SSRA

Service Station & Repair Shop Association of Central New York
1235 Upper Front Street, PMB 105, Suite 5, Binghamton, NY 13901
(607) 723-1849 – ssra@nysassrs.com – www.nysassrs.com

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New York Governor Announces
$26 Billion Plan to Shift to 'Green Energy'

New York Gov. Andrew Cuomo (D) laid out plans for a $26 billion statewide push to "green energy" in his 2021 State of the State this week.

Cuomo announced $26 billion in funds would be used to create a public-private partnership for nearly 100 renewable energy projects to power the state through wind, solar and battery storage, he said in a speech Wednesday.

"A true transformation to a green economy must create a complete green energy system to replace the old carbon-based supply. To do that, we must have new alternative energy supplies that are able to reach scale," Cuomo said. Cuomo said 68 renewable energy projects have begun and an additional 24 projects that include solar energy projects and offshore wind were being planned. It was unclear when the projects would begin.

The projects are expected to eliminate 16 million metric tons of carbon emissions a year and create 17,000 jobs.

Cuomo also said $20 million would go to State University of New York (SUNY) Stony Brook and Farmingdale State College this year to train and certify a renewable energy workforce.

The shift to renewable energy is part of the state's plan to reach net-zero greenhouse gas (GHG) emissions by 2050. In 2019, Cuomo signed the Climate Leadership and Community Protection Act, which set the state's goal to lower GHG emissions to 40% under 1990 levels by 2030 and have net zero-emissions by 2050.

In December 2020, the New York Department of Environment Conservation (DEC) finalized guidance placing costs on GHG emissions to be used by state agencies to guide policy decisions.

During the Wednesday speech, Cuomo said the state was opening a competitive bidding process for three construction projects to build a green transmission grid.

One gridline would run between northwest of the state, down 330 miles, and another would begin in Massena and run 70 miles south. A third line would be added from Leeds. All three lines would end up connecting in New York City, Cuomo said.

Four new transmission lines would also break ground this year with an 86-mile project located in the north, a 20-mile project in the west, along with a 100-mile line and a 50-mile line projects in east New York.

The new projects will be connected to a battery storage facility.

"We have already begun construction on a large-scale, 20-megawatt energy battery storage project in Franklin County in Northern New York, one of the largest storage projects in the United States of America. These projects will allow us to meet the electricity demands of 1.2 million New York homes with renewable energy," Cuomo said.

--Reporting by Mayra Cruz,

GM to Phase Out Gasoline-Powered Vehicles by 2035

Yesterday, General Motors announced it would only build vehicles with zero tailpipe emissions by 2035, phasing out gasoline-powered trucks and cars, the New York Times reports. The decision is part of the company's broader plan to become carbon-neutral by 2040.

"General Motors is joining governments and companies around the globe working to establish a safer, greener and better world," said Mary T. Barra, GM chairman and CEO. "We encourage others to follow suit and make a significant impact on our industry and on the economy as a whole."

The company has earmarked $27 billion between now and 2026 to bring 30 EVs to market, including an electric Hummer pickup truck slated to be ready later this year. GM is also working with the Environmental Defense Fund (EDF) to promote EV ownership to consumers and to construct EV charging stations.

"EDF and GM have had some important differences in the past, but this is a new day in America—one where serious collaboration to achieve transportation electrification, science-based climate progress and equitably shared economic opportunity can move our nation forward," said Fred Krupp, EDF president.

The declaration coincides with President Joe Biden's plan to replace the government's fleet with electric vehicles. Other automakers, mostly European, have pledged to incorporate more EVs into their models, including Daimler and Volkswagen. But none have gone as far as GM's proposal.

EVs comprise only a small part of new car sales, but are the fastest-growing category in the automobile industry. The International Energy Agency tallies EVs as making up 3% of the global total of new car sales.

Electric Vehicle Industry to Boom in 2021

The year 2020 saw plenty of challenges, but it was a great time for electric cars. Tesla's stock shot up, making it the sixth largest publicly traded company in the U.S., and 2021 looks even more promising for the EV industry, according to FN Media Group, a cross media platform that shared its insight on the industry.

A number of nations worldwide have announced their intent to ban the sale of new combustible engine cars starting in 2030. And in the U.S., California plans to ban sales of new gasoline and diesel-powered cars and trucks by 2035.

