

HOUSE BILL REPORT

ESHB 1924

*As Passed House
March 20, 1991*

Title: An act relating to the marketing of motor fuels.

Brief Description: Regulating motor fuel marketing.

Sponsor(s): By House Committee on Energy & Utilities
(originally sponsored by Representatives Grant, Belcher,
Rasmussen, Ludwig, Bray, Rayburn and Inslee).

Brief History:

Reported by House Committee on:
Energy & Utilities, March 5, 1991, DPS;
Passed House, March 20, 1991, 65-32.

**HOUSE COMMITTEE ON
ENERGY & UTILITIES**

Majority Report: *That Substitute House Bill No. 1924 be substituted therefor, and the substitute bill do pass.*
Signed by 7 members: Representatives Grant, Chair;
H. Myers, Vice Chair; Bray; Cooper; R. Fisher; Jacobsen; and
Rayburn.

Minority Report: *Do not pass.* Signed by 4 members:
Representatives May, Ranking Minority Member; Hochstatter,
Assistant Ranking Minority Member; Casada; and Miller.

Staff: Fred Adair (786-7113).

Background: There is concern whether discrimination by oil companies exists in the distribution of their petroleum products. The concern is over both quantities distributed and prices charged by the oil companies.

Petroleum products have become essential to public health and welfare in the State.

Summary of Bill: A 10 member select committee on motor vehicle fuels monitoring is created to study motor vehicle fuels mandating practices. The committee shall examine both motor vehicle fuel distribution practices and motor vehicle fuel wholesale and retail pricing.

The committee shall report its findings to the Senate and House committees on Energy and Utilities by December 1, 1991.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Competition is being reduced by oil companies giving favored pricing to company stations. Independent marketers have been the ones who have introduced innovative market practices such as self-service. "Little Oil" wants a level playing field from "Big Oil." "Big Oil" wants to control oil from the oil field to the automobile tank. Consumers pay more in rural areas than they should. The independent wholesale purchaser-resellers have been discriminated against in quantity during periods of fuel shortage as well as in price. Prices in various localities are not an accurate reflection of the differing costs to supply motor fuel to these localities.

Testimony Against: This is protectionist legislation which guarantees a profit margin to even the least efficient independent wholesale purchaser-resellers at the expense of the petroleum products consumer. Competition will be curtailed and an expensive and cumbersome bureaucracy will be created in order to meet the requirements of the bill. The accounting cost will be tremendous. Gasoline prices for the motorist will be higher. Presently the oil and motor fuel markets are competitive.

Witnesses: Pro: Norm Sather, Pacific Oil Products and Washington Oil Marketers Association; Lowell Waldrip, a Seattle Texaco wholesaler; and Tim Hamilton, Automotive United Trades Organization. Con: Vern Lindskog, Washington State Petroleum Association; Stu McDonald, ARCO; and Larry Day, Regional Manager, Chevron.