

HOUSE COMMITTEE ON NATURAL RESOURCES ENVIRONMENT AND ENERGY SUBCOMMITTEE

March 1, 1993      Hearing Room D 1:30 p.m.      Tapes 32 - 34

MEMBERS PRESENT:    Rep. Bob Repine, Chair Rep. Sam Dominy Rep. Bill  
Fisher Rep. Dennis Luke Rep. Bill Markham Rep. Ray Baum

MEMBER EXCUSED:    Rep. Marilyn Dell Rep. Carl Hosticka Rep. Nancy  
Peterson

VISITING MEMBER:    Rep. Tim Josi Rep. Chuck Norris

STAFF PRESENT:      Kathryn Van Natta, Committee Administrator Karen  
McCormac, Committee Clerk

MEASURES CONSIDERED:      Informational Meeting - Gasoline Dispensing  
Issues Self-Serve/Cardlock - Gasoline and Diesel

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These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes. [--- Unable To Translate Graphic ---]

TAPE 32, SIDE A

005    CHAIR REPINE:    Calls meeting to order at 1:37 p.m. This  
informational meeting was requested by Rep. Baum to initiate a  
discussion of self-serve and cardlock issues.

021    KATHRYN VAN NATTA: Introduces meeting materials, including an  
excerpt from Article IX, Section 3(a) from the Oregon Blue Book,  
regarding the  
uses of revenue from taxes on motor vehicle use and fuel; a copy of SB  
1215 from the 1991 Legislative Session; and Oregon's Motor-Fuel  
Dispensing Industry and UST Compliance Costs (EXHIBIT A).

037    CHAIR REPINE:    Let the record show that Reps. Dell, Peterson  
and Hosticka are excused.

042    RALPH RODIA, Chief Deputy, State Fire Marshal: Presents  
written testimony (EXHIBIT B) providing overview of non-retail fuel  
dispensing statutes.

200    REP. DOMINY:    Do you have a list of bills relating to self-serve?

218 RODIA: House Bill 3102.

224 REP. NORIS: Also SB 553 and an unnumbered bill which I'm working on now.

227 RODIA: Senate Bill 553 differs because of the way in which it is worded. As I interpret this bill, it would allow any retail facility to serve non-retail customers, which does not necessarily make it entirely self-service.

237 REP. LUKE: Have there been any major problems at cardlock sites, such as fire?

241 RODIA: There is no evidence to indicate that there are substantially more incidents in a cardlock facility, with one exception. Since no

attendant is at the site, there may be leaks or other problems which occur are not reported.

253 REP. FISHER: Are there any statistics regarding how much safer Oregon's full-service is than other states which allow self-service?

254 RODIA: We attempted to gather data during the last legislative session, but unfortunately the data is not reported in a manner which allow

direct comparisons.

272 CHAIR REPINE: Are most violations by cardlock providers limited to a small number of providers?

282 RODIA: Initially almost every facility had some type of violation. A few continue to have problems, but most have few if any violations due

to an increasing familiarity with the requirements.

295 CHAIR REPINE: What role do fire marshals in other states play wherein self-service exists?

299 RODIA: They have rules regarding the operation of self-service facilities, such as shut-off switches in the control office, etc.

However, their programs are not nearly as comprehensive as ours, and facilities are not inspected as thoroughly as in Oregon.

318 CHAIR REPINE: Requests information regarding inspections of service stations in Oregon.

320 RODIA: There are administrative rules which cover retail facility inspections. We respond to complaints, but do not have the resources to conduct regular inspections. Some of the exempt authorities, such as

cities which have their own fire prevention staff, perform routine

inspections of some retail facilities.

385 MIKE SHERLOCK, Oregon Gasoline Dealers Association (OGDA):  
Presents written testimony (EXHIBIT C) in favor of repealing the  
ban on

self-service gasoline dispensing.

TAPE 33, SIDE A

045 REP. LUKE: When you state that gasoline at self-serve stations  
will be less expensive, do you also think gasoline should be less  
expensive at a cardlock facility?