With renewed attention to EVs, automakers are racing to introduce new models and boost demand. BMW on Friday announced a goal of doubling sales of EVs in 2021, Reuters reports. In December, Ford rolled out the Mustang Mach-E, an electric SUV, and Volkswagen's ID.4 is due on dealer lots in March, the New York Times reports. And Kia, a unit of South Korea's Hyundai Motor Co., plans to unveil by March the first of seven EVs it will introduce by 2027, Bloomberg reports.

In addition to well-known brands, several start-up firms are chasing the EV space.

At one time, Nio, the Chinese EV manufacturer, was rumored to be on the brink of bankruptcy, but the company kept its balance sheet in line, which has paid off, FN Media Group said. After reporting a record number of deliveries and launching its revolutionary "battery-as-a-service" platform, the company's stock price skyrocketed. Nio has added a fast EP9 supercar to its new line of family-friendly, high-performance sedans and wants to retake control of its local market from Elon Musk, FN Media Group said.

Facedrive, an EV maker and the ridesharing platform focused on emissions reduction, is creating its own, entirely new, ecosystem within the industry. The company made headlines as the world's first-ever carbon-offset ridesharing and food delivery platform and is still setting itself apart from competitors. The company recently acquired Washington, D.C.-based Steer, an EV subscription service that lets customers "subscribe" to one of its many versions of EVs, a concept that challenges the idea of car ownership as we know it. Shoppers simply click a button, and the car of their choice will be personally delivered. And customers aren't limited to one vehicle. They could drive a different car every day if they chose.

Workhorse Group, a commercial transportation and technology company, wants to be the go-to supplier of delivery vehicles. Last year, e-commerce sales soared above the $4 trillion-dollar mark, a number that is expected to grow to $6.5 trillion by 2022. That means millions of deliveries are being made, and the demand for those vehicles is growing. The company is not only focused on producing EVs but also is creating the HorseFly, an unmanned aerial delivery vehicle.

Plug Power, a developer of hydrogen fuel cell systems that replace conventional batteries in EV cars, is riding high, thanks to the hydrogen hype, and its share price is up over 1,200% since last January. Hydrogen is being touted as the fuel of the future and a vital component in the world's race to reduce carbon emissions.

Bloom Energy, which designs, manufactures and sells solid-oxide fuel cell systems, is on track to be the first fuel-cell maker to be cash-flow positive. Bloom is targeting utility-scale applications of fuel cells and industrial-scale applications.

FuelCell Energy designs, manufactures and operates clean, efficient and reliable fuel-cell power plants. President-elect Joe Biden campaigned for a carbon-free America, and it's estimated that the U.S. could spend as much as $1.7 trillion on clean energy initiatives during the next 10 years. FuelCell has spent years building a patent moat and developing solutions that will tie into the energy transition.

Industry Groups Push for EVs To Share Expense of Road Upkeep

As the Biden administration moves to accelerate the adoption of electric vehicles, fuel industry trade groups are increasingly calling for EV drivers to pay their share of the cost of building and maintaining America's roadways.

That became apparent after U.S. Transportation Secretary nominee Pete Buttigieg last week floated, and then quickly backed away from, the idea of raising the federal gas tax as a way to pay for federal infrastructure spending.

The federal gas tax is currently 18.4cts/gal and was last raised in 1993.

In the past, industry groups have viewed raising the gas tax as a favorable alternative to increasing road tolling.

In May 2019, the National Association of Truck Stop Operators (NATSO) told Congressional leaders raising the federal motor fuels tax would be the most efficient way to raise revenue for highway improvements while Congress considers future funding mechanisms that take EVs into account.

But when Buttigieg told a U.S. Senate committee during confirmation hearings that all options for infrastructure funding -- including raising the gas tax -- are "on the table," NATSO made it clear that the time has come to require all drivers to contribute to maintaining roads.

"NATSO thinks that infrastructure funding should be: user-based; simple, efficient and inexpensive to collect; difficult for taxpayers to evade; energy-source neutral; transparent; and dedicated to surface transportation for the benefit of the payer," said Tiffany Wlazlowski Neuman, the group's vice president of Public Affairs.

That sentiment was echoed by Rob Underwood, president of the Energy Marketers of America. Underwood said his group "is focused on ensuring that EVs pay their fair share" into the federal Highway Trust Fund. "That's the quickest way to ensure the HTF stays solvent," he said.

The unpopularity of simply raising the gas tax was apparent when a Buttigieg spokesperson quickly contacted the media after last week's hearing to say while many funding options were on the table, raising the gas tax wasn't among them.

