

**AG\_FAV\_SB220**

Uploaded by: Sakamoto-Wengel, Steve

Position: FAV

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**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

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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)**

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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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The Honorable Delores G. Kelley  
Senate Bill 220  
February 6, 2020  
Page Two

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

# **consumerauto\_FAV\_SB220**

Uploaded by: Schneiderman, Franz

Position: FAV

**Testimony to the Senate Finance Committee  
SB 220 – Gas Price Gouging Act  
Position: Favorable**

February 6, 2020

The Honorable Delores G. Kelley  
Senate Finance Committee  
3 East, Miller Senate Building  
Annapolis, MD 21401  
cc: Members, Senate Finance Committee

**Honorable Chair Kelley and Members of the Committee:**

I'm a consumer advocate and Executive Director of Consumer Auto, a group that brings together consumer-friendly auto dealers and consumer advocates to work for safety, transparency, and fair treatment for Maryland drivers and car buyers.

Consumer Auto supports **SB 220** because it will make posted gas prices more transparent and fair to consumers. Since most consumers purchase gas on credit, allowing dealerships to post only the lowest price for their gas – which very often is a cash price that is significantly lower than the credit price most customers will actually pay – gives consumers incomplete and sometimes misleading information about the actual price they are likely to pay.

Requiring dealers to prominently post either both the cash and credit price or the highest price of their gas will prevent customers from getting a nasty and costly surprise at the pump.

The cost of gas is a quite significant budget item for many of us – costing many families more than \$2,000/year. This reform will give consumers fuller and fairer information to help manage the cost.

We ask you to give **SB 220** a FAVORABLE report.

Sincerely,

Franz Schneiderman  
Consumer Auto

# **Senator Cheryl Kagan\_FAV\_SB220**

Uploaded by: Senator Kagan, Senator Kagan

Position: FAV

CHERYL C. KAGAN  
Legislative District 17  
Montgomery County

Vice Chair  
Education, Health, and  
Environmental Affairs Committee

Joint Audit Committee  
Joint Committee on Federal Relations



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THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**SB220: Gas Price Gouging Act**  
**Finance Committee**  
**Hearing: February 6, 2020, 1:00 PM**

Some gas stations post only their lowest (cash) price while posting credit card prices on smaller, unilluminated signs. Consumers are likely to be deceived about the price they will pay until they pull up to the pump. In 2018, 80% of Americans preferred to purchase gasoline by credit or debit card and the average consumer spent over \$2,000 to fuel their cars last year.

Ten states and New York City have taken action on this issue. Maryland should protect consumers by passing SB220, which would require gas stations to post **either** the highest or both prices in equal size. Many Maryland stations already comply with this practice. Discounts and special pricing may still be offered within this requirement.

In endorsing the bill, Attorney General Brian Frosh said, "The price displayed to the public should be the price most consumers will pay, not the price available only to a small minority of consumers. Price transparency will help inform consumers of the actual price before pulling into the station."

Opponents may argue that this bill would place an undue burden on local "mom and pop" gas station owners with additional signage requirements. Under current law, (page 3, lines 12-14), "If a new or additional sign is required to comply with this subsection, **the supplier of the gasoline shall provide the sign and numerals without cost to the retail service station dealer.**"

I urge the Committee to report SB220 favorably.

Attachment: PowerPoint presentation

# Gas Price Gouging

Ending “Bait & Switch” at Maryland Gas Stations

SB220/HB101



# Gasoline Consumers

- 80% prefer to use credit or debit cards rather than cash.

This will protect consumers by requiring either the highest price OR both the cash and credit prices.

One Price for Every Customer



“Bad Guy”

Only 20% of consumers will pay this price.

Most will pay \$0.06 more per gallon.



## “Bad Guy”

Distracting graphic  
draws the eye  
away from ‘CASH.’

The word ‘CREDIT’  
is barely visible,  
and the sign is  
hidden by the car.



