# SB1430

| | |
|---|---|
| Measure Title: | **RELATING TO THE PETROLEUM INDUSTRY.** |
| Report Title: | **Gasoline; Retail Stations; Minimum Distance** |
| Description: | **Increases the minimum distance between dealer-operated gasoline stations and new stations owned and operated by a manufacturer or wholesaler, from one-eighth of a mile to one mile.** |
| Companion: | |
| Package: | **None** |
| Current Referral: | **CPN** |

WSPA

**Western States Petroleum Association**

Senate Committee on Commerce and Consumer Protection

| | |
|---|---|
| DATE: | Friday, February 25, 2011 |
| TIME: | 9:00 a.m. |
| PLACE: | Conference Room 229 |
| RE: | SB1430: Relating to the Petroleum Industry |

I am testifying on behalf of the Western States Petroleum Association (known as WSPA) with comments in opposition to SB 1430, Relating to the Petroleum Industry. WSPA is a non-profit trade association representing a broad spectrum of petroleum industry companies in Hawaii and five other western states.

SB 1430 increases the minimum distance between dealer-operated gasoline stations and new stations owned and operated by a manufacturer or wholesaler, from one-eighth of a mile under the existing law (known as an "anti-encroachment law") to one mile, therefore expanding the impact of the existing law.

We would like to quote for you from the Federal Trade Commission testimony to the Hawaii state legislature in 2003:

"Published economic research demonstrates that anti-encroachment and divorcement laws tend to increase retail gasoline prices. A National Bureau of Economic Research study found that company-operated stations can be the most efficient form of management for high-volume, low-service gasoline stations. Laws that limit marketers' ability to establish new company-operated stations thus force them to adopt higher-cost organizational forms, and these increased costs likely are passed through to consumers in the form of higher gasoline prices."

Additionally:

"We are aware of no study specifically estimating the effect of Hawaii's divorcement and anti-encroachment laws, but we know of no reason that these laws would not have effects in Hawaii similar to their effects in other states. Indeed, the FTC warned in 1985 that the divorcement law already under discussion in Hawaii 'would unquestionably increase the costs of gasoline distribution, eliminate legitimate price competition, and raise prices for motor fuel to consumers.'"

Therefore, we respectfully oppose this measure.

**841 Bishop Street, Suite 2100, Honolulu, Hawaii 96813**
**(808) 447-1840**

February 25, 2001

TO: Commerce on Consumer Protection
Sen. Rosalyn Baker, Chair and
Sen. Brian Taniguchi, Vice Chair and
Committee on Judiciary

From: Brian Arakawa

**Testimony on SB #1430**

Ms. Chair and Members:

I am here today to testify in favor of SB #1430, **Gasoline; Retail Stations; and Minimum Distance.**

I feel that the proposed increase in distance from 1/8th to 1 mile between what is known as a "new company retail service outlets" will allow the "dealer retail station" or small business owner to survive in the retail fuel industry.

Should we not have some type of regulation in place; the "Company Outlet" could set-up business next door and decreases the prices until the "Dealer Outlet" closes its door and then raises prices and dictates the market price to the consumer.

By making this change in SB #1430 it would protect the integrity of our community design plan so we don't have a fuel station on ever corner and allow fair competition.

Thank you for your consideration