

SENATE BILL 597

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2000 Regular Session  
0lr2612  
CF 0lr2689

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By: **Senator Dorman**

Introduced and read first time: February 4, 2000

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulation - Motor Fuel - Below Cost Sales**

3 FOR the purpose of prohibiting a retail service station dealer from selling motor fuel  
4 below cost, subject to certain exceptions; requiring the Comptroller of the State,  
5 on receipt of a certain complaint, to conduct a certain investigation within a  
6 certain amount of time; establishing certain penalties for a violation of this Act;  
7 defining a certain term; and generally relating to prohibiting certain sales of  
8 motor fuel at below cost.

9 BY repealing and reenacting, with amendments,  
10 Article - Business Regulation  
11 Section 10-301 and 10-316  
12 Annotated Code of Maryland  
13 (1998 Replacement Volume and 1999 Supplement)

14 BY adding to  
15 Article - Business Regulation  
16 Section 10-304.1  
17 Annotated Code of Maryland  
18 (1998 Replacement Volume and 1999 Supplement)

19 BY repealing and reenacting, without amendments,  
20 Article - Business Regulation  
21 Section 10-324  
22 Annotated Code of Maryland  
23 (1998 Replacement Volume and 1999 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
25 MARYLAND, That the Laws of Maryland read as follows:

**Article - Business Regulation**

10-301.

(a) In this subtitle the following words have the meanings indicated.

(b) (1) "Dealer" means a person who:

(i) imports any gasoline into the State;

(ii) blends, in the State, any gasoline on which the motor fuel tax has not been paid;

(iii) refines, in the State, any gasoline on which the motor fuel tax has not been paid; or

(iv) acquires, in the State, any gasoline on which the motor fuel tax has not been paid, for:

1. export; or

2. wholesale distribution.

(2) "Dealer" includes:

(i) the State when it engages in any activities listed in paragraph (1) of this subsection; and

(ii) a political subdivision of the State when it engages in any of the activities listed in paragraph (1) of this subsection.

(3) "Dealer" does not include a person who brings gasoline into the State in the fuel supply tank of an aircraft, motor vehicle, or vessel.

(c) "Manufacturer" means a person who in the State blends gasoline from blend stocks before final sale.

(D) "SELL MOTOR FUEL BELOW COST" MEANS TO SELL MOTOR FUEL AT A PRICE THAT IS LESS THAN THE TOTAL OF:

(1) THE MOST RECENTLY PUBLISHED AVERAGE RESELLER RACK COST OF MOTOR FUEL BY GRADE AND QUALITY, AS CALCULATED BY THE OIL PRICE INFORMATION SERVICE (OPIS), FOR THE PARTICULAR TERMINAL FROM WHICH THE MOTOR FUEL WAS DELIVERED TO THE RETAIL SERVICE STATION DEALER; AND

(2) THE FREIGHT CHARGES AND ALL APPLICABLE FEDERAL, STATE, AND LOCAL TAXES NOT INCLUDED IN THE INVOICE COST.

[(d)] (E) "Special fuel seller" has the meaning stated in § 9-301(s) of the Tax - General Article.

1 10-304.1.

2 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A RETAIL  
3 SERVICE STATION DEALER MAY NOT SELL MOTOR FUEL BELOW COST.

4 (B) A RETAIL SERVICE STATION DEALER MAY SELL MOTOR FUEL BELOW COST  
5 IF THE SALE IS:

6 (1) MADE IN GOOD FAITH TO MEET COMPETITION;

7 (2) MADE AS PART OF A FINAL LIQUIDATION OR CLOSING OF THE  
8 BUSINESS OF THE RETAIL SERVICE STATION DEALER;

9 (3) MADE AS PART OF A BONA FIDE CHARITABLE PROMOTION LASTING  
10 NO LONGER THAN 2 DAYS; OR

11 (4) MADE UNDER THE DIRECTION OR ORDER OF A COURT OR  
12 GOVERNMENT ENTITY.

13 (C) IF THE COMPTROLLER RECEIVES A COMPLAINT IN WRITING THAT A  
14 RETAIL SERVICE STATION DEALER IS SELLING MOTOR FUEL BELOW COST, THE  
15 COMPTROLLER SHALL INVESTIGATE AND DETERMINE WITHIN 3 BUSINESS DAYS OF  
16 THE RECEIPT OF THE COMPLAINT WHETHER THE ALLEGATIONS CONTAINED IN THE  
17 COMPLAINT ARE TRUE.

18 (D) (1) THE COMPTROLLER SHALL ISSUE A STOP SALE NOTICE AND MAY  
19 SUSPEND OR REVOKE THE CERTIFICATE OF REGISTRATION OF A RETAIL SERVICE  
20 STATION DEALER IF THE COMPTROLLER DETERMINES THAT THE RETAIL SERVICE  
21 STATION DEALER IS IN VIOLATION OF THIS SECTION.

22 (2) THE PENALTIES PROVIDED IN THIS SUBSECTION ARE IN ADDITION  
23 TO THE PENALTIES PROVIDED IN § 10-324 OF THIS SUBTITLE.

24 10-316.

25 The Comptroller shall issue a stop sale notice if the Comptroller finds that a  
26 person:

27 (1) stores or sells motor fuel from a location that does not have a valid  
28 certificate of registration;

29 (2) willfully uses a motor fuel advertisement that is misleading; [or]

30 (3) willfully markets motor fuel that has not been approved; OR

31 (4) SELLS MOTOR FUEL BELOW COST IN VIOLATION OF § 10-304.1 OF  
32 THIS SUBTITLE.

1 10-324.

2       Except as otherwise provided in this subtitle, a person who violates this subtitle  
3 or aids or assists in the violation of this subtitle is guilty of a misdemeanor and, on  
4 conviction, is subject to a fine not exceeding \$5,000 or imprisonment not exceeding 1  
5 year or both.

6       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 October 1, 2000.