# Getting Gas at Night? Credit/debit prices are even less visible.



Lower cash prices are clearly visible, but 'CASH' is hard to see.



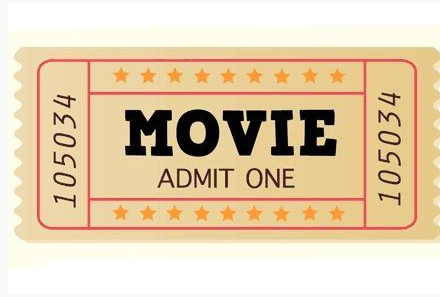
'CREDIT' prices are not illuminated.

## From the Attorney General's Office:

“... Commercial Law Article 13-301 (3), which provides that it is an ‘unfair or deceptive trade practice to [fail] to state a material fact if the failure deceives or tends to deceive.’ **A statement that regular gas is sold at a certain price is misleading if that is not always the price.**”

June 15, 2018

# No other products have cash & credit prices!



# 10 states and NYC have enacted laws to protect consumers from gas station “bait & switch.”

LA ('90), SD ('92), MN ('94), GA ('10), DE ('10), CT ('11), MI ('12), NJ ('12), MA ('13), NYC ('13), CA ('17)



# Gasoline suppliers (NOT gas station owners!) would pay for new signs.

(CURRENT LAW shown on Page 3, lines 12-14)

**“If a new or additional sign is required to comply with this subsection, the supplier of the gasoline shall provide the sign and numerals without cost to the retail service station dealer.**

**AAA\_FAV\_SB220**

Uploaded by: Townsend, John

Position: FAV



## AAA Mid-Atlantic's Testimony in SUPPORT of SB 220 Gas Price Gouging Act

*Sponsor: Senator Kagan*

- AAA Mid-Atlantic **supports** [SB 220](#), which, as drafted, would require all retail service stations in Maryland to post a specified sign stating the highest price or both the cash price and the credit price for a whole measurement unit of regular gasoline sold on the premises.
- After the gas light on the dashboard turns on or whenever gas prices rise, many motorists “shop with their steering wheel” to avoid running out of gas or to find the cheapest pump prices around. Consumers and motorists alike have long complained about filling stations, fuel retailers, and convenience stores along the interstate, at the intersection, or on the corner that attempt to lure customers into their self-serve gas kiosks by posting misleading signs about gas prices for different grades of fuel.
- Yet the signs posting the credit or debit card prices, which are generally higher, are often substantially smaller. Even worse, according to published news reports, these signs are “difficult to read and visible only once the motorist has pulled into the gas station.”
- This is tantamount to a baiting technique. Many consumers view this as “deceptive advertising at the fuel price signs.” It is dual pricing, to say the least.
- The truth is, such price signage is misleading. These signs misrepresent the cost of gasoline at the self-serve kiosks.
- SB 220 seeks to remedy this in the State of Maryland by requiring sign uniformity at gasoline stations. It would require the highest price or the credit price and debit card price, to be prominently displayed at retail sites selling motor fuels.
- Consumers loathe advertising gasoline prices in an unclear manner. It is a form of “dual pricing.” Is it any wonder that many consumers find the practice deceptive? Some call it “false advertising.” That is because, as one journalist observes, “the small lettering that says ‘cash price’ isn’t particularly visible to passing motorists.” That is the rub.
- After fueling up at more than 150,000 retail sites selling motor fuel across the country, Americans consumed an average of about 391.40 million gallons of gasoline per day in 2018 alone. Convenience stores sell about 80% of all fuel sold in the United States, according to the National Association of Convenience Stores (NACS).
- Gas pumps are ubiquitous across the landscape. This explains, in part, why Americans are so conscious of the cost of gasoline above all other consumer prices. Stated differently, says NACS, “Gasoline prices are among the most recognizable price points in American commerce.”
- During 2019, the annual average pump price for a gallon of self-serve unleaded regular gasoline was \$2.61. The average annual price point in the decade of 2010-2019 was \$2.897 per gallon.
- Research reveals, “drivers fill up an average of 4.5 times per month, with the average fuel purchase amounting to more than \$30 per transaction.” On average, Maryland residents rack up 13,866 miles on their odometers each year. That’s the average miles traveled per driver in Maryland.
- Depending upon the annual average price of a fill-up of regular unleaded gasoline, Americans spend five to seven percent of their income on gasoline purchases.