The call for a broader way to fund infrastructure work comes as drivers around the United States are already facing state-level hikes in gasoline taxes and new fees aimed at curbing greenhouse gas emissions. States saw gas tax revenues drop in 2020 as the COVID-19 pandemic led to demand for transportation fuels plunging. In 2020, U.S. national average gasoline demand was 18.2% behind 2019 levels, according to OPIS DemandPro data.

Even as demand returns to normal levels in coming years, increases in vehicle efficiency also can reduce tax revenue generated. An August study by the Tax Foundation found that in 1994, passenger cars averaged 20.7 miles per gallon, with drivers paying an average 3.2 cents in state and federal tax per vehicle mile travelled (VMT). In 2018, the average mileage rose to 24.4 mpg and drivers only paid 2.1 cents per VMT. That decrease came even as 36 states raised their fuel taxes over the last decade.

The group noted that since 2008, federal motor fuel taxes haven't covered transportation expenditures. "Discrepancies between tax revenues and highway expenditures will get worse as fuel economy improves, if tax rates are not indexed to inflation, or if share of electric vehicles (EVs) grows," the group said.

Some states are already moving to get road revenue from EV drivers. As of Dec. 28, states charged a flat fee for electric vehicles, with 14 of those also charging a fee for hybrid vehicle owners, according to the National Conference of State Legislatures. Over the last two years, 19 states have also considered some kind of VMT tax, with at least seven states -- Maine, Nevada, New Mexico, Oregon, Utah, Virginia and Washington -- enacting new laws, the NCSL said.

In its analysis, the Tax Foundation said that based on 2018 data, the federal gas tax would have to be raised by 12.6cts/gal to 31cts/gal to match federal expenses, with future annual increases indexed to inflation.

A national average VMT tax of 1.4cts/mile would raise the $46 billion annually needed to pay for highway expenses, the group said. Fees would likely be based on vehicle classes, with passenger vehicle owners paying 1.2cts/mile and commercial vehicle owners paying 6.5cts/mile.

` Marc Geller, a spokesperson for the Electric Auto Association, said that while VMT tax -- with additional fees based on environmental concerns – makes sense, immediate adoption of the fee would be premature. That's particularly true for programs that would only target EVs. Given the low numbers of EVs currently on roads, the cost of operating such a program would likely exceed fees collected, he said.

"The expectation that EV drivers should help pay for road maintenance – we totally agree with that," he said. "The question of when and how they pay for it is an open question."

Geller said EV drivers currently face a hodgepodge of fee structures from different states, with some EV surcharges exceeding the amount ICE vehicle drivers pay in gas taxes. Geller also questioned if it made sense for states and the federal government to offer drivers incentives to purchase EVs, and then take that money back by charging a fee for using them.

"We believe we need to plan for a future where the gas tax is eliminated in favor of some other mechanism for road maintenance," he said. "We ought to study it and figure out what to do, rather than approach it haphazardly."

--Reporting by Steve Cronin

CDC Committee Recommends Frontline Essential Workers For Next-Round Access To COVID-19 Shots.

The U.S. Centers for Disease Control (CDC) Advisory Committee on Immunization Practices (ACIP) voted yesterday to recommend that frontline essential workers—including employees in the convenience store industry—be next in line to receive the COVID-19 vaccine. In their recommendations for the second phase, Phase 1-B of vaccination distribution, the committee prioritized frontline essential workers and adults older than age 75 years. Yesterday's vote follows the CDC's recommendation for the first phase, Phase 1-A, that prioritized health-care professionals and long-term care facility residents.

States and local governments will ultimately determine how the vaccine is distributed to each category, but many officials are expected to heed the CDC's recommendations. For this reason, NACS has been urging the CDC to prioritize the industry's workforce in their recommendations.

It is critical that frontline workers who are part of the critical infrastructure workforce receive appropriate priority status for inoculation, NACS stressed in a letter Friday to U.S. Health and Human Services Secretary Alex Azar. The National Association of Truckstop Operators, Energy Marketers of America and Society of Independent Gasoline Marketers of America joined NACS in advocating for vaccination for essential workers. It was the second letter sent by the industry trade groups to Secretary Azar regarding priority access to a COVID-19 vaccine.

"Our industry's workers interact with a broad array of other essential workers every day," the letter notes, putting themselves at risk since the beginning of the pandemic. "We need a critical number of essential workers across many sectors to ensure that we can all get through this crisis together," NACS said.

