

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 949  
Finance

(Senator Exum)

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Task Force to Study Gasoline Zone-Pricing in Maryland

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This bill establishes a Task Force to Study Gasoline Zone-Pricing in Maryland to study the • effect of gasoline zone-pricing on communities; • effect of gasoline zone-pricing on consumers; and • need for regulation in the area of gasoline pricing. The task force must submit an interim report of its findings and recommendations regarding the regulation of gasoline pricing, including statutory changes, to the Governor and the General Assembly by December 1, 2008 and a final report by December 1, 2009. The Comptroller's Office must staff the task force.

The bill takes effect July 1, 2008 and terminates June 30, 2010.

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Fiscal Summary

**State Effect:** Any expense reimbursements for task force members and staffing costs for the Comptroller's Office are assumed to be minimal and absorbable within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** None applicable.

**Background:** Zone-pricing refers to a marketing practice that gasoline refiners use to establish different dealer tank wagon (DTW) prices according to geographic area and

based on the nature of competitive forces in a particular area. Gasoline suppliers may establish as many or as few according to their distribution needs.

In August 2000, Governor Glendening formed the Task Force on Gasoline Zone-Pricing in Maryland (Executive Order 01.01.2000.14). The task force considered the practice and methods of zone-pricing, and recommended action to be taken by the State. The task force submitted its final report to the Governor and the General Assembly on September 14, 2001. The report included these recommendations:

- The Comptroller must investigate as soon as practical complaints of discriminatory pricing for motor fuel between dealers of the same brand with the same supplier. If the differential between competing retailers is due to discriminatory pricing as opposed to an allowance to meet competition, transportation, a dealer's margin, rack/dealer tank wagon price differential, or relative factor, the Comptroller must report the possible price discrimination to the Attorney General's Office as soon as possible.
- The Comptroller's Office should more closely monitor the marketing of gasoline to ensure that no unlawful, anti-competitive, or unfair marketing practices are occurring in Maryland. If the Comptroller finds evidence of possible violations of Maryland law, the Comptroller must report the evidence to the Attorney General's Office. The Attorney General's Office must take appropriate action in an expeditious manner.
- All reasonable measures should be taken to make sure that the Motor Fuel Division of the State Comptroller's Office develop the expertise needed to monitor and understand the motor fuel distribution system to protect and to ensure that sufficient competition exists.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1138 (Delegate Braveboy, *et al.*) – Economic Matters.

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

**Fiscal Note History:** First Reader - March 4, 2008  
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