- Across the state of Maryland, spending on gas represented a larger share of low-income earners than high-income earners in the state.
- Most major gas stations, filling stations, convenience stores, and big box stores in the state of Maryland, where the state gas tax is 35.3 cents per gallon, accept credit cards or debit cards, as is the case across the United States.
- Nearly nine out of ten Americans, and nearly 90% of Marylanders, use a credit card or a debit card to purchase gas or diesel fuel at self-serve kiosk, according to an August 2019 study.
- In fact, research shows “more than half, or [51 percent](#), of Americans use debit cards, rather than credit cards, as their primary payment method at the pumps.”
- In contrast, 37% of consumers in the United States use credit cards to make their fuel purchases.
- Yet in terms of the form of payment for fuel, only 4% of the gasoline purchased at filling stations across the country is paid for with cash. The vast majority of consumers prefer pay-at-the-pump service. Up next: voice-enabled gas pumps, which will empower consumers to pay for gasoline without pulling out a credit card or a debit card.
- However, consumers are confused when they pull into a service station with prominent price indicator display signs indicating a cheaper price point than competing gas stations in the area, only to see another much smaller sign advertising the more expensive credit card price or debit card price.
- These filling stations actually have two price points for a gallon of fuel. A higher credit price and a lower cash price. However, the price advertised on the larger and often more prominent overhead gas station price signage reflects the cash price, while the lower sign advertises the credit card price.
- Consumers are confused, and often, fooled by the price on the big sign. At many service stations, especially at so-called “low-cost gas stations,” the price point differential between the cash price and the credit card price can vary as much as five to ten cents a gallon.
- Some gas stations offer discounts for customers who use cash instead of credit. Their rationale for doing this is “offsetting the processing fees they are being charged by charged by credit card companies every time their customers swipe a card.”
- Although such signs are currently legal in Maryland, they are also deceptive and misleading. Many consumers view this technique as “false advertising.”
- It is one of the most irritating things to motorists. Gas stations on different corners of an intersection often sell gasoline at competing price points. Consumers continue to voice concerns about gas stations that use deceptive road signs to lure customers.
- Under current law in Maryland, only the lowest price must be stated. An exemption from the existing signage requirement for retail service station dealers who operate with up to three dispensing units and six combined nozzles is also repealed in SB 220.
- Nearly 40 million Americans fill up their vehicles every day. Gasoline purchases account for approximately 5% to 6% of consumer household spending per year. Consumers shouldn't be deceived about the price they will pay until they spot the credit card price on smaller signs. The new requirement mandated by SB 220 would apply to all retail service station dealers in Maryland.
- If enacted and signed into law, SB 220 would take effect on October 1, 2020. **AAA supports SB 220**, and we respectfully urge the Committee to render a favorable report.

### ***Contacts:***

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**MCRC\_FAV\_SB220**

Uploaded by: White, Marceline

Position: FAV



Maryland Consumer Rights Coalition

**Testimony to the Senate Finance Committee**  
**SB 220: Gas Price Gouging Act**  
**Position: Favorable**

February 3, 2020

Delores G. Kelley, Chair  
Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, MD 21401  
Cc: Members, Senate Finance Committee

Honorable Chair Kelley and Members of the Committee:

MCRC is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

SB 220 requires service stations to post the highest gasoline price in a clear and legible manner, rather than the lowest price, as now required by current law.

With more than three million drivers on the road in Maryland, it's important for consumers to understand the cost of gas as they manage their budgets. Clarity and transparency are one of the fundamental pillars of consumer protection – consumers must know the full cost of the product, inclusive of taxes, fees, etc.

