to buying whatever is promoted; 27 percent buy whatever is cheapest; and 26 percent stop purchasing certain categories entirely. This selective shopping is popular with all consumers who have been financially impacted by the pandemic and other economic factors, including those with high incomes who have not been strongly affected. Shoppers across the economic divide are seeking out discounts and promotional opportunities across multiple shopping channels and retail stores.

Private label preferences — Private label brands have a stronger opportunity as consumers shift their loyalties and make trade-offs. Alternate products that offer quality at a lower price provide greater appeal, with 20 percent of consumers saying they will opt for a private label to help manage their grocery expenses. In the United States, private label growth is prevalent in categories such as baking goods, health and beauty, dairy, household products and deli foods.

NielsenIQ's research found that inflation may linger on beyond popular shopping seasons such as back to school and the winter holidays. As consumers seek ways to cut back on spending while saving for the future, retailers and suppliers will have opportunities to manage pricing across portfolios as they seek to retain customers.

When asked how they would prefer manufacturers deal with rising prices, 27 percent of consumers said they would rather see bulk or economy size offerings vs. smaller sizes (8 percent) because it helps them deal with inflation. Other consumers seek to minimize waste (40 percent). These lifestyle changes and shifts in shopping behavior could become more pronounced across consumer segments if the cost-of-living continues to rise.

NACS Reports Almost Half of Americans Drive Less After Pandemic

Some 45% of Americans said they are driving less than they did before the COVID-19 pandemic hit in early 2020, primarily because of higher gas prices, the National Convenience Store Association reported in a new consumer survey.

Sixty percent of respondents said gas prices were the main reason they drive less, up from 44% in a February NACS survey. At the time of the more recent survey, gas prices were averaging $3.50/gal, about 20cts higher than in February. Rural drivers were most likely to say they reduced driving (51%) and most likely to say it was because of gas prices (73%).

Only about one in five of respondents said they are driving more than before the pandemic, and only 30% of these drivers said they were driving more because of a job. Fifty eight percent of these drivers said they were running more errands and had increased responsibilities, and 48% said they were driving more because of social or family activities.

Year-to-date U.S. gasoline demand is down 18.8% from three years ago, according to OPIS DemandPro data.

The NACS survey suggests that though gas prices have declined from a record $5.02/gal in June, concern over high gas prices continues to affect drivers' shopping habits. Fewer motorists went into the store the last time they bought gas, down four percentage points from March to 54%. However, drivers buying fuel from a convenience store were more likely to go inside the store than those purchasing fuel at a big-box store, 62% versus 47%.

For motorists entering the store, the most popular purchases were drinks (44%), snacks (30%), and a sandwich or meal (14%). The top services were using the bathroom (23%) and using the ATM (12%).

Some 59% of respondents said they seek out a favorite gas station or convenience retail chain, with 51% citing lower price, 48% favoring location, and 46% citing fuel quality.

The NACS Consumer Fuels Survey is a national consumer survey conducted September 10-13 by national public opinion research firm Bold Decision. The online survey involved 1,200 American adults, including 1,049 who said they are regular gas customers.

--Reporting by Donna Harris

Indiana Man Convicted in Gas Station Investment Scheme to Be Sentenced

A Goshen, Ind., man convicted of conning investors into buying a bogus interest in Indiana gas stations is scheduled to be sentenced Dec.14, according to a news release from Clifford Johnson, U.S. attorney for the Northern District of Indiana.

After a three-day jury trial, Junaid Gulzar, 32, was found guilty in September on three counts of wire fraud.

"It was alleged that from January 2021 through July 2021, Gulzar devised a scheme to defraud investors and obtain money through false pretenses by use of wire communications in interstate commerce," the release said.

Gulzar allegedly promised a "high rate of return with monthly payments" for investing in gas stations in Goshen and Plymouth, Ind. But he collected at least $210,000 without making payments to investors in the Goshen station, and he never purchased the Plymouth station.

"Instead, some of the money wired to Gulzar by the investors for the purchase of the Plymouth gas station was used for his own benefit at a casino," Johnson's office said in the release.

--Reporting by Donna Harris

Your Inspection License May be Worth Money

Depending on where you are located, it may be possible to sell your license. Before merely turning it in, contact the association for further information.

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

SERVICE STATIONS
REPAIR SHOPS
USED CAR DEALER
ATTENTION

Do you have problems

1. Getting into business - going out of business?
2. With government, Federal, State and Local?
3. Are you trying to settle a violation?
4. Need an attorney?
5. Have a small claims case?
6. Need a license, renew a license?
7. Learn and understand the laws that regulate your business?

We can help with almost any problem, legal environmental or regulatory.

Just call us 518-452-4367

YOU NEED TRAINING
WE HAVE TRAINING

Just go to our website
http://www.nysassrs.com/
Click on the TRAINING link in the black bar
This will bring you to our training website
Where you will find such topics as:
Alcohol Training Awareness Program (ATAP)
Tobacco Clerk Training Program (TCTP)
Motor Vehicle Air Conditioning (MVAC)
As well as
Inspector Training Material
Class "C" Operator Training Manual
and a
Sexual Harassment Handbook

This training is brought to you by
The New York State Association
Of Service Stations and Repair Shops
Your Association Is A Member