

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 101

(Senator Edwards)

Finance

Economic Matters

Business Regulation - Motor Fuel Advertising Signs - Requirements

This bill repeals a provision of State law that requires retail service stations to post the lowest price of mid-grade gasoline sold at the station. The bill clarifies that the signs retail service stations are required to maintain on-site may state the lowest price for any whole measurement unit of diesel and other motor fuel products sold on the premises. The bill also repeals an obsolete provision of law specifying that the signage requirements under State law do not apply to gasohol.

Fiscal Summary

State Effect: None. The bill's changes pertain exclusively to private-sector activities. The Comptroller's Office inspects retail service stations in the State for compliance with various State laws and regulations. Enforcement of the bill's provisions can be handled with existing resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: Potential meaningful beneficial impact as the bill eases current signage requirements.

Analysis

Current Law: Retail service stations (*i.e.*, retail businesses where motor fuel is sold) must display a sign that states the lowest price offered for each whole unit of regular and mid-grade gasoline offered for sale to the public. Their signs must meet various standards specified in State law for size, uniformity, and other requirements and must be readable by passing motorists. These provisions do not apply to a retail service station dealer who operates three or fewer dispensing units with six or fewer nozzles.

Retail service stations are not required to post their diesel fuel or premium gasoline prices.

Persons who do not comply with the signage provisions are guilty of a misdemeanor and are subject to a fine of up to \$5,000 and/or imprisonment for up to one year.

The above provisions also do not apply to the sale of gasohol. The Comptroller's Office advises that the gasohol exemption applies to an obsolete form of motor fuel that is produced by combining 1 part methanol ("wood alcohol" or methyl alcohol) and 19 parts gasoline. The blend of standard gasoline, also called gasohol, sold in the United States is a blend of 10% ethanol and 90% conventional gasoline.

Motor fuel suppliers are required to give retail service station dealers any new or additional signage required to comply with these provisions of law at no cost to the dealer.

Background: As of February 2011, there were about 1,200 retail service stations in Maryland that sold diesel fuel. Of those, about 650 were branded stations and 550 were unbranded gasoline stations.

Branded stations are retail stations that sell a brand of gasoline affiliated with a major oil company, or large supplier or jobber (*e.g.*, Exxon, BP, Carroll Fuel, etc.). Branded stations in Maryland may be company owned but operated by independent lessee-dealers, or retail outlets owned and operated by independent dealers who agree to sell only branded gasoline.

Unbranded gasoline stations, such as Wawa or Costco, purchase gasoline from a variety of sources. Roughly half of unbranded gasoline stations are one-station operations. The other stations are under a common owner who operates more than one station.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): *Gasohol: A Technical Memorandum*; Office of Technology Assessment; U.S. Congress; Mid-Atlantic Petroleum Distributors' Association; Comptroller's Office; Department of Legislative Services

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