

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 829
Economic Matters

(Delegate Moe, *et al.*)

Finance

Business Regulation - Registration of Service Station Dealers and Sale of Gasoline Products

This bill extends to October 1, 2009, the conditional prohibition on the Comptroller from issuing a certificate of registration to a retail service station dealer who markets motor fuel through a retail service station that has been altered, enlarged, or structurally modified between July 1, 1977 and October 1, 2009. The bill also changes the date after which any producer, refiner, or wholesaler of motor fuel who supplies motor fuel to retail service station dealers must extend all voluntary allowances uniformly to all retail service station dealers to September 30, 2009.

Fiscal Summary

State Effect: None. The bill would not directly affect State operations or finances.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: The prohibition on the issuance of the aforementioned certificates of registration expires October 1, 2004. There is an exception to the prohibition if the station contains an enclosed area to work on automobiles and the station offers basic auto services such as battery charging, oil changes, tire repair, and certain other services.

The date the mandatory uniform “voluntary allowances” are to begin is September 30, 2004.

Background:

Certificate of Registration Prohibition: When this law was first passed, in 1977, there was concern over the petroleum industry's trend away from local full-service gas stations and towards the "quick-stop" or "gas-n-go" type facilities, often run by large corporations. It was believed that such a trend would be bad for communities because it was assumed that the corporations would be less community oriented and responsive than locally owned full-service stations. This law was originally passed to try to slow down this trend, which continues today in a slightly different form. The emerging trend is for a multi-corporate facility, combining a national fast-food eating and convenience store facility with a national fuel facility.

Voluntary Allowances: Voluntary allowances are discounts suppliers offer retailers. There have been concerns on the part of independent service stations that company-owned retailers get more and better discounts than independent service stations.

SB 354 of the 2000 session extended the provisions addressed by this bill from October 1, 2000 and September 30, 2000 to October 1, 2004 and September 30, 2004, respectively.

Small Business Effect:

Certificate of Registration Prohibition: The bill extends the protection smaller service stations have been receiving from the law. Since 1977, smaller retailers have been the main beneficiary of legal protection from corporate competition. The main cost of this protection has been, and will continue to be, for the consumer in the form of reduced choice and potentially higher prices.

Voluntary Allowances: Any service station that is not affiliated with a major supplier may pay a higher price for its fuel. This will vary for each station as discount allowances are also based on the quality of customer and other factors independent of station ownership.

Additional Information

Prior Introductions: See discussion above.

Cross File: None.

Information Source(s): Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2004
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