"The industry serves about 160 million customers per day—nearly half the United States' population. By necessity, workers in our industry directly interact with customers inside and outside their stores every day. Those customers include health-care workers of all stripes, first responders such as police and firefighters, and truckers, without whom food and vaccines could not get to the people who need them. Just like our industry's workers depend upon all of these other essential workers to protect their well-being, every frontline worker needs our industry ensuring there is fuel and other goods to make sure they can get to and do their jobs."

The ACIP also finalized its recommendations for the third phase, Phase 1-C, yesterday, which will include adults over 65 years old, people between 16-64 years old with underlying health conditions, and all other essential workers.

The FDA granted emergency use authorization (EUA) for the Pfizer/BioNTech Manufacturing GmbH vaccine for COVID-19 prevention, and the first vaccinations in the U.S. occurred last week. On Friday, the agency authorized the Moderna vaccine for emergency use for people 18 years and older, and immunizations are expected to begin today, the Wall Street Journal reports. The U.S. government plans to distribute 7.9 million doses of vaccines from Moderna

Some Employees Shy Away From COVID-19 Vaccine

COVID-19 vaccines are being administered across the United States to targeted age groups and priority populations, some Americans are not eager to get the shot, the Los Angeles Times reports.

"My kids are everything to me, my classroom is everything, but I'm not going to take the vaccine," said one Minnesota teacher, who said he's up to date on other vaccines. "I don't feel like I'm informed enough to make a smart decision."

A Kaiser Family Foundation survey showed 27% of Americans have vaccine hesitation, expressing doubts about getting a COVID-19 vaccine. Among health-care workers, that number jumps to 29%.

The issue of more than a quarter of U.S. residents who have said they will refuse a coronavirus vaccine has raised questions among employers, such as can they fire workers who don't want to get vaccinated?

"It's not cut and dry," said Ubaka Ogbogu, professor of law and bioethics at the University of Alberta in Canada. "Not all vaccines are created equal, and not all diseases are created equal. It's a very complex thing."

The U.S. Equal Employment Opportunity Commission released guidance in December saying a business can implement a mandatory vaccination requirement if it's related to the job or if being unvaccinated would directly impact other workers, customers or themselves. For example, a retailer could say front-line employees like cashiers are at risk because of daily interactions with customers, and therefore could be required to be vaccinated. Recently, legal experts also offered legal advice in the NACS Daily for employers facing this issue.

But many employers have indicated they won't mandate vaccination as a condition of employment. Workers who can legally object to the vaccine include those with an established medical condition or disability and if vaccinations go against sincerely held religious beliefs.

Another way to win employee cooperation is through communication and incentives. For instance, Dollar General announced recently that it would pay workers to get vaccinated. "You have to have a good reason to give people about why it is ethically right for them to subject themselves to a vaccine they don't want to get," Ogbogu said.

US Convenience Store Count Drops,
Fewer Stores Sell Fuel

The number of U.S. convenience stores that sell fuel dipped 0.4% in 2020 to 121,538 from 121,998 in 2019, according to the 2021 NACS/Nielsen Convenience Industry Store Count. But the total number of c-stores also declined last year, and the decrease in the store count was more pronounced among stores that did not sell fuel, NACS said.

"Fuel was still an important convenience offer as customers increasingly relied on their local convenience store to bundle shopping occasions when fueling up and also purchasing fill-in grocery items and take-home meals at stores (during the COVID-19 pandemic)," said NACS Vice President of Research Lori Stillman, in an announcement of the study. The 2020 decrease in the number of stores with fuel pumps is the fifth in six years. The number of convenience stores that sell fuel declined four straight years before holding steady in 2019, NACS statistics show.

The overall number of convenience stores decreased 1.6% year over year to 150,274 from 152,720 - the third straight year of decreases. The last year that NACS charted a decline in the c-store population was 2009 during the Great Recession, the trade group's historical figures show. The latest store count is
based on stores open as of December 2020.

NACS said the decrease in the total convenience store count was expected with the overall retail contraction in the United States. The industry decline was led by a 3.1% decrease in single-store operators, which represent 61.4% of all c-stores.

"The sustained growth of online shopping and the long-term effects of the pandemic will continue to reshape consumer shopping routines and affect the overall retail landscape and make for extremely challenging times," said Andy Jones, NACS vice chairman of research and technology, who is president and CEO of Sprint Food Stores in Augusta, Georgia. "At the same time, there are opportunities, especially for small retail, to implement more online offers and last-mile fulfillment to provide convenience however the customer defines it."