This is an important disclosure for service stations since many price their gas differently depending on pay options – gas is cheaper for those paying cash rather than credit card. Today, the lowest gas price is advertised, however, many consumers use debit or credit cards rather than carry cash. In other words, if consumers are purchasing gas based on price and are unaware that the lowest price is only when they use cash, they have asymmetric information and can't make the most informed decision. This legislation would provide appropriate disclosure so that the consumer can make an informed choice when they purchase gas.

For these reasons, we support SB 220 and urge a favorable report.

Best,  
Marceline White  
Executive Director

**wmda\_unf\_sb220**

Uploaded by: McCauley, Kirk

Position: UNF





## WMDA/CAR Service Station and Automotive Repair Association

February 6, 2020

Chairman: Senator Delores G. Kelley

Members of Senate Finance Committee

Please Give SB 220 an Unfavorable Report

Retail sellers of motor fuel are required to post their lowest price for regular gasoline. Credit card fees are high, and some dealers offer a cheaper price for gas by providing a cash price to give consumers what they want, the lowest price possible.

More stations have gone to a single price or a dual price sign with diesel. These are digital signs and can be changed from a laptop or a POS terminal. They are much safer eliminating tall ladders or aluminum poles near power lines but on the downside they are expensive.

Maryland retailers sold 2,782,038,751 gallons of gasoline in 2019. Using a very liberal 16 gallon per transaction that equals 173,877,421 individual retail sales. This is one hundred and seventy-three million plus transactions at retail pumps with only 18 complaints about the price not matching the street sign. I **did not** calculate diesel volume from the retail sales of 529,399,191 so as not to distort total fill-ups. (larger tanks and more gallons per sale). There were 14 complaints at the weights and measures office and 4 at the Comptroller's office for a total of 18 complaints. The numbers speak for themselves.

Please give SB 220 an unfavorable Report

WMDA/CAR is a trade association that has represented service stations, convenience stores and independent repair shops since 1937. Any questions can be addressed to Kirk McCauley, 301-775-0221 or [kmccauley@wmda.net](mailto:kmccauley@wmda.net)



Regular and Diesel



Regular and diesel

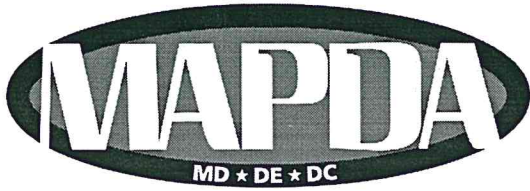


Regular and diesel

**MAPDA\_UNF\_SB220**

Uploaded by: Valentino, Ellen

Position: UNF



Mid-Atlantic Petroleum Distributors Association  
P.O. Box 711 ★ Annapolis, MD 21404  
410-693-2226 ★ [www.mapda.com](http://www.mapda.com)

To: Senate Finance Committee  
From: Ellen Valentino  
Date: February 6, 2020  
Re: SB 220 Gas Price Gouging Act  
Unfavorable

The service station industry is highly regulated when it comes to price requirements and pump inspections to ensure that customers get the gasoline they pay for. Many would agree that gasoline sales are one of the most competitive products sold. Our price is required to be posted on the street.

Over the years, signs have changed, and pumps have changed, and technology continues to evolve. Also, the means in which consumers pay has changed and that is continuing to evolve as well.

This bill will come at a cost to small business owners to address a problem that is really very limited. The numbers do speak volumes in this specific case. 173,877,421 individual retail sales; 14 complaints to weights and measures and 4 complaints to the Comptroller and not all were germane to this issue this bill seeks to address.

Additionally, I disagree with the title of this legislation. It is not reflective and unfair.

**Feeding and fueling the economy through gas, coffee, food, heating oil and propane.**

MAPDA is an association of convenience stores and energy distributors in Maryland, Delaware & the District of Columbia.