

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

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

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

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

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

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

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

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

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

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

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

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

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

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