--Reporting by Donna Harris

Democrats Reintroduce $15 Minimum Wage Bill

Emboldened by their majority in Congress, Democrats yesterday reintroduced legislation in the U.S. House and Senate to raise the federal minimum wage to $15 an hour in gradual steps by 2025, CNBC reports. A $15 minimum wage is part of President Biden’s proposed $1.9 trillion COVID stimulus relief package.

Under the Raise the Wage Act, the federal minimum wage would rise to $9.50 this year from $7.25, then increase every year until it reaches $15 in 2025. Future increases would be tied to median wage growth.

Rep. Robert C. Scott (D-VA), chair of the House Committee on Education and Labor, and Sen. Bernie Sanders (I-VT), incoming chair of Senate Committee on Budget, sponsored the act.

The Democrat-controlled House approved the same legislation in 2019, but the Republican-controlled Senate didn’t allow it to advance.

Republicans have long opposed a $15-an-hour nationwide minimum wage, citing worry that it could hinder small businesses. Business owners are seeking to provide higher wages for employees, while also struggling to stay in business in the wake of the pandemic, which has increased the need to adhere to higher levels of public health and safety protocols. Republicans additionally cite the discrepancies in the cost of living across the country as a reason to oppose a national $15 minimum wage.

Senate Majority Whip Dick Durbin (D-Ill.) yesterday suggested that Democrats could use the budget reconciliation process to raise the minimum wage without any Republican votes, The Hill reports. In that case, Senate Democrats need only a simple majority to approve the measure. However, House Budget Committee Chairman John Yarmouth (D-KY) has expressed skepticism that the provision would survive the Senate parliamentarian’s review.

Yesterday, restaurant workers and owners, along with their supporters, from Washington, D.C., Philadelphia and New York, gathered near the Capitol to celebrate the introduction of the Raise the Wage Act.

The nonprofit One Fair Wage organized the rally. Restaurant workers, flanked by a gigantic statue of “Elena the Essential Worker,” shared stories about why ending the subminimum wage for tipped workers is needed to help ensure that they and their families can survive the pandemic.

“It is time to restore the soul of our country, and that includes the heartbeat of our economy: independent restaurants, our team members, and our communities. 500,000 small businesses and nearly 14 million workers look forward to building back better,” said Saru Jayaraman, executive director and co-founder of One Fair Wage. “We are at a critical moment for tipped service industry workers, mostly women and people of color, who are facing unprecedented rates of housing and food insecurity, unemployment and poverty.

App That Helps Disabled Motorists Get Assistance at Pump Launches in US

FuelService, an app developed to help disabled drivers get assistance pumping fuel, launches in the United States this week at more than 100 Mid-Atlantic Shell stations supplied by East Coast distributor Petroleum Marketing Group, Shell told OPIS.

The service, which started in 2018, has been used in the United Kingdom, Europe and Canada, with tens of thousands of downloads. Shell said it is the first U.S. oil brand to support the service, which will be available starting at 135 sites in Maryland, Virginia and Washington, D.C.

The app helps drivers find a local gas station and contacts the store to see if an employee is available to assist the driver before the motorist arrives at the station. Once the driver arrives, the app calls the station and lets employees know which pump the motorist is using.

"We are talking to a lot of the other major oil companies and have received really good feedback," Founder Niall El-Assaad told OPIS in an email. "It is our plan for it to be available to any gas station that wants to provide assistance to people with disabilities."

El-Assaad said fuelService is working closely with disability organizations and charities to promote the app's launch, in addition to social media and pump advertising at stations.

The fuelService website says the app brings disabled customers to participating stations. The National Center for Health Statistics reports there are about 19 million Americans who are unable to walk or have difficulty walking a quarter mile. Other federal statistics suggest about 3 million Americans use wheel chairs.

Disabled drivers who get good service are loyal customers, which means the app can improve brand image in addition to helping stations comply with laws discouraging discrimination against people with disabilities. FuelService says on its website that the app was created by a "frustrated" disabled driver who didn't like "driving around for hours beeping his horn and hoping someone helped."

The service charge for the app is $150 per year, and all profits from the service are donated to research and projects to find a cure for paralysis due to spinal cord injuries, El-Assaad said. Shell told OPIS the app is provided free of charge to its wholesalers as part of a global agreement with fuelService.