047 SHERLOCK: In some cases, that's true.

054 REP. JOSI: I understand that a poll has been conducted on  
self-service.

055 SHERLOCK: Not by our organization. In a meeting Friday afternoon  
with Oregon AAA, they said they had plans to conduct a poll, but did not  
yet have the results or were not able to share them with us.

060 CHAIR REPINE: Let the record show that we are now going to a  
full subcommittee.

109 REP. DOMINY: What factors have changed which were not present  
in the past regarding self-service?

112 SHERLOCK: Last time, OGDA strongly opposed self-service. This  
time, OGDA voted to support it. During our meeting las Friday with  
AAA of

Oregon, they told us they would not use their organization to oppose  
self-service if it is referred to the voters. The underlying cause is  
that there are fewer gas stations, resulting in longer waiting times.  
Our people actually have to restrain impatient customers from filling  
their own gas tanks. Consumers are ready for self-service because it  
will be less expensive and more convenient. If there wasn't a demand  
for self-service, why is there an increase in the number of cardlocks?

143 REP. NORRIS: There have also been dramatic changes in  
technology. The new super stations have 36 pumps and two extremely busy  
employees. Gone are the days when the gas station attendant the  
attendant checked the

oil, checked the tires, cleaned the windshield, knew all the kids by  
name, and gave them a sucker. When I grew up on a Kansas farm back in  
the 1930s and 1940s, you had to go up to the counter if you wanted five  
pounds of flour, and they'd bring it to you. Before I left the farm, a

supermarket opened, where you could shop and select the items you wanted yourself. Groceries are fifty years ahead of service stations. It's time we joined the parade.

166 VAN NATTA: The bills dealing with dispensing with Class 1 flammable liquids are HB 3027, HB 3028, HB 3029, HB 3102, and HB 3123. House Bill 2128 is the Fire Marshal's agency bill which Mr. Rodia referred to in

his testimony today. These have all been referred to this committee.

House Bill 2740 and some senate bills address disabled persons.

171 GEORGE DeHART, Oregon Gasoline Dealers Association: I was one of the notorious ten who filed the lawsuit against the Fire Marshal two years

ago, which has yet to be resolved. We recognize that many customers do not want to pump their own gasoline. Other people, however, should have the right to choose. OGD's position regarding cardlocks is that they have a legitimate place in business. However, we would like to have the same rights that the cardlock users have. Eighty percent of our costs are labor-related. I have a station on South Commercial Street in Salem, and in January, I paid 6.69 cents per gallon for labor. 259 REP. DOMINY: In my travels in other states, I don't see the "choice" referred to in your testimony. There really is no choice if you don't want to pump your own gas.

264 DeHART: I think the marketplace will dictate a choice. If Oregon has self-service, the dealers I know plan to continue full-service islands

or mini-service islands.

286 REP. DOMINY: Would you expect most stations to have a self-serve island and an island with an attendant?

304 DEHART: Some stations may be completely self-serve. I would not. I do not think any of my associates intend to go completely self-serve.

315 LARRY HILL, Legislative Representative, Oregon Gasoline Dealers Association: By allowing the dealer to choose what type of service to

offer and allowing the customer to choose what type of service they want to purchase, we are not forcing them to buy services they don't want.

The ADA requires all retailers to provide service to a disabled person who cannot get access to the pump.

414 REP. LUKE: Would the disabled be charged more for full service?

415 HILL: The ADA would not permit us to do that.

420 REP. LUKE: So if a non-disabled person does not want to pump their own gas, and they pull up to the full-serve island, would you charge them

more?

426 HILL: That is a market decision which would be up to the individual dealer. There may be dealers who would consider it an advantage to

offer that service to an elderly person because they want to keep that customer's business.

434 REP. LUKE: It is not only the elderly I'm referring to. There may be people in more formal attire who would rather not pump their own gas.

