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February 6, 2020

TO: The Honorable Delores G. Kelley
Chair, Senate Finance Committee

FROM: Steven M. Sakamoto-Wenget 
Consumer Protection Counsel for Regulation, Legislation and Policy

RE: SB 220 -- Gas Price Gouging Act (SUPPORT)

I am writing to express the support of the Consumer Protection Division for Senate Bill 220, sponsored by Senator Kagan, which would require service stations to post signs listing the highest price for gasoline rather than the lowest price or, in the alternative, both the cash and credit prices where those prices differ. The Division regularly receives complaints from consumers who drive into a gas station in response to a sign advertising the price per gallon only to find when they get to the pump that the actual price is higher unless they pay with cash.

The Mid-Atlantic Petroleum Distributors' Association reports that the substantial majority of gas purchases are made with credit cards, not cash. This is confirmed by the 2018 Total System Services Survey, which included consumer payment preferences at gas pumps, reflected that 80% of consumers used debit cards or credit cards when paying for gas. Consequently, the price displayed to the public should be the price that most consumers will be paying, not the price available only to a small minority of consumers. Signs identifying both the cash and credit prices would similarly accomplish the goal of informing consumers of the actual price they will be paying before they drive into the station.

Nothing in Senate Bill 220 prohibits a service station from charging different prices for cash and credit purchases – rather the bill solely requires that prices disclosed on the station's signs be the price that consumers are most likely to pay. Many service stations already use signs that display both the cash and credit prices so consumers know what they will be charged before they enter the station.

The Consumer Protection Act would prohibit a gas station from displaying the lower cash price for gas without also conspicuously displaying the higher credit price for the same type of gasoline, if the station charges more than one price. However, nothing in the Consumer Protection

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Act requires that either only the higher price be displayed or that both the cash and the credit price to be displayed on the same sign, which is what Senate Bill 220 would require.

Accordingly, the Consumer Protection Division respectfully requests that the Senate Finance Committee give Senate Bill 220 a favorable report.

cc: The Honorable Cheryl Kagan