No additional equipment is necessary, as the app communicates through an automated phone call to the station's phone, and access can be turned on in as little as 10 minutes. When the call comes in, a station employee can press "1" to accept the request or "2" to decline if staff is unavailable, El-Assaad added.

The Americans with Disabilities Act (ADA) requires self-serve gas stations to provide equal access to disabled customers. According to the federal ADA website, gas stations must: provide assistance at the gas island upon request of a disabled customer unless the site is operating on a remote-control basis with a single employee; let customers know through signage that disabled customers can obtain help fueling by honking or otherwise signaling an employee; provide assistance at the pump without charging more than the self-serve price.

The ADA requires an "effective communication method" between the convenience store operator and the pump, the website says, adding that some stations have installed call button systems disabled motorists can use to alert staff when they need assistance.

Shell said that on-site call buttons are helpful for customers, but in many cases, motorists must get out of the vehicle to access the button. "This app provides stations more advance notice of customers with additional service needs and does not require the customer to leave their vehicle. With fuelService, they will know before they go to the station if someone can help them," a spokesman said.

--Reporting by Donna Harris

Average Vehicle Fuel Efficiency Fell in 2019 for First Time in 5 Years: EPA

Oct. US Vehicle Miles Up 4.5% From Sept.; YoY Deficit Steady at 8.8%: DOT Total vehicle miles traveled (VMT) climbed around 4.5% in October compared to September levels, and the closely watched U.S. traffic gauge's year-on-year deficits held steady at around 9% for the month, according to the latest U.S. Federal Highway Administration's (FHA) Traffic Volume Trends.

Estimated travel on all roads and streets rose to 259 billion VMT in October,up from the 247.9 billion VMT in September, according to the report by FHA, a unit of the U.S. Department of Transportation.

Year over year, total VMT were down 8.8%, or 25 billion miles, lower, versus the 284 billion miles in October 2019. That's comparable to the 8.6% year-on-year deficits seen in September 2020. On a regional basis, the year-over-year deficits for the north-central U.S. (-10.4%) and Northeast (-11.5%) widened by 2 percentage points and 0.9 percentage points, respectively. The West (-7.1%) has improved the most by narrowing the deficit by 1.5 percentage points. Meanwhile, year-on-year deficits were steady for the south Gulf Coast at -7.4% and the south Atlantic at -8.5%, according to the report.

The improvement in October VMT from September's can be attributed to a trend that more Americans opted to drive to travel to their vacation destinations rather than fly during summer because of COVID-19 concerns.

However, some of the largest U.S. fuel marketers told OPIS or indicated in their latest earnings announcements that sales volumes might have already peaked for the year in October, the month that saw the least demand destruction year on year, due to structural behavior changes related to COVID-19, such as some Americans continue working from home.

Energy-focused investment bank Tudor, Pickering, Holt & Co. said that U.S. employment growth during Q4 2020 should provide support to vehicle miles.

"However, with the recent surge in COVID cases, various states have been tightening restrictions which will likely present headwinds to both VMT and gasoline demand in coming months," the bank said in a Tuesday note.

--Reporting by Frank Tang,

US Consumer Spending on Gasoline Drops Sharply in November: BEA Data

Final U.S. November gasoline demand numbers from the Energy Information Administration (EIA) will not be available until the end of January, but data released recently by the Bureau of Economic Analysis (BEA) could be hinting at the lowest gasoline consumption in three months.

BEA measures personal consumption expenditure in dollar amounts spent on gasoline and other motor fuels. BEA measured November spending on gasoline that was just shy of $365 million, the lowest monthly expenditure for Americans since August.

OPIS gasoline demand data from November taken together with the monthly average retail price of $2.12/gal yields monthly spend of $465 million, which is down 33% from November 2019. On a month-to-month basis, U.S. spending on gasoline was down $6.9 million from October, or roughly 2%, according to the BEA data. Retailers have told OPIS that October was one of the better gasoline demand months this year, so a dip from those levels into November is not necessarily a surprise.

BEA data show that compared to 2019, gasoline spending in November was down by more than $47 million, or a tumble of roughly 11.5%.

Year-on-year gasoline demand based on EIA data since March -- when the COVID-19 pandemic first started to put downward pressure on gasoline demand -- has been running anywhere from 7% lower in September to as much as 37% lower in April. Meanwhile, OPIS reporting saw year-on-year demand losses of anywhere from 13.2% in September to almost 46% in April.