439 HILL: The ADA requirement is based upon the ability of the person to pump their own gas, and if they are physically limited, they are

entitled to have the gas pumped for them at the same price. If it's simply a consumer choice, you could not expect the dealer to offer service without attempting to recover that service's cost. To offer free service to someone who just doesn't feel like getting out of their car would not be fair to the dealer.

TAPE 32, SIDE B

016 REP. LUKE: It's not really free service, since other customers will be paying for it. Requests cost difference between self-service and mini-service.

020 HILL: It is difficult to try to predict the difference. Refers to Fire Marshal report, which analyzes self-service policy and effects. They

assume there may be a small decrease in the number of stations, and that the resulting increase in prices would be reduced. One reason the industry wants self-service now is due to the costs of replacing underground storage tanks (UST). Self-service would offer dealers more flexibility in labor costs to help pay for replacing USTs. ECO Northwest assumes there will be a smaller increase in price if self-service is allowed, given that UST cleanup will be very expensive for most stations.

040 REP. LUKE: So there may not be a decrease in the price of gas with self-service, but at least there won't be as large an increase?

043 HILL: The replacement of USTs will bring about major overhead costs for most dealers.

046 REP. DOMINY: You talked about handicapped customers. What about the mother with three young children who has a choice between pulling into a self-service station or driving fifteen miles to a full-serve station?

054 HILL: Suggests looking at other retail environments. We believe the market will provide enough options for people who do not want

self-service.

080 REP. LUKE: Why was OGDA opposed to self-service before?

082 SHERLOCK: Dealers were concerned that self-service would encourage the big oil companies to eliminate dealers and replace them with

company-operated stations. However, this has not occurred in the forty-eight states which presently have self-service.

097 STEPHEN DONNELL, Voelz Oil Co.: Presents proposal previously sent to Sen. Gordon Smith regarding amendments to ORS 480.345 regarding cardlock usage (EXHIBIT D).

157 REP. FISHER: The cardlock is always open. Is there any movement by the major oil companies to make cardlocks available to the public?

160 REP. NORRIS: I understand that if you have a credit card, at some stations you can insert it into a slot at the station pump and be billed later.

168 DONNELL: If this proposal was enacted, all service stations could install a credit card machine, enabling them to be accessible 24 hours a day.

176 REP. JOSI: Requests clarification of Paragraph (a) of proposed amendment.

193 DONNELL: Currently cardlock facilities only serve those qualified under the statutes, such as non-profits and businesses. Before 1991,

individuals could use cardlocks. Due to the Fire Marshal's interpretation, cardlocks must have an attendant on duty, resulting in fuel cost increases.

203 REP. DOMINY: Under your proposal, would there be no limits regarding who can enter into a cardlock contract?

205 DONNELL: Yes.

209 REP. JOSI: How is this different from self-serve? 210 DONNELL: There is no credit involved when using a self-service station. Under a

cardlock, you use your card, and the cardreader determines fuel charges.  
This proposal would only affect the cardlock contract credit.

247 JOHN McCULLEY, Agricultural Cooperative Council of Oregon:  
Presents written testimony (EXHIBIT E) in support of self-service.

316 THOMAS E. SMITH, Petroleum Division Manager for Wilco Farmers:  
Stresses need for people in small communities to have easily  
accessible fuel.

For example, St. Paul is eight miles from Newberg and eight miles from  
Woodburn. Wilco Farmers had a very unprofitable service station in St.  
Paul which was eventually closed. A keylock was installed for the  
community's use. After SB 1215, 75% of the people in St. Paul were not  
eligible to use the keylock, and now have to drive at least eight miles  
to obtain fuel.

444 REP. DOMINY: What happens if keylock users have no credit?

455 SMITH: Everyone in St. Paul knows each other. Citizens in  
small communities take care of each other.

TAPE 33, SIDE B

040 JOHN ALTO, Petroleum Retailers of Oregon: Presents written  
testimony (EXHIBIT F). Notes that testimony in ARCO v. State Fire  
Marshal case

three years ago revealed that Oregon has four times as many fires as  
California per fueling. The danger of fire is greatly reduced if each  
person is tending their own nozzle, versus one person tending eight  
nozzles. Also, a customer might leave their car to pay for the fuel,  
then drive off with the nozzle still attached to their vehicle.

Provides committee with a copy of the National Fire Protection  
Association Autoromotive and Marine Service Station Code, which is used  
to determine Fire Marshal duties (EXHIBIT G). Concludes testimony.

191 REP. FISHER: How many jobs will be lost due to self-service?

185 ALTO: I do not have an exact number.

203 REP. FISHER: If the legislature approved self-service, do you  
believe Oregonians may attempt to rescind the legislation?

216 ALTO: The chances of that are very remote. Most of my customers  
want to save time and pump their own gas.

245 DELL ISHAM, AAA of Oregon: Presents written testimony (EXHIBIT  
H). The overwhelming majority of our 450,000 members in Oregon  
continue to

support the self-service ban. In every survey that I've seen since 1985, Oregon has consistently had lowest prices in the country for full-service regular unleaded gasoline.

305 REP. DOMINY: Do these prices include taxes?

306 ISHAM: This is the actual price at the pump. Actually, Oregon is in the top quarter compared to other states regarding gasoline taxes. Our

regular and premium gas prices are three cents per gallon less than the average of other western states.

The 1991 cardlock regulations came too late for many service stations which had to compete with cardlocks serving the general public. Now that these regulations are in place, they must remain in place and be rigorously enforced so other gas stations will not unnecessarily be forced out of business.

328 REP. DOMINY: In previous testimony today we heard that AAA would not oppose self-service this session.

335 ISHAM: Those comments were news to me. It may have been a misinterpretation. I believe what President Roger Graybeal said and

what his position has been in the past is that we would not oppose putting this issue to the people.

347 REP. DOMINY: What is AAA's position on cardlock?

350 ISHAM: We introduced legislation last session which was similar to SB 1215. However, it was not our proposal to require that specific amounts of gasoline be purchased by cardlock users.

363 REP. BAUM: I have done surveys in eastern Oregon, and 70% of my constituents are in favor of self-serve. Eastern Oregon gasoline prices are \$1.31 - \$1.39 per gallon for unleaded gasoline, whereas it's \$1.11

per gallon around Salem. We are experiencing high prices and station closures, which are mostly due to UST replacement.

402 ISHAM: Underground storage tanks are a big issue. Unfortunately, the method the legislature used to fund that was unconstitutional. There

are probably more gas pumps today than ever before, but there are fewer gas stations, and most closures have been in the Willamette Valley, where there is more competition.

TAPE 34, SIDE A

009 RALPH RODIA, Chief Deputy, State Fire Marshal: We recently had two inquiries from Manitoba and Iowa or Kansas on self-service. They wanted to know if Oregon requires full-service to provide employment for young people. Both of them indicated they were pursuing legislation to

discontinue self-service in order to create jobs.

029 REP. LUKE: Most of the attendants in the Bend area are not students.

035 CHAIR REPINE: Closes public hearing on gasoline dispensing issues.

Submitted by:

Reviewed by:

Karen McCormac  
Administrator

Kathryn Van Natta Assistant

EXHIBIT LOG:

A - Oregon's Motor-Fuel Dispensing Industry and UST Compliance Costs - ECO Northwest - 97 pages B - Gasoline Dispensing Issues Testimony - Ralph Rodia - 44 pages C - Gasoline Dispensing Issues Testimony - Mike Sherlock - 3 pages D - Gasoline Dispensing Issues Testimony - Stephen Donnell - 2 pages E - Gasoline Dispensing Issues Testimony - John McCulley - 1 page F - Gasoline Dispensing Issues Testimony - John Alto - 13 pages G - National Fire Protection Association's Automotive and Marine Service Station Code - John Alto - 23 pages H - Gasoline Dispensing Issues Testimony - Dell Isham - 7 pages