



State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
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CHAIRMAN
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MEMBER
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Thank you Chairman Taborsak, Chairman Doyle, the Ranking Members, and Members of the Committee for the opportunity to testify today.

I am proud to introduce House Bill 5869 with Chairman Fox to ban the zone pricing of gasoline. I represent Stamford and New Canaan in Fairfield County and for far too long my neighbors and I have paid an artificially inflated price for gasoline. It is a price that is more than is necessary to ensure a fair return for the oil companies and its franchisees; more than is necessary to cover the transportation cost of moving the gasoline; more than is necessary to cover the regional cost of real estate and the cost of doing business in our area.

The problem with zone gas pricing is that it stifles competition and harms consumers by artificially inflating the price. Here's how the market works (in broad brush). Gasoline is sold in a wholesale market in New Haven Harbor. Independent dealers come to New Haven Harbor -- to what is called the Terminal -- and they purchase gasoline at what is known as the Terminal Rack Price. The Independent Dealers then take that gasoline back to their respective communities, mark up the gasoline and sell the gasoline at a retail price.

That how the market should work for everyone -- but it doesn't. Zone gas pricing changes the rules -- 50% of stations don't buy at the terminal rack price. They don't set a competitive retail price. Instead, big oil companies mandate a price, often well above the terminal rack price. So 50% of stations don't get to compete with each other. They don't get to compete with the independents. They do what they're told. And consumers suffer.

For example, just this morning, I noted that on High Ridge Road in Stamford this morning, the lowest price was \$3.49 and the highest \$3.69; in Meriden the lowest price was \$3.26 and the highest \$3.39.

This is not just a Fairfield County problem, but a problem felt by consumers throughout the state. In this difficult time, where we've seen the price of oil spike to historic highs in a volatile market, and big oil companies have recorded record profits, consumers need our help. Please ban zone gas pricing to fight anti-competitive practices, which may constitute illegal price discrimination and price fixing, and may violate state and federal antitrust laws. Please ban zone gas pricing to return competition to the retail level. Please ban zone gas pricing to reduce the price of gasoline for the working people of this state.

Thank you.

A handwritten signature in black ink, appearing to be 'W. Tong', with a long horizontal flourish extending to the right.

Rep. William Tong