OPIS measured gasoline demand in November at 7.172 million b/d, down 17.3% from year-ago levels, according to OPIS DemandPro. Weekly EIA data calculation put November gasoline demand at 8.146 million b/d, down 11.5% from November of last year. Applying to that number the BEA's gasoline expenditure figure for November would yield an EIA implied gasoline demand measurement for November in the 8.2 million-8.25 million b/d area.

--Reporting by Denton Cinquegrana

Nov. U.S. Vehicle Miles Down 10.5% From Oct.; YoY Deficit at 11.1%: DOT

Total vehicle miles traveled (VMT) in November 2020 dropped 10.5% month over month to reach the lowest level since May 2020, with the year-over-year deficit widened versus October's, the latest U.S. Federal Highway Administration's(FHA) Traffic Volume Trends report shows.

Estimated November vehicle miles traveled on all U.S. roads and streets were 231.6 billion, versus 258.7 billion in October. They marked the third monthly decline in the past four months and the lowest level since the 212.8 billion in May 2020, according to the latest report by FHA, a unit of the U.S. Department of Transportation.

On a year-over-year basis, November 2020 VMT was down 11.1%. That's significantly worse than the 8.9% year-on-year deficits in October 2020 and 8.8% in September 2020.

On a regional basis, November total vehicle miles traveled tumbled nearly 10% to 53.3 billion in the West, and in the Northeast they fell almost 11% to 30.7 billion. In fact, all five regions tracked by the FHA posted solid month-to-month declines.

On a year-over-year comparison, the deficits for North Central (minus 13.8%) and West (minus 10.2%) deteriorated the most, while the South Gulf's year-over-year deficit remained unchanged at 7.4%.

On a state-to-state basis, Hawaii's total VMT year-over-year deficits in November remained the worst among all 50 states at 22.3% due to the state's heavy reliance on tourism. However, that's improved from the 27% year-over-year deficit in October.

Energy-focused investment bank Tudor, Pickering, Holt & Co., said that stagnant U.S. employment growth and an uncertain outlook of the COVID-19 pandemic could pressure VMT.

"With COVID cases still elevated in the U.S., we're likely to continue to see some pressure on VMT and gasoline demand in coming months," the bank said in a Monday note.

--Reporting by Frank Tang

Coalition of 23 Attorneys General Call for Ban on Menthol Cigarettes

` Attorneys general from nearly half of the states are pushing for the Food and Drug Administration (FDA) to take action against menthol cigarettes.

In a letter submitted to the FDA on Jan. 22, Illinois Attorney General Kwame Raoul and Idaho Attorney General Lawrence Wasden led a coalition of 23 attorneys general arguing that a ban on menthol cigarettes would benefit public health overall, decrease youth smoking and help mitigate the harm menthol cigarettes do to minority populations.

"I am asking the FDA to ban menthol cigarettes because even though cigarette use has decreased over the years, menthol-flavored cigarettes continue to attract and addict new smokers — particularly youth and minority smokers," Raoul said. "The FDA's own data underscores the need to ban menthol cigarettes, which could save thousands of lives and support state efforts to combat youth smoking."

The letter urges the agency to complete a rulemaking to prohibit the products and implement a ban immediately.

Joining Raoul and Wasden in submitting the letter are the attorneys general of Connecticut, Delaware, the District of Columbia, Hawaii, Iowa, Maine, Maryland, Massachusetts, Minnesota, Nebraska, Nevada, New Mexico, New York, North Carolina, the Northern Mariana Islands, Oregon, Pennsylvania, Puerto Rico, Vermont, Washington and Wisconsin.

U.S. Customs, FDA Seize Counterfeit E-Cigarettes

U.S. Customs and Border Protection (CBP) officers at the Dallas Fort Worth International Airport working in conjunction with agents from the U.S. Food and Drug Administration (FDA) seized 33,681 units of e-cigarettes valued at $719,453.

In December 2020, CBP confiscated 42 separate shipments arriving from China destined to various Texas counties. The shipments included individual disposable flavored e-cigarette cartridges resembling the Puff Bar brand, including Puff XXL and Puff Flow.

"Many counterfeit, unapproved or unauthorized products are likely produced in unregulated facilities with unverified ingredients posing a serious health concern to consumers. It is especially alarming when these types of counterfeit and unauthorized products find their way into the hands of children as studies indicate," said CBP Port Director Timothy Lemaux in a press release. "We will continue to take every opportunity to work with our partners at the FDA to intercept and seize products that threaten U.S. consumers."

