[Supporting Senate Bill 304 and efforts to expand competition in California's gasoline market.]

Resolution supporting Senate Bill 304 and efforts in the California State Senate to foster greater competition in the retail gasoline market.

WHEREAS, gasoline is currently necessary for the movement of people, goods, and services in California, and the price of such fuels have direct impact on the health of California's economy and the welfare of its citizens, and

WHEREAS, the retail price of gasoline in California has been particularly expensive over the last several years, consistently 30 and 50 cents higher per gallon than the national average since 1995, and

WHEREAS, the high price of gasoline in San Francisco is particularly acute, and has reached unprecedented price levels over the last several months; and

WHEREAS, according to the "Report on Gasoline Pricing in California" issued by the California Attorney General in May of 2000, a lack of competition exists in the gasoline marketplace in California, which is dominated by a handful of refiners, and

WHEREAS, this Attorney General's report details that just six refiners control 92 percent of California's gasoline refining capacity, supply more than 90 percent of gasoline consumed in the state, and control approximately 85 percent of California retail stations either through ownership or lease agreement,

WHEREAS, the State Legislature has found that this concentration of market control among a limited number of refiners, and the use of certain marketing practices by these refiners, have resulted in artificially high wholesale and retail gasoline prices, and

WHEREAS, the State Legislature has also found that refiners have utilized practices that encourage reduced gasoline production, low fuel inventories, and the formation of import barriers that result in higher consumer prices and inflated refiner profits, and

WHEREAS, Assembly Bill 146 (Kehoe, D-San Diego), prohibiting a range of anticompetitive practices in the gasoline market, was recently killed by legislators who failed to take a position on the bill in committee under intense industry lobbying, and

WHEREAS, Senate Bill 304 (Morrow, R-Oceanside), a similar bill to AB 146 prohibiting anti-competitive behavior in the gasoline market that is currently in the Senate Rules Committee, promises to lower gas prices by increasing competition among retail service stations and prohibiting price influencing by major oil companies, and

WHEREAS, Senate Bill 304 specifically disallows refiners from converting a service station operated by an independent service station dealer to a company operated station, prohibits the influencing of gasoline prices by companies at service stations not owned by these companies, and institutes a floating cap on the wholesale price of gasoline in order to prevent refiners from using price discrimination schemes to influence retail prices, so therefore be it

RESOLVED, that San Francisco Board of Supervisors supports the principles contained in Senate Bill 304, which prohibits refiners from engaging in pricing and delivery practices, as well as service station acquisition, that stifles competition in California's retail gasoline market, and therefore be it

FURTHER RESOLVED, that the Board of Supervisors supports ongoing efforts to amend Senate Bill 304 toward pro-consumer outcomes, as well as additional changes to State law that foster a competitive marketplace for gasoline in California.



## City and County of San Francisco

City Hall 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4689

## **Tails**

## Resolution

File Number:	030937	Date Passed:
	orting Senate Bill 304 e retail gasoline mar	4 and efforts in the California State Senate to foster greater ket.
June 10, 200	-	isors — ADOPTED Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Newsom,

File No. 030937

Peskin, Sandoval Absent: 1 - Ammiano

I hereby certify that the foregoing Resolution was ADOPTED on June 10, 2003 by the Board of Supervisors of the City and County of San Francisco.

JUN 20 2002

**Date Approved** 

Mayor Willie L. Brown Jr.

Clerk of the Board