

TESTIMONY SUBMITTED BY:
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Connecticut Chapter
New England Convenience Store Association
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RE: Testimony Relative to HB 6518; An Act Concerning Pricing of Gasoline

**Chairman Shapiro, Chairman Colapietro, members of the Committee,
thank you for the opportunity to testify before you today.**

Thank you for allowing the submission of this testimony on behalf of the Connecticut Chapter of the New England Convenience Store Association (NECSA). NECSA's Connecticut Chapter represents convenience stores across Connecticut. NECSA's membership consists of independent, family owned convenience stores, independently owned franchise stores as well as chain-operated convenience stores.

Our members oppose House Bill 6518 and ask you to vote against this fuel pricing bill. As proposed, the bill raises some serious concerns for our members who sell gasoline.

First, the definition of 'abnormal market disruption' is of concern because it is drafted quite broadly and for retailers to have certainty about when the applicable proposed rules are to be executed is important or they risk costly liability. If that definition in the bill is refined to remove the overly broad conditions, but retains the current language in the second part of it which is that solely the Governor's declaration of a disaster emergency would cause the rules to go into effect, then there would be more certainty for the industry, consumers and the state.

Second, the language in line 102 forward about '**an imminent abnormal market disruption** is reasonably anticipated' is also not a clear, workable, bright line standard. Our members are concerned about that language used throughout the bill and ask you to remove it from any possible legislation. A declaration of emergency by the Governor is a clear, bright line standard that small businesses as well as larger ones can more easily understand and fosters compliance.

Third, in Section 1 of the bill, it appears to treat similar businesses in a disparate manner depending upon whether they are gasoline dealers who own their business and land as opposed to dealers who lease their properties. It is the part of the bill that refers to geographic location or zone pricing and NECSA's members are concerned that the liabilities and cost of doing business for a property owner who invests in a certain location are not taken into pricing consideration verses a lessee. They do not have the same investment and this bill language appears to provide an advantage to a lessee dealer.

And another concern is that retailers should be allowed to raise their prices to purchase their next inventory and this bill appears to preclude that. Our members realize that volatile gas prices and increases are unpopular with the public. However, what most people do not understand is that your local gas station does not control a majority of the expense of a gallon of gas.

According to the National Association of Convenience Stores (NACS), convenience stores sell approximately 80 percent of the gas in the United States. Nearly 90 percent of the price of a gallon of gasoline is determined before it reaches the retailer. International issues, weather and a variety of

events contribute to supply and demand imbalances which can also raise gas prices.

I can tell you that for our members, price volatility is not brought on by retailers and retailers make pennies per gallon on motor fuels. After incorporating expenses such as credit card processing fees, operation costs, and taxes, profit margins, there is limited profit for retailers.

Other added costs that affect profit margins and that are often overlooked include gasoline thefts due to drive offs which increase as the price of gas increases and the large expense of investing in a new store with new fuel equipment (approximately \$450,000 and up in cost depending upon location).

Our convenience store members thank you for your consideration about our concerns with HB 6518 and we respectfully urge you to vote against the bill as drafted. The state's convenience store operators are already losing related sales as consumers' budgets are tightening in this recession and your local retailers ask you not to make a difficult situation worse.

Thank you for your consideration of our concerns.