As part of an ongoing joint operation with the FDA, officers and agents looked to intercept counterfeit or other violative e-cigarettes, including certain flavored e-cigarettes imported to the United States that did not meet the Federal Food, Drug and Cosmetic Act (FD&C Act) requirements, as amended by the Family Smoking Prevention and Tobacco Control Act (Tobacco Control Act).

"The FDA continues to prioritize enforcement against e-cigarette products, specifically those most appealing and accessible to youth," said Mitch Zeller, J.D., director of the FDA's Center for Tobacco Products. "We are very concerned about how popular these products are with youth. This seizure makes clear to tobacco product manufacturers, retailers and importers that the FDA is keeping a close watch on the marketplace and will hold accountable those companies that violate tobacco laws and regulations."

CBP's trade enforcement mission places a significant emphasis on intercepting illicit products that could harm American consumers. In fiscal year 2020, CBP seized 93,590 units of e-cigarettes that did not meet U.S. federal regulations.

In July 2020, the FDA issued a warning letter to Cool Clouds Distribution Inc. (doing business as Puff Bar), to remove its flavored disposable e-cigarettes and youth-appealing e-liquid products from the market because they do not have the required premarket authorization.

FDA Postpones Cigarette Health Warnings' Date

On December 2, 2020, the U.S. District Court for the Eastern District of Texas granted a motion by the plaintiffs in the case of R.J. Reynolds Tobacco Co. et al. v. United States Food and Drug Administration et al., to postpone the effective date of the "Required Warnings for Cigarette Packages and Advertisements" final rule by an additional 90 days.

The new effective date of the final rule is January 14, 2022. Pursuant to the court order, any obligation to comply with a deadline tied to the effective date is similarly postponed. The U.S. Food and Drug Administration (FDA) strongly encourages entities to submit cigarette plans as soon as possible, and in any event by March 16, 2021. The FDA intends to revise its relevant guidance documents related to the rule with the new effective date. For questions about the effective date, please contact CTP.

This marks the second time the agency won a delay in the rule's effective date. In May 2020, the U.S. District Court for the Eastern District of Texas agreed to a postponement until October 16, 2021, because of the COVID-19 pandemic. The new requirement for graphic warning labels on cigarette packs was initially slated to take effect June 18, 2021.

Murphy USA Announces Preliminary Fourth-Quarter Earnings

Murphy USA took the step today of announcing preliminary earnings for the fourth quarter of 2020, and targeted net income of $61 million thanks to a "robust total fuel contribution" of 19.8cts/gal as well as strong merchandise margins. Adjusted EBITDA is projected to be $136.3 million, adding up to a full year number of $722.7 million. The company ended 2020 with 1,503 stores. The retailer repurchased some 1.3 million common shares in the quarter at an average price of $128.17 per share, and the full year repurchase tally was 3.3 million shares. The company has another $375 million in its war chest to buy back additional shares through December 2023.

The biggest news in the fourth quarter came as Murphy USA agreed to purchase QuickChek for $645 million. That's a move which will put Murphy in high margin markets as well as "de-risk the roll out of food and beverage platforms across the network."

The company will provide specific guidance and expectations for the Murphy USA and QuickChek stores on Feb. 3, with an investor conference call to follow on Feb. 4.

Same-store sales dipped in the quarter to 223.6 million gallons from 237.5 million gal in the same quarter of 2019, a drop of only 5.8%. OPIS Volume data for U.S. retailers in the fourth quarter suggests average attrition of more than 15% so Murphy USA sites fared far better than most competitors.

The impact of Renewable Identification Numbers (RINs) wasn't detailed, although the credits are mentioned in a line item that mentions the total fuel contribution. Fuel contributed $19.8 million to earnings, up from $17.1 million a year ago. RINs have continued to fetch high prices in early 2021, and Murphy
should be a beneficiary of the steeper prices.

--Reporting by Tom Kloza

Because You Asked

Question. Do I have to train my clerks on both tobacco and alcohol sales?

Answer: Yes. The tobacco training program is administered by the Health Department, while the alcohol training program is administered by the State Liquor Authority. They both do stings and neither one of them recognizes the other one's training. Do you and your employees a favor and take a few hours to be familiar with the penalties that await you, if you don't follow the rules. In addition to fines, those failing a sting may be arrested. You will see your penalties lessened as well if you train your employees.

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