



New York Association of Convenience Stores
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MEMORANDUM IN OPPOSITION

S.603 by Senator Peralta / A.1970 by Assemblyman Jeffries

AN ACT to amend the general business law, in relation to prohibiting more than one increase in the price of gasoline in any twenty-four hour period

The New York Association of Convenience Stores, representing nearly 5,000 neighborhood convenience stores across the state that sell gasoline, opposes this legislation, which would prohibit motor fuel retailers and suppliers from increasing their price more than once per day.

We empathize with the financial and psychological distress experienced by our gas customers during this period of extreme price volatility. It's no picnic for our member retailers either, having to buy motor fuel 10,000 gallons at a time and forfeit most of their gross profit margin to Visa or MasterCard just to electronically process credit card purchases. Moreover, we are the only retail business that allows consumers to shop at 40 miles per hour.

Some convenience stores do adjust prices up or down during the day as an incentive to motorists to fill up during off-peak hours, spreading business more evenly and minimizing the inconvenience of lines at the pump during peak commutes. It's no different than a restaurant offering reduced prices for early birds. There is no justification for denying motor fuel retailers this flexibility. The recourse for consumers who find it annoying is to drive on to a competing station with a pricing strategy more to their liking.

Aside from the above practice, multiple increases in pump prices generally occur only under extreme market conditions, such as the aftermath of Hurricane Katrina. During such periods of wild price volatility, artificial constraints such as those recommended here could actually *harm* consumers.

On rare occasions like these when fear of a supply shortage triggers irrational panic buying, more than one price increase in a given day may become necessary as a temporary defense mechanism to slow buying and protect supply. Otherwise, the retailer will quickly run out of fuel, feeding the consumer panic and further stretching supplies. The retailer's only other alternative is to temporarily close, making matters worse. The marketplace needs the freedom to work its way through such a temporary upheaval.

While we share the sponsors' goal of price stability and consistency for New York motorists, that is often beyond our power to control. To preserve our ability to establish prices without government interference, we respectfully oppose passage of this legislation.

James S. Calvin
President, NYACS
